Registration document

including the Annual Financial Report

2017

Contents

AFR The information required in the Annual Financial Report is identified in the Contents table by the AFR pictogram AFR.

2017
REGISTRATION DOCUMENT
including the Annual Financial Report

Edenred is the world leader in transactional solutions for corporate clients, employee users and partner merchants.

€26 billion
in business volume,
of which 78% digital

1 billion
meals served per year
using Edenred solutions

2.6 million
Edenred fuel cards
and toll solutions

770,000
corporate clients

44 million
employees using
our solutions

1.5 million
partner merchants

45
countries (1)

8,000
employees

€1,339 million
in revenue

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the Autorité des marchés financiers (AMF) on March 16, 2018 in accordance with article 212-13 of the AMF's General Regulations.

It may be included in the prospectus for a financial transaction provided that the prospectus also contains an information memorandum approved by the AMF. This document has been prepared by the issuer and is the responsibility of the persons whose signatures appear herein.

(1) *Since December 31, 2017, three additional country markets have been opened, in Estonia, Lithuania and Ukraine.*

MESSAGE

FROM THE CHAIRMAN AND CEO

To the shareholders,

Enhanced by the dynamism, imagination and entrepreneurial spirit of Edenred's teams, the strategic objectives implemented as part of our Fast Forward plan have enabled us to achieve landmark performances in 2017, demonstrating the Group's ability to generate profitable and sustainable growth.

As you will see as you read through our Registration Document, Edenred has achieved record results in 2017, in terms of revenue and EBIT as well as net profit and funds from operations. These results reflect Edenred's growth profile, which generates significant cash flows, as well as the remarkable degree of commitment of its 8,000 employees, who are key players in the Group's successful transformation begun in 2016 as part of the Fast Forward strategic plan.

In our 45 host countries, Edenred solutions connect a vast network of 44 million employees, 770,000 corporate clients and 1.5 million partner merchants. Indeed, the virtuous ecosystem in which Edenred operates helps improve employee well-being, strengthen companies' agility and performance, vitalize the economy and local employment and enhance the effectiveness and traceability of public policies.

True to its pioneering spirit, Edenred is constantly innovating by making the digitalization of its solutions both a growth driver and a vehicle for improving the user experience. Today, digital solutions account for 78% of business volume generated. In addition to the economic and social benefits provided by our solutions, the shift to digital ensures ease of use, transaction security, administrative simplification and the ability to offer new connected and personalized services. In particular, the mobile payment offer launched in 2016 and now available in eight countries illustrates the extent to which Edenred supports new trends and usage patterns in the working world. In the course of 2017, for example, more than 10 million transactions were settled by smartphone. Digital innovation is continuing in 2018 with the launch of integrated mobile payment applications that enable employee users to pay for meals ordered online through specialized platforms using Edenred solutions.

In the area of Employee Benefits, this technological advance enables us to set ourselves apart and to penetrate new client segments more likely to use our paperless solutions. This is particularly the case with small and medium-sized enterprises and companies whose employees work in a decentralized environment. Digitalization also acts as a growth accelerator by fostering the emergence of new solutions such as ProwebCE in France, Ticket Welfare in Italy and Ticket Fit in Brazil. In addition, it promotes a better marketing mix and strengthens commercial synergies among our various solutions.

In line with the commitments made as part of the Fast Forward strategy, in 2017 we also stepped up measures to rebalance our business portfolio. Fleet & Mobility Solutions now represent one-quarter of our operating revenue. We have fulfilled this commitment thanks to the double-digit organic growth achieved in this business line, combined with the successful integration in Brazil of Embratec and more recently in Europe of UTA, a company experiencing rapid geographic growth and in which we are gradually increasing our stake.

Lastly, 2017 marked the launch of our new Corporate Payment offer, which leverages in particular the recognized technology and know-how of our Prepay Solutions subsidiary. The gradual implementation of an innovative payment solution in more than 90 countries for IATA [1] as well as our first contracts for the issuance of single-use virtual cards with several companies attest to the development potential of this new business line.

Thanks to the strong results achieved in 2017 and the initiatives launched to ensure profitable and sustainable growth, we are tackling 2018 with confidence and offering our shareholders a 37% increase in our dividend to €0.85 per share. At the same time, we are maintaining the necessary financial flexibility to invest in new growth areas and make targeted, value-creating acquisitions.

Thank you for your loyalty and your interest in Edenred.

Bertrand Dumazy
Chairman and Chief Executive Officer

(1) International Air Transport Association

FINANCIAL AND OPERATIONAL GLOSSARY

ACCEPTANCE NETWORK

The network of partner merchants that accepts the Group's solutions as payment instruments.

There are three types of acceptance networks for the Group's card-based products:

- **closed loop**: the card is issued by a partner merchant under its own brand (*e.g.*, Carrefour, Walmart or Starbucks) and is only accepted in its outlets;
- **filtered loop**: the card is issued only under the issuer's brand and is redeemable in a certain number of sales outlets, selected by the issuer who designed the preloaded service (meal card, food card, fuel card, gift card, etc.); and
- **open loop**: solutions (*e.g.*, gift cards, prepaid cards and payroll cards) that are cobranded by the acceptance network and the issuer. They are accepted anywhere.

BUSINESS VOLUME

Business volume (formerly called issue volume) comprises total issue volume of Employee Benefits, Incentive and Rewards solutions, Public Social Programs and Corporate Payment solutions, plus the transaction volume of Fleet & Mobility Solutions and other solutions. Organic growth in business volume (formerly called issue volume) is one of the performance criteria governing the grant of performance shares under the twenty-ninth resolution approved by shareholders at the Annual Shareholders Meeting of May 4, 2016.

COMPANY AND PUBLIC INSTITUTION COMMISSION

Commission billed to Edenred's clients (companies, non-profits and public institutions), comprising a variable component calculated as a percentage of business volume.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT corresponds to operating profit before other income and expenses, and includes:

- operating EBIT, which corresponds to EBIT before financial revenue;
- financial EBIT, which corresponds to financial revenue.

EBIT is presented in Note 14.3 to the consolidated financial statements on page 230.

EMPLOYEE USER

The person who uses the benefit or service received from his or her employer or from a public institution.

FACE VALUE

Amount marked on the payment voucher, or the amount loaded on a digital solution.

FLOAT

A portion of the operating working capital requirement corresponding to the preloading of funds by corporate clients.

FREE CASH FLOW

Free cash flow is presented in section 2.3.1.4 on page 68.

FUNDS FROM OPERATIONS BEFORE OTHER INCOME AND EXPENSES (FFO)

Funds from operations before other income and expenses (FFO) corresponds to EBITDA less net financial expense, income tax paid, non-cash revenue and expenses included in EBITDA, provision movements included in net financial expense, income tax expense and non-recurring taxes. This management ratio is discussed in section 2.3.1.5 on page 71.

ISSUE VOLUME

Total face value of the funds preloaded on all of the payment solutions issued by Edenred to its corporate and public sector clients.

LIKE-FOR-LIKE

At constant exchange rates and scope of consolidation. See definition for "Organic growth".

ORGANIC GROWTH

Organic growth corresponds to like-for-like growth, *i.e.*, at constant scope of consolidation and exchange rates. It reflects the Group's business performance.

Organic (or like-for-like) growth in revenue represents the difference between the amount for the current period and the amount for the comparative period, before the currency effect and the impact of acquisitions and/or disposals.

PARTNER MERCHANT

A business or merchant that accepts the issuer's transactional solutions as payment. The partnership is based on a contractual relationship between the issuer and the merchant.

PARTNER MERCHANT COMMISSION

Commissions paid by Edenred partner merchants are generally based on the vouchers' face value. When the vouchers are presented for reimbursement, Edenred pays to the merchant the face value less the amount of its commission.

PENETRATION RATE

The ratio between the number of employee users of a transactional solution and the eligible working population, as defined by local legislation in Employee Benefits.

REVENUE

Total Group revenue includes:

- operating revenue generated directly by services; and
- financial revenue, generated by investing the float.

Operating revenue includes:

- commissions paid by clients;
- commissions paid by partner merchants when the benefits or services used at the merchant are reimbursed;
- income generated by employee users;
- profits on vouchers that are lost or expire without being reimbursed; and
- operating revenue from value-added services such as incentive programs, human services and event-related services. The corresponding revenue is the amount billed to the client, and is recognized on delivery of the solutions.

Financial revenue is interest generated by investing cash over the period between:

- the voucher's issue date and reimbursement date for prepaid vouchers; and
- the top-up date and the date the credit is used for prepaid cards.

TAKE-UP RATE

The ratio of operating revenue generated by issue volume to total issue volume, in the Employee Benefits business.

TRANSACTION VOLUME

Total value of the transactions paid for with payment instruments, at the time of the transaction.

WORKING CAPITAL REQUIREMENT

The net balance of operating uses of funds and operating sources of funds. It is presented in Note 4.5 to the consolidated financial statements on page 175. It is structurally negative for prepaid solutions, as Edenred receives funds from corporate clients before having to reimburse its partner merchants. Certain non-prepaid solutions also generate a negative working capital requirement.

1

PRESENTATION OF THE GROUP AND 2017 INTEGRATED REPORT (1)

(1) The 2016 Registration Document included Edenred's first ***Integrated Report*** *in section 1. The topics dealt with in that section will be reviewed below. In addition, for the first time, a separate Integrated Report has been prepared this year and will be presented to shareholders at the Annual Meeting and available on the website edenred.com on May 3, 2018.*

1.1 CORPORATE PROFILE

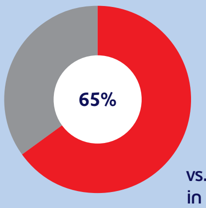
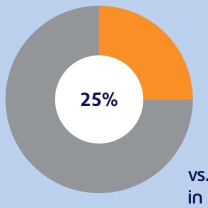
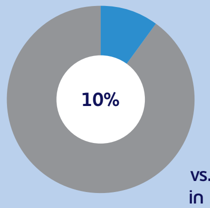
1.1.1 UNIQUE EXPERTISE AND POSITIONING

Edenred is the world leader in transactional solutions for companies, employees and merchants, with business volume of more than €26 billion generated in 2017, of which 78% through digital formats. Whether delivered *via* mobile, online platform, card or paper voucher, all of these solutions mean increased purchasing power for employees, optimized expense management for companies and additional business for partner merchants.

Edenred's offer is built around three business lines:

- Employee benefits (*Ticket Restaurant®*, *Ticket Alimentación*, *Ticket Plus*, *NutriSavings*) (1).
- Fleet and mobility solutions (*Ticket Log*, *Ticket Car*, UTA, *Empresarial*) (1).
- Complementary solutions including Corporate Payments (Edenred Corporate Payment), incentives and rewards (*Compliments*, *Ticket Kadéos*) and public social programs. (1)

Edenred's offer

	EMPLOYEE BENEFITS	FLEET & MOBILITY SOLUTIONS	COMPLEMENTARY SOLUTIONS
In % of 2017 operating revenue	 vs. 70% in 2016	 vs. 18% in 2016	 vs. 12% in 2016
Value-proposition	**Enhance the well-being of employee users** with **prepaid solutions** benefiting from tax exemptions	**Strengthen the agility of companies** in the **management** of their **travel & expenses costs and car fleet**	**Offer a Corporate Payment solutions** to corporate clients, enhance motivation of workforce and allocate public funding to targeted citizens
Solutions	Food, meal, child-care, and other benefits.	Fuel cards, toll and maintenance, corporate & travel expenses solutions.	Corporate Payments, Incentives & Rewards, Public-Social Programs
Brands	Ticket Alimentación Edenred Childcare Vouchers Edenred Ticket Restaurant Edenred Ticket Car Edenred	UTA an Edenred brand Ticket Log Empresarial Edenred Ticket Car Edenred	IATA | easypay Corporate Payment Edenred Compliments Edenred Ticket Service Edenred Ticket CESU Edenred

(1) *The logos and other trademarks mentioned and featured in this press release are registered trademarks of Edenred SA, its subsidiaries or third parties. They may not be used for commercial purposes without prior written.*

Edenred's solutions form an integral part of a transactional ecosystem comprising:

- **companies and public sector bodies** concerned about being an attractive employer, motivating their teams and optimizing their performance;
- **employee users** of our simple, practical solutions that make their daily lives easier, increase their purchasing power and optimize their business expenses;
- **partner merchants** in our network wishing to increase their revenue, boost customer loyalty and secure their transactions;
- **public authorities** looking to improve the effectiveness of their social and economic policies, deliver benefits and ensure the traceability of funds allocated to benefit programs.

The Group brings together a unique global network of 770,000 companies and public institutions, 1.5 million partner merchants and 44 millions of employee users.

Listed on the Euronext Paris stock exchange since 2010 [(1)] as part of the CAC Next 20 index, Edenred operates in 45 countries, with close to 8,000 employees. In 2017, Edenred generated a business volume of more than €26 billion, of which 78% through digital formats and a revenue of €1.34 billion.

1.1.2 A GLOBAL PLAYER OPERATING IN PROMISING MARKETS

1.1.2.1 Unique expertise and positioning

Backed by 50 years of expertise, Edenred is positioned at the crossroads of four complementary skills:

- Proficiency in digital payment technologies (Fin Tech);
- The ability to offer solutions to filter and control financial flows (Reg Tech);
- The ability to affiliate networks and carry out the necessary financial intermediation (Financial intermediation);
- The use of transaction data to develop new services (Data intermediation).

In particular, this expertise is being supported by the technical capabilities of the issuance, authorization and reimbursement platform managed by its PrePay Solutions (PPS) subsidiary.

In this way, Edenred is seamlessly integrated into the payment industry's particularly broad and promising ecosystem, with an unrivaled positioning in three core markets:

- Employee Benefits;
- Fleet & Mobility Solutions;
- Complementary Solutions.

A global leader, Edenred competes with the following international companies:

- Sodexo and Up Group in the Employee Benefits market;
- FleetCor and WEX in the Fleet & Mobility Solutions market;
- FleetCor and WEX in the Corporate Payment segment of the Complementary Solutions business.

In each host market, Edenred also competes with local providers, such as Alelo in Brazil and Qui Group in Italy in the Employee Benefits market, and DKV in Europe in the Fleet & Mobility Solutions segment.

Across the **payment** value chain, Edenred may interact, and sometimes even partner, with such key stakeholders as banks, merchant acquirers [(2)], oil companies, travel agencies, payment system networks, payroll management companies, payment terminal and card manufacturers, payment processors, loyalty program managers and the leading providers of mobile payment solutions.

In addition, Edenred actively tracks strategic developments in adjacent markets and the start-up ecosystem thanks to a partnership with venture capital firm Partech International and the expertise of its in-house venture capital fund, Edenred Capital Partners.

COMPANY	BUSINESS	COUNTRY	CURRENCY
DCC	Fuel cards	Ireland	Pound Sterling (£)
FleetCor	Fuel cards	United States	Dollar ($)
MasterCard	Payment systems	United States	Dollar ($)
Sodexo	Corporate services	France	Euro (€)
UP Group	Corporate services	France	Euro (€)
Visa	Payment systems	United States	Dollar ($)
Wex	Fuel cards	United States	Dollar ($)
Wirecard	Financial services	Germany	Euro (€)
Worldline	Payment services provider	France	Euro (€)

1.1.2.2 Three core business lines

In 2017, Edenred reported operating revenue of €1.27 billion from its three core business lines:

- Employee Benefits (65% of operating revenue);
- Fleet & Mobility Solutions (25% of operating revenue);
- Complementary Solutions (10% of operating revenue).

(1) Listed on the Euronext Paris stock exchange in Compartment A; ticker: FR0010908533.

(2) Companies that acquire transaction data by installing payment terminals with merchants.

EMPLOYEE BENEFITS

€821 million in operating revenue
65% of total operating revenue
+8.5% reported growth

Edenred was a pioneer in the deployment of Employee Benefits solutions, which it now offers in more than 35 countries. These solutions, most of which are based on some form of tax exemption, deliver benefits to every stakeholder. For example, they generate additional revenue for partner merchants, enable public authorities to formalize part of the local economy and encourage partner merchants to create new jobs. For the employee user, the additional purchasing power is generally considered to be non-taxable income. For employers, the solutions help to retain employees and enhance their well-being. In addition, the Company's contribution to financing the benefits is most often exempt from income and payroll taxes.

- the ***Ticket Restaurant***® solution enables employees to take a lunch break at a partner merchant. Invented by the Group in France in 1962, it has since been gradually deployed in a number of other countries;
- similarly, ***Ticket Alimentación*** increases employee users' purchasing power and improves their diet by allowing them to pay for groceries in neighborhood stores and supermarkets not only for themselves but for their entire family. Launched by Edenred in 1983 in Mexico, the solution has since been rolled out to other Latin American countries, including Brazil in 1990, and more recently to certain countries in Central Europe.

Building on the outstanding success of ***Ticket Restaurant***® and ***Ticket Alimentación*** the Group has developed a range of solutions that allow employers to help finance the cost of essential services that make employees' lives easier. Examples include:

- well-being in the workplace with ***Ticket Welfare*** in Italy, which employees can use to pay for a wide array of services, such as access to sports facilities and solutions for their children's educational needs;
- childcare services, using such solutions as ***Ticket Guardería*** in Spain, for companies without on-site daycare facilities, and ***Childcare Vouchers*** in the United Kingdom;
- human services solutions with the ***Ticket CESU*** in France;
- solutions that encourage purchases of environmentally friendly products, such as the ***Ticket EcoCheque*** offered in Belgium;
- solutions that enable the purchase of staple goods, like food and car fuel, such as the ***Ticket Plus Card*** launched in Germany in 2013;
- solutions for cultural goods and services, such as ***Ticket Kadéos Culture*** in France and ***Ticket Cultura*** in Brazil.

In some countries, companies can also award tax-exempt gift vouchers to employees, along the lines of ***Ticket Regalo*** in Mexico. In France, Edenred offers works councils gift benefits that can be distributed to employees either directly or *via* its dedicated **ProwebCE** platform.

FLEET & MOBILITY SOLUTIONS

€319 million in operating revenue
25% of total operating revenue
+68.2% reported growth

Edenred's Fleet & Mobility Solutions are designed to help companies to reduce their vehicle fleet management costs and business travel expenses. They also enable employers to control these outlays more effectively and improve their traceability, while making life easier for employees. Unlike Employee Benefits, this business line does not require any special labor or tax legislation, and the funds involved do not qualify for any income or payroll tax exemptions.

The Group is mainly present in two segments:

- **fuel and fleet management:** Edenred offers light vehicle and truck fleet operators payment solutions that can be used in a network of partner merchants to pay for fuel, tolls, parking fees, car washes, vehicle servicing and roadside assistance. The companies are also offered expense management applications and consolidated invoicing, which makes it easier to claim back the related VAT.
- **expense management:** Edenred designs and markets simple integrated solutions that enable companies to manage employee business expenses more efficiently, transparently and cost effectively.

Edenred is the leading provider of **fuel and fleet management** solutions in Latin America and ranks second in multi-brand solutions in Europe, thanks in particular to the following products:

- ***Ticket Log*** **in Brazil**, which has made Edenred the local market leader in light vehicle fleet management and number two in truck fleet management with two solutions, *Ticket Fleet* and *Ticket Cargo*, differentiated by customer segment and type of vehicle.

- **UTA in Europe**: Edenred raised its stake in UTA to 51% in January and then to 66% in December 2017, and expects to increase it to a total of 83% by the end of first-quarter 2018. UTA fuel cards are accepted in more than 55,000 affiliated service stations and merchants across Europe. UTA serves nearly 45,000 active clients, primarily in the trucking industry, whose drivers currently use more than one million UTA solutions not just to purchase fuel, but also to pay tolls, optimize routes and pay for roadside assistance and truck servicing.
- ***Ticket Car* in Latin America**, which companies can offer employees to pay for fuel and other business travel expenses. The offer has been extended to maintenance and service costs, thereby becoming a full-fledged fleet management solution.
- **La Compagnie des Cartes Carburant in France**: since 2014, Edenred has operated in the French market through its La Compagnie des Cartes Carburant (LCCC) subsidiary, ranked second nationwide with a range of closed-loop or multi-brand fuel cards for corporate clients. Its solutions cover the configuration, distribution and resale of these fuel cards, which are accepted in more than one third of all service stations in France. Together, LCCC and UTA offer the *Ticket Fleet Pro* solution, which provides professional truckers in France with a personalized, configurable fuel card, with additional services such as regular statements, an extranet interface and suspicious transaction alerts.
- **Cardtrend in Asia**: Malaysia-based Cardtrend manages white-label fuel card programs on behalf of the leading oil & gas companies operating in Southeast Asia. It provides clients with bespoke software solutions to manage their loyalty programs and the fuel cards that they issue and distribute.

Edenred's **corporate expense management solutions** include the following core products:

- ***Empresarial* in Mexico**, which enables companies to control spending more effectively and eliminates the need to reimburse expense claims. In addition to enhancing flexibility with a mobile application, the solution offers an expense tracking system that makes it possible to file for the applicable tax deductions more quickly. In all, companies that use the solution can reduce the time and resources spent on managing employee business expenses by up to 30%.
- ***Expendia Smart* in Italy**: Revolving around a web platform, user portal and a MasterCard payment card, this solution allows companies to credit, customize and monitor funding for their employees' business trips (amount, location, hotel rating, etc.). At the same time, employees can easily manage their spending and expense claims. This solution has been rolled out in other European host countries.

COMPLEMENTARY SOLUTIONS

€132 million in operating revenue
10% of total operating revenue
+5.0% reported growth

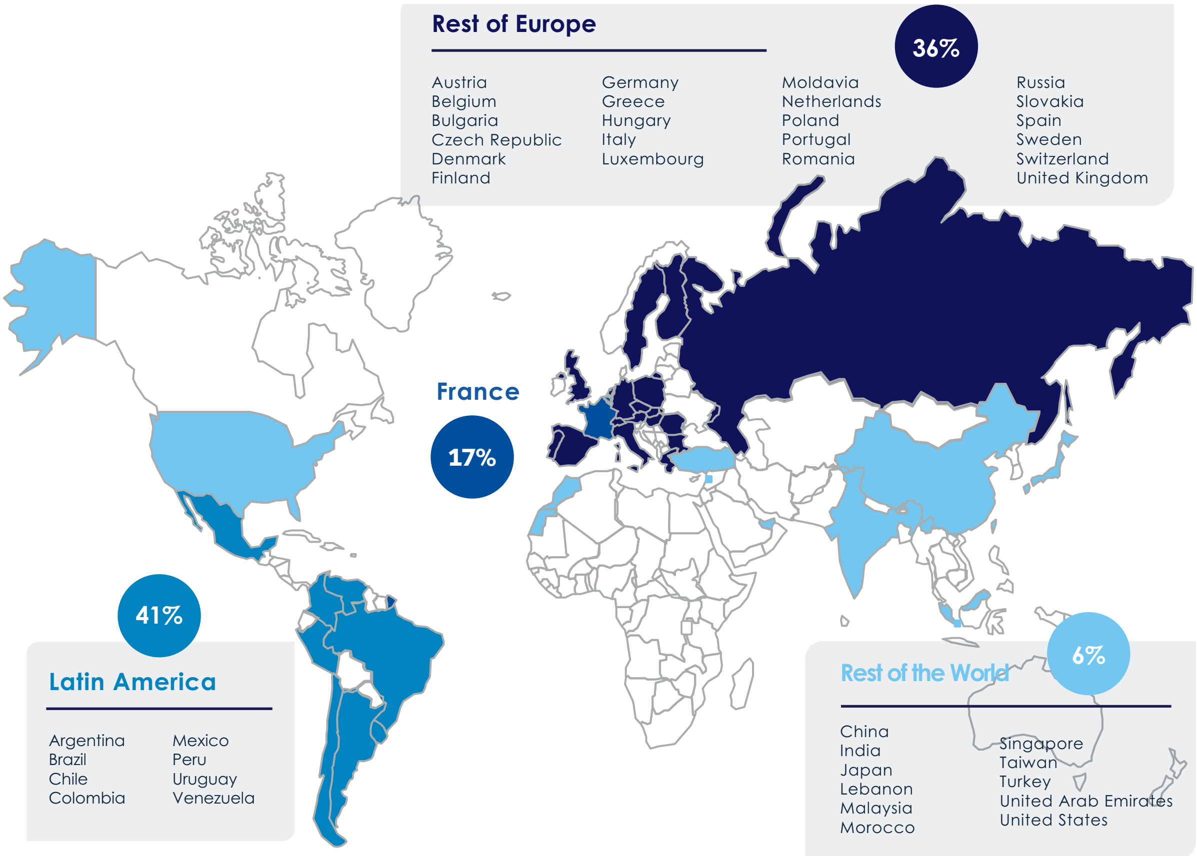
Edenred's third business segment, **Complementary Solutions**, covers three areas closely aligned with the Group's core competences:

- **Incentive and rewards programs**: Edenred offers a wide range of solutions that companies can use to motivate sales teams, incentivize distribution networks and retain consumers. Although based on the same model as employee benefits, these solutions do not qualify for any exemption from income tax or payroll taxes. They include the rewards programs marketed under the ***Ticket Compliments*** and ***Ticket Kadéos*** brands in Europe and ***Ticket Xpress*** in Asia.
- **Public social programs:** Public authorities and institutions also use Edenred's services for the management and distribution of social benefits, in order to enhance the effectiveness of their policies in this area, in particular by improving the traceability of the funds allocated to the programs. One example is the ***Ticket Service*** offered in France (as *Ticket CESU*) and in Belgium (as *Ticket S*), which enables financial assistance to be distributed, in accordance with local or regional social policies, for a specific use, *e.g.*, to purchase food, clothing or other basic necessities, or to provide access to cultural or sporting facilities or public transportation.
- **Corporate Payment:** aware of the importance of more efficiently managing intercompany fund flows, Edenred is capitalizing on its expertise in transactional solutions to develop new Corporate Payment solutions that can replace checks and wire transfers. For example, the entirely digital virtual card makes it possible to pay a service provider immediately, without knowing their bank account details, while easily reconciling fund flows and exercising total control over the expenditure (amount, validity period). These different solutions also improve transaction security, tighten expenditure controls and save significant time for the user.

1.1.2.3 A global presence

In 50 years, Edenred has built a solid operating presence in 45 countries on five continents. In most of them, the Group pioneered the Employee Benefits market, by initiating the passage of enabling legislation, and now generally holds market leadership. Since the 1990s, the Group has also expanded in the Fleet & Mobility Solutions business, where it is currently market leader in Latin America and the second-largest issuer of multi-brand pan-European solutions.

The map below at December 31, 2017 [1] shows Edenred presence across the world and the size of each region in the Group's operating revenue.



The Group's international position is also a core asset that enables it to:

- act as a preferred partner of public authorities in the areas of Employee Benefits and Complementary Solutions;
- roll-out its expertise and solutions in new countries;
- deliver economies of scale;
- pool the processing of its digital transactions on its internal authorization platforms in Europe and Latin America;
- maintain a balanced geographic footprint, with 53% of operating revenue generated in Europe, 41% in Latin America and 6% in the Rest of the World, and to leverage all of the major new growth drivers in these regions.

Main host countries

In **France**, the first country to launch the *Ticket Restaurant®* solution, many other solutions are available:

- Employee Benefits (78% of local operating revenue in 2017): *Ticket Restaurant®*, *Ticket Kadéos*, *Ticket CESU*;
- Fleet & Mobility Solutions (9% of local operating revenue in 2017): *Ticket Clean Way*, *Ticket Travel Pro*, *Ticket Fleet Pro*, *La Compagnie des Cartes Carburant*;
- Complementary Solutions (13% of 2017 operating revenue in France): Corporate Payment, *Ticket Kadéos*, *Ticket CESU*, *Ticket Service*.

In all, operating revenue totaled €219 million for the year.

In **Brazil**, Edenred offers a large, diversified range of solutions:

- Employee Benefits (57% of local operating revenue in 2017): *Ticket Restaurante®*, *Ticket Alimentação*, *Ticket Transporte*, *Ticket Cultura*;
- Fleet & Mobility Solutions (41% of local operating revenue in 2017): *Ticket Log*, *Repom*;
- Complementary Solutions (2% of local operating revenue in 2017): *Accentiv'Mimetica*.

In all, operating revenue totaled €385 million for the year.

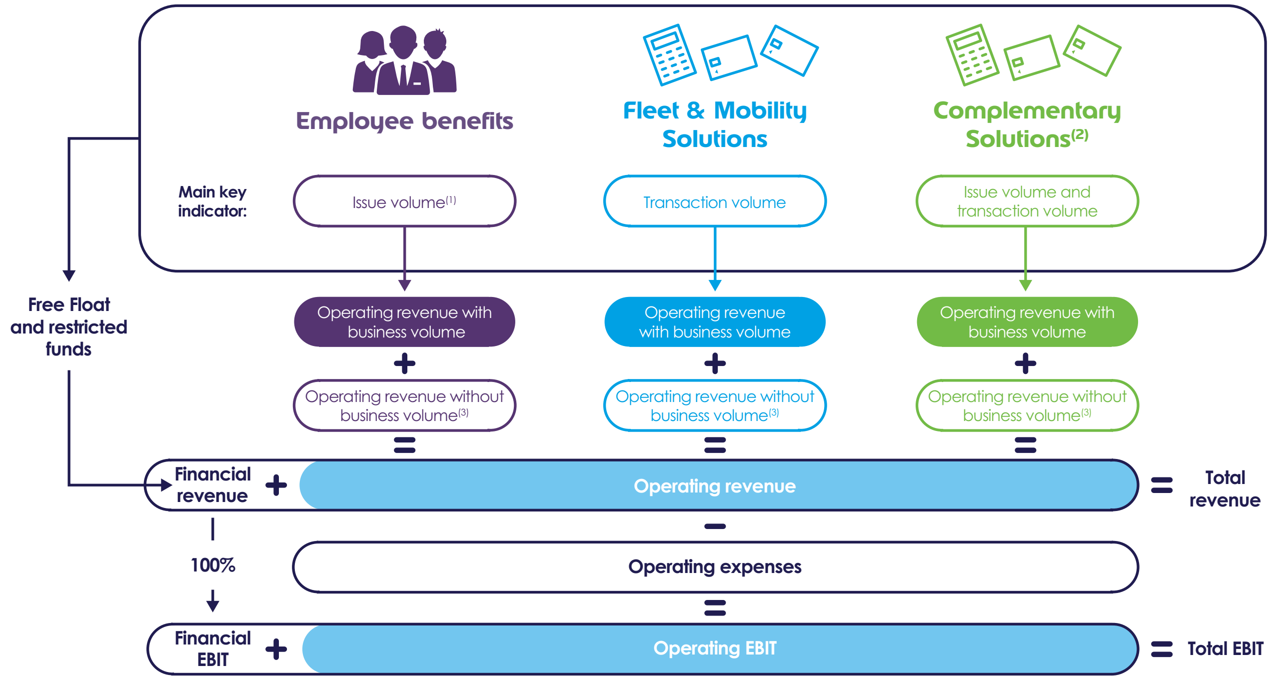
(1) Since December 31, 2017, three additional country markets have been opened, in Estonia, Lithuania and Ukraine.

1.1.3 BUSINESS MODEL AND VALUE CREATION

1.1.3.1 Business model

Edenred is pursuing its transformation, in line with its **Fast Forward** strategic plan unveiled at a dedicated event in October 2016. Fast Forward is designed to realign the current business base while laying the foundations for new sources of profitable, sustainable growth.

Through this ambitious strategic plan, the Group wants to continue to grow its **Employee Benefits** business, broaden its presence in **Fuel & Mobility Solutions** and expand in the **Corporate Payment** market. The new business model is described in the following diagram.



(1) Some of the Fleet & Mobility and Complementary Solutions are preloaded and also generate issue volume.

(2) The Complementary Solutions primarily comprise:
- Incentive and Rewards solutions, whose key indicator is generally issue volume;
- Public Social Programs, whose key indicator is generally issue volume;
- Corporate Payment solutions.

(3) For example, maintenance and installation costs and periodic subscription fees.

Employee Benefits

The Group's traditional **Employee Benefits** business is unique in that it uses **preloaded** media that generate issue volume, which corresponds to the total amount of preloaded funds given to users. In contrast to the Group's other solutions, they are exempt from income tax and/or payroll taxes.

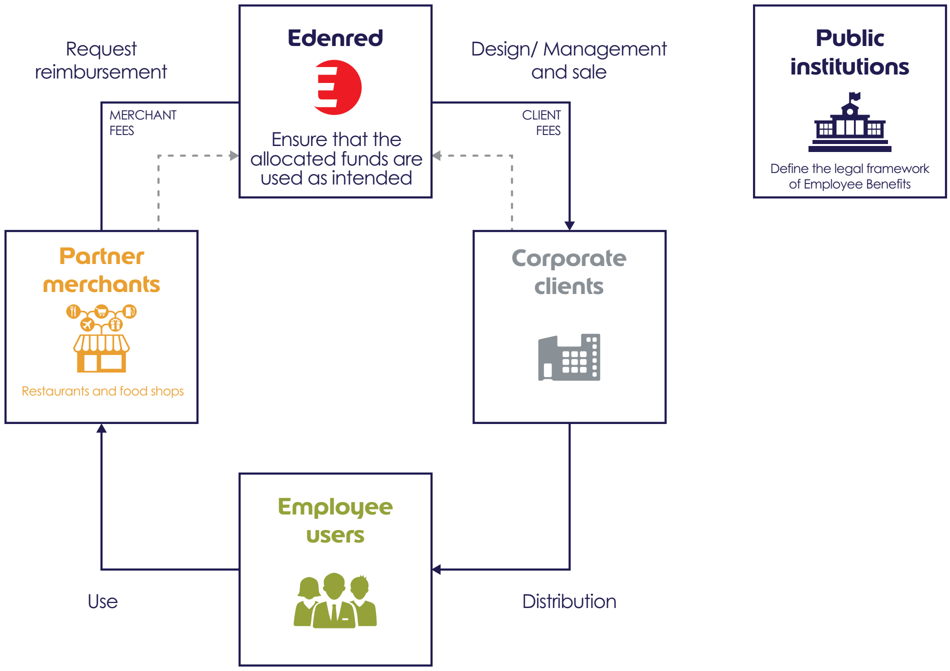
Employee Benefits generate **operating revenue**, mainly through commissions related to issue volume, paid by both corporate clients and partner merchants. There are two main sources of revenue:

- commissions received from **corporate clients** when the payment media are loaded, as well as all of the related costs (delivery, customization);
- commissions paid by **partner merchants**. With most solutions, once employee users have purchased something from partner merchants, the transaction amount is submitted to Edenred for reimbursement. A commission, whose rate is negotiated when the contract is signed with the partner merchant, is charged against the reimbursable amount;
- a third source of revenue is linked to the income generated from employee users, in particular thanks to the monetization of value-added services.

In addition, a fourth, more marginal source of revenue comes from the gains on **lost or expired** vouchers [1].

The time between the loading of the payment instruments by the corporate clients and their reimbursement to the partner merchants generates a **negative working capital requirement** that, less receivables from corporate clients, constitutes majority of the **float**. Interest earned from investing the float generates financial revenue.

(1) Paper vouchers or digital media.

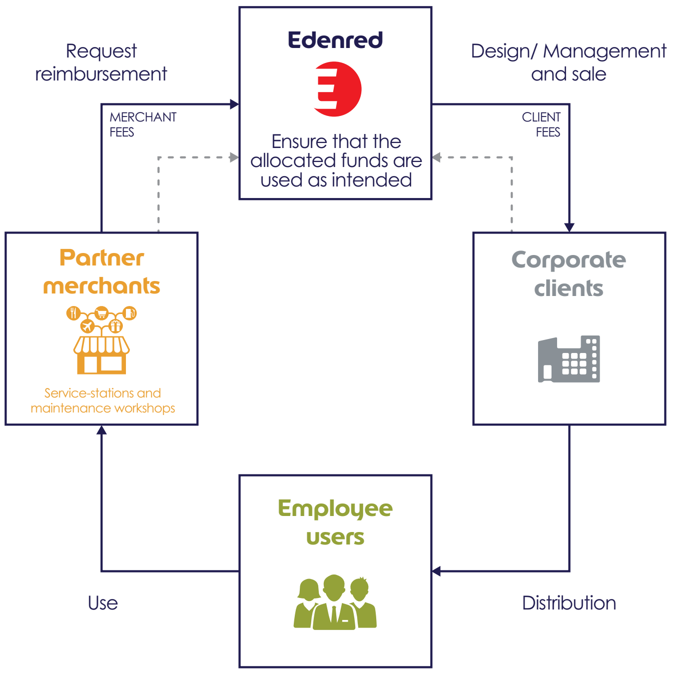


Fleet & Mobility Solutions

Fleet & Mobility Solutions, particularly to help manage vehicle fleets (fuel, servicing and toll card solutions), is Edenred's second growth engine.

Operating revenue generated by these solutions consists of different types of commissions received from corporate clients and partner merchants. These include per-use commissions on fuel cards, either as a percentage of the transaction amount or in cents per liter, as well as commissions on non-fuel expenditure (for servicing, tolls, parking fees).

Some Fleet & Mobility Solutions are preloaded, so that the investment of the resulting float generates **financial revenue**. Moreover, the period from which a client pays until the partner merchant is reimbursed generates a **negative working capital requirement** at the Group level, providing an additional source of financing for Edenred.



Complementary Solutions

Incentive and Rewards Solutions

This range of solutions enables companies to motivate their sales forces, incentivize their distribution networks and retain their customers. Although based on the same model as employee benefits, these solutions do not qualify for any exemption from payroll taxes or income tax.

Corporate Payment

Corporate Payment represents a particularly attractive market for Edenred. By leveraging its technological expertise and capabilities, Edenred intends to become a major player in the Corporate Payment ecosystem, which offers vast growth potential in the global marketplace.

Public Social Programs

Public authorities and institutions also use Edenred's services for the management and distribution of social benefits, in order to enhance the effectiveness of their policies in this area, in particular by improving the traceability of the funds allocated to the programs.

Operating revenue from these Complementary Solutions is primarily derived from the commissions paid by corporate clients and partner merchants in the Incentive and Rewards programs.

The Group's business model

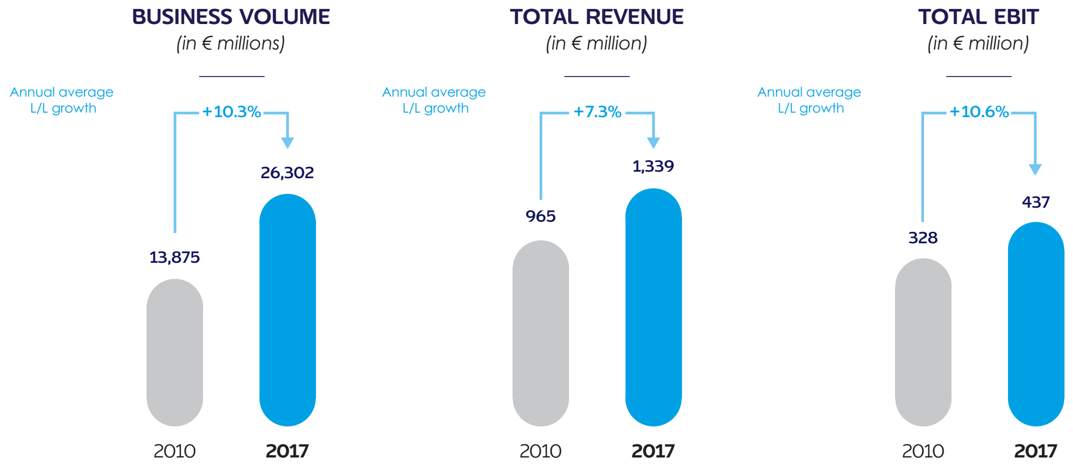
The most relevant indicator for measuring the Group's performance is operating revenue, which is analyzed by family of solutions in section 1.1.2.2.

Total revenue, which came to €1.34 billion in 2017, is made up of operating revenue and financial revenue.

Similarly, **EBIT** is comprised of **operating EBIT**, equal to **operating profit before other income and expenses**, and **financial EBIT**, which corresponds to financial revenue. It stood at €437 million for 2017.

1.1.3.2 Solid financial performance since 2010

The Group reported solid financial performance between 2010 and 2017.



1.1.3.3 The Group's six capitals

Six different types of capital are used to define the value of the business: financial, manufacturing, natural, social, human and intellectual. The various topics mentioned in the table below are described in greater detail in sections 1 and 4.

FINANCIAL CAPITAL

- Capital provided by shareholders;
- Capital lent by banks;
- Profit generated by the Company;
- *Float*.

2017 highlights

- In March, the issue of 10-year 1.875% bonds raised €500 million in financing for the Group's growth projects and other general corporate purposes;
- The Annual Shareholders Meeting recommends a dividend each year. For further information, see section 1.2.3 on page 23;
- Three awards honoring the quality of Edenred's investor relations: the Transparency Grand Prize, the Gold Award for Best Shareholder Services among companies in the SBF 80 stock index, and the Bronze Award for Best Shareholder Relations among companies in the SBF 80 index.

2017 key figures

- Market capitalization: €5.7 billion;
- Total revenue: €1,339 million, of which:
  - €1,272 million in operating revenue,
  - €67 million in financial revenue;
- EBIT: €437 million;
- Net profit, Group share: €247 million;
- Negative WCR: €3.1 billion;
- Funds from operations: €388 million.

MANUFACTURING AND OPERATIONAL CAPITAL

- Issuing, authorization and transaction management platforms;
- Technological assets;
- Strengthened leadership position *in* digital applications in Group markets, with increasingly innovative mobile payment solutions aligned with emerging consumer spending practices;
- Paper voucher printing department.

2017 highlights

- Steady increase in the stake in UTA, the second largest pan-European issuer of multi-brand fuel cards, toll cards and vehicle servicing solutions, transforming Edenred into a global provider of Fuel & Mobility Solutions;
- Consolidation of leadership in *the* Central European Employee Benefits market with the acquisition of Vasa Slovensko, Slovakia's third largest meal voucher issuer;
- Launch of the Corporate Payment range of solutions and award of a flagship contract from the International Air Transport Association (IATA).

2017 key figures

- 770,000 corporate clients;
- 44 million employees use our solutions;
- 1.5 million merchants accept our solutions;
- 1 billion meals served per year using Edenred solutions;
- 2.6 million Edenred fuel cards and toll solutions.

NATURAL CAPITAL

- Low use of natural resources (service business);
- Paper voucher printing (wood resources): eco-designed using environmentally friendly paper;
- Plastic card production: recycling process for expired cards (100% recovery);
- Energy & water use and waste production at Edenred facilities (Headquarters and production facilities, if any).

2017 highlights

- Comparative life cycle assessment published for paper and card solutions;
- Deployment in corporate clients of a program to collect and recycle expired cards.

2017 key figures

- 2% reduction in paper used for vouchers and brochures or in offices compared with 2016;
- 48% of employees work in an environment that has been certified;
- 86% of country organizations (in business volume) use environmentally friendly paper for vouchers.

INTELLECTUAL CAPITAL

- A portfolio of flagship brands, including *Ticket Restaurant*®, Ticket Car and Ticket Kadéos;
- Expertise in setting up private networks and managing dedicated, filtered payments;
- Excellent knowledge of country-specific regulations related to Employee Benefits solutions.

2017 highlights

- New global corporate identity aimed at making the Edenred brand a powerful, unifying emblem for every stakeholder.

2017 key figures

- 131 Employee Benefits solutions;
- Digital solutions account for 78% of operating revenue.

HUMAN CAPITAL

- 7,782 employees in 45 countries;
- Diversity and equal opportunity;
- Agility and versatility fostered in a changing international environment.

2017 highlights

- International mobility: continued posting of international job openings to encourage cross-border employee mobility;
- Sustained progress toward the Well-Being at Work objective, with 89.5% of employees working in a subsidiary involved in the program;
- Talent support programs strengthened with the creation of the Edenred Executive Academy executive program, in partnership with HEC Paris Executive Education, and the roll-out of the Edenstep graduate program.
- Redefinition of the Group's values with the commitment to making each employee their daily ambassador: passion for customers, respect, imagination, simplicity and entrepreneurial spirit.
- Human Resources policies distributed to the entire HR community to drive process harmonization.

2017 key figures

- 7,782 employees, of which 50.2% women;
- 50.3% of all employees under 35;
- Nearly 90% of employees work in a country committed to improving well-being at work;
- 6,507 employees, or 83.6% of the workforce, participated in at least one training course in 2017.

SOCIAL AND RELATIONSHIP CAPITAL

- Educating stakeholders about healthy eating (clients, merchants and Edenred employees);
- Involvement by the Group and employees in local communities (e.g., associations, community projects, etc.);
- Group Charter of Ethics outlining standards of business conduct.

2017 highlights

- First "Ideal day" global CRS action event to support outreach to local communities;
- Launch of Edenraid, a responsible sports challenge to raise money for the Make-A-Wish® association;
- Organization of a conference at the European Parliament to celebrate the fifth anniversary of the FOOD program.

2017 key figures

- 188 non-profits supported;
- €1,860,098 donated;
- 586 days devoted by employees to volunteering activities;
- 5.6 million employee users and 180,000 partner merchants reached by the various programs to raise awareness about healthy eating.

1.1.4 CREATING VALUE FOR STAKEHOLDERS

Today, Edenred is positioned as **the world leader in transactional solutions for corporate clients, employee users and partner merchants**, as part of the payment industry's particularly broad and promising ecosystem.

The ambitious objective of Edenred's corporate culture is to make the Group's stakeholders ambassadors of the Edenred brand. In other words, the Group aims to move from being a mere service provider to become a key partner for all its stakeholders: businesses, employee users, partner merchants, employees, investors and shareholders, public authorities and society in general. Examples of Edenred's relations with stakeholders can be found in section 2.4.2.4.2 page 97. "Relations with individuals or organizations engaged by the Company" with table of stakeholders, actors, primary means of dialogue and issues addressed.

STAKEHOLDERS	EDENRED INITIATIVES/CONTRIBUTION	FIGURES
CORPORATE CLIENTS (for further information, see Chapter 1, sections 1.1.1-1.1.3 in particular)	• Edenred efficiently manages secure transactions on behalf of companies, which helps improve their productivity; • The employer's contribution to employee benefits solutions is exempt from payroll tax, income tax and social security contributions; • The transition to digital solutions, in particular payments by card or smartphone, reduces administrative costs, improves transaction security and ensures traceability of funds; • Our Fleet & Mobility solutions ensure traceability of funds and helps companies optimize their employees' expenses.	• 770,000 Edenred corporate clients worldwide.

STAKEHOLDERS	EDENRED INITIATIVES/CONTRIBUTION	FIGURES
EMPLOYEE USERS (for further information, see Chapter 1, sections 1.1.1 – 1.1.3 in particular)	• Edenred's solutions increase employee users' purchasing power and in the case of Employee Benefits have a positive impact on their health and well-being; • In addition, the employee's contribution to Employee Benefits solutions is exempt from tax; • Fleet & Mobility solutions eliminate the need for employees to pay expenses out of their own pockets when traveling; • The transition to digital makes it possible to offer even more solutions to employee users, for example the option of checking their balance or the location of a partner merchant at any time.	• 44 million employees use Edenred solutions worldwide.
PARTNER MERCHANTS (restaurants, supermarkets, service stations, etc.) (for further information, see Chapter 1, sections 1.1.1 – 1.1.3 in particular)	• Dedicated payment solutions generate additional revenue for Edenred's partner merchants; • The transition to digital solutions makes it easier for merchants to manage administrative tasks.	• 1.5 million partner merchants worldwide; • €8 billion in revenue delivered to French merchants thanks to payment with meal vouchers.
SOCIETY (for further information, see Chapter 1, sections 1.1.1 – 1.1.3 in particular, section 2.4.2)	• An "Ideal" approach to CSR in line with our business to enhance the Group's positive impact on its internal and external stakeholders and limit its negative impacts (for example, on the environment); • Global health is under threat from obesity. In addition to the *Ticket Restaurant®/Ticket Alimentacion solutions*, the Group has developed a range of programs to raise awareness about healthy eating among all its stakeholders and the wider public. For example, the tools of the European FOOD program are available free of charge on the program's website.	• 5.6 million employee users and 180,000 partner merchants reached by Ideal Meal; • Edenred's solutions, such as *Ticket Restaurant®* and *Ticket Alimentación* are used to pay for one billion meals every year.
PUBLIC AUTHORITIES (for further information, see Chapter 1, sections 1.1.1 – 1.1.3 in particular)	• Dedicated Edenred solutions, such as for Public Social Programs, help improve the effectiveness and traceability of public policies; • The Employee Benefits and Fleet & Mobility solutions encourage economic formalization, increase wage employment and help to stimulate the local economy. They also provide greater visibility on actual expenditure.	• The formal economy represents a potential global market worth €340 billion in the employee benefits sector.
EDENRED EMPLOYEES (for further information, see section 2.4.1)	• Improved employability as a result of having the opportunity to quickly take on responsibilities and work in a fast-paced international environment that fosters versatility and agility; • Best place To Work that encourages employee engagement; • Strong values that are truly lived on a daily basis: passion for customers, respect, imagination, simplicity and entrepreneurial spirit.	• 7,782 employees in 45 countries; • 28 entities committed to improving well-being at work, representing nearly 90% of employees.
INSTITUTIONAL INVESTORS AND INDIVIDUAL SHAREHOLDERS (for further information, see Chapters 2.3, 3 and 6)	• Effective governance, with 90% of independent directors on the Board of Directors; • A system of meetings and discussions with institutional and retail investors; • An E-Club set up in 2015 to improve our knowledge of individual shareholders.	• €144 million in dividends paid in 2017; • Meetings with 375 financial institutions and 19 road shows; • Almost 600 individual shareholders met *via* the Annual Shareholders Meeting, shareholders meetings held in regional France and at Edenred headquarters.

1.1.4.1 Materiality matrix

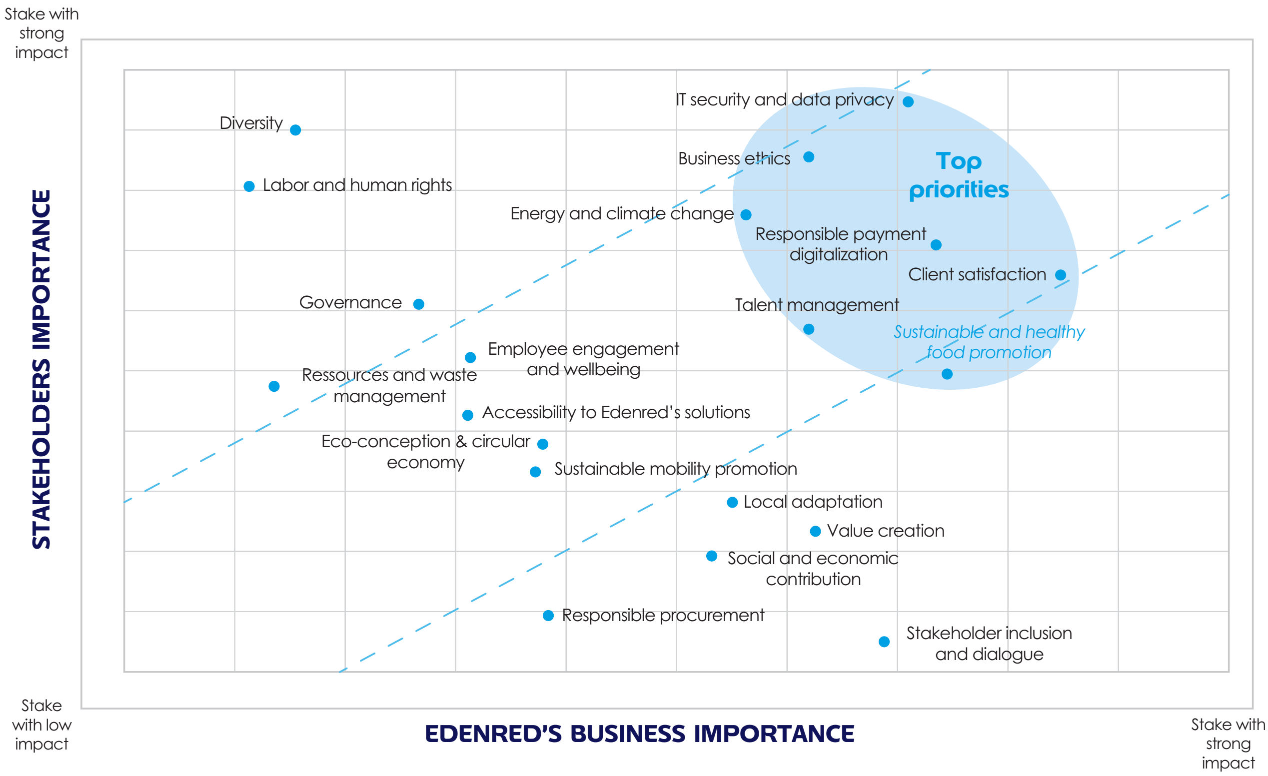
In fourth-quarter 2017, a materiality assessment was performed in order to redefine the pathways to improving Edenred's social responsibility practices.

It identified and prioritized the issues facing the Group, depending on their relevance to stakeholders and their impact on corporate performance. In particular, it identified the social, economic and environmental issues over which the Group exercises real responsibility.

Led by an outside firm, the assessment was conducted in two phases:

- The first was a desktop review of industry and regional literature, so as to identify all of the Group's issues and to select the most relevant.
- The second involved qualitative interviews with the main internal and external stakeholders, in order to measure the importance of each of the selected issues.

Based on the ranking, these CSR issues were positioned on a matrix whose x-axis represented their importance for Edenred and the y-axis their importance for stakeholders.



This process highlighted seven priority issues:

- Six issues distinctly emerged from the assessment: IT security and privacy data, business ethics, energy and climate change, responsible payment digitalization, client satisfaction and talent management.
- The seventh issue, sustainable and healthy food promotion, is one of the pillars of Edenred's vision for its businesses. Its importance for the Group has been reassessed following a detailed review by the Executive Committee.

The materiality exercise will help to shape and manage Edenred's social responsibility strategy over the long term, in line with both stakeholder expectations and the Fast Forward plan.

1.1.4.2 Analysis of Edenred's stakeholder flows

The table below sets out the Group's financial flows by priority stakeholder category in 2017. It illustrates the Group's economic impact, both directly on jobs and indirectly on its host country economies. Furthermore, as explained in section 2.4 below, Edenred's operations add economic value to the local economy, as its solutions are used in local shops and restaurants.

STAKEHOLDER	CLIENTS	EMPLOYEES	SUPPLIERS	SHAREHOLDERS	BANKS	STATES	INVESTORS	COMMUNITIES
Type of flow	Revenue	Employee benefit expense	Other operating expenses excluding tax	Dividends and purchase/sale of own shares excluding tax	Net borrowing cost	Taxes	Capital expenditure	Donations to NGOs
Data *(in € millions)*	1,339	(397)	(389)	(144)	(37)	(151)	(176)	(1.06)

1.2 STRATEGIC VISION, INVESTMENT STRATEGY AND OUTLOOK

1.2.1 ROBUST GROWTH FUNDAMENTALS

1.2.1.1 Favorable socio-demographic trends

Edenred operates in several growth markets, where each category of solutions is being supported by favorable socio-demographic trends:

- the growth drivers in the **Employee Benefits** market primarily include economic formalization, intensifying urbanization, the emergence of a middle class and the greater contribution of the services sector to the local economy. Demand is also being led by the rising number of women in the workplace, aging populations in developed countries and overall population growth in emerging economies, as well as aspirations for a better work-life balance;
- **the Fleet & Mobility Solutions market** is benefiting both from increasing employee demand for mobility and from the need for companies to manage business expenses more effectively and improve their traceability, while reducing costs and optimizing the time spent managing them;
- **the Complementary Solutions** enable Edenred to offer a comprehensive range of solutions to companies and local authorities, particularly the **Corporate Payment** systems that help companies to transfer and receive funds more efficiently and securely. **Incentive and Rewards** solutions respond to companies' growing need to find ways of retaining and motivating their employees. Lastly, **Public Social Program solutions** support governments and local authorities in their efforts to reduce informal employment and tighten control over the distribution of assistance, while also increasing the purchasing power of their constituents.

1.2.1.2 The drivers of organic revenue growth

One of Edenred's key objectives, announced at the October 19, 2016 Investor Day, is to deliver like-for-like growth in operating revenue of at least 7% per year in the period to 2020, attesting to its ambitious medium-term growth vision.

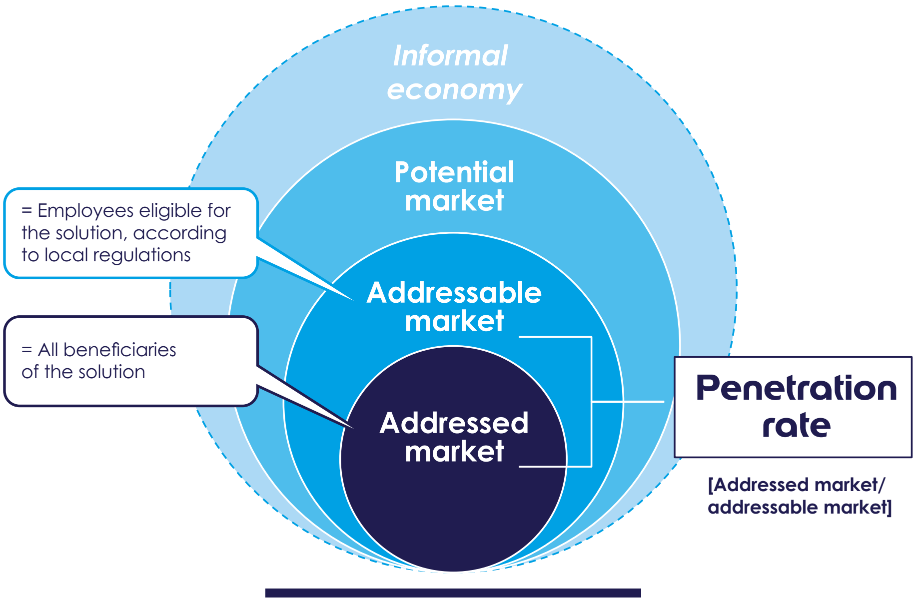
This organic growth is expected to be led by single-digit gains in the Employee Benefits business and by double-digit growth in the Fleet & Mobility Solutions segment.

- Gaining new clients in under-penetrated Employee Benefits and Fleet & Mobility Solutions markets is expected to make a significant contribution to organic revenue growth by increasing:
- the penetration rate, through the gain of new, untapped clients, particularly among small and mid-sized companies. In the case of Employee Benefits, the penetration rate corresponds to the total number of users of the marketed solution (**addressed market**) divided by the number of employees eligible for the solution according to local legislation (**addressable market**);
- Edenred's market share, through greater differentiation of solutions and a strong innovation capacity, as the Group's digital transformation opens up a number of opportunities to invent new kinds of services for corporate clients, partner merchants and employee users.

In addition, dedicated programs are underway in the Employee Benefits business to encourage clients and public authorities to:

- broaden the **addressable market** to the entire **potential market**, *i.e.*, the total number of people working in the formal economy, including people who are not eligible for these benefits under local legislation. This is being driven by the formalization of the economy or the increase in reported work, particularly in emerging markets (as illustrated below);
- raise voucher face values to keep pace with income and inflation, particularly in emerging economies. In some of the Group's markets, the average face value of vouchers ordered by corporate clients is significantly below the maximum face value that is tax deductible, representing a substantial source of potential growth. This tax ceiling on employee benefits products tends to rise as prices and incomes increase, either automatically through the application of an indexation formula, or by decision of the public authorities.

DEFINITION OF THE PENETRATION RATE IN THE EMPLOYEE BENEFITS MARKET



Lastly, Edenred is continuously innovating and developing an extensive range of Complementary Solutions in areas such as Corporate Payment, Incentive and Rewards products and Public Social Programs.

1.2.2 FAST FORWARD, EDENRED'S STRATEGIC PLAN FOR SUSTAINABLE AND PROFITABLE GROWTH

Unveiled at the 2016 Investor Day held on October 19, Edenred's "Fast Forward" strategic plan aims to accelerate the Group's transformation in the years to 2020 while laying the foundation for new sources of sustainable, profitable growth.

The plan leverages the Group's unique expertise in creating and managing value-added solutions within business-to-business (B2B) transactional ecosystems.

Initiated more than 50 years ago in **Employee Benefits**, this expertise has since been successfully extended, notably in Fleet & Mobility Solutions, and is currently driving the development of innovative new solutions, particularly in the field of Corporate Payment.

These ecosystems have structurally solid fundamentals and the Group's aim is to continue unlocking the strong growth potential they offer. Edenred will look to:

- leverage growth opportunities that result from increased digitalization of Employee Benefits solutions in order to develop new services and reinforce its position as market leader;
- become a global leader in the **Fleet & Mobility Solutions** market, notably thanks to the acquisition of Embratec in Brazil in 2016 and a controlling interest in UTA in 2017;
- capitalize on the Group's technological expertise and know-how to develop new value-added solutions for B2B transactional ecosystems such as **Corporate Payment**.

Therefore, the extent of reliance on tax exemptions in the Group's business portfolio (Employee Benefits) will gradually ease in favor of other activities generally less – or not at all – subject to regulations (regulatory risks are described in section 2.2).

1.2.2.1 Seizing growth opportunities offered by digitalization to strengthen Edenred's leading position in the Employee Benefits market

In the Employee Benefits market, where the Group has been an established player for many years, its strategy is to seize growth opportunities offered by the growing digitalization of these solutions in order to further entrench its position as market leader.

The Employee Benefits market offers significant growth potential stemming from the expansion in the potential market and the increase in penetration rates – still low in most of the Group's key host countries –, as well as the development of new solutions, cross-selling and the differentiation of solutions, trends accentuated by the shift to digital.

Building on 2017 operating revenue of €821 million in this market, generated through 131 different programs and a total of one billion meals bought using the Group's solutions in 900,000 partner restaurants and food outlets, Edenred is pursuing the digital transition of its Employee Benefits solutions in order to strengthen its position as market leader and boost performance.

The Employee Benefits market (mainly covering food, well-being and human services) currently accounts for issue volume of approximately €40 billion worldwide, set to increase thanks to structurally promising fundamentals as well as in developed countries and emerging countries (particularly the expanding potential market and low penetration rate).

To capture this growth potential, Edenred's action plan has three main levers:

- further penetrate the SME client segment;
- maximize value creation, in particular by creating value-added services for partner merchants and employee users, improving client retention and enhancing the marketing mix;
- increase productivity by optimizing the cost base and increasingly digitalizing solutions and processes.

These growth drivers will effectively support the Group's ability to generate single-digit growth in operating revenue.

To implement this plan, key enablers will be activated, specifically innovation, technology, the Group's organizational efficiency and the growing digitalization of its solutions, which is key to the strategy. Edenred expects that more than 80% of its Employee Benefits solutions will be digital by 2020.

Some examples of recent initiatives regarding the digitalization of such solutions:

- in **France**, 560,000 eligible employee users of the *Ticket Restaurant®* card have the possibility of paying for their lunch directly with their iPhones using **Apple Pay** since July 2016. The Group is the only issuer of meal vouchers to offer this type of fingerprint recognition-based payment. Since then, Edenred has partnered with the world's leading providers of mobile payment solutions and leveraged its own proprietary solutions to become the first company in its industry to deploy a global, multi-brand mobile payment solution;
- in **Sweden**, where all solutions are now digital, the Group offers its 10,000 partner restaurants a management tool based on a digital platform that gives access to key data regarding *Ticket Restaurant®* card transactions. By mining this anonymous data, Edenred offers the restaurants a solution that enables them not only to improve their revenue performance by closely analyzing voucher usage data, but also to optimize their management by aligning their offering with their customer base;
- in **Spain**, Edenred was the first meal voucher issuer to support mobile wallet solutions, following the local launch of **Apple Pay** in December 2016 and of **Android Pay** in September 2017.

Since 2016, Edenred has ridden the rising wave of mobile payments, rolling out solutions in France, Sweden, Spain, Italy, Finland, Slovakia, Taiwan and Brazil, demonstrating the faster pace of digitalization across its business base and the differentiation of its solutions. As of end-2017, the Group had processed more than 10 million mobile payment transactions.

1.2.2.2 Becoming a global leader in Fleet & Mobility Solutions, the Group's second growth engine

Fleet & Mobility Solutions, particularly for managing corporate fleet expenses (with fuel, vehicle servicing and toll card solutions, for example), is Edenred's second growth engine. These solutions are designed primarily for two categories of business fleets, either trucks or light vehicles. Specific solutions are developed for each market segment.

The corporate vehicle expense market represents spending in excess of €1,000 billion worldwide each year. With an average penetration rate of just 25% and double-digit annual like-for-like growth driven by increased employee mobility, Fleet & Mobility Solutions meet a growing need among companies to manage their business expenses more effectively.

This huge, under-penetrated and fast growing market is the second type of ecosystem after Employee Benefits in which Edenred has expanded by unlocking commercial synergies, sharing the same transaction authorization platforms and capitalizing on its long-standing experience in affiliating merchant networks.

The distinctive feature of the Fleet & Mobility market is that oil companies are increasingly outsourcing expense management services. Edenred intends to seize opportunities to step up its deployment, particularly in the relatively under-penetrated light vehicle fleet segment.

Edenred is now firmly established in Latin America, particularly in Mexico, with *Ticket Car*, and in Brazil, where its position has been strengthened since 2016 by the acquisition of Embratec and the launch of the new *Ticket Log* brand. Edenred's footprint in Europe, notably through La Compagnie des Cartes Carburant (LCCC), has been broadened by the acquisition of UTA in 2015, the second largest pan-European issuer of multi-brand fuel cards, toll cards and vehicle servicing solutions. As part of its Fast Forward strategic plan, the Group raised its stake in UTA from 51% to 66% in December 2017, and expects to increase this interest to a total of 83% by the end of first-quarter 2018.

Edenred's strategic approach is noteworthy in its ability to develop and market specific solutions for each region:

- in **Latin America**, the Group is already building on its leadership positions to pursue a vigorous growth strategy;
- in **Europe**, Edenred is leveraging UTA, LCCC and the expertise acquired in Latin America to launch dedicated light vehicle fleet solutions in several key countries, and to increase its market share in the heavy vehicle fleet segment;
- in **Asia**, through Cardtrend, a Malaysian company acquired in 2014, Edenred is ideally located to expand its offering of fuel card program management software across Southeast Asia, particularly with local and regional oil companies, while also enabling the development of multi-brand solutions.

After the integration of Embratec in Brazil in May 2016, Edenred reached another milestone in its strategy with the consolidation of UTA, which enables the Group to set ambitious objectives in the Fleet & Mobility Solutions market. With the integration of UTA and Embratec, the Group managed close to 6.6 billion liters of fuel in 2017, versus just under six billion in 2016, and is targeting an annual volume of more than nine billion liters by 2020. This vigorous growth has had a significant impact on the Group's profile, since this business now represents more than 25% of its operating revenue, compared with 18% in 2016.

1.2.2.3 Leveraging Edenred's global presence, capabilities and technological expertise to expand into new ecosystems, particularly in Corporate Payment

Several thousand billion euros worth of financial flows are transacted between companies each year. New virtual card technologies and private payment networks are helping to spur the creation of new ways of more effectively and more simply managing transactions than with traditional means of payment (check or bank transfer) within dedicated transactional ecosystems. Corporate Payment is a huge, untapped and fast-growing market.

It represents a particularly attractive opportunity for Edenred which, with PrePay Solutions (PPS), its jointly-owned subsidiary with MasterCard, and Europe's leading prepaid services company, has a strategic asset through which it can develop tailored electronic and automated payment solutions in transactional ecosystems. Already a processor of a large number of transactions related to Employee Benefits and Fleet & Mobility Solutions developed by the Group in Europe, PPS has extensive expertise in network management and the implementation of payment instruments.

While Edenred, *via* PPS, already operates virtual card-based payment systems for the hospitality industry and online retailers, the business reached a new milestone with the award of an international tender to partner with the International Air Transport Association (IATA) to develop and manage its new-generation payment system, IATA Easy Pay, dedicated to the purchase of airline tickets by travel agencies. Following gradual roll-out over the next three years, the solution will be exclusively managed by Edenred in an ecosystem comprising more than 13,000 agencies in more than 90 countries worldwide.

In this way, Edenred is committed to becoming a major player in the Corporate Payment ecosystem.

1.2.2.4 New financial targets reflecting the Group's strategy and its ambitions for profitable, sustainable growth

From a financial perspective, Edenred is committed to focusing all its energy on driving profitable, sustainable growth and creating value for its shareholders. To support this vision, ambitious new growth targets have been set for the years 2017 to 2019, as follows:

- annual like-for-like **operating revenue growth of more than 7%**, resulting from double-digit growth in Fleet & Mobility Solutions and single-digit growth in Employee Benefits;
- annual like-for-like growth of **more than 9% in operating EBIT**, driven by both the productivity gains stemming from the ongoing digital transition and the roll-out of initiatives to control costs and maximize synergies;
- annual like-for-like **growth in funds from operations before other income and expenses (FFO) of more than 10%**.

The Group has a sound financial position and generates a significant negative working capital requirement, which will continue to grow and help to finance expansion.

1.2.3 CAPITAL ALLOCATION POLICY

Edenred's ambition is to maximize value creation for shareholders through a balanced deployment of capital between investments and shareholder return, in line with the Group's growth profile.

Drawing on its strong balance sheet, tight rein on debt and sound liquidity, Edenred wishes to leverage growth investment opportunities in line with the strategic goals of its Fast Forward plan.

The first of these opportunities materialized in January 2017, when the Group increased its stake in UTA to 51% by exercising a call option on an additional 17% of the Company's capital. In doing so, the Group took a further step to speed up its development strategy in Fleet & Mobility Solutions. The Group intends to boost UTA's business in Europe by leveraging its expertise in managing fuel card solutions in Latin America and its own commercial presence in Europe.

The acquisition of this additional share for €85 million gave Edenred control over the UTA. The subgroup has therefore been fully consolidated in Edenred's financial statements as from January 1, 2017.

The Daimler Group's put option on 15% of UTA's outstanding shares was exercised in December 2017, raising Edenred's interest to 66%.

Hermes Mineralöl GmbH, UTA co-founder and minority shareholder, has notified its intention to exercise its put option in December 2017, to sell its 17% stake in the company. This transaction is subject to approval from competition authorities and is expected to be finalized in the first quarter of 2018.

Upon completion of the process, Edenred will hold an 83% interest in UTA. The Eckstein family will continue to hold an option to sell the remaining 17% of UTA's share capital.

In addition, the Group is pursuing its commitment to paying out at least 80% of attributable net profit in dividends. At the Annual Shareholders Meeting of May 3, 2018, shareholders will be asked to approve the payment of a dividend of €0.85 per share in respect of 2017, representing the payout of 80% of attributable net profit for the year. This compares with prior-year dividends of:

- €0.62 per share paid in 2017 in respect of 2016, corresponding to the payout of 80% of attributable net profit for the year;
- €0.84 per share paid in 2016 in respect of 2015, corresponding to the payout of 96% of attributable net profit for the year. For more information, see section 1.5.2, page 26.

The list of acquisitions carried out in recent years is presented in section 1.6.2.

1.2.4 FINANCIAL STRATEGY

Edenred's business model generates significant cash flow. In 2017, funds from operations before other income and expenses (FFO) totaled €388 million, a like-for-like, year-on-year increase of 21.8% that was in line with the Group's target of growth in excess of 10% per year.

The free cash flow generated in 2017 amounted to €399 million. A total net amount of €137 million was allocated to the payment of dividends and the share buyback program, and €280 million to acquisitions. After taking into account the negative currency effect and non-recurring items for a net total of negative €106 million, the Group's net debt stood at €713 million at December 31, 2017 (versus €588 million at end-2016).

The ratio of adjusted funds from operations to adjusted net debt was an estimated 42% at December 31, 2017, a level consistent with the criteria applied by Standard & Poor's, thereby supporting a "Strong Investment Grade" rating.

1.2.5 2018 OBJECTIVES

Thanks to the initiatives undertaken since the launch of its strategic plan in late 2016, Edenred has started the year with confidence. For 2018, the Group confirms the medium-term objectives set as part of its Fast Forward strategy, namely:

- Like-for-like growth in operating revenue of more than 7%;
- Like-for-like growth in operating EBIT of more than 9%;
- Like-for-like growth in funds from operations before other income and expenses (FFO) of more than 10%.

Edenred expects sustained growth in **Europe** to continue in 2018.

Despite a high basis of comparison, the **Employee Benefits** business line is expected to enjoy the positive effects of the digital transition, increased penetration in the SME market and the optimization of the marketing mix. The strong ramp-up of new solutions, such as Ticket Welfare in Italy or ProwebCE in France, is also expected to make a positive contribution to growth.

In the **Fleet & Mobility Solutions** segment, UTA is expected to reap the benefits of its geographic expansion in Central Europe, its dynamic sales strategy, and the extension of its network with an increasingly diversified offering.

With the momentum under way in **Hispanic Latin America**, the Group expects to achieve solid gains in Employee Benefits and Fleet & Mobility Solutions, particularly in Mexico and Argentina.

In **Brazil**, in an environment of GDP growth and persistently high unemployment, Edenred expects a very gradual improvement in its Employee Benefits business and double-digit growth in its Fleet & Mobility Solutions business. It also expects a negative currency effect from the Brazilian real.

Edenred is on track to successfully pursue the transformation that will enable the Group to generate profitable and sustainable growth.

1.3 HIGHLIGHTS OF THE YEAR

- Edenred becomes a world leader in Expense Management when, as part of its Fast Forward strategic plan, it raises to 51% its stake in UTA, a major provider of corporate fleet expense management services. Edenred now manages 2.6 million fuel cards and toll solutions and close to six billion liters of fuel (press release of January 20, 2017).
- Edenred is launching Edenstep, a graduate program that offers talented young people a 24-month full-immersion work placement as part of France's VIE work placement program. Edenstep enables young people to gain invaluable work experience in a multinational company undergoing major transformation (press release of February 8, 2017).
- Edenred launches a new accounts payable management solution in Europe. The first initiative to be marketed under the Edenred Corporate Payment brand, the new solution includes the use of a virtual payment card (news item of March 8, 2017).
- Edenred announces the success of its €500 million bond issue, which will provide financing for general corporate purposes and, more particularly, for the Group's growth projects (press release of March 22, 2017).
- Expendia Smart cardholders in Italy can now use Apple Pay as an easy, secure private way to pay. Employee users of Expendia Smart can pay for their business expenses directly with their iPhone or Apple Watch at any partner merchant or service provider equipped with a contactless payment terminal (news release of May 31, 2017).
- Edenred announces the appointment of Dominique D'Hinnin as Director, for a term expiring at the Annual Shareholders Meeting called to approve the financial statements for 2019. This corresponds to the remaining term of Nadra Moussalem, who resigned as Director following Colony Capital's sale of its stake in Edenred in January 2017. Dominique D'Hinnin will also be a member of the Audit and Risks Committee (press release of June 13, 2017).
- Edenred unveils its new global identity. In every host country around the world, all of the Group's solutions will be marketed under the same Edenred brand. Today, the brand identity of every product and service marketed by the Group, including the iconic *Ticket Restaurant* program, has been redesigned around the same graphic standards, as embodied in the signature, "We connect, you win" (news release of June 14, 2017).
- Edenred announces new appointments, of Jacques Adoue as Executive Vice-President, Human Resources and Corporate Social Responsibility, and of Jeanne Renard as Senior Vice President, Transformation (press release of June 22, 2017).
- In France, Edenred and *ProwebCE* have joined forces with *Vente-Privée* Group to offer an exclusive solution in the works council segment of the employee benefits market, which is estimated to be worth more than €15 billion (press release of July 6, 2017).
- Edenred announces that it has been chosen by IATA to develop its IATA EasyPay system in more than 70 countries. The new contract represents a major milestone in the development of the Group's Corporate Payment business, in partnership with one of the world's largest trade associations (press release of July 20, 2017).
- Edenred consolidates its leadership position in Central Europe by announcing the acquisition of Vasa Slovensko, Slovakia's third largest meal voucher issuer. The acquisition of Vasa Slovensko makes Edenred the market leader in meal vouchers in Slovakia, where it has been operating since 1994 (press release of October 16, 2017).
- The fifth FOOD survey has confirmed that employees and restaurant owners are paying greater attention to the nutritional balance of their lunch meals over the years. Coordinator of the FOOD (Fighting Obesity through Offer and Demand) program, Edenred surveyed more than 20,000 employees this year – almost twice as many as in 2016 (press release of October 19, 2017).
- Edenred steps up its expansion in mobile payments with the launch of Android Pay in Spain, enabling employees to pay for their meals directly with their smartphones. With more than 10 million transactions already processed in 2017, Edenred is now the first company in its industry to roll out a global, multi-brand mobile payment solution, spanning three continents (Europe, Latin America and Asia) (news release of November 14, 2017).
- Edenred launched Edenred Factory, an international intrapreneurship program that encourages the Group's employees to become entrepreneurs by supporting their innovative, high-potential start-up projects (press release of December 13, 2017).

January 2018 highlights

- Edenred pursues its geographic expansion in Fleet & Mobility Solutions by acquiring, *via* UTA, a 51% stake in Timex Card, its Polish distributor that also operates in Estonia, Latvia, Lithuania and Ukraine. Alongside the acquisition, UTA will begin its own operations in Bulgaria. Moreover, Edenred expects to increase its stake in UTA to 83% by the end of first-quarter 2018 (press release of January 12, 2018).
- Edenred joins forces with Partech Ventures to explore the African market (press release of January 18, 2018).

February 2018 highlights

- Foncia chooses Edenred to optimize fund collection (press release of February 15, 2018).

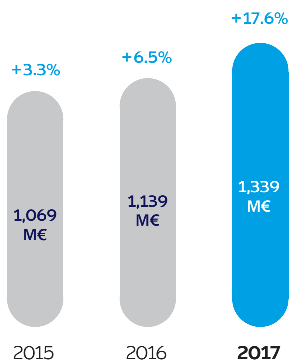
1.4 SELECTED THREE-YEAR FINANCIAL INFORMATION

KEY INDICATORS *(in € millions)* *	**2017**	2016	2015
Revenue	1,339	1,139	1,069
• of which operating revenue	1,272	1,073	1,000
• of which financial revenue	67	66	69
Funds from operations before other income and expenses (FFO)	388	299	280
EBIT	437	370	341
• of which operating EBIT	370	304	272
• of which financial EBIT	67	66	69
NET PROFIT, GROUP SHARE	**247**	**180**	**177**

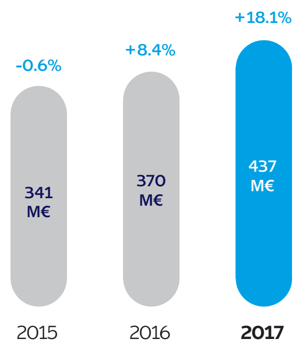
* *For definitions, see the glossary at the beginning of this document.*

REPORTED GROWTH

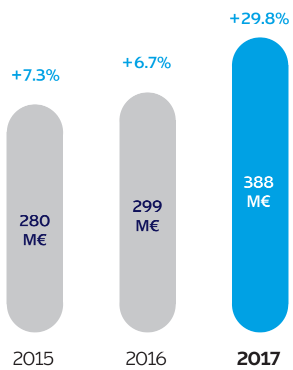
REVENUE
in € millions



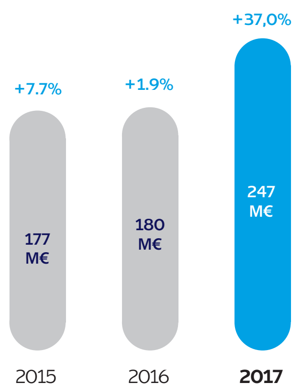
EBIT
in € millions



FFO [1]
in € millions



NET PROFIT GROUP SHARE
in € millions

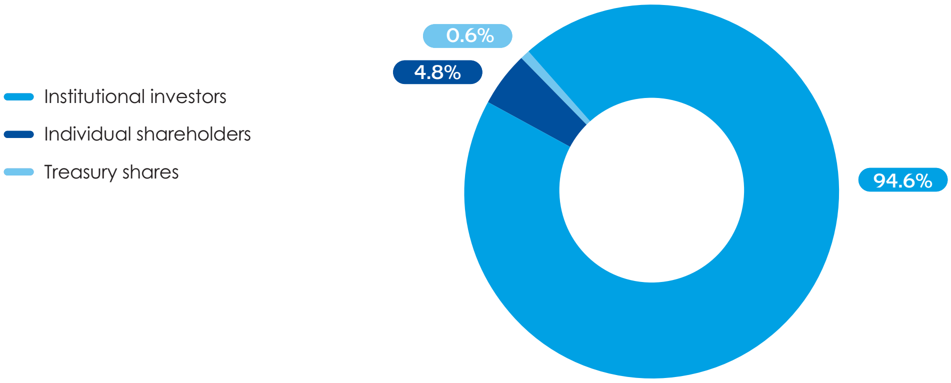


(1) FFO : Funds From Operations.

1.5 SHAREHOLDER INFORMATION

1.5.1 OWNERSHIP STRUCTURE

THE COMPANY'S OWNERSHIP STRUCTURE IS AS FOLLOWS:



The free float represents 99.4% of outstanding shares.

For more information, see section 2.2.2 page 36.

1.5.2 INVESTOR INFORMATION AND DIVIDEND

The dividend policy is based on a payout of at least 80% of attributable net profit.

The dividend proposed by the Board of Directors to the Shareholders Meeting of May 3, 2018 in respect of the 2017 financial year amounts to €0.85 per share, *i.e.*, a payout ratio of 80% of net profit, Group share. Subject to approval by the Shareholders Meeting of May 3, 2018, shareholders may opt to receive the dividend 100% in cash or 100% in shares at a 10% discount.

For more information about capital allocation and the dividend, see section 1.2.3 page 23 et section 2.3.1.3 page 68.

	2017	2016	2015
Last closing price	24.18	18.84	17.45
Dividend in €	0.85*	0.62	0.84
Dividend yield	3.52%	3.29%	4.81%

** To be proposed at the Shareholders Meeting of May 3, 2018.*

1.5.3 FINANCIAL CALENDAR

First-quarter 2018 revenue	April 19, 2018
Annual Shareholders Meeting	May 3, 2018
First-half 2018 results	July 24, 2018
Third-quarter 2018 revenue	October 24, 2018

1.6 MILESTONES

1.6.1 PRE-2010: CREATION AND DEVELOPMENT OF ACCOR SERVICES

1962-1980: From an original idea to an effective business model

The original luncheon voucher concept was launched in the United Kingdom in 1954. In 1962, the Jacques Borel International Group set up a new company, Crédit-Repas, and created *Ticket Restaurant*®, France's first meal voucher. Five years later, legislation was adopted creating a legal regime for meal vouchers in France (government order no. 67-830 dated September 27, 1967).

In the 1970s, the *Ticket Restaurant*® formula was exported to Brazil, Italy, Belgium, Germany and Spain.

1980-2010: Geographic expansion and diversification of solutions and media

In 1982, Novotel SIEH acquired Jacques Borel International, which was the world's leading meal voucher issuer at the time. The following year, Novotel SIEH-Jacques Borel International was renamed Accor.

In the 1980s and 1990s, Accor embarked on a strategy to diversify the employee benefits offer for businesses, starting in Mexico with the creation of the *Ticket Alimentación* food voucher in 1983. This was followed, in 1989, by the introduction of *Childcare Vouchers* in the United Kingdom and, in 1995, by *Ticket Culture* vouchers in France.

During this period, the Group continued to expand in other European and Latin American countries.

From the early 2000s, the Group pursued a strategy of acquiring local Employee Benefits providers.

Starting in 2006, the Group expanded its business portfolio, particularly by acquiring providers of Fleet & Mobility and Incentive and Rewards solutions.

At the same time, the Group completed acquisitions in the technology sector to support its transition from paper to digital solutions, mainly through the acquisition of 67% of PrePay Technologies, which became PrePay Solutions.

1.6.2 2010: CREATION OF EDENRED

On June 29, 2010, the Extraordinary General Meeting of Accor shareholders approved the demerger of the Hotels and Services businesses, leading to the creation of Edenred, listed on the Paris stock exchange as part of the CAC Next 20 index.

Since its formation, Edenred has pursued a targeted acquisitions strategy in its core business, and has carried out a strategic review of its portfolio.

In October 2016, Edenred implemented a new strategic plan, Fast Forward, whose aim is to speed up the Group's transformation by 2020, while laying the foundations for new sources of profitable, sustainable growth.

Main acquisitions over the past three years

- First-quarter 2015: the Group acquired a 34% stake in UTA, a key player in the European fuel card market;
- January 2017: Edenred lifted its stake in UTA to 51% by exercising a call option on 17% of share capital;
- October 2017: the Group acquired Vasa Slovensko, Slovakia's number three player in meal vouchers.
- December 2017: following the Daimler group's exercise in mid-December 2017 of its put option on a 15% stake in UTA, Edenred increased its interest to 66%.

Joint ventures and alliances over the past three years

- July 2015: Edenred partnered with the Daimler group to launch a co-branded solution on the fuel card market in Brazil;
- May 2016: Edenred completed the merger of Embratec (35%) and Edenred (65%) in a joint venture, *Ticket Log*.

Disposals over the past three years

- May 2017: Edenred sold its Employee Benefits business in Switzerland;
- July 2017, Edenred sold its operations in South Africa (mainly Incentive and Rewards solutions).

For more information about acquisitions, development projects and disposals in 2017, see section 4, Note 14.3 to the consolidated financial statements on page 165.

1.7 THE MANAGEMENT TEAM

Edenred has chosen for its governance to combine the functions of Chairman of the Board and Chief Executive Officer in order to maintain a high degree of responsiveness on the strategic and operational fronts. For more on Edenred's governance, see section 3.

1.7.1 THE BOARD OF DIRECTORS

The Board of Directors defines the business strategy and oversees its implementation. A description of its duties and powers is provided in section 3.

Jean-Paul Bailly *
Honorary Chairman of Groupe La Poste

Sylvia Coutinho *
Chief Executive Officer of UBS Brazil

Bertrand Dumazy
Chairman and Chief Executive Officer of Edenred SA

Maëlle Gavet *
Chief Operating Officer of Compass

Jean-Romain Lhomme *
Founder and Manager – Lake Invest Sarl – venture capital

Anne Bouverot *
Chief Executive Officer of Safran Identity & Security

Dominique D'Hinnin *
Chairman of the Board of Directors of Eutelsat Communications SA

Gabriele Galateri di Genola *
Chairman of Assicurazioni Generali S.p.A.

Françoise Gri *
Lead Independent Director and Vice-Chairman of the Board of Directors

Bertrand Meheut *
Director of companies

On May 4, 2017, the Board of Directors appointed Philippe Citerne as Board observer for a term of two years, on the recommendation of the Chairman and Chief Executive Officer. He was Vice-Chairman of Edenred's Board of Directors and Chairman of the Audit and Risks Committee from June 29, 2010 to May 4, 2017.

** Independent directors.*

1.7.2 THE EXECUTIVE COMMITTEE

In line with his responsibilities, the Chief Executive Officer forms an Executive Committee to implement the strategy defined by the Board of Directors.

Bertrand Dumazy
Chairman and Chief Executive Officer of Edenred SA

Jacques Adoue
Executive Vice-President, Human Resources and Corporate Social Responsibility

Patrick Bataillard
Executive Vice-President, Finance

Gilles Coccoli
Chief Operating Officer, Brazil

Philippe Dufour
Vice-President, Alternative Investments

Antoine Dumurgier
Chief Operating Officer, Fleet & Mobility Solutions

Arnaud Erulin
Chief Operating Officer, Northern Europe, Central Europe, France and Belgium

Diego Frutos
Chief Operating Officer, Hispanic and North America

Graziella Gavezotti
Chief Operating Officer, Southern Europe

Laurent Pellet
Chief Operating Officer, Asia-Pacific and Middle East

Elie du Pré de Saint Maur
Chief Operating Officer, Corporate Payment Executive Vice-President, Marketing and Strategy

Philippe Relland-Bernard
Executive Vice-President, Legal and Regulatory Affairs

Dave Ubachs
Executive Vice President, Digital and IT

1.8 REGULATORY ENVIRONMENT

1.8.1 INCOME TAX AND PAYROLL TAX RULES

1.8.1.1 Overview

Employee benefits are exempted from income tax and/or payroll taxes as part of government strategies to encourage their use as an instrument of social policy. The Fleet & Mobility Solutions business line is not dependent on the existence of these kinds of exemptions.

To avoid illegitimate use of the tax benefits, strict rules govern the allocation and use of these solutions, particularly regarding the employer's contribution and role, the eligible beneficiaries and how the benefits may be used.

In some countries, companies have to be licensed to operate in the Employee benefits market, while in others no authorization is required. In countries with a licensing system, the barriers to entry are fairly low and consist mainly in meeting certain financial strength criteria.

Companies wishing to operate in the employee benefits market may also be subject to legal and regulatory requirements governing the issue of digital tickets or investment of the float (corresponding to the cash received from clients for prepaid services that has not yet been reimbursed to partner merchants). This is the case in France and Romania, for example (see section 2.3.1.4 page 68 and Note 4.6 to the consolidated financial statements, page 175).

The regulatory environment is illustrated in the following sub-sections by a description of the legislation applicable to meal vouchers in France and Brazil.

1.8.1.2 Regime applicable in France

Rules governing the allocation and use of meal vouchers

The rules governing the allocation of meal vouchers are as follows:

- the vouchers may only be allocated to employees of the company concerned (including interns, subject to conditions);
- since April 2014, the vouchers can be issued in paper or digital format, for example *via* mobile phone or on a payment card;
- since 2002, civil servants may be given meal vouchers if their place of work has no staff restaurant and they are unable to take advantage of alternative solutions set up with public or private foodservice providers;
- meal vouchers qualify as employee benefits; consequently, all employees of the company must be allocated vouchers with the same face value. However, an employer may allocate meal vouchers to selected employees provided that the selection criteria are non-discriminatory;
- meal vouchers must be allocated on the basis of one voucher per day worked;
- the legislation does not set any minimum or maximum amount, leaving employers free to set the face value of the vouchers allocated to employees. However, in practice, the face value is limited by the caps on the employer's financial contribution, which cannot represent more than a certain percentage of the face value, and on the payroll tax exemption.

Rules also apply to the use of meal vouchers by employees, as follows:

- the vouchers may only be used by the employee user to whom they are allocated;
- employee users may use the vouchers to pay for their restaurant meal or the purchase of a ready-meal (to be reheated or defrosted as necessary), dairy products or fruit and vegetables (including fruit and vegetables that require further preparation) up to a daily limit of €19. Partner merchants are not allowed to give any money back on paper voucher payments, while paperless vouchers allow employees to pay merchants the exact amount of the transaction;
- meal vouchers may only be used on working days and not on Sundays or bank holidays, unless an exception is recorded directly on the paper voucher by the employer for the employees concerned.

Meal vouchers can be accepted by restaurants and fastfood outlets, equivalent retailers accredited by the Commission nationale des titres restaurant (CNTR), and greengrocers, provided that they sell ready-meals (to be reheated or defrosted as necessary), dairy products or fruit and vegetables (ready to eat or requiring further preparation).

Income tax and payroll tax benefits for the employer

Meal vouchers are financed jointly by the employer (or in some cases the works council) and the employee. The employer's contribution (plus – for the calculation of the ceilings below – any works council contribution) cannot represent less than 50% or more than 60% of the vouchers' face value. If these limits are not respected, the employer's contribution will not qualify for exemption from payroll tax, income tax and social security contributions.

The employer's contribution is exempt from social security contributions provided that it does not exceed a certain amount that has until recently been adjusted each year in the same proportions as the upper limit for the first personal income tax band (Article 81, 19° of the French Tax Code). This exemption ceiling was adjusted to €5.43 per voucher in 2018. The employer is naturally free to contribute more than this amount provided that the 50% and 60% minimum and maximum limits are adhered to. However, in this case, the fraction of the contribution in excess of the exemption ceiling will be added back for the purpose of calculating the basis of assessment of social security contributions.

Tax benefits for employees

Meal vouchers represent tax-free income for the employee user, as the portion of the face value paid by the employer within the legal limits – between 50% and 60% of the value up to the current exemption ceiling – is not subject to personal income tax.

However, to qualify for the exemption, the employee must comply with the applicable regulations, particularly regarding the use of the vouchers.

1.8.1.3 Regime applicable in Brazil

There are two types of food-related vouchers in Brazil, meal vouchers (*vale refeição*) and food vouchers (*vale alimentação*). Meal vouchers may only be used in restaurants and fastfood outlets, while food vouchers may only be used in supermarkets and grocery stores. These two types of vouchers are not interchangeable.

Companies that want to give meal or food vouchers to their employees have to register with the Brazilian Labor Ministry. They can decide to give the vouchers to selected employees only, provided that all employees who are paid less than five times the minimum wage are included. They cannot reduce the number of vouchers allocated to an employee or suspend the allocation as a disciplinary measure.

As in France, part of the vouchers' face value is financed by the employer and part by the employee. The employee's contribution cannot exceed 20% of the face value and, in practice, employers generally finance the total amount. Meal vouchers are totally tax-exempt for both the employer and the employee. In addition to being exempt from payroll taxes, which in Brazil can represent up to 100% of gross fixed pay, the employer's contribution is exempt from corporate income tax up to the equivalent of 4% of the tax due for each tax year.

Since 2014, the Brazilian Central Bank has been in charge of regulating procedures for the issue and functioning of certain electronic payment instruments. As a result, while food and meal vouchers continue to be supervised by the Brazilian Labor Ministry with the same operating methods and objectives, the cards used as the medium for granting these benefits are now subject to regulations implemented by the Central Bank. Edenred has submitted the registration applications for companies affected by these regulations to the Central Bank. As of December 31, 2017, the Central Bank was still examining these requests. It is expected to grant the licenses when the rules come into force in 2018.

Some of the new rules impose a minimum level of share capital to be able to issue the cards mentioned above, better knowledge of corporate clients and the strengthening of internal control requirements. In addition, restrictions will be gradually imposed on the funds maintained in users' accounts, from the card's issue to its use in the networks of merchants. Edenred will comply with all of the new regulations as soon as they come into effect.

1.8.2 OTHER REGULATIONS

1.8.2.1 Within the European Union

The issuance of e-money is regulated by European directive 2009/110/EC of September 16, 2009 (the "E-Money directive"). The directive defines e-money as an "electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions, and which is accepted by a natural or legal person other than the electronic money issuer."

The directive states that it is not intended to apply to "monetary value stored on specific pre-paid instruments, designed to address precise needs that can be used only in a limited way," particularly because these instruments are only accepted within a "limited network" or can only be used to purchase "a limited range of goods or services, regardless of the geographical location of the point of sale."

Neither meal and food vouchers nor other Employee Benefits constitute e-money, whether in paper or paperless format. The E-Money directive clarifies the idea of a "limited network" by using the example of "meal vouchers or vouchers for services (such as vouchers for childcare, or vouchers for social or services schemes which subsidize the employment of staff to carry out household tasks such as cleaning, ironing or gardening), which are sometimes subject to a specific tax or labor legal framework designed to promote the use of such instruments to meet the objectives laid down in social legislation".

The exclusion of all employee benefits from the scope of this directive is confirmed in amending directive (EU) 2015/2366 of November 25, 2015 (the "Payment Services directive"), which repeals directive 2007/64 and provides a regulatory framework for payment services in the European Union, particularly regarding the issuance and acquisition of payment instruments, and is closely interlinked with the E-Money directive. Thus, the new Payment Services directive clearly and unconditionally excludes "instruments valid only in a single member State provided at the request of an undertaking or a public sector entity and regulated by a national or regional public authority for specific social or tax purposes to acquire specific goods or services from suppliers having a commercial agreement with the issuer."

The Incentive and Rewards solutions and Fleet & Mobility solutions contain some programs involving the issuance of e-money, which can only be issued by licensed institutions subject to specific capital adequacy rules. The Group offers these types of solutions through its PrePay Solutions subsidiary, an e-money issuer licensed in the UK, and through the two e-money issuers created by the Group in Italy and France to meet local needs – Edenred

Italia Fin S.r.l. and Edenred Paiement SAS. These three e-money issuers can issue prepaid cards regarded as e-money, based on the definitions in the E-Money directive, both within their own countries and throughout all European Union countries in which Edenred offers solutions based on prepaid cards regarded as e-money.

Each of these e-money issuers complies with all applicable capital adequacy and other requirements. The main rule resulting from the classification of certain programs as e-money concerns the obligation to protect the funds received in exchange for the issue of e-money. These funds are reported in the balance sheet under "Restricted cash" (see section 2.3.1.4, page 68, and Note 4.6 to the consolidated financial statements, page 176).

In Europe, Edenred monitors changes in regulations governing:

- the prevention of money-laundering and particularly directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as well as the proposed directive of July 5, 2016 amending this directive;
- the protection of personal data, in particular Regulation (EU) 2016/679, which will come into force in May 2018 in all EU member States;
- the management of interchange fees and particularly directive (EU) 2015/751 on interchange fees for card-based payment transactions, which reiterates the exclusion of Employee Benefits referred to above.

1.8.2.2 Outside the European Union

The Group keeps a particularly watchful eye on the emergence of regulations that are similar to the E-Money and Payment Services directives in all countries in which it operates.

In several countries, regulations governing payment services and/or e-money sometimes take a similar approach to the European Union's regulations, acknowledging the exceptional nature of the Employee Benefits offered by Edenred.

This is the case, for example, in Turkey, where regulations covering both payment services and e-money entered into force in June 2015. Just like the European Union's E-Money and Payment Services directives, the Turkish regulations provide for the exclusion of instruments accepted within a "limited network" or which only grant access to "a limited range of goods or services".

1.9 CONTRACTUAL RELATIONSHIPS

1.9.1 CONTRACTUAL RELATIONSHIPS WITH CLIENTS

Master contracts are signed with major accounts that generate significant business volume, organizing business relations with these clients.

Such master contracts are generally signed following a call for bids and may cover one or several of the corporate clients' facilities or subsidiaries. They are usually for periods of one to three years. In particular, they specify the terms of the compensation to be paid to the Edenred unit concerned and the frequency of invoicing and remittance. The nature of the services provided precludes any form of exclusivity.

For small and medium-sized enterprises and micro-enterprises with limited needs that require greater ordering flexibility, contractual relations are generally based on order forms containing Edenred's general conditions of sale.

1.9.2 CONTRACTUAL RELATIONSHIPS WITH MERCHANTS

The affiliation of merchants accepting Edenred solutions is formalized by paper or electronic contracts between the Edenred subsidiary and each merchant.

In particular, these contracts specify the terms of the Edenred subsidiary's compensation and the conditions and technical procedures governing the acceptance of the Edenred solutions.

1.9.3 CONTRACTUAL RELATIONSHIPS WITH SUPPLIERS AND SERVICE PROVIDERS

Relations between Edenred or its subsidiaries and external suppliers or service providers are governed by standard contracts. Close attention is paid to services with associated intellectual property rights in order to ensure that the rights of Edenred and its subsidiaries are clearly determined.

Edenred uses many suppliers and is not dependent on any single company. In order to benefit from powerful, scalable and secure technological infrastructures, the Group implemented global master agreements with leading providers of cloud-based solutions and the associated network aspects. These agreements are particularly demanding in terms of compliance, security and availability. To support the digitalization of the Group's solutions, plastic card production, electronic payment services and technical acquisition or authorization services are also outsourced, with the appropriate diligence and care. Particular attention is also paid to the contractual and technical management of providers dealing with personal data, notably to ensure that the processing complies with applicable legislation such as the new European General Data Protection Regulation (GDPR).

1.10 INTELLECTUAL PROPERTY

Edenred's intellectual property mainly consists of its portfolio of brands and domain names. Intellectual property rights are managed by a dedicated in-house team and monitored worldwide by specialized service providers. *Ticket Restaurant*® and all other tradenames of Edenred solutions and services are registered trademarks of Edenred SA.

Edenred ensures that its protected trademarks are never used inappropriately, with a special focus on preserving their distinctive character.

1.11 REAL ESTATE

Most of the Group's offices are leased. The Group does not expect to encounter any problems in renewing the leases.

1.12 SPECIFIC RISKS AND OPPORTUNITIES

CONTEXT

Technological developments and the transition to digital solutions

RISKS SPECIFIC TO THE BUSINESS

- Production costs increase during the transition from paper to digital solutions, before declining again once the transition is completed.
- New entrants usually take limited market share but put pressure on commissions.
- For some solutions, pressure is also exerted on the float.
- The processes must be readjusted.

OPPORTUNITIES

- The transition to digital solutions (payment by card, smartphone, etc.) provides access to a large amount of solution-usage data and offers growth opportunities through the development of new value-added services *via* the intelligent use of this data. It also reduces costs compared with paper transactions, through the digitalization of processes and the establishment of pooled regional transaction processing platforms.
- The digital transition of solutions also allows the implementation of more finely tuned pricing models and direct access to employee users, *via* smartphone applications.
- Lastly, Edenred's expertise in managing digital transactional flow ecosystems, such as meal vouchers, offers the opportunity of quickly bringing new stakeholders (such as advertisers or insurers) into these ecosystems, which represents an opportunity in terms of additional operating revenue.

Risk factors and their management are described in section 2.2.

2

MANAGEMENT REPORT

The Management Report is prepared in accordance with the provisions of Articles L.225-100, I paragraph 2 (as amended by Ordinance No. 2017-1162 of July 12, 2017) and L.232-1, II of the French Commercial Code (*Code de commerce*).

2.1 THE COMPANY, OWNERSHIP STRUCTURE, DIVIDENDS AND MARKET FOR EDENRED SECURITIES

2.1.1 THE COMPANY

The Company's name is "Edenred". It is registered on the Nanterre Trade and Companies Register under identification number 493 322 978. Its APE business identifier code is 6420Z.

The Company was incorporated on December 14, 2006 for a 99-year term as a *société par actions simplifiée* (simplified public limited company). It was converted into a *société anonyme* (public limited company) on April 9, 2010.

The Company's registered office is located at 166 to 180, boulevard Gabriel Péri, 92240 Malakoff, France (Phone: +33 (0)1 74 31 75 00).

Edenred is a *société anonyme* with a Board of Directors governed by the laws of France, mainly the provisions of the French Commercial Code.

The corporate purpose is set out in Article 3 of the bylaws, which are obtainable on request from the Company's headquarters and may be consulted at www.edenred.com/en/investors-shareholders, Governance section.

2.1.2 OWNERSHIP STRUCTURE: SHAREHOLDERS AND VOTING RIGHTS

2.1.2.1 Ownership of shares and voting rights

In accordance with the declaration made on January 4, 2018 pursuant to Article L.233-8-II of the French Commercial Code and Article 223-16 of the General Regulations of French financial markets regulator Autorité des marchés financiers (AMF), at December 31, 2017, the Company's capital was made up of 235,403,240 shares representing a total of 240,999,002 voting rights, of which 239,801,745 were exercisable.

At December 31, 2017, the Company had 2,965 registered shareholders representing 3.21% of the total number of shares and 4.99% of exercisable voting rights.

The Company's ownership structure over the last three years was as follows:

	AT NOVEMBER 30, 2017 [5]			AT NOVEMBER 30, 2016 [5]			AT NOVEMBER 30, 2015 [5]		
	NUMBER OF SHARES	% CAPITAL	% VOTING RIGHTS	NUMBER OF SHARES	% CAPITAL	% VOTING RIGHTS	NUMBER OF SHARES	% CAPITAL	% VOTING RIGHTS
ColDay (Colony Capital) [1]	0	0	0	25,848,944	11.05%	16.85%	25,848,944	11.20%	17.00%
The Capital Group Companies, Inc. [2]	46,392,499	19.69%	19.23%	46,392,499	19.83%	18.03%	46,282,803	20.05%	18.15%
Select Equity Group LP [3]	12,120,013	5.14%	5.02%	-	-	-	-	-	-
Véritas AM LLP	-	-	-	-	-	-	11,307,070	4.90%	4.43%
Other institutional investors	164,388,703	69.76%	68.14%	147,350,814	62.99%	57.27%	131,417,293	56.92%	51.53%
Individual shareholders	11,294,171	4.79%	7.01%	12,302,127	5.26%	7.05%	12,817,382	5.55%	7.63%
Edenred (treasury stock) [4]	1,441,864	0.61%	0.60%	2,045,792	0.87%	0.80%	3,212,834	1.39%	1.26%
TOTAL	**235,637,250**	**100%**	**100%**	**233,940,176**	**100%**	**100%**	**230,886,326**	**100%**	**100%**

Sources: Euroclear France, Edenred share register, additional survey and disclosures made to the Autorité des marchés financiers.

(1) On January 20, 2017, ColDay (Colony Capital) disclosed that it had sold its interest in Edenred (AMF reference no. 217C0254).

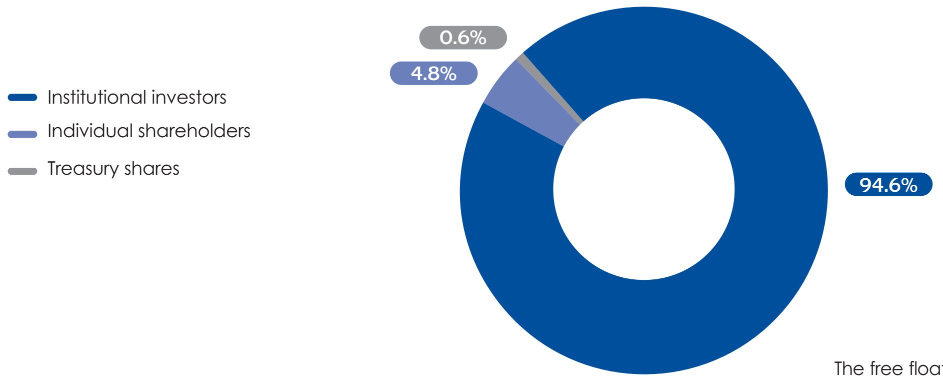
(2) On February 19, 2018, The Capital Group Companies Inc. disclosed that it had crossed a threshold on the downside and as of that date held 39,094,936 shares representing 15.32% of the capital and 14.97% of the voting rights (AMF reference no. 218C0447).

(3) On January 10, 2018, Select Equity regularized its position of July 12, 2017 (12,120,013 shares) and disclosed that, as of January 10, 2018, it held 13,440,431 shares representing 5.71% of the capital and 5.58% of the voting rights (AMF reference no. 218C0083).

(4) At December 31, 2017, the Company held 1,805,374 shares, representing 0.77% of the total number of shares making up the Company's capital. The voting rights associated with shares held in treasury are not exercisable.

(5) Date of the most recent shareholder survey.

THE COMPANY'S OWNERSHIP STRUCTURE IS AS FOLLOWS:



The free float represents 99.4% of outstanding shares

During the past three years, the following registered intermediaries and fund managers notified the Autorité des marchés financiers of changes in their interests, in accordance with disclosure threshold rules:

REGISTERED INTERMEDIARY OR FUND MANAGER	DISCLOSURE DATE	AMF REFERENCE NO.	INCREASE OR DECREASE IN INTEREST	NUMBER OF SHARES HELD	% CAPITAL	NUMBER OF VOTING RIGHTS HELD	% VOTING RIGHTS
ColDay SARL	April 9, 2015	215C0421	Increase	25,508,736	11.13%	43,355,313	17.44%
ColDay SARL	April 9, 2015	215C0421	Increase	25,374,596	11.06%	43,355,313	17.36%
ColDay SARL	October 22, 2015	215C1482	Increase	25,848,944	11.20%	43,355,313	17.00%
The Capital Group Companies, Inc.	October 26, 2015	215C1501	Increase	46,282,803	20.05%	46,282,803	18.14%
The Capital Group Companies, Inc.	January 13, 2016	216C0126	Increase	51,180,473	22.17%	51,180,473	20.08%
Deutsche Bank AG	February 19, 2016	216C0539	Increase	11,550,796	5.00%	11,550,796	4.53%
Deutsche Bank AG	February 23, 2016	216C0552	Decrease	11,060,015	4.79%	11,060,015	4.34%
Veritas Asset Management LLP	April 21, 2016	216C0958	Decrease	10,418,089	4.51%	10,418,089	4.08%
The Capital Group Companies, Inc.	October 17, 2016	216C2360	Decrease	51,501,110	22.03%	51,501,110	19.99%
Oppenheimer Funds	December 5, 2016	216C2724	Increase	11,887,931	5.08%	11,887,931	4.62%
Capital Group	December 20, 2016	216C2862	Decrease	46,392,499	19.83%	46,392,499	18.03%
ColDay (Colony Investors)	January 20, 2017	217C0254	Decrease	0	0	0	0
BlackRock Inc.	January 27, 2017	217C0306	Increase	11,781,391	5.04%	11,781,391	4.58%
BlackRock Inc.	January 30, 2017	217C0320	Decrease	11,673,401	4.99%	11,673,401	4.54%
BlackRock Inc.	February 15, 2017	217C0468	Increase	11,710,013	5.01%	11,710,013	4.73%
BlackRock Inc.	February 24, 2017	217C0534	Increase	12,625,924	5.40%	12,625,924	5.10%
Select Equity	May 18, 2017	217C1025	Increase	11,726,117	5.01%	11,726,117	4.89%
OppenheimerFund Inc.	May 23, 2017	217C1047	Increase	12,750,696	5.45%	12,750,696	5.32%
BlackRock Inc.	July 12, 2017	217C1553	Decrease	11,083,622	4.69%	11,083,622	4.59%
OppenheimerFund Inc.	October 2, 2017	217C2286	Decrease	11,673,074	4.96%	11,673,074	4.84%
Select Equity (1)	January 10, 2018	218C0083	Increase	12,120,013	5.13%	12,120,013	5.01%
Select Equity (1)	January 10, 2018	218C0083	Increase	13,440,431	5.71%	13,440,431	5.58%
The Capital Group Companies, Inc. (2)	February 19, 2018	218C0447	Decrease	39,094,936	15.32%	39,094,936	14.97%

(1) On January 10, 2018, Select Equity regularized its position of July 12, 2017 (12,120,013 shares) and disclosed that, as of January 10, 2018, it held 13,440,431 shares representing 5.71% of the capital and 5.58% of the voting rights (AMF reference no. 218C0083).

(2) On February 15, 2018, The Capital Group Companies Inc. disclosed that it had crossed a threshold on the downside and as of that date held 39,094,936 shares representing 15.32% of the capital and 14.97% of the voting rights (AMF reference no. 218C0447).

Shareholders' pacts

None.

Voting rights of the main shareholders

As of December 31, 2017, each Edenred share entitled its holder to one vote, with the exception of treasury shares.

However, Article 24 of the Company's bylaws states that, under certain circumstances, shares may be attributed double voting rights.

As a result, fully paid-up shares registered in the name of the same holder for at least two years have double voting rights (see section 3.3.1.4 page 143).

In accordance with the declaration made on January 4, 2018 pursuant to Article L.233-8-II of the French Commercial Code and Article 223-16 of the General Regulations of the Autorité des marchés financiers, at December 31, 2017, the Company's capital was made up of 235,403,240 shares representing a total of 240,999,002 voting rights, of which 239,801,745 were exercisable.

Agreements that may lead to a change of control

None.

2.1.2.2 Directors' and employees' interests

Employee stock ownership

The proportion of share capital held by the employees represents 0.4% (see details hereinafter).

Information on stock option plans for Executive Directors and employees

Pursuant to the authorization given by the Shareholders Meeting of May 10, 2010, the Board of Directors' meetings of June 29, 2010, February 23, 2011 and February 22, 2012 defined the terms and conditions of three stock option plans for certain Group employees and Executive Directors and granted stock options as summarized in the table below. The number of options granted may not be exercisable for shares representing more than 7% of the Company's share capital.

Details of stock option plans currently in progress *(Table 8 of the AFEP-MEDEF Code)*

INFORMATION ABOUT STOCK OPTIONS

	2012 PLAN	2011 PLAN	2010 PLAN
Grant date	FEBRUARY 27, 2012 (1)	MARCH 11, 2011 (2)	AUGUST 6, 2010 (3)
Total options, of which options granted to	382,800	611,700	4,235,500
Jacques Stern (4)	**66,000**	**72,000**	**240,000**
Nadra Moussalem (5)	**n/a**	**n/a**	**n/a**
Bertrand Dumazy (6)	**n/a**	**n/a**	**n/a**
Start of exercise period	February 28, 2016	March 12, 2015	August 7, 2014
Expiry date	February 27, 2020	March 11, 2019	August 6, 2018
Exercise price (in €)	19.03	18.81	13.69
Options exercised as of December 31, 2017	173,600	369,000	3,363,385
Cumulative number of options canceled or forfeited	12,000	10,350	426,000
Options outstanding at the year-end	197,200	232,350	446,115
TOTAL	**382,800**	**611,700**	**4,235,500**

(1) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 22, 2012.
(2) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2011.
(3) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of June 29, 2010.
(4) Resigned on July 31, 2015.
(5) Appointed from August 1 to October 25, 2015.
(6) Appointed on October 26, 2015.

2017

No stock options were granted to Group employees or Executive Directors in 2017. The Board of Directors was not granted any authorizations by the Shareholders Meeting for the issue of stock options.

In 2017, stock options granted to or exercised by the Executive Directors of Edenred and the top ten grantees other than the Executive Directors were as follows:

Executive Director

Stock options granted during the year to the Executive Director by Edenred SA or any other Group company

None.

Stock options exercised during the year by the Executive Director

None.

Employees other than the Executive Director

Stock options granted to and exercised by the top ten grantees other than the Executive Director

	TOTAL OPTIONS GRANTED/EXERCISED	EXERCISE PRICE (IN €)
Options granted during the year to the ten employees other than the Executive Director who received the largest number of options (aggregate information)	None	
Options exercised during the year by the ten employees other than the Executive Director who exercised the largest number of options (aggregate information)	138,500 57,000 21,200	13.69 18.81 19.03
TOTAL	**216,700**	

Information on bonus shares granted to Executive Directors and employees

Pursuant to the authorizations given by the Shareholders Meetings of May 10, 2010, May 24, 2013, April 30, 2015 and May 4, 2016, the Board of Directors' meetings of February 23, 2011, February 22, 2012, February 12, 2013, February 11, 2014, February 11, 2015, December 9, 2015, May 4, 2016, February 23, 2017 and February 19, 2018, defined the terms and conditions of nine plans and granted performance shares to certain Group employees and Executive Directors as summarized in the table below.

Details of performance share plans currently in progress *(Table 9 of the AFEP-MEDEF Code)*

INFORMATION ABOUT PERFORMANCE SHARES

	2018 PLAN	2017 PLAN	2016 PLAN	2015 PLAN (CEO)	2015 PLAN	2014 PLAN	2013 PLAN	2012 PLAN	2011 PLAN
Grant date	Feb. 21, 2018 [1]	Mar. 8, 2017 [2]	May 4, 2016	Dec. 9, 2015	Feb. 20, 2015 [3]	Feb. 17, 2014 [4]	Feb. 18, 2013 [5]	Feb. 27, 2012 [6]	Mar. 11, 2011 [7]
Total number of performance shares awarded, of which shares awarded to:	685,434	794,985	990,080	137,363	800,000	824,000	845,900	867,575	805,025
Jacques Stern [8]					64,000	66,000	50,000	38,500	42,000
Bertrand Dumazy	81,616	61,355	149,600	137,363					
Vesting date [9]	Feb 22, 2021	Mar. 9, 2020	May 5, 2019	Dec. 10, 2018	Feb. 21, 2018 or Feb. 21, 2020	Feb. 18, 2017 or Feb. 18, 2019	Feb. 19, 2016 or Feb. 19, 2018	Feb. 28, 2015 or Feb. 28, 2017	Mar. 12, 2014 or Mar. 12, 2016
End of lock-up period [10]	-	-	-	Dec. 10, 2020	Feb. 21, 2020	Feb. 18, 2019	Feb. 19, 2018	Feb. 27, 2017	Mar. 11, 2016
Performance conditions	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR ** vs. SBF 120 TSR	Like-for-like growth in business volume and funds from operations * (FFO)	Like-for-like growth in business volume and funds from operations * (FFO)
Number of vested shares at Dec. 31, 2017	0	0	0	0	0	171,735	211,940	786,514	747,313
Cumulative number of canceled and forfeited performance shares	0	22,000	59,377	0	199,084	245,859	251,990	81,061	57,712
Performance shares outstanding at Dec. 31, 2017	685,434	772,985	930,703	137,363	600,916	406,406	381,970	0	0
TOTAL	**685,434**	**794,985**	**990,080**	**137,363**	**800,000**	**824,000**	**845,900**	**867,575**	**805,025**

* *Before other income and expenses.*

** *Total shareholder return.*

(1) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 19, 2018.

(2) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2017.

(3) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 11, 2015.

(4) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 11, 2014.

(5) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 12, 2013.

(6) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 22, 2012.

(7) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2011.

(8) Jacques Stern resigned from office on July 31, 2015.

(9) Three-year vesting period for French tax residents and non-residents subject to the French social security system and a five-year vesting period for tax residents of other countries who are not subject to the French social security system.

(10) The lock-up period only applies to French tax residents and non-residents subject to the French social security system.

In accordance with the AFEP-MEDEF Code, the performance share awards are made at the same time every year, after the annual results have been published, save for the exceptional long-term incentive plan awarded to Bertrand Dumazy upon his appointment as Chairman and Chief Executive Officer as of October 26, 2015 and the Group performance share plan of May 4, 2016 set up to take advantage of a stabilized fiscal and workforce-related environment. Performance share rights are not awarded systematically to a given category of employees, but are designed to reward personal performance, measured in terms of the results obtained, individual achievements and potential.

2017

The Shareholders Meeting of May 4, 2016 authorized the Board of Directors to grant performance shares. According to the terms of this authorization, the number of performance share rights awarded during the 26-month authorization period may not exceed 1.5% of the capital and the aggregate par value of the shares concerned by the rights will be deducted from the total maximum amount provided for in the third paragraph of the twenty-second resolution of the Shareholders Meeting of May 4, 2016 or, if applicable, the total maximum amount set in any new resolution to the same effect adopted while this authorization is in force.

The Executive Director may not be awarded more than 0.1% of the total number of performance shares awarded in the fiscal year.

Pursuant to the authorization given by the Shareholders Meeting of May 4, 2016, the Board of Directors decided to set up (i) a performance share plan in May 2016 for some 350 beneficiaries including the Executive Director, awarding 990,080 shares representing 0.43% dilution, (ii) a performance share plan in March 2017 for some 330 beneficiaries including the Executive Director, awarding 794,985 shares representing 0.34% dilution, and (iii) a performance share plan in February 2018 for some 337 beneficiaries including the Executive Director, awarding 685,434 shares representing 0,29% dilution.

Under the May 2016 plan, three performance criteria will apply measured over three consecutive fiscal years, and the performance shares will vest as follows:

- 37.5% if the target for like-for-like business volume growth is met;
- 37.5% if the target for like-for-like growth in funds from operations (FFO) is met;
- 25% if the stock market performance target is met, corresponding to Edenred's total shareholder return (TSR) compared with the average TSR for companies included in the SBF 120 index.

The two operating performance targets above are specific to the Group's business and correspond to organic growth in business volume and FFO, which are the key indicators related to the Group's strategy (see section 1, page 15). The purpose of the stock market performance criterion is to align management and shareholder interests, and raise managers' awareness of the specific challenges faced by a listed company.

The Board of Directors set the performance ranges (lower and upper limits) for each criterion based on the recommendation of the Compensation and Appointments Committee. These performance ranges are as follows:

Like-for-like business volume growth	
Like-for-like business volume growth of less than 8%	0%
Like-for-like business volume growth of equal to or more than 8% but less than 9%	75%
Like-for-like business volume growth of equal to or more than 9% but less than 10%	100%
Like-for-like business volume growth of equal to or more than 10% but less than 12%	125%
Like-for-like business volume growth of equal to or more than 12%	150%
Like-for-like growth in FFO (1)	
Like-for-like growth in FFO of less than 8%	0%
Like-for-like growth in FFO of equal to or more than 8% but less than 10%	75%
Like-for-like growth in FFO of equal to or more than 10% but less than 12%	100%
Like-for-like growth in FFO of equal to or more than 12% but less than 14%	125%
Like-for-like growth in FFO of equal to or more than 14%	150%
Edenred's TSR (2) compared with that of SBF 120 companies (by sextile)	
6th sextile (101 to 120)	0%
5th sextile (81 to 100)	50%
4th sextile (61 to 80)	75%
3rd sextile (41 to 60)	100%
2nd sextile (21 to 40)	125%
1st sextile (1 to 20)	150%

(1) Funds from operations before other income and expenses.
(2) Total shareholder return.

Edenred's TSR measures the total return for shareholders, taking into account share price appreciation and the dividends paid to shareholders.

The SBF 120 TSR will be calculated based on the TSR of each SBF 120 company.

The level of achievement of the performance targets will be assessed based on the information provided by Edenred's Finance Department.

The Board of Directors determined each year's actual performance against the targets at the meeting held to approve the annual financial statements, after consulting the Compensation and Appointments Committee.

Executive Director

The Company does not allow Executive Directors and Executive Committee members who receive performance shares to hedge the related equity risk until the end of the lock-up period set by the Board of Directors.

Pursuant to the authorization given by the Shareholders Meeting of May 4, 2016 in its twenty-ninth resolution, Bertrand Dumazy was awarded 149,600 performance share rights by decision of the Board of Directors on May 4, 2016, 61,355 performance share rights granted by decision of the Board of Directors on February 23, 2017 and 81,616 performance share rights granted by decision of the Board of Directors on February 19, 2018.

Performance share rights granted to the Executive Director *(Table 6 of the AFEP-MEDEF Code)*

PERFORMANCE SHARE RIGHTS GRANTED DURING THE YEAR TO EACH OF THE EXECUTIVE DIRECTORS BY THE COMPANY OR ANY OTHER GROUP ENTITY	PLAN NO. AND DATE	NUMBER OF PERFORMANCE SHARE RIGHTS GRANTED DURING THE YEAR	VALUE BASED ON THE METHOD USED IN THE CONSOLIDATED FINANCIAL STATEMENTS (1)	VESTING DATE	END OF LOCK-UP PERIOD	PERFORMANCE CONDITIONS
Bertrand Dumazy	2017 plan (no. 9) Date: March 8, 2017	61,355	1,125,000	March 9, 2020	March 9, 2020	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR vs. SBF 120 TSR
	2018 plan (no. 10) Date: Feb. 21, 2018	81,616	1,980,000	Feb. 22, 2021	Feb. 22, 2021	Like-for-like growth in business volume and funds from operations * (FFO) and Edenred TSR vs. SBF 120 TSR
TOTAL		**142,971**	**3,105,000**			

* *Before other income and expenses.*

(1) *Performance shares are measured at their theoretical value at the grant date determined using the Black & Scholes option pricing model, in accordance with AFEP-MEDEF guidelines, rather than at the value of the compensation received. Performance share rights are forfeited if the grantee leaves the Group before the vesting date or if the performance conditions are not met.*

Bertrand Dumazy, in his capacity as Chairman and Chief Executive Officer, is required to hold 15% of his performance shares in registered form for as long as he remains in office.

Performance share rights exercisable by the Executive Director

None.

Performance share rights acquired by the Executive Director

None.

Employees other than the Executive Director

PERFORMANCE SHARE RIGHTS GRANTED TO THE TOP TEN EMPLOYEES OTHER THAN THE EXECUTIVE DIRECTORS AND VESTED PERFORMANCES SHARES

	NUMBER OF PERFORMANCE SHARE RIGHTS GRANTED/ SHARES VESTED	FAIR VALUE *(IN €)*
Performance share rights granted during the year to the ten employees other than the Executive Directors who received the largest number of performance share rights (aggregate information)	205,600	3,778,928
Performance shares that vested during the year for the ten employees other than the Executive Directors who received the largest number of vested shares during the year (aggregate information)	196,400	3,176,961

2.1.2.3 Buyback and sale by Edenred SA of its own shares

The authorizations given at the Annual Shareholders Meetings of May 4, 2016 and May 4, 2017 were used by the Company in 2017, enabling it to implement a share buyback program.

At December 31, 2017, the Company held 1,197,257 shares directly or indirectly, representing 0.51% of the total number of shares making up the Company's share capital.

(a) Transactions carried out excluding the liquidity contract

During 2017, the Company:

- bought back 1,099,268 Edenred shares for cancellation at an average price of €22.22 per share for a total spend of €24.4 million. This transaction was carried out by investment services providers acting independently under the Company's share buyback program;
- did not buy back any Edenred shares for the purpose of granting shares in accordance with the provisions of Articles L.225-197-1 *et seq*. of the French Commercial Code;
- allocated 171,135 shares to be delivered under the performance share plan of February 17, 2014 reserved for certain employees and Executive Directors who are French tax residents;
- canceled 1,490,134 Edenred shares totaling €15,831,433.71 to offset the stock dilution following the share issue as a result of (i) the exercise of options vested under stock option plans, and (ii) the stock grant plan of February 27, 2012 for beneficiaries who are not French tax residents.

(b) Transactions carried out under the liquidity contract

On October 3, 2016, the Company signed a liquidity contract with Exane BNP Paribas to maintain a liquid market for its shares on the Euronext Paris stock exchange. The contract, which complied with the AMAFI Code of Conduct approved by the AMF on March 21, 2011.

During 2017, under the liquidity contract, the Company:

- purchased 2,429,136 shares at an average price of €22.43 per share, for a total outlay of €54,487,430; and
- sold 2,475,252 shares at an average price of €22.41 per share, for total proceeds of €55,458,387.

At December 31, 2017, the Company held 23,172 shares under this liquidity contract, acquired at an average price of €23.59 per share, for a total of €0.5 million or 0.12% of the capital.

In addition, the Company's balance sheet at December 31, 2017 included €6,595 million in marketable securities held under the liquidity contract.

Details of Edenred' shares buyback program is available in section 3.3.5 of the Board of Director's Report on Corporate Governance.

(c) Utilization of authorizations granted by the Annual Shareholders Meeting

TYPE OF AUTHORIZATION	MAXIMUM NOMINAL AMOUNT AUTHORIZED	DURATION	UTILIZATION IN 2017
Share buyback program			
Shareholders Meeting of May 4, 2016 (20th resolution)	Up to the equivalent of 10% of the capital at the completion date Total amount: 602,208,840 Maximum purchase price: €30	18 months	Purchase for allocation to performance share plans: 0 shares Purchase for cancellation: 0 shares Purchase under the Exane BNP liquidity contract: 1,089,474 shares Purchase under the Oddo liquidity contract: 2,472,165 shares
Shareholders Meeting of May 4, 2017 (13th resolution)	Up to the equivalent of 10% of the capital at the completion date Total amount: 647,083,020 Maximum purchase price: €30	18 months	Purchase for allocation to performance share plans: 0 shares Purchase for cancellation: 1,099,268 shares Purchase under the Exane BNP liquidity contract: 2,429,136 shares
Cancellation of shares			
Shareholders Meeting of May 4, 2016 (21st resolution)	Up to the equivalent of 10% of the capital at the cancellation date for each 24-month period	18 months	Cancellation of 503,913 shares as decided by the Board of Directors on February 10, 2016 Cancellation of 45,886 shares as decided by the Board of Directors on July 21, 2016 Cancellation of 260,731 shares as decided by the Board of Directors on December 15, 2016
Shareholders Meeting of May 4, 2017 (14th resolution)	Up to the equivalent of 10% of the capital at the cancellation date for each 24-month period	18 months	Cancellation of 535,298 shares as decided by the Board of Directors on February 22, 2017 Cancellation of 720,326 shares as decided by the Board of Directors on July 24, 2017 Cancellation of 234,510 shares as decided by the Board of Directors on December 20, 2017

The Shareholders Meeting of May 3, 2018 will decide whether to renew the authorization to buy back the Company's shares and the authorization to reduce the capital by canceling shares, under the terms defined in section 5.1.

(d) Overview of the share buybacks carried out in 2017

The number of shares and percentage of capital held by the Company at December 31, 2017 are summarized below (information disclosed pursuant to Instruction 2017-03 issued by the AMF on February 15, 2017):

Number of Edenred shares canceled over the last twenty-four months	2,300,664
Number of Edenred shares held in treasury at December 31, 2017, of which:	1,197,257
• shares held following buyback for cancellation	144,432
• shares held for allocation under performance share plans	1,029,653
• shares held under the liquidity contract with Oddo Corporate Finance	23,172
Percentage of capital held by the Company directly and indirectly at December 31, 2017	0.51%
Book value of treasury shares	€20.838 million
Market value of treasury shares at December 31, 2017	€28.950 million

The total amount of buyback transaction fees excluding tax was €73,000 in 2017.

The Company held no open long or short positions in derivatives at December 31, 2017.

2.1.3 DIVIDENDS

2.1.3.1 Dividends paid over the past three years

Edenred made the following dividend payments in the past three years:

Year	SHARES OUTSTANDING AT DECEMBER 31	DIVIDEND PER SHARE *(in €)*	TOTAL DIVIDEND PAID *(in €)*	PAID ON	SHARE PRICE *(in €)* HIGH	LOW	YEAR-END	YIELD BASED ON YEAR-END PRICE
2016	233,688,345	0.62	144,104,866	June 15, 2017	22.45	13.22	18.84	3.29%
2015	230,819,248	0.84	191,975,172	June 15, 2016	27.15	14.19	17.45	4.81%
2014	228,864,521	0.84	191,332,462	June 8, 2015	25.10	19.27	22.96	3.66%

No interim dividend was paid during the year. Dividends are paid by Euroclear France.

Dividends not claimed within five years from the date of payment are forfeited, as provided for bylaw. The dividend policy set out in the bylaws is described in section 3.3.1.4.

At the Annual Shareholders Meeting of May 3, 2018, the Board of Directors will recommend setting the 2017 dividend at €0.85 per share. Shareholders will be able to opt for payment of the entire dividend in cash or shares at a discount of 10%.

2.1.3.2 Tax regime applicable to dividends paid

This section outlines the rules governing French withholding tax applicable to the Company's dividends, based on current French legislation. It does not take into account the effects of any international tax treaties that may apply to individual shareholders. Shareholders are encouraged to seek advice from their tax adviser concerning their specific situation. Shareholders that are not resident in France for tax purposes are required to also comply with the tax rules in force in their country of residence. French tax residents are required to comply with applicable French tax laws.

(a) Withholding tax on dividends distributed to shareholders not domiciled in France for tax purposes

In principle, dividends paid by the Company are subject to withholding tax deducted by the paying agent, when the shareholder's tax domicile or registered office is located outside France. Except as specified below, withholding tax is deducted at the rate of (i) 21% when the shareholder is an individual and is resident in a Member State of the European Union or a European Economic Area country that has signed a tax treaty with France containing a clause providing for administrative assistance in combating tax fraud and evasion, (ii) 15% when the shareholder is a non-profit organization headquartered in such a country, that would be taxed under Article 206-5 of the French General Tax Code (*Code général des impôts*) if it were headquartered in France and meets the criteria set out in paragraphs 580 *et seq*. of Instruction BOI-IS-CHAMP-10-50-10-40, and (iii) 30% in all other cases.

Withholding tax is not deducted from dividends distributed to foreign investment funds that are tax residents of a Member State of the European Union or a country or territory that has signed a tax treaty with France containing a clause providing for administrative assistance in combating tax fraud and evasion and stipulating that the French tax authorities are entitled to obtain from the country where the fund is established the information necessary to verify that the funds (i) raise capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors, and (ii) have similar characteristics to the French investment funds governed by section 1, paragraphs 1, 2, 3, 5 and 6 of subsection 2, subsection 3 or subsection 4 of section 2 in chapter IV, part I, book II of France's Monetary and Financial Code (*Code monétaire et financier*).

The withholding tax may be reduced or canceled in application of international tax treaties or of Article 119 *ter* of the French General Tax Code, which applies in some circumstances to corporate shareholders resident in the European Union.

In addition, provided that they meet the conditions set out in Instruction BOI-RPPM-RCM-30-30-20-40, corporate shareholders that hold at least 5% of the Company's capital may, under certain circumstances, be exempt from withholding tax if their seat of management is located in a Member State of the European Union or a European Economic Area country that has signed a double taxation agreement with France containing a clause providing for administrative assistance in combating tax fraud and evasion.

However, since January 1, 2013, dividends paid by the Company are subject to 75% withholding tax, whatever the shareholder's tax residence (unless an international tax treaty applies that provides for a lower rate), if they are paid outside France to an "uncooperative country or territory" within the meaning of Article 238-0 A of the French General Tax Code. The list of uncooperative countries and territories is published by ministerial order and updated annually.

Shareholders should seek advice from their tax adviser, in order to determine whether the new legislation on uncooperative countries and territories applies to them and/or whether they qualify for withholding tax relief or exemption. Shareholders are also invited to seek advice about the procedure to be followed to apply international tax treaty provisions, in particular as provided for in Instruction BOI-INT-DG-20-20-20-20, which describes the standard and simplified procedures for claiming withholding tax relief or exemption.

(b) Withholding tax on dividends distributed to individual shareholders domiciled in France for tax purposes

With some exceptions, dividends distributed by the Company to individual shareholders domiciled in France will be subject to a 21% withholding tax that will be deductible from the income tax due by them for that year. If the paying agent is based in France, the withholding tax will be deducted at source. However, if the paying agent is based outside France, the shareholder will be responsible for declaring the dividend income and paying the corresponding withholding tax within 15 days of the month during which the dividend is received. If the paying agent is based in a Member State of the European Union or a European Economic Area country that has signed a tax treaty with France containing a clause providing for administrative assistance in combating tax fraud and evasion, the withholding tax is paid either by the paying agent designated by the shareholder at the tax office for non-residents, or by the shareholder him- or herself.

The withholding tax will not apply to dividends received on shares held in a French PEA personal equity plan.

Individual shareholders will be able to apply for an exemption from this withholding tax under certain conditions if they belong to a tax household (*foyer fiscal*) whose reference taxable income (as defined in Article 1417-IV-1 of the French General Tax Code) for the last year but one was less than €50,000 for single taxpayers or less than €75,000 for joint taxpayers.

In addition, regardless of whether the 21% withholding tax applies or not, all dividends paid to individuals domiciled in France are subject to social welfare surtaxes (*prélèvements sociaux*) at the aggregate rate of 15.5%. These levies are withheld at source and are in addition to the individual's personal income tax liability.

The shareholders concerned are encouraged to seek advice from their tax adviser about personal income tax rules.

Dividends are subject to personal income tax at the graduated rate, after deducting the 40% rebate. The flat-rate withholding tax is deductible from this income tax or refunded in the event of a surplus.

2.1.4 MARKET FOR EDENRED SECURITIES

2.1.4.1 Edenred share performance in 2017

Edenred shares are traded on the Euronext Paris stock exchange (Compartment A). They are included in the following stock market indices: CAC Large 60, SBF 120, SBF 250, CAC High Dividend, CAC All-Share, Euronext 100, MSCI Standard Index Europe, FTSE4GOOD and DJSI.

The shares were initially listed at a reference price of €11.40. On the first day of trading (July 2, 2010), the shares opened at €13 and closed at €14.80.

On the last day of trading in 2017, the shares closed at €24.18, giving the Company a market capitalization of €5.7 billion.

Edenred's share price and trading volumes (ISIN code FR0010908533) on Euronext are set out below:

(in €)	AVERAGE CLOSING PRICE	HIGH	LOW	TRADING VOLUME
2017				
January	19.94	21.00	18.68	21,160,852
February	20.74	21.50	20.00	13,620,541
March	21.48	22.15	20.55	16,401,191
April	23.00	24.13	22.08	14,204,702
May	23.68	24.48	22.18	16,797,204
June	23.48	24.07	22.62	14,760,911
July	22.61	23.45	21.71	15,003,548
August	22.35	23.07	21.54	8,957,439
September	22.98	24.03	22.32	11,210,957
October	24.03	24.75	22.96	13,333,586
November	24.28	25.00	23.49	12,000,631
December	24.05	24.40	23.60	9,563,736
2018				
January	24.24	26.70	23.74	12,341,700
February	26.49	29.15	24.30	17,718,536

Source: Euronext.

Shareholder services are provided by:

Société Générale Securities Services
SGSS/SBO/CSS/BOC
32, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3, France

2.1.4.2 Directors' dealings in the Company's shares

The following table sets out trading in the Company's securities carried out in 2017 and notified to the AMF in accordance with Article 19 of Regulation 594/2014 of April 16, 2014 on market abuse and Article L.621-18-2 of the French Monetary and Financial Code.

DIRECTORS CONCERNED	TRANSACTION DATE	TYPE OF TRANSACTION	NUMBER OF SHARES	TRANSACTION AMOUNT *(IN €)*
Anne Bouverot *Member of the Board of Directors*	June 15, 2017	Purchase of shares	9	181
Antoine Dumurgier *Member of the Executive Committee*	April 20, 2017	Sale of shares	11,650	274,218
	June 15, 2017	Purchase of shares	230	4,641
Gilles Coccoli *Member of the Executive Committee*	March 7, 2017	Exercise of stock options	5,000	68,450
	March 7, 2017	Sale of shares	5,000	106,225
	March 16, 2017	Exercise of stock options	1,666	22,807
	March 16, 2017	Sale of shares	1,666	36,144
	March 21, 2017	Exercise of stock options	3,334	45,642
	March 21, 2017	Sale of shares	3,334	72,331
	March 29, 2017	Exercise of stock options	5,000	68,450
	March 29, 2017	Sale of shares	5,000	110,000
	April 24, 2017	Exercise of stock options	5,000	68,450
	April 24, 2017	Sale of shares	5,000	119,500
	June 2, 2017	Exercise of stock options	18,000	338,580
	June 2, 2017	Sale of shares	18,000	423,000
	June 15, 2017	Purchase of shares	381	7,688
	June 23, 2017	Sale of shares	381	9,060
Dominique D'Hinnin *Member of the Board of Directors*	July 26, 2017	Purchase of shares	500	10,982
Philippe Dufour *Member of the Executive Committee*	March 17, 2017	Exercise of stock options	6,989	95,679
	June 29, 2017	Exercise of stock options	2,167	29,666
Arnaud Erulin *Member of the Executive Committee*	February 28, 2017	Sale of shares	16,000	341,920
	June 15, 2017	Purchase of shares	521	10,514
	October 23, 2017	Exercise of stock options	2,500	47,025
	October 23, 2017	Sale of shares	2,500	61,250
	October 30, 2017	Exercise of stock options	24,500	460,845
Diego Frutos *Member of the Executive Committee*	April 21, 2017	Exercise of stock options	7,200	137,016
	April 21, 2017	Sale of shares	7,200	167,580
	April 21, 2017	Sale of shares	14,025	328,185
Graziella Gavezotti *Member of the Executive Committee*	February 27, 2017	Exercise of stock options	50,000	684,500
	February 27, 2017	Sale of shares	10,000	211,972
	July 27, 2017	Sale of shares	10,000	223,348
	October 31, 2017	Sale of shares	6,250	153,354
Konstantinos Voyiatzis *Member of the Executive Committee*	June 15, 2017	Purchase of shares	87	1,756

DIRECTORS CONCERNED	TRANSACTION DATE	TYPE OF TRANSACTION	NUMBER OF SHARES	TRANSACTION AMOUNT *(IN €)*
Laurent Pellet *Member of the Executive Committee*	March 16, 2017	Sale of shares	275	5,937
	March 17, 2017	Sale of shares	2,400	51,828
	March 21, 2017	Sale of shares	4,600	99,820
	June 9, 2017	Exercise of stock options	14,000	266,420
	June 9, 2017	Sale of shares	14,000	334,740
	June 15, 2017	Purchase of shares	215	4,339
Philippe Relland-Bernard *Member of the Executive Committee*	February 28, 2017	Sale of shares	5,000	106,950

2.2 RISK FACTORS AND MANAGEMENT

Investors are advised to consider all of the information provided in this Registration Document, including the risk factors described in this section, before making their investment decision. The described risks are those whose occurrence, in the Company's opinion as of the date of this Registration Document, could have a material adverse effect on the Group, its business, financial position, results of operations or development. Investors' attention is drawn to the fact that other currently unknown risks or risks whose occurrence has not been considered as of the date of this Registration Document may also have a material adverse effect on the Group, its business, financial position, results of operations or development.

The risks and threats to the Group's business are reviewed regularly, under the supervision of the Audit and Risks Committee. These reviews have led to the identification of five categories of risks:

- legal risks, particularly risks associated with the laws and regulations applicable to the Group's solutions;
- external risks, corresponding to the impact of external factors such as changes in the economic or competitive environment;
- market risks, which include currency, interest rate, credit and liquidity risks;
- operational risks, including risks associated with the migration from paper to digital solutions;
- risks associated with the Group's growth strategy and organization structure.

Internal control and risk management procedures are described in section 2.2.2, page 57.

2.2.1 RISKS AND MEASURES TO MANAGE THE RISKS

2.2.1.1 Legal risks

2.2.1.1.1 Change in the laws or regulations applicable to solutions qualifying for a specific tax regime

Risk

Some Group solutions are governed by national regulations designed to create a payroll tax, income tax or other environment that will encourage their development. They are mainly Employee Benefits solutions, particularly *Ticket Restaurant*® and *Ticket Alimentación*. In 2017, Employee Benefits solutions accounted for 65% of the Group's total operating revenue.

These laws and/or regulations may change in ways that are unfavorable to the Group. For example, governments faced with ballooning budget deficits may be tempted to scale back or abolish the payroll tax or income tax benefits attached to these solutions. As the solutions' tax appeal and the format that restricts their use to a specified purpose are core factors behind their growth, any unfavorable change in the regulatory or legislative environment could lead to a decline in related issue volume.

See section 1.8 "Regulatory environment", page 30 for more information about the regulations applicable to the Group, including sections 1.8.1.2 and 1.8.1.3, pages 30 and 31, which describe the regulatory environments in France and in Brazil.

Measures to manage the risk

The Public Affairs Department implements targeted measures, such as:

- continuous monitoring of political, social and economic developments in the Group's host countries, in order to be forewarned of proposed changes in the laws and regulations applicable to solutions that qualify for a specific payroll tax or income tax regime;
- development of institutional tools, such as macro-economic studies, research, surveys and position papers, demonstrating the effectiveness of Edenred's solutions in promoting specific policies;
- identification of the core players in government, government departments, the corporate world and academia that are involved at international, European and national level, and development of long-term contacts with them;
- participation in the public debate, in order to become a preferred contact of international organizations, European institutions and national decision-makers, so as to defend Edenred's interests and promote its business;
- drafting of messages adapted to each of these players, to ensure that the future of Edenred's solutions and programs is assured;
- creation of partnerships (and/or discussion platforms) with players involved in developing, promoting or defending policies that govern Employee Benefits solutions.

2.2.1.1.2 Changes in the legislative or regulatory environment for paperless solutions

Risk

Some Group solutions are regulated in the various countries where they are sold. The switch from paper-based vouchers to paperless versions and the launch of new digital solutions for fleet and mobility solutions and corporate payment could result in an increase in the number of the Group's solutions subject to specific regulatory constraints, bearing in mind that digital solutions account for 78% of business volume.

The legal framework for paperless solutions is changing in the European Union as well as in some countries in the Americas and Asia, often in a political climate that is conducive to the introduction of measures that are technically or financial demanding. New regulations governing certain gift cards and other payment cards, for example, generally impose stricter rules. These rules may concern the information to be given to corporate clients and employee users when the cards are sold, the level of fees and commissions billed to corporate clients or partner merchants and the treatment of unused balances on expired cards. In some countries, the issuer is required to refund all or some of the remaining balance to the Company. In addition, the Group's businesses are subject to data protection and data security laws. (For more details, see section 2.2.1.4.4 "Information system risks".)

Legal and regulatory obstacles may limit the Group's ability to grow its businesses. The obstacles may be unexpected and require the deployment of significant resources and investments, which may have an adverse effect on the Group's results of operations and financial position.

Measures to manage the risk

In some countries, specific organizations have been set up to issue payment instruments and manage e-money or payment services under the local oversight of the supervisor, in order to comply with legal and regulatory requirements applicable to certain solutions. This is the case, for example, in France, Italy, the United Kingdom and Uruguay. In addition, the Group has continued its training and awareness programs within the subsidiaries, dealing with the issues arising in connection with the digital transition, such as the protection of personal data and anti-money laundering and counter-terrorism financing (AML/CTF) procedures.

The Group Compliance Department, created in 2015, is tasked notably with helping subsidiaries ensure compliance with the laws and regulations mentioned in section 1.8.2. The department helps ensure that operations are compliant locally and that the policies and procedures in place are consistent.

In addition, in December 2017, the Group appointed a Data Protection Officer tasked with supporting the Group and its subsidiaries in the management of data related to their operations.

2.2.1.1.3 Protection of the Group's brands

Risk

The Group owns a portfolio of recognized brands, such as *Ticket Restaurant*® and *Ticket Alimentación*, in the countries where it operates (excluding Portugal). The names of the Group's solutions have been registered in all countries where they are currently used or where they may be introduced in the future. Moreover, in 2017, the Group redesigned its corporate identity, and above all that of the Edenred brand to link it with the brands of the various solutions and assert their distinctiveness. This overhaul resulted in the filing of numerous logos and trademarks across all geographies.

Although prior rights searches are performed, covering brand names and related domain names, it is not possible to obtain absolute assurance that no third parties have rights to similar names that could be used as a basis for challenging, under local statute or case law, the Group's right to use its own brands in certain countries. In addition, the Internet exposes the Group to risks of "cybersquatting", *i.e.*, the registering by third parties of Internet domain names that are identical or close to those used by the Group for the sole purpose of selling them.

Measures to manage the risk

The portfolio of intellectual property rights is regularly updated and all necessary measures are taken to effectively protect and defend the brands and domain names used by the Group, and in particular those recently filed following the overhaul of the visual identity. A global surveillance system ensures that the Group is informed of any attempts by third parties to register any brands or domain names that are identical or close to those used by the Group. All necessary legal measures are also taken, including through the civil or criminal courts or by way of alternative dispute resolution procedures, to protect and defend its intellectual property rights.

Lastly, measures are taken to promote risk awareness among people who have access to and/or hold sensitive and/or confidential information. In addition, best practice guidelines are issued to limit the risk, in particular with regard to the use of information systems.

2.2.1.2 External risks

2.2.1.2.1 Country economic risks

Risk

The Group's results depend in part on economic conditions in its main host countries. Although Edenred's business is less sensitive to economic cycles than others, adverse economic conditions would have a direct impact on its business volume and, consequently, on its results of operations. An economic downturn resulting in corporate bankruptcies and business closures would have the effect of reducing the Group's client base. Furthermore, an increase in unemployment rates would lead to a reduction, for each client, in the number of employee users of the Group's solutions. In addition, the increase in the unit value of transactions managed by the Group is dependent on the inflation rate and, for the Fleet & Mobility Solutions product line, the price of fuel. Lastly, the Group's financial revenue (*i.e.*, the interest income received on the float resulting from the time difference between the payment by customers of the transactions and their reimbursement to the merchants) depends on (i) the volume of transactions and, consequently, the economic factors described above, and (ii) market interest rates (see section 2.2.1.3.2 "Interest rate risks", page 51).

Measures to manage the risk

Edenred's presence in 45 countries and across several product lines (Employee Benefits, Fleet & Mobility Solutions and Complementary Solutions), which helps diversify its exposure to risk, makes the Group less sensitive to inherent difficulties or a specific product line. The Group is exposed to macroeconomic difficulties in Brazil, but is also benefiting from an acceleration in growth in Europe. The Group's biggest countries in terms of operating revenue are Brazil, France and Italy. Together, they account for 56% of the Group's operating revenue and 63% of EBIT.

2.2.1.2.2 Competition risks

Risk

The Group's businesses are exposed to competition from a handful of international groups as well as local competitors (see section 1.1.2.1 "Unique expertise and positioning", page 7, for a description of the Group's main competitors). One or several markets may be penetrated by new entrants. These may be new companies, or existing companies that are changing their positioning in one or more markets. Competitive pressures may drive down rates in some economically fragile countries, resulting in contracts not being renewed or making it more difficult to win new contracts. If the Group is unable to effectively withstand these competitive pressures, it may lose market share or experience a decline in business or margins.

In countries where Edenred has strengthened its leadership position, certain competitors or commercial partners may be tempted to claim that the Group has used this position to bypass or distort market rules.

Measures to manage the risk

To compete effectively against the main players in its markets, the Group applies a strategy of innovation and competitive differentiation in terms of product offer, positioning, customer experience and value for money.

For example, by moving ahead faster with the transition to digital solutions and mobile payment, Edenred has set itself firmly apart from certain competitors. This strategy forms the basis of balanced and long-lasting relations with the Group's various stakeholders.

In addition, the sale of additional solutions to existing clients helps cement client loyalty over time and reduces the risk of non-renewal of contracts. The Group's various product lines serve to multiply the possibility of selling additional solutions. Edenred is also expanding into new market segments, such as Fleet & Mobility Solutions and Corporate Payment, where it plays the role of a newcomer challenging the positions of existing players.

In all, these measures help to attenuate competition risk.

2.2.1.2.3 Risks related to partnerships and other strategic agreements

Risk

In the course of its business, the Group may use partners' technologies, IT applications or networks, particularly for digital transactions. Any disagreement concerning the renewal of any such partnerships or user licenses may have an adverse effect on the Group's business.

Similarly, agreements are being implemented with client merchant to enable employee users to use the Group's solutions. As a result, the non-renewal of any of these partnerships may have an adverse effect on revenues from the solutions concerned.

Measures to manage the risk

To attenuate the potential impact of this type of disagreement, a team has been set up to manage the Group's partnerships and strategy and monitor developments involving the competition. The new team identifies risks upstream, sets up multiple partnerships whenever possible and identifies new partnerships to replace existing ones.

2.2.1.2.4 Risks associated with international activities

Risk

The Group operates throughout the world. Its host countries include emerging markets, particularly in Latin America and – to a lesser extent – Central Europe. In 2017, 53% of operating revenue was generated in Europe, 41% in Latin America and 6% in the other countries where Edenred operates, grouped into the Rest of the World segment (see section 1, page 5).

The Group's international operations expose it to numerous risks. These risks may stem, for example from unexpected or arbitrary changes in tax rules or other regulations applicable to its products, or economic instability or a change in the political environment in a given region or country. Some countries apply exchange controls or impose restrictions on the repatriation of profits.

The Group may also face the risk of its operations being nationalized without receiving adequate compensation, the risk of corruption in certain countries, inadequate protection of computerized data and changes in exchange rates [1].

If one or several of these risks were to occur, this could have a material adverse effect on the Group's results of operations and financial position.

Measures to manage the risk

The Group's broad international presence lessens the concentration of this risk. In addition, the Group prepares action plans to reduce its consequences, particularly the legal and financial consequences, as far as possible. The Group also strives to manage its portfolio of geographic locations in a dynamic manner, by moving into or withdrawing from certain countries on the basis of the attractiveness and potential of the relevant geographic markets.

However, the Group can give no assurance that its results of operations will not be materially affected by a major change in the economic or regulatory environment in any of its host countries.

2.2.1.3 Market risks

2.2.1.3.1 Preliminary comment

Risk

In the normal course of business, Edenred is exposed to interest rate, financing, liquidity and other financial risks, as well as counterparty risk and currency risk. Detailed quantified information about the Group's exposure to these risks, after hedging, is presented in the notes to the consolidated financial statements (see Note 6.7, page 194).

Measures to manage the risk

The Group's market risk management policy is designed to meet three core objectives (listed in order of priority): security (*i.e.*, to ensure that transactions are financially secure), liquidity (*i.e.*, to ensure that the Group has sufficient liquid assets and sources of short-term financing to cover its short-term cash requirements) and profitability (*i.e.*, to optimize interest income and expense). The aim is to minimize the impact of market risks on the Group's results and, to a lesser extent, on the balance sheet. Interest rate and currency risks are managed at Group level by the Corporate Treasury and Financing Department, which reports to the Executive Vice President, Finance.

Interest rate and currency instruments are used to support the Group's investment and financing policies, as well as its hedging strategies (fair value and cash flow hedges). Corporate Treasury and Financing has the necessary expertise and computer applications (Front to Back treasury management software) to invest available cash, raise funds and hedge risks on the financial markets in accordance with the practices generally applied by leading groups. The department's organization and procedures are reviewed by the Internal Audit Department. Monthly cash reports are submitted to the Executive Vice President, Finance, who validates the objectives set in accordance with previously approved management strategies.

2.2.1.3.2 Interest rate risk

Risk

The Group is exposed to interest rate risk on both financial liabilities and financial assets. Interest-bearing debt is exposed to the risk of changes in interest rates that in turn affect the Group's financing costs.

Changes in interest rates may also affect the Group's results of operations, debt and equity, due to the impact of applying IAS 39 – Financial Instruments: Recognition and Measurement.

Consolidated debt includes both fixed and variable rate borrowings, with 93% of the total denominated in euros. Target breakdowns between fixed and variable rate debt are determined separately for each currency, giving due regard to anticipated trends in interest rates and to changes in the composition of debt as a result of new borrowings and the repayment of existing borrowings. At December 31, 2017, 16% of total debt was at fixed rates of interest and 84% at variable rates, after taking into account the effect of hedges (see Note 6.7 "Financial instruments and market risk management", paragraph "Hedging impact", page 195).

Interest rate fluctuations have a direct impact on the Group's financial revenue and other interest income. The float amounted to €2,525 million at December 31, 2017, of which €1,397 million (gross) reported as cash and cash equivalents and other marketable securities (see Note 6.4 to the consolidated financial statements "Cash and cash equivalents and other marketable securities", page 191), and €1,127 million reported as restricted cash (see Note 4.6 "Change in Restricted cash", page 176).

The average interest rate was 2.5% at December 31, 2017 and 2.7% at December 31, 2016.

A 100-basis point change in interest rates would have an impact of €14 million on interest income in 2017, assuming that the float remains unchanged over the year at the same nominal amount in euros, and taking into account effective fixed interest rates and maturities at December 31, 2017.

Instruments with maturities of more than one year represented 28% of the total at December 31, 2017 versus 30% at December 31, 2016.

Measures to manage the risk

The Group applies a risk monitoring and management strategy that aims to limit the volatility of interest income and expenses through the use of hedging instruments. Target breakdowns between fixed and variable rate borrowings are reviewed at regular intervals and new targets are set for future periods by Executive Management.

The related financing strategy is implemented by the Corporate Treasury and Financing Department. The most commonly used hedging instruments are interest rate swaps, caps and floors. They are contracted with leading banks and the documentation is based on the model recommended by the French Banking Federation (FBF).

Edenred does not conduct any trading transactions and has no plans to engage in this type of activity. Neither Edenred SA nor the Group has any open interest rate positions that would be likely to expose the Group to significant risks.

(1) See section 4, Note 6.6 "Foreign exchange risk", page 197.

At the balance sheet date, interest rate risks on debt and certain invested cash were hedged. The hedging instruments used by the Company at that date consisted of interest rate swaps (with Edenred as the fixed rate borrower or lender) and collars (caps and floors).

At December 31, 2017, the notional amounts of interest rate hedges were €1,495 million on debt, for €1,833 million of debt and €305 million on financial assets.

These instruments are described in the notes to the consolidated financial statements (see Note 6.7 "Financial instruments and market risk management", paragraphs "Financial instruments" and "Derivative financial instruments", page 201).

The impact of a 100-basis point change in interest rates on debt of €1,833 million at December 31, 2017, is presented in the notes to the consolidated financial statements (see Note 6.7 "Financial instruments and market risk management", paragraph "Interest rate risk sensitivity analysis", page 196).

2.2.1.3.3 Currency risks

Risk

The Group is exposed to currency risks on the translation into euros in the consolidated financial statements of issue volumes, revenues, EBIT and balance sheet items for each country outside the euro zone. This foreign currency translation risk is not hedged. Due to the Group's operations in 45 different countries, many financial statement indicators are inevitably exposed to foreign currency translation risk, particularly that arising from the translation of financial statements denominated in Brazilian reals, Mexican pesos and Venezuelan bolivar. A significant proportion of the Group's service voucher issue volume is generated in countries where the functional currency is different from the Group's reporting currency (the euro). Group policy consists of investing the cash generated by these activities in the currency of the country where the vouchers are issued.

Actual cash flows between countries whose currency is not the euro consist mainly of dividends paid by subsidiaries to their parent company, and interest payments made and received on intercompany financing. These cash flows may be exposed to changes in exchange rates between the original currency and the euro.

At December 31, 2017, the notional amounts of cash flow hedges of currency risks were limited. These hedges concerned forecast capital flows for less than twelve months.

Exchange gains and losses recognized in the 2017 income statement are presented in the notes to the consolidated financial statements (see Note 6.1 "Net financial expense", page 189).

The impact of a 10% change in the exchange rates of the main currencies is presented in the notes to the consolidated financial statements (see Note 6.7, paragraphs "Foreign exchange risk: currency analysis", "Currency hedges" and "Foreign exchange risk sensitivity analysis", page 197).

Measures to manage the risk

The Group's operating profit is not exposed to any currency risk, because each subsidiary's revenues and expenses are paid in local currency. Concerning currency risks on capital flows between subsidiaries and the parent company, foreign currency loans/borrowings are translated using the standards generally applied by leading groups. Other capital flows are included in the monthly cash reports referred to in section 2.2.1.3.1 "Preliminary comment".

Neither Edenred SA nor the Group has any open currency positions that would be likely to expose the Group to significant risks.

2.2.1.3.4 Counterparty risks

Risk

The Group is exposed to counterparty risk arising from transactions with banks and financial institutions. Its counterparties are financial institutions with which its available cash is invested and from which interest rate and currency instruments are purchased. Default by one of these institutions or a deterioration in its financial position could result in financial losses for Edenred.

Measures to manage the risk

Exposure to counterparty risk is reduced by dealing only with leading counterparties according to correlated country risks, using a wide range of counterparties, setting exposure limits by counterparty and using a monthly reporting procedure to track the concentration of counterparty risk and the credit quality of the various counterparties based on their credit ratings.

Details of the Group's counterparties are presented in the notes the consolidated financial statements (see Note 6.7 "Financial instruments and market risk management", paragraph "Credit and counterparty risk", page 199).

Group policy consists of investing available cash in the currency of the country in which its solutions are proposed. It is therefore exposed to country risks that could arise, in particular, in the event of a financial crisis affecting one or more of its host countries.

A significant proportion of the Group's available cash (corresponding to cash denominated in euros) is invested with the holding company under the worldwide centralized cash management scheme (*via* intercompany loans and/or multi-currency cash-pooling solutions). Under this system, the subsidiaries' available cash is transferred to the holding company in all cases where this is allowed under local law or the law governing the business concerned, and where financial conditions permit. Pooling available cash helps to reduce the Group's exposure to counterparty risks on the leading financial institutions with which the funds are invested, through regular centralized monitoring of these funds.

Moreover, pooling available cash in this way helps to vastly reduce the Group's exposure to counterparty risks in countries on review for a potential credit rating downgrade. As part of this prudent policy, the Group selects financial institutions independently of the country from which the available cash originates.

2.2.1.3.5 Financing and liquidity risk

Risk

The Group's business routinely generates a negative working capital requirement. As a result, the operating subsidiaries do not have any recurring material borrowing needs.

However, the Group may have occasion to take on debt to finance acquisitions or, from time to time, to cover the financing needs arising from the cash cycle.

The financing policy objective is to maintain borrowings at a level that gives the Group permanent access to flexible sources of financing.

Liquidity risk arises mainly from the timing of payment obligations for interest-bearing debt (bonds, private placements, bank borrowings, etc.) and non-interest bearing financial liabilities (non-controlling interest – NCI – puts), and from future payments to be made on derivative financial instruments. For further information, refer to the notes to the consolidated financial statements (see Note 6.7 "Financial instruments and market risk management", paragraph "Liquidity risk", page 198).

Managing debt entails raising new financing to replace existing borrowings on their due date.

Measures to manage the risk

In line with its refinancing risk management policy, the Group reduces its exposure by (a) setting up financing sources at Group level through the Corporate Treasury and Financing Department; (b) using diversified financing sources; (c) meeting most of its financing needs through more cost-effective medium-term credit facilities; (d) ensuring that sources of financing are available and by negotiating loan agreements that do not include any covenants.

A centralized cash management scheme has been set up, whereby the cash surpluses of Group entities are used to cover the cash shortfalls of other entities, and only the net cash requirement is financed through borrowings on the financial market.

Short-term financing needs are secured by undrawn medium-term confirmed lines of credit obtained from leading banks (see Note 6.5 "Debt and other financial liabilities", paragraphs "Financial debts", "Maturities of debt analysis" and "Credit facility", page 193). At December 31, 2017, Edenred had €700 million in unused Revolving Credit Facility, expiring at the end of July 2022.

Available cash is invested in instruments that can be purchased, sold or closed out within a maximum of five business days. These instruments consist for the most part of fixed-rate time deposits, interest-bearing demand deposits and money market securities, mainly certificates of deposit. Further details are presented in the notes to the consolidated financial statements (see Note 6.4 "Cash and cash equivalents and other marketable securities", page 191).

2.2.1.4 Operational risks

2.2.1.4.1 Customer risks

Risk

Edenred's exposure to customer default is limited and it is not dependent on any single customer. Statistical dispersion of the business is high, with no one customer billed in 2017 representing a significant share of revenue, and trade receivables corresponding to several hundreds of thousands of accounts.

Measures to manage the risk

The Group's exposure to losses on trade receivables for which no provision has been recorded is low.

Moreover, some country organizations have set up dedicated teams to manage this risk, and use external databases to obtain a second opinion on the financial health of prospects or customers. Some country organizations have chosen to implement risk transfer solutions, notably in the form of credit insurance.

Moreover, as part of the Fast Forward strategic plan, the Group is accelerating its development among SMEs, thereby helping to diversify customer risk even further.

2.2.1.4.2 Risk of voucher forgery and theft

Risk

The distribution of forged paper vouchers and paper voucher theft expose the Group to several risks. The Group may be asked to accept forged or stolen vouchers presented by corporate clients for reimbursement. Cases of forgery and theft are nevertheless extremely rare.

Measures to manage the risk

To limit the risk, steps are being taken to accelerate the migration from paper to digital solutions as explained below. At the same time, the Group has resources specifically dedicated to preventing fraud. The Group also has a policy of purchasing insurance coverage of theft risk, as explained in section 2.2.1.7 "Risks transferred to the insurance market", page 56.

2.2.1.4.3 Migration from paper to digital solutions

Risk

The Group is developing electronic media (card, Internet, mobile) for its various solutions. The migration from paper to digital solutions (see section 1.2.2.1, page 21) provides an opportunity to increase business volume and to sell value-added services, while reducing the risk of paper voucher theft. However, it is not without its risks, which include the risk of cards being illegally duplicated (*via* a practice known as "skimming") and risks related to cybercrime. In addition, for certain solutions, migration may drive down the average holding period of the float, *i.e.*, the period between the sale of the products and their reimbursement. Lastly, payments for electronic products frequently transit through third-party networks (mainly payment systems or banking networks), which deduct fees and require compliance with sometimes costly and demanding standards, such as the Payment Card Industry Data Security Standard (PCI DSS).

Measures to manage the risk

The experience in digitalizing Employee Benefits solutions gained by Edenred over the past several years in many countries shows that the increase in issue volumes resulting from the migration to paperless solutions and the Group's commercial power more than offsets the effect of the shorter float holding period. Moreover, the digital transition enables solutions to be developed that would not be feasible with paper vouchers, leading to an overall increase in the value of the float. The migration to digital solutions will help reduce certain risks, notably those stemming from the production and storage of paper vouchers, risk during transportation, and voucher forgery. In addition, card and transaction security can be bolstered through technological improvements, such as by equipping the cards with a smartcard chip, strengthening the security checks at payment terminals or introducing international standards, thereby helping to enhance data security. Lastly, in the same way as for paper vouchers, the Group has resources dedicated to the prevention of fraud for digital solutions.

2.2.1.4.4 Information system risks

Risk

In the normal course of business, the Group and/or its service providers use a certain number of IT tools and information systems, in particular to manage digital media and for prepaid program management, notably as part of its payment operations. The main risks concern information system downtime and data availability and confidentiality, particularly for personal data. If the IT infrastructure, applications or data transmission networks were to fail, or data center or network security were to be breached, or data were lost – accidentally or intentionally – or used for fraudulent purposes, this could disrupt the Group's business operations. The loss of confidential information could lead to the loss of business clients (and in turn part of the business), while at the same time exposing the Group to the risk of being fined or having to pay damages.

Measures to manage the risk

The Group and/or its service providers have back-up systems for these databases, located in highly secure data centers. These data centers are subject to administrative and technical monitoring and safeguarding procedures covering physical access to the centers themselves and the information systems they house, with restrictions imposed on physical access.

In addition, the Group develops business-specific information systems that are rolled out to the subsidiaries to promote synergies and reduce risks.

In 2015, the Group launched a project to harmonize its electronic data storage and processing systems. The purpose of this project is to standardize the mechanical, human and software security solutions used to protect these information systems, and to implement these solutions throughout the organization to ensure that levels of system availability better match their levels of criticality.

At the same time, the Group conducts internal and external audits dedicated to these sensitive computer sites in order, in particular, to monitor safety and improve quality if needed.

In January 2015, the Group set up a dedicated digital risk transfer solution described in section 2.2.1.7 "Risks transferred to the insurance market", page 56.

Information system availability

The IT teams ensure high availability of information systems *via* the following measures, implemented at either subsidiary or Group level:

- infrastructure monitoring software;
- risk alert applications;
- support teams at local, regional and international level that provide continuous assistance during business hours;
- on-call support staff that provide assistance outside business hours;
- a technical contingency plan setting out the process to follow in order to switch from one environment to another, when necessary.

In 2017, certain subsidiaries including France, the United Kingdom and Mexico have had the means to ensure the continuity or partial resumption of IT operations in the event of a major incident in a data center.

Data protection

The IT teams ensure data protection *via* the following measures, implemented at either subsidiary or Group level:

- user access rights management;
- increased monitoring of privileged administrator accounts;
- intra-data center application filtering (communication between third-party front-end applications, servers and data bases);
- data encryption, when necessary (data bases, data transmission, etc.);
- data storage encryption on laptop computers, where appropriate.

Data retention

The IT teams ensure data retention *via* the following measures, implemented at either subsidiary or Group level:

- regular, scheduled application environment back-ups with data retained in accordance with country-specific requirements;
- regular, scheduled data base back-ups with data retained in accordance with country-specific requirements;
- secure storage spaces where users can back-up work files;
- scheduled e-mail back-ups with data retained for six months.

Protection and retention of personal data

More specifically, as an employer and service provider, Edenred is exposed to the rules governing personal data protection, which safeguard individual identity, privacy and freedoms. Edenred has therefore established an organization, tools and a series of processes dedicated to the protection of personal data at all levels of its organization, in order to provide training, support and expertise in its operations. Edenred's policy is widely disseminated within the Group; it is based notably on the principle of privacy by design.

Quality management

The IT teams ensure the quality of IT programs *via* the following measures, implemented at either subsidiary or Group level:

- dedicated development and test environments for each application, when necessary and possible;
- dedicated User Accepted Testing (UAT) environments;
- dedicated pre-production environments where modifications to applications are tested prior to deploying to production;
- dedicated production environments to which only authorized users have access, depending on their security clearance.

Private Cloud

In November 2016, the Group set up a corporate private cloud in order to improve its level of IT security, in particular by protecting data centers and their availability and standardizing incident management and back-ups.

The cloud will be accessible *via* a new wide area network (WAN), which the Group has developed jointly with British Telecom (BT).

Following migration to the cloud, the Group has a sound disaster recovery plan (DRP) in place.

2.2.1.4.5 Environmental risks and financial risks related to climate change

Due to the nature of its business, Edenred is not exposed to any significant direct environmental risks. For more information about the Group's environmental footprint, see section 2.4.3.1 "Environment", page 99.

2.2.1.5 Risks associated with the Group's growth strategy and organization structure

2.2.1.5.1 Risks associated with the Group's growth strategy

Penetration of new geographic markets

Risk

The Group's ability to pursue its geographic expansion strategy is affected by certain restrictions and uncertainties, concerning in particular the future regulatory and political environment over which it has no control. The Group may invest resources in preparing its entry in a new market without any assurance that an appropriate tax regime will be established.

Succeeding in a new market also entails setting up a network of client merchants to make solutions attractive for both corporate clients and their employee users. The Group may incur start-up losses due to the absence of economies of scale during the early years. Once the Group has opened up a market, its market share may be eroded by the entry of new players that benefit indirectly from its investment and do not have to incur the same costs or risks.

Measures to manage the risk

The successful development of an Employee Benefits program in a new country depends in part on the existence of an appropriate tax regime, which in turn may depend on specific legislation being adopted. Before the decision is made to enter a new market, the New Market Pre-Development unit checks that the tax environment is appropriate for its solutions.

In addition, one of the objectives of the Fast Forward strategic plan is to strike a better balance between the Employee Benefits business line and other product lines that are less exposed – or not at all exposed – to regulatory risks: Fleet & Mobility and Corporate Payment solutions. These new product lines could open gateways to new markets, while minimizing exposure to regulatory risks.

Risks associated with the Group's acquisition strategy

Risk

The Group's growth strategy is based in part on external growth, mainly through acquisitions. It may not be possible to identify credible targets or to close deals at the right time and the right price.

In addition, to obtain anti-trust approval for acquisitions in one or several jurisdictions, the Group may have to accept certain conditions such as a requirement to dispose of certain assets or business units.

There are a number of risks associated with acquisition strategies: (i) the business plan assumptions underlying the valuation of the target may prove to be wrong, particularly those concerning future synergies and estimates of market demand; (ii) the Group may not be successful in integrating the acquired company, its technologies, product ranges and employees; (iii) the Group may be unable to retain certain key employees or customers of the acquired company; and (iv) the Group may have to take on additional debt to finance the acquisitions. Consequently, the benefits of current or future acquisitions may not be obtained within the forecast period or may fall short of expectations or adversely affect the Group's financial position.

Measures to manage the risk

When a new business is acquired, an integration plan is prepared and the necessary resources are made available for its implementation. In particular, an Internal Audit is performed without delay, internal control principles are established and the Group's financial systems are deployed.

In addition, one of the objectives of the Fast Forward strategic plan is to maximize organic growth by leveraging clearly identified growth drivers, such as growth in the SME segment or a more effective pricing policy, which would free the Group from the need to rely on external growth alone for its development.

2.2.1.5.2 Risks associated with the Group's organization structure

Intangible assets

Risk

Goodwill and other intangible assets with an indefinite useful life are tested annually for impairment. Net goodwill carried in the consolidated balance sheet at December 31, 2017 amounted to €994 million while net intangible assets totaled €433 million. The Group believes that the 2017 consolidated financial statements present fairly all of its assets and liabilities and its financial position. However, inherently unforeseeable events may occur in the future that result in certain intangible assets being impaired. Any material impairments of intangible assets may have an adverse effect on its results of operations for the year in which the impairment is recognized.

Measures to manage the risk

Business assumptions and forecasts are prepared periodically, including a strategic plan and budget drawn up each year for each of the subsidiaries. The strategic plan and the budget are analyzed and, where necessary, an appropriate action plan is developed.

Tax risks

Risk

As an international group, Edenred is subject to the tax laws of a large number of countries and conducts its business in compliance with various national regulations. The tax rules in force in the Group's various host countries do not always provide clear solutions that are not open to interpretation. As a result, the Group's organization structure, the way it conducts business and the applicable tax regime may be based on its own interpretation of local tax rules. There is no guarantee that its interpretations will not be challenged by local tax administrations in the future.

Measures to manage the risk

Assisted by the Legal and Tax Department and/or a firm of legal and tax advisers, the subsidiaries ensure that they comply with local tax rules. The Group is nonetheless currently involved in various tax disputes. These are described in the notes to the consolidated financial statements (see Note 10.3 "Claims and litigation", page 219).

Rating risks

Risk

Edenred's credit rating reflects the Group's ability to repay its debt, its liquidity position, certain financial ratios, and its business and financial profile. Various other factors that are considered relevant for companies operating in this activity and the general economic outlook in its host countries are also taken into account. Each agency's rating based on these business, financial and other risk profiles, is determined in accordance with standard market practice.

Measures to manage the risk

The Group aims at maintaining a strong financial structure which is consistent with the criteria applied by Standard & Poor's when awarding an investment grade rating. In this regard, the ratio of adjusted funds from operations to adjusted net debt was estimated 42% at December 31, 2017 (see section 2.3.1.5 "Key ratios and indicators", page 71).

Edenred has been rated BBB+/stable outlook by Standard & Poor's since June 2010. The rating agency confirmed this rating in reports dated April 15, 2011, October 5, 2011, April 27, 2012, October 23, 2012, March 26, 2013, April 22, 2014, May 12, 2015, January 12, 2016, March 11, 2016, April 27, 2017 and September 27, 2017. None of the contracts relating to bond, private placement or bank borrowings contain clauses relating to the Company's rating (triggering early repayment for instance). Each bond issue, for a total amount of €1,475 million was assigned a specific rating at the time of issue in line with standard market practice.

2.2.1.6 Legal and arbitration proceedings

In the normal course of business, the Group may be involved or become involved in legal and arbitration proceedings and may be subject to tax or government audits.

Information about legal or arbitration proceedings in progress, pending or threatened that may have, or have had in the recent past, significant effects on the Group's financial position, business or results of operations is provided in the notes to the consolidated financial statements (see Note 10.3 "Claims and litigation", page 219).

To the best of the Company's knowledge, no other governmental, legal or arbitration proceedings that may have a significant impact on the financial position of the Company and/or the Group [1] have been initiated against the Company or any of its subsidiaries.

The method used to provide for or recognize liabilities complies with the applicable accounting standards (see section 4, Note 10.2, page 218).

Provisions for litigation are recorded on receipt by the Group of a notice of claim or summons, based on an assessment of the related risk made by the Group and its advisors. They are presented in the notes to the consolidated financial statements (see Note 10.2 "Provisions", page 218).

Edenred has not entered into any material off-balance sheet commitments other than those disclosed in the notes to the consolidated financial statements (see Note 11.5 "Off-balance sheet commitments", page 222).

2.2.1.7 Risks transferred to the insurance market

Edenred's operational risks are transferred to the insurance market through business-specific insurance programs that protect its businesses and assets in all host countries. They consist of international programs that set common standards for the transfer of risks to insurers and pool purchases of cover by Group entities.

To diversify counterparty risks associated with these programs, they are spread between around a dozen insurers, none of which covers more than 30% of the total capacity transferred to the insurance market. In 2017, 100% of the Group's programs involved insurers with an insurer financial strength rating higher than A- from Standard & Poor's.

(1) External risks are discussed on page 50.

A worldwide liability insurance program with local policies in each country covers the losses caused to third parties by Edenred's business, across the entire Group.

Property and casualty insurance programs cover damage to the assets used in the business, including machines, furniture and buildings, as well as the cost of business interruption following an incident such as a fire, flood or plane crash. The individual sites purchase local property and casualty and business interruption cover in addition to that provided by the international program. Edenred had around 200 sites in 45 countries.

Edenred has also established a Group "Fraud" program transferring to the insurance market part of the risk of fraud and embezzlement by third parties, with or without complicity on the part of Edenred employees.

In 2014, the Group acquired a reinsurance captive, which enables it to address new risks that are specific to Edenred's businesses, such as digital risks. It also helps the Group to manage other risks in accordance with trends in the insurance and reinsurance markets.

All compulsory insurance cover has been taken out in the Group's host countries.

In 2017, the insurance market was such that the Group was able to maintain the amounts transferred to the market.

2.2.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

2.2.2.1 Internal control definition and objectives

The Edenred Group observes the highest standards in terms of internal control and financial information. Internal control is a process defined and implemented by the Board of Directors, management and employees to provide reasonable assurance regarding the achievement of objectives in the following areas:

- application of the instructions and directional guidelines fixed by Executive Management;
- compliance with the applicable laws and regulations, and adherence to the Group's corporate values;
- prevention and control of operational risks, financial risks and the risks of error or fraud;
- optimization of internal processes to guarantee operational efficiency and efficient use of resources;
- production of high quality, fairly stated accounting, financial and management information.

To fulfill each of these objectives, the Group has defined and implemented the main principles of internal control, based to a large extent on the Internal Control Framework defined in the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as last updated in 2013, and on the Internal Control Reference Framework of the Autorité des marchés financiers (AMF) and related recommendations, as last updated in 2010.

These principles are underpinned by:

- management policies that foster the development of an internal control culture and promote integrity;
- the identification and analysis of risk factors that may prevent the Group from meeting its objectives;
- an organization and procedures designed to ensure that the strategies defined by Executive Management are implemented;
- periodic reviews of control activities to seek out potential areas of improvement;
- procedures for the communication of information about internal control.

By helping to anticipate and control the risks involved in not meeting the objectives the Company has set for itself, the internal control system plays a key role in conducting and monitoring its various activities. However, internal control cannot provide absolute assurance that the Company's objectives will be met.

One of the objectives of the internal control system is therefore to anticipate and control the risks arising in the course of the Company's business, as well as the risk of errors or fraud, particularly in the areas of accounting and finance. However, as stated in the AMF's Internal Control Reference Framework, internal control procedures cannot provide absolute assurance that the Company's objectives will be met, no matter how well the system is designed or how well the procedures are applied.

The following description of the Company's internal control systems was prepared based on the AMF's Internal Control Reference Framework and its application guide.

2.2.2.2 Summary description of internal control procedures

The internal control system described below covers the parent company and all of its consolidated subsidiaries, which are responsible for implementing the instructions and directional guidelines fixed by Executive Management, including internal control objectives. Each subsidiary's internal control system includes both the procedures defined at Group level and business-specific procedures that take account of the subsidiary's organization, culture, risk factors and specific operating environment. As the parent company, Edenred SA is responsible for ensuring that adequate internal controls exist and are applied, in particular to the accounting, financial and operating procedures of fully consolidated subsidiaries.

2.2.2.3 Main participants in the system of internal control

Internal control procedures are part of the policies defined by the Board of Directors and are implemented under the direct responsibility of the heads of the operating divisions and corporate functions. Internal control is everyone's responsibility, from corporate officers to front-line employees.

The main structures responsible for overseeing the internal control system are as follows:

Executive Management

In accordance with the law and the Company's bylaws, the Chairman and Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act on behalf of the Company in all circumstances. The situations where exercise of the Chairman and Chief Executive Officer's powers is subject to the prior approval of the Board of Directors are described in the Corporate Governance Report in section 3.

For the purpose of carrying out his duties, the Chairman and Chief Executive Officer has set up an Executive Committee comprising representatives from all of the operating divisions and corporate functions. The Executive Committee members are:

Representing the regions and businesses:

- Chief Operating Officer, Hispanic and North America;
- Chief Operating Officer, Northern Europe, Central Europe, France and Belgium;
- Chief Operating Officer, Southern Europe and Africa;
- Chief Operating Officer, Brazil;
- Chief Operating Officer, Asia-Pacific and Middle East;
- Chief Operating Officer, Fleet & Mobility Solutions;
- Chief Operating Officer, Corporate Payment;

Representing the corporate functions:

- Executive Vice President, Marketing and Strategy;
- Executive Vice President, Alternative Investments;
- Executive Vice President, Finance;
- Executive Vice President, Legal and Regulatory Affairs;
- Executive Vice President, Digital and IT;
- Executive Vice President, Human Resources and Corporate Social Responsibility.

Group Finance

The Executive Vice President, Finance is responsible for implementing the Group's financial policies, in particular by communicating to the subsidiaries the accounting principles and standards used to prepare the consolidated financial statements.

Group Finance is organized around the following departments:

- Group Treasury and Financing;
- Group Management Control, responsible for overseeing the following units:
  - Group consolidation and Reporting,
  - Accounting of holdings (including Edenred SA),
  - Group Financial Information Systems;
- Corporate Finance, Mergers and Acquisitions;
- Financial Communications;
- Group Internal Audit, which includes the operating and financial Internal Audit teams, as well internal information systems Internal Audit teams;
- Group Tax;
- Group Purchasing.

The Financial Controllers for the different operating regions report directly to the Executive Vice President, Finance, working closely and regularly with the Regional Chief Operating Officers.

Group Finance maintains regular contact with the Statutory Auditors, who audit the financial statements of the Company and the Group in accordance with the applicable laws and regulations.

Group Internal Audit and Information Systems Audit

Reporting to the Executive Vice President, Finance, Group Internal Audit is one of the cornerstones of the internal control system, responsible for helping to develop internal control tools and standards, and for performing audits based on the annual audit program approved by the Audit and Risks Committee of the Board of Directors. It has a team specializing in operations and financial audit and a team in charge of information systems audit.

Internal Audit is defined in professional standards as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations and information systems. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes." The Internal Auditors help the Group to meet its objectives by assessing its risk management, control and governance processes according to a systematic and methodical approach, and making proposals to improve their efficiency.

The Internal Audit Department's procedures are fully aligned with this definition. Its methods and procedures for reporting on its work are described in the Internal Audit Charter. This charter defines the framework for Internal Audit activities within the Group, based on the professional guidelines issued by IFACI (operations and financial audit) and ISACA (information systems audit), IIA affiliates, which require Internal Auditors to observe the highest ethical standards. It is signed by the Chairman and Chief Executive Officer, the Executive Vice President, Finance and the head of Group Internal Audit, and approved by the Group's Audit Committee. In November 2017, Group Internal Audit obtained IFACI Professional Certification for its professional activities, for a period of three years.

Group Internal Audit coordinates its audit plans with the Statutory Auditors' work plans. In 2017, the Group Internal Audit team comprised the head of department and eight auditors (five operations auditors and three information systems auditors).

Group Treasury and Financing

This department is responsible for the tracking, security, transparency and efficiency of the Group's cash management and financing transactions. Its activities include:

- managing financial resources to preserve the Group's liquidity position, in agreement with the Executive Vice President, Finance;
- managing cash positions;

- quantifying and hedging financial risks (particularly currency and interest rate risks);
- managing banking relationships;
- supporting subsidiaries in their management choices and assisting Executive Management in arranging financing for new projects.

Group Financial control

This department supervises and manages the Group consolidation and reporting units, the Group Financial Information Systems Department and the Group Accounting Department.

It is responsible for relations with the Group's Statutory Auditors.

Group consolidation and Reporting

Role of the Reporting unit: the reporting is responsible for producing monthly, quarterly and annual consolidated income statements. The items in the income statements of the subsidiaries and the corporate functions are tracked and analyzed by means of operational and financial indicators, which are compared at monthly intervals with the budget and prior year actual results. The unit also produces the data for the Group's published quarterly revenue reports.

This work serves as the basis for the preparation and transmission to the Executive Committee of management reports, supported by variance analyses and analyses of material trends identified from the subsidiaries' monthly management reporting packages.

The Executive Committee attaches considerable importance to the Group's planning process, leading to the preparation of the annual budget that rolls down the Group's strategy into operational action plans. It is the responsibility of Group consolidation and reporting to issue appropriate instructions and guidelines for the teams involved in preparing the budgets.

It coordinates the planning and budget control system, which is backed by an instruction manual describing the management rules to be applied by all entities, as well as the budgeting, forecasting and management reporting procedures.

Role of the Group consolidation unit: The consolidation process consists of consolidating Group companies at the level of the ultimate parent company, Edenred SA, which owns all of these companies either directly or indirectly. Each consolidated subsidiary produces a consolidation package in accordance with Group accounting policies and IFRSs, based on accounting data generated by their local information systems.

The Group consolidation unit issues instructions prior to each period-end, setting out the reporting deadlines and describing any changes in standards, rules or principles that will apply for the first time. It also provides regular training on consolidation tools and standards. On receipt of the packages, the Group consolidation unit performs the customary checks and controls before launching the consolidation process. The package reviews are an opportunity to check the accounting treatment applied to recognize and measure significant, unusual and non-recurring transactions.

To help improve the quality of financial information reported by consolidated subsidiaries, the Chief Executive Officer and the Finance Director of each consolidated or non-consolidated subsidiary are required to issue to the Group a representation letter at each half-yearly and annual close, certifying that (i) the financial statements comply with Group accounting policies and principles, (ii) internal controls over the preparation and processing of the financial statements are effective, and (iii) there have been no irregularities involving employees or management. The subsidiaries' management also provide additional Human Resources information for the calculation of pension obligations, as well as comments on material events for the period and a description of any items that – individually or cumulatively – have a material impact on the understanding and measurement of the subsidiary's financial statements.

The Group consolidation and reporting team also produces the financial statements and notes published in the Group's Annual Reports.

Group Financial Information Systems

The Group's accounting and financial information systems are designed to ensure the security, reliability, timeliness and traceability of financial information.

They are based on:

- a Group accounting system, to be deployed in all of the Group's subsidiaries;
- a reporting and consolidation system that covers all of the Group's operations, thereby ensuring consistency of accounting data at Company and Group levels.

A specifically designed user manual has been prepared and issued to the employees concerned, in order to guarantee that the systems are correctly used and that the information obtained is appropriate and relevant.

The Group has also set up processes to ensure the security of the accounting and financial information systems, as well as the integrity of the data involved. These include regular back-ups and programmed controls that trigger warnings in the event of incorrect data entries.

The accounting and financial information system is regularly updated to keep pace with changes in the Group's specific needs.

The network and all centralized applications are tested periodically to ensure that they are adequately protected against intrusion risk, and regular security audits are also performed.

Group Tax Department

The Group Tax Department's responsibilities in the area of internal control are to ensure that the Group fulfills its obligations and complies with the applicable tax rules. The department's duties include:

- identifying the Group's risk exposures and implementing policies and procedures to address and attenuate tax risks;
- monitoring material tax disputes and tax audits of Group entities;
- aligning the tax practices of the various Group entities and checking with the Group's tax advisors that major transactions comply with the applicable tax laws;
- selecting tax advisors for all Edenred geographies and monitoring their services and related billings.

Financial Communications

The Financial Communications Department is responsible for providing the market and the financial community with clear, accurate information about the Company's results, strategy and outlook.

It organizes and conducts ongoing dialogue with shareholders, investors and analysts through press releases, meetings, telephone conference calls, and the Company's website.

The Financial Communications Department complies strictly with the applicable regulatory framework, in particular that of the Autorité des marchés financiers (AMF), and adheres to the principle of equal treatment of all investors. With the support of Legal and Group Financial Control Departments, it is also responsible for reporting all regulated information (periodical and regular), which must meet transparency, accuracy and regularity requirements.

All financial press releases and published results are signed off by the Board of Directors and the Audit Committee prior to publication.

Corporate Finance, Mergers and Acquisitions

Corporate Finance is responsible for all of the Group's capital transactions such as acquisitions, divestments, mergers, joint ventures, etc. It provides expertise in the valuation and economic and financial structuring of acquisitions. Corporate Finance ensures compliance with Group procedures in the implementation of due diligence, negotiations with vendors and corporate finance projects. It assists the Group Financial Control Department in valuation work connected with monitoring merger and acquisition transactions in the Group's consolidated financial statements (impairment testing) and goodwill allocation.

Its role with respect to mergers and acquisitions is:

- evaluating investment proposals;
- coordinating the entire acquisition process, including the acquisition audit, and centralizing the results;
- arranging the process for approving investment proposals (organizing the approval Committee meeting, presenting the proposals to the Group's Executive Committee, Executive Management and/or the Board's Commitments Committee, etc.).

Legal and Regulatory Affairs Department

The Group Legal and Regulatory Affairs Department is responsible for ensuring that the Group complies with all applicable laws and regulations in all of its host countries, protecting the Group's assets and businesses as a whole and defending the interests of the Group, as well as the professional interests of its directors and employees.

It contributes to internal control in four main areas:

- drafting and updating standard contracts and contract templates for the most common transactions (purchases of IT and other goods and services, general conditions of sale, product claims, etc.), along with procedures for their use;
- making proposals to the Executive Committee regarding the rules to be applied for delegations of authority and for the distribution and protection of confidential information, introducing these rules and monitoring their correct application worldwide;
- selecting external legal advisors, monitoring their services and performance, and tracking their billings in liaison with the Management Control Department;
- transposing international standards and guidelines into Group operational requirements.

In the field of risk management, the Compliance and Risks Department, which reports to the Legal and Regulatory Affairs Department, is tasked with:

- ensuring the appropriateness of insurance coverage in relation to the risks incurred by the Group. The Group determines its insurance policy on a global, consolidated basis as well as on a local basis. Global insurance programs have been set up with pools of leading insurers and specific additional cover is purchased locally when required;
- mapping the Group's major risks in collaboration with the Internal Audit and Information Systems Audit teams;
- monitoring the regulations mentioned in section 1.8.2 (payment services, electronic money, interchange, etc.) that could have an impact on Edenred's programs and providing Group subsidiaries with all the support they need to grasp these regulations and their impact on their programs and organizations.

2.2.2.4 Internal communication of information and procedures related to accounting and financial information

The Group ensures that relevant information is communicated in a timely manner to all persons concerned by the system of internal control so that they can perform their duties in accordance with the Group's standards. To this end, a set of procedures describing best practices and reporting processes has been circulated internally.

Internal controls over accounting and financial information are designed to provide assurance that (i) the financial information produced by consolidated subsidiaries is reliable, (ii) the financial information published by the Group is fairly stated and complies with the true and fair view principle, and (iii) adequate safeguards are in place to protect against the risk of errors, inaccuracies or omissions in the Group's financial statements. Edenred refers to the AMF's Internal Control Reference Framework and the guide to its application to internal controls over accounting and financial information.

Group principles and values – Internal Audit Charter

The Group's internal control system forms part of the corporate values expressed by the Board of Directors and Executive Management and communicated to all employees. Rules of conduct and integrity have been drawn up covering the areas of employee behavior and relations with customers, shareholders, business partners and competitors.

The Internal Audit Charter aims to provide a Group-level cross-functional view of Internal Audit resources and methodologies, as well as the methods used to communicate the results of Internal Audits. It defines the framework for Internal Audit activities within the Group, based on the professional guidelines issued by IFACI and other bodies that require internal auditors to observe the highest ethical standards. It is signed by the Chairman and Chief Executive Officer, the Executive Vice President, Finance and the head of Group Internal Audit, as well as by the members of the audit team.

Procedure manuals and accounting principles

A Finance Manual is issued to all Group Finance Departments, describing the closing process for the monthly management accounts and setting out the Group's charts of accounts, consolidation principles, accounting standards and policies. The Manual also includes the Treasury Charter, which describes cash management procedures, the principles to be followed concerning the holding of payment instruments and the approval of expenditures, as well as the role and organization of cash pooling systems.

In addition, a presentation of International Accounting Standards/ International Financial Reporting Standards has been prepared by the Group Financial Control Department and made available to all Group employees concerned.

Lastly, consolidation instructions detailing the financial reporting schedule and specific adjustments to be made to the subsidiaries' local financial statements are issued every six months to the various Finance Directors and consolidation teams, and are archived on the Finance Intranet.

The subsidiaries' consolidation packages, including adjustments to comply with Group policies, are prepared by the local accounting teams using as a reference the Group Finance Manual which describes the accounting recognition and measurement rules. The manual presents the basic concepts applied for the preparation of the financial statements, such as the going concern, accounting period and reliability concepts. It is regularly updated to reflect changes in French laws and regulations governing the preparation of consolidated financial statements.

The Finance Manual also describes in detail Group principles for the recognition, measurement and presentation of the main financial statement items, including:

- descriptions and definitions of income statement items, and the consistency tests to be performed such as the tax proof;
- rules governing the recognition and presentation of balance sheet and off-balance sheet items;
- rules governing the measurement of certain items based on estimates;
- accounting and reporting principles for intra-group transactions.

Reporting procedure

Group Financial Control is responsible for overseeing the reporting procedure described in the Finance Manual. This procedure requires local teams to submit monthly reporting packages comprising an analysis of key business indicators and the main components of income, in the format prescribed by the Group. All reporting data submitted by local subsidiaries must be analyzable by nature, function and solution.

The reporting procedure is designed to provide a detailed analysis of monthly changes in consolidated financial and operating results, to support resource allocation decisions and measure the efficiency of the various organizations. Reported data are compared to the budget and to prior-year actuals, to detect any emerging trends or unexplained variances.

Internal Audit Reports

A draft report is prepared after each Internal Audit, setting out the auditors' findings, identified risks and related recommendations. This report is sent to the management of the audited entity, which prepares an action plan. A summarized version of this draft report may also be sent on request to the members of the Executive Committee.

The final report, which includes the action plan prepared by the audited entity, is then sent to the members of the Group Executive Committee in charge of overseeing operational and financial matters for the entity concerned, as well as the parent company and Executive Management support functions.

The Audit and Risks Committee receives a half-yearly summary from the Group Internal Audit Department of the Internal Audits carried out during the period, including a status report on the annual audit plan, an assessment of the quality of internal control in the audited entities, the internal auditors' main observations, and action plans decided on by the parties concerned.

2.2.2.5 Identifying and analyzing risks

The Group identifies and analyzes the key risks that, if they occurred, would affect its ability to fulfill its objectives. It takes the appropriate measures to limit the probability of these risks occurring and the consequences if they do.

Identifying risks

The Group is exposed to a number of risks in the normal course of business.

These risks, together with the related control procedures, are described in section 3 "Risk Factors and management". They include liquidity risks, counterparty risks, currency and interest rate risks, business risks and legal risks (including litigation and arbitration risks). The "Risk Factors" section also includes a description of the Group's insurance policy.

Internal control procedures are implemented under the direct responsibility of the heads of the operating divisions and corporate functions and Group Internal Audit, and form part of an on-going process of identifying, assessing and managing risks.

In line with this overall process the Group has developed internal control self-assessments, based on analyzing the internal control risks inherent in each business and identifying key control issues.

Internal control self-assessments

The Group places considerable emphasis on preparing, issuing and monitoring internal control self-assessment procedures. The self-assessment procedures are implemented by all Edenred entities that sell prepaid vouchers and cards. These systems are compatible with existing internal control standards and processes.

Data obtained from the internal control self-assessment process are centralized annually at country level, with the assistance of the Group Internal Audit team. The results are analyzed by Group Internal Audit, which prepares an annual executive summary for the Group Executive Committee and the Audit and Risks Committee.

Internal Audit programs for entities where the self-assessment system has been deployed include a quantitative measurement, *via* a rating system, of the gap between the self-assessment and the internal auditors' assessment of the level of internal control. By analyzing these gaps, it is possible to evaluate the quality of the self-assessment procedures implemented by the entity manager.

Internal control risk mapping

Internal control risk maps are prepared based on the results of Internal Audits and the above-mentioned self-assessments. These maps, which highlight issues that require priority action, are included in the relevant Internal Audit reports and are periodically presented in summary form to the Executive Committee and the Audit and Risks Committee.

A mapping system covering all internal and external risk factors is in the process of being developed by the Risk Management unit, which is part of the Legal and Regulatory Affairs Department, assisted by Group Internal Audit. The system will provide data in a standard form concerning each entity's perceived level of risk exposure, to be used to prepare any necessary action plans.

The Risk Management unit of the Legal and Regulatory Affairs Department supports the operating divisions in implementing the corrective measures in order to mitigate the major identified risks.

Group risk mapping

The Risk Management unit of the Legal and Regulatory Affairs Department is responsible for implementing procedures in association with the Executive Committee that anticipate and appropriately address the Group's risk exposures, with the support of the operating divisions and corporate functions.

The unit's approach consists of (i) developing tools to identify and monitor risk trends and prioritize the Group's main risks, and (ii) devising a risk prevention strategy aimed at reducing the frequency and seriousness of identified risks.

The Group Insurance unit, which is also part of the Legal and Regulatory Affairs Department, is responsible for financing Group risks, in particular by setting up appropriate insurance cover.

Information systems security

The Information Systems Security Department advises and assists Group management in defining its IT security policy. It is also responsible for ensuring that the policy is properly implemented and applied, by identifying, organizing, coordinating and leading security programs, prevention programs and corrective measures in all of the Group's host countries.

Financial risks related to the impacts of climate change

As a service business, the Group is not dependent on industrial facilities and does not use large volumes of natural resources. The paper-based proportion of the business has been reduced from 66% in 2010 to less than 30% at end-2016. The Group's exposure to climate change can therefore be considered as limited.

In 2017, the Group plans to conduct an initial study to model the impact of rising water levels on its business activities in Latin America.

The Group continues to take action aimed at limiting growth in greenhouse gas emissions, as described in section 2.4.3.4 "Measures to Combat Climate Change".

2.2.2.6 Control activities

To improve control of identified risks, the Group has set up control procedures that comply with its standards and cover both operating and financial information processes.

Preparing and controlling the consolidated financial statements

The consolidated financial statements are prepared by the Group Financial Control Department based on information reported by the entities' Chief Executive Officers and Finance Directors. The format of the consolidation packages is determined by the Group.

The entities are responsible for the information contained in their consolidation packages and are required to make formal representations to Group Finance about the fairness of reporting data and its conformity with Group accounting standards and policies.

The Consolidation unit carries out systematic controls of the consolidation packages submitted by the entities. A detailed schedule for reviewing the packages is prepared and sent to the employees concerned.

In connection with their audit of the consolidated financial statements, the Statutory Auditors review the consolidation packages transmitted by the entities included in the scope of their audit. Group Internal Audit also reviews from time to time the proper application of Group accounting standards and policies by the entities, and reports to Group Finance any issues identified during the review.

The consolidated financial statements are examined by the Executive Vice President, Finance prior to their review by the Audit and Risks Committee in preparation for approval by the Board of Directors.

Role of the Internal Audit Department

Group Internal Audit carries out its audit assignments based on an audit program validated by the Executive Committee and the Audit and Risks Committee. The main types of assignments, as described in the Internal Audit Charter, are as follows:

- **operations and/or financial audits,** which are aimed at evaluating the reliability and effectiveness of the operating entities' internal control systems, as well as ensuring that they comply with Group standards. These audits mainly include checking that the internal control self-assessments have been properly and regularly performed by the operating entities. Comparing the results of the Internal Audits with the results of the self-assessments serves to close the internal control loop;
- **organizational and procedural audits,** which are aimed at helping the divisions to optimize and adapt their procedures and operating processes, notably when rolling out cross-functional projects that lead to a change in organization structures;
- **specific audits:** review assignments are referred to as specific audits when they comply with the professional standards applicable to internal auditors and fall within their remit. They can concern issues applicable to one or more operating entities or to a particular country, function or process;
- **IT function audits,** which are performed by the two specialized information systems auditors to ensure that best practices are applied in relation to the organization and management of the audited entities' information systems;
- **audits of applications and processes,** which are aimed at ensuring that the manual and automated checks in place provide an appropriate level of internal control in view of the operations covered by the applications concerned;
- **project management audits,** which are designed to validate the implementation of best IT project management practices;
- **acquisition audits,** which are conducted as part of the decision-making process for Group acquisitions when the target's business has highly technological components. Their scope depends on the underlying objectives of the acquisition, but their general aim is to identify any risks relating to the Group's ability to maintain and develop the target's information systems.

Internal Audit plans are determined based on the internal control risk map and self-assessment questionnaires. The objective is for each entity to be audited at least once every three or four years. The duration of each Internal Audit depends on the context, but they generally involve three or four auditors spending two weeks on site. A report is drawn up at the end of each audit, describing the organization of each process and the auditors' recommendations. Copies of the report are given to the audited entity, the manager responsible for the entity, the members of the Executive Committee and the Chairman and Chief Executive Officer.

Measures are taken by the management of the audited entities to eliminate the identified internal control weaknesses and make any necessary improvements. The Group Internal Audit team performs a follow-up visit within the next 12 to 18 months, to check that the action plans have been duly implemented.

The head of Group Internal Audit prepares half-yearly and yearly summaries of the Internal Audits carried out by his teams during the year for presentation to the Executive Committee and to the Audit and Risks Committee, which checks that the department has the necessary resources and makes any observations or recommendations that it considers necessary.

Lastly, reviews of entities' logical security, focused on securing the technology platforms operated by the Group, are primarily performed by the Information Systems Security Department, which reports to Group Digital and IT Department.

2.2.2.7 Monitoring internal control

Internal control procedures are regularly reviewed to ensure that they are appropriate and aligned with the Group's objectives, particularly in view of the risks specific to each business and the costs of performing the controls.

The main structures responsible for overseeing the internal control system are as follows:

The Audit and Risks Committee

The Board of Directors' Internal Regulations define the Audit and Risks Committee's membership, terms of reference and procedures. The Audit and Risks Committee is responsible for ensuring that the accounting policies applied for the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include monitoring the process for the preparation of financial information and checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. It assists the Board of Directors in ensuring that the financial statements of the Company and the Group are accurate, fairly stated and reliable. The Committee makes proposals and recommendations to the Board in the areas described below. To this end, the Committee:

- reviews the interim and annual consolidated financial statements and the annual financial statements of the Company, prior to their examination by the Board of Directors. This includes assessing the follow-up of the systems whereby the accounts are drawn up and the validity of methods selected to account for material transactions;
- reviews the procedures for preparing information provided to shareholders and to the market and Company press releases relating to accounting and financial information;
- reviews the scope of consolidation and the reasons for excluding any entities;
- reviews the Group's risk management policy and ensures that effective systems are in place;

- assesses the Group's risk exposures and material off-balance sheet commitments, as well as the effectiveness of the risk management system, and receives a copy of the Executive Vice President, Finance's detailed report on these matters;
- obtains assurance concerning the effectiveness of the Group's system of internal control by reviewing the methods used to identify risks and the organizational principles and procedures of the Internal Audit Department. It is also informed of the Internal Audit program and is provided with the results of the Internal Audits carried out since the last presentation;
- reviews the Statutory Auditors' audit plan and the results of their audits. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- when the Statutory Auditors' appointment is due to expire, oversees the Statutory Auditor selection procedure and reviews the proposals submitted by the various candidates, expresses an opinion on the proposed fee budgets for statutory audit work and makes recommendations to the Board of Directors on the choice of Statutory Auditor;
- ensures compliance with the rules governing the Statutory Auditors' independence;
- reviews the categories of additional audit-related work that the Statutory Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- is informed, at the end of each year, of the fees paid by Group companies to the Statutory Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, and reports to the Board of Directors on these fees.

The Audit and Risks Committee has between three and five members. At least one member has expert knowledge of financial and accounting matters and at least two-thirds of the members are qualified by the Board of Directors as independent directors.

It is chaired by an independent director.

The Audit and Risks Committee meets at least three times a year and whenever necessary, including prior to Board meetings whose agenda includes matters within its purview. One meeting attended by the head of Internal Audit is devoted to reviewing the effectiveness of the internal control system.

The Committee may make regular enquiries of the directors, the Chief Executive Officer, the head of Internal Audit, the Statutory Auditors and the Group's senior management (*i.e.*, persons in charge of preparing the financial statements of the Company and the Group, risk management, internal control, legal and tax affairs, treasury and finance) without the Executive Director being present, after first notifying the Chairman and Chief Executive Officer.

Calls to meeting are made by the Committee Chairman and include the meeting agenda.

Meetings to review the interim and annual financial statements are held at least three days prior to the Board meeting called to approve the financial statements. The members of the Audit and Risks Committee must receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group.

The Chairman of the Board, the Chief Executive Officer, the Vice President, Finance, and the Statutory Auditors may be invited to attend Audit and Risks Committee meetings.

2.3 FINANCIAL REVIEW

2.3.1 CONSOLIDATED RESULTS

2.3.1.1 Introduction

Edenred has published record annual results for 2017:

- revenue up **17.6%** to **€1,339** million;
- operating EBIT margin (1) up **0.8 points** to **29.1%**;
- EBIT (2) up **18.1%** to **€437** million;
- net profit attributable to owners of the parent up **37.0%** to **€247** million;
- recommended dividend of **€0.85** per share, an increase of **37%**;
- strong free cash flow generation (**€399 million**) enabling net debt to reach **€713** million (versus **€588** million at end-2016) after **€280** million dedicated to acquisitions

Like-for-like, Edenred's performance in 2017 was higher than the annual growth targets set for the medium term:

- operating revenue **up 9.1%** (annual target: above 7%);
- operating EBIT (3) **up 16.0%** (annual target: above 9%);
- funds from operations (FFO) (4) **up 21.8%** (annual target: above 10%).

Edenred begins the new year with confidence and confirms its objective of achieving the annual organic growth targets set for the medium term again in 2018.

2017 financial highlights

			% CHANGE	
(in € millions)	**2017**	2016	REPORTED	LIKE-FOR-LIKE (1)
Operating revenue	1,272	1,073	+18.6%	+9.1%
Financial revenue	67	66	+1.1%	+0.0%
Total revenue	**1,339**	**1,139**	**+17.6%**	**+8.6%**
Operating EBIT	370	304	+21.9%	+16.0%
Financial EBIT	67	66	+1.1%	+0.0%
Total EBIT	**437**	**370**	**+18.1%**	**+13.1%**
Net profit, Group share	247	180	+37.0%	
Earnings per share, Group share (2) *(in €)*	1.06	0.78	+35.9%	

(1) At comparable scope of consolidation and constant exchange rates.
(2) Shares outstanding: 233,064 thousand shares in 2017 versus 230,113 thousand shares in 2016.

In 2017, Edenred generated business volume of €26.3 billion. At end-December 2017, digital solutions accounted for 78% of the total, up 8 points from 2016 and on track to meet the Group's target of 85% in 2020.

2.3.1.2 Analysis of consolidated financial results

Total revenue: up 17.6% to €1,339 million

Total revenue for 2017 amounted to €1,339 million, an increase of 17.6%, reflecting solid organic growth of 8.6%, a positive 9.1% impact from changes in the scope of consolidation and a neutral currency effect over the year.

Operating revenue: up 18.6% to €1,272 million

Operating revenue rose 18.6% to €1,272 million. The increase includes a positive 9.6% scope effect resulting mainly from the Group's recent acquisitions in the Fleet & Mobility Solutions sector. Changes in the scope of consolidation specifically include four additional months of operations for Embratec in Brazil (consolidated as from May 2016) and a full year of operations for UTA (fully consolidated since January 2017). The 18.6% increase in operating revenue reflects a neutral currency effect for the period, resulting from a positive contribution by the Brazilian real, which was offset by the negative impact of other currencies, notably the Turkish lira and the Venezuelan bolivar.

On a like-for-like basis, operating revenue rose by 9.1%. All of the Group's business lines and regions recorded significant increases, with Europe delivering particularly strong growth and Latin America posting good gains despite a persistently challenging macroeconomic environment in Brazil.

(1) Ratio of operating EBIT to operating revenue.
(2) Operating profit before other income and expenses.
(3) EBIT adjusted for financial revenue.
(4) Before other income and expenses.

Operating revenue by business line

(in € millions)	**2017**	2016	% CHANGE (REPORTED)	% CHANGE (LIKE-FOR-LIKE)
Employee Benefits	821	757	+8.5%	+6.6%
Fleet & Mobility Solutions	319	190	+68.2%	+19.7%
Complementary Solutions	132	126	+5.0%	+8.1%
TOTAL	**1,272**	**1,073**	**+18.6%**	**+9.1%**

(in € millions)	**2017**	AS A % OF 2017 TOTAL	2016	AS A % OF 2016 TOTAL
Employee Benefits	821	65%	756	70%
Fleet & Mobility Solutions	319	25%	190	18%
Complementary Solutions	132	10%	126	12%
TOTAL	**1,272**	**100%**	**1,073**	**100%**

Edenred is pursuing its policy of achieving a more balanced business profile, in line with the Fast Forward strategic plan, as demonstrated by the increased contribution to operating revenue from **Fleet & Mobility Solutions.** Thanks to the combined effect of double-digit annual organic growth and external growth operations (Embratec, UTA, LCCC), the business line's contribution to operating revenue reached 25% in 2017 versus 14% in 2015. As a result, Fleet & Mobility Solutions operating revenue amounted to €319 million in 2017, an increase of 68.2% as reported, and 19.7% like-for-like. In addition to the significant scope effects, the business line is benefiting from the still low penetration rates in all of the geographies where Edenred is present.

The traditional **Employee Benefits** business line generated €821 million in operating revenue in 2017, representing an increase of 8.5% (and 6.6% like-for-like) and accounting for 65% of the consolidated total. Edenred is leveraging digital technology to drive faster penetration in this market, and more particularly to target SMEs and other specific market segments more effectively. The Group is also optimizing its marketing mix and fostering cross-selling and innovation in high-potential solutions such as Ticket Fit in Brazil, Ticket Welfare in Italy and ProwebCE in France. As a result, the take-up rate is stable for the second year in a row, at 4.68%. In Europe, however, the take-up rate increased in 2017 by 13 basis points.

The Group's **Complementary Solutions** generated operating revenue of €132 million in 2017, a rise of 5.0% as reported (and 8.1% like-for-like). In addition to Incentive & Rewards and Public Social Programs, this business line also includes the Group's promising Corporate Payment offering, launched in mid-2017.

Operating revenue by region

(in € millions)	**2017**	2016	% CHANGE (REPORTED)	% CHANGE (LIKE-FOR-LIKE)
Europe	673	543	+24.2%	+11.0%
Latin America	524	456	+14.9%	+6.8%
Rest of the World	75	74	+0.9%	+8.9%
TOTAL	**1,272**	**1,073**	**+18.6%**	**+9.1%**

In **Europe,** operating revenue rose by a strong 24.2% as reported (and 11.0% like-for-like) to €673 million in 2017.

In **France,** operating revenue amounted to €219 million, an increase of 13.0% as reported (and 12.7% like-for-like, including 17.8% in the fourth quarter). Penetration of the historic *Ticket Restaurant®* solution increased significantly during the year, driven by the digital transition that is currently under way. At the same time, new solutions such as ProwebCE and LCCC recorded double-digit organic growth for the year.

Europe (excluding France) recorded operating revenue up 30.5% (and 10.1% like-for-like) to €454 million. In addition to the impact of the economic recovery and the scope effects resulting from the consolidation of UTA, the region reported solid organic growth in both Central and Southern Europe, reflecting double-digit gains in an under-penetrated Fleet & Mobility Solutions market and strong sales momentum in Employee Benefits.

Operating revenue amounted to €524 million in **Latin America,** up 14.9% as reported (and 6.8% like-for-like).

In **Brazil,** operating revenue rose 16.8% to €385 million. On a like-for-like basis, operating revenue growth amounted to 1.1% for the year and 3.7% for the fourth quarter alone. Fleet & Mobility Solutions recorded double-digit organic growth for the year thanks to the acquisition of new clients. In

Employee Benefits, organic growth was still negative in the fourth quarter, but the situation seems to be stabilizing despite the significantly lower inflation rate and the persistently high unemployment rate.

In **Hispanic Latin America,** operating revenue increased by 21.9% like-for-like for the year (and by 21.0% for the fourth quarter), reflecting double-digit growth in Employee Benefits driven by a solid sales dynamic, and growth of more than 30% in Fleet & Mobility Solutions led by increased penetration, particularly in Mexico and Argentina.

In the **Rest of the World,** operating revenue growth was 8.9% like-for-like (and 0.9% as reported), with Turkey delivering a solid operating performance for the year.

Financial revenue: up 1.1% to €67 million

The float [2] increased by €266 million in 2017 to reach €2.89 billion. Financial revenue amounted to €67 million, up a slight 1.1% from 2016 as reported and stable like-for-like. This reflects a solid increase in Latin America (up 7.1% like-for-like) and robust growth in the Rest of the World (up 22.7% like-for-like), offsetting the 12.9% like-for-like decline in Europe attributable to the fall in interest rates.

EBIT: up 18.1% to €437 million

Total EBIT rose 18.1% on a reported basis in 2017, reaching an all-time high of €437 million. Like-for-like, total EBIT advanced by €49 million, or 13.1%. The scope effect was a positive €15 million and the currency effect a positive €3 million. Total EBIT comprises operating EBIT and financial EBIT, which corresponds to financial revenue.

Operating EBIT by region

(in € millions)	**2017**	2016	% CHANGE (REPORTED)	% CHANGE (LIKE-FOR-LIKE)
Europe	183	144	+27.6%	+20.4%
Latin America	188	166	+13.0%	+4.2%
Rest of the World	8	8	+4.2%	+32.0%
Holding Company & Others	(9)	(14)	-33.8%	-70.6%
TOTAL	**370**	**304**	**+21.9%**	**+16.0%**

Operating EBIT (which excludes financial revenue) rose by 21.9% as reported (and by 16.0% like-for-like) to €370 million. This solid performance reflects an operating flow-through ratio [1] of 50%.

In **Europe,** operating EBIT rose by a strong 20.4% like-for-like, reflecting a significant improvement in the operating EBIT margin, thanks notably to increased profitability in France.

In **Latin America,** operating EBIT rose by 4.2% like-for-like. This result reflects a mixed performance in Brazil, where strong growth in Fleet & Mobility Solutions and synergies generated by the *Ticket Log* joint venture more than offset the impact of the weaker economic environment on the Employee Benefits business line. It also reflects solid organic growth in operating EBIT in Mexico and Argentina, which was dampened by the downturn in business in Venezuela in the second half of the year caused by the country's political instability.

The Group's operating EBIT margin therefore gained 0.8 point to stand at 29.1%. This corresponds to a like-for-like improvement in the operating margin of 1.8 point. Scope effects and the currency effects related to the geographic mix together had an overall negative impact of 1 point.

Net profit: up 37.0% to €247 million

Net profit, Group share rose by a significant 37.0% in 2017 to €247 million, versus €180 million in 2016.

It includes €19 million in non-recurring income relating to the increase in the Group's stake in UTA. Other income and expenses notably included €19 million in impairments of assets and goodwill and €4 million in restructuring costs.

Net profit also takes into account **net financial expense** (€50 million versus €58 million in 2016), expenses and income tax (€129 million), net non-recurring tax income of €21 million relating to the repayment of the 3% tax on dividends in France, and non-controlling interests, corresponding to an expense of €36 million versus €12 million in 2016. The increase is primarily linked to the presence of minority shareholders in the share capital of UTA, which has been fully consolidated in the Group's financial statements since January 2017.

(1) Ratio of the like-for-like change in operating EBIT to the like-for-like change in operating revenue.

(2) The float corresponds to the working capital requirement, or service vouchers in circulation less trade receivables.

2.3.1.3 Dividend and payout ratio

In line with its dividend policy, the Group is recommending a dividend for 2017 of €0.85 per share. Shareholders may opt to receive the dividend 100% in cash or 100% in shares. The dividend will be put to the vote at Edenred's Annual Shareholders Meeting to be held on May 3, 2018.

For more information about its strategy and capital allocation, see sections 1.2.2, from page 20 and 1.2.3, page 23, respectively.

	2017	2016	2015
Net profit, Group share	247	180	177
Weighted average number of shares outstanding *(in millions)*	233	230	228
Earnings per share, Group share *(in €)*	1.06	0.78	0.78
Ordinary dividend per share *(in €)* **from 2016** (2)	**0.85** (1)	**0.62**	**N/A**
Total dividend as a percentage of net profit, Group share (2)	**80%**	**80%**	**N/A**
Ordinary dividend per share *(in €)* up to 2015 (3)	N/A	N/A	0.84
Total dividend as a percentage of recurring net profit after tax (3)	N/A	N/A	96%
Ordinary dividend payout *(in € millions)*	199	144	191

(1) To be recommended at the Annual Shareholders Meeting on May 3, 2018.
(2) The payout ratio is calculated as a percentage of net profit, Group share as from the 2016 reporting period.
(3) Up to the 2015 reporting period, the payout ratio was calculated as a percentage of recurring net profit after tax.

2.3.1.4 Liquidity and financial resources

Cash flows (1)

(in € millions)	DECEMBER 2017	DECEMBER 2016
Net cash from operating activities	477	410
Net cash from operating activities including other income and expenses	494	413
Net cash from in investing activities	(176)	(252)
Net cash from in financing activities	(264)	102
Effect of changes in exchange rates and fair values	(76)	(72)
Net increase in cash and cash equivalents	**(22)**	**191**
Cash and cash equivalents at beginning of period	597	406
Cash and cash equivalents at end of period	575	597
Net foreign exchange differences and fair value adjustments	**(22)**	**191**

(1) See the consolidated statement of cash flows on page 160 and Note 4.5 to the consolidated financial statements on page 175.

Net cash from operating activities corresponds to funds from operations before other income and expenses, plus the change in working capital (*i.e.*, the recurring increase in negative working capital requirement) plus the change in restricted cash.

Restricted cash, in the amount of €1,127 million at December 31, 2017 versus €942 million at December 31, 2016, corresponds mainly to service voucher funds in France (€691 million), the United Kingdom (€301 million), Romania (€62 million), the United States (€31 million), Italy (€17 million) and Uruguay (€11 million) that are subject to specific regulations. Due to the restrictions on their use, increases in these funds are recorded as a deduction from net cash from operating activities.

Working capital requirement

The following table sets out the items that make up the working capital requirement, excluding restricted cash.

(in € millions)	**DECEMBER 2017**	DECEMBER 2016	CHANGE
Inventories, net	24	24	–
Trade receivables, net	1,712	1,415	297
Other receivables, net	367	302	65
Working capital – assets	**2,103**	**1,741**	**362**
Trade payables	177	142	35
Other payables	284	229	55
Funds to be redeemed	4,749	4,182	567
Working capital – liabilities	**5,210**	**4,553**	**657**
NEGATIVE WORKING CAPITAL EXCL. CORPORATE INCOME TAX LIABILITIES	3,107	2,812	295

Negative working capital requirement at December 31, 2017 was up €295 million compared with December 31, 2016.

Debt

Net debt analysis

Excluding €106 million in currency effects before other income and expenses, net debt amounted to €607 million at end-2017, up slightly from €588 million a year earlier. It reflects strong free cash flow generation over the period (€399 million), a significant amount of funds dedicated to acquisitions (€280 million) and a total net amount of €138 million allocated to dividend distribution and the share buyback program.

As a result, the Group's net debt amounted to €713 million at December 31, 2017. At 1.4, the ratio of net debt to EBITDA was stable versus 2016. In 2015, the ratio was 1.6.

The Group's estimated ratio of adjusted funds from operations to adjusted net debt was up from 34% at December 31, 2016 to 42%, above the 30% threshold supporting the **"Strong Investment Grade"** rating based on Standard & Poor's criteria.

(in € millions)	**DECEMBER 2017**	DECEMBER 2016
Non-current debt	1,765	1,355
Other non-current financial liabilities	17	50
Current debt	68	527
Bank overdrafts	54	52
Other current financial liabilities	249	37
Debt and other financial liabilities	**2,153**	**2,021**
Current financial assets	(43)	(49)
Other marketable securities	(768)	(735)
Cash and cash equivalents	(629)	(649)
Cash and cash equivalents and other current financial assets	**(1,440)**	**(1,433)**
NET DEBT	713	588

Edenred has taken various measures over the past two years to strengthen its debt profile and diversify its sources of financing. The average cost of debt was 1.8% at end-2017 versus 2.5% a year earlier (1.2% versus 1.6% excluding the Brazilian loans). Following the €510 million bond repayment in October 2017, Edenred no longer has any major debt repayments due before 2025. Average debt maturity has been increased to around six years and the Group has been attributed a "Strong Investment Grade" rating by Standard & Poor's (BBB+).

Non-current debt consists mainly of:

- €239 million (€225 million gross) in 3.750% fixed-rate 10-year private placement notes due on May 23, 2022;
- €254 million (€250 million gross) in 2.625% fixed-rate 7-year bonds due on October 30, 2020;

- €467 million (€500 million gross) in 1.375% fixed-rate 10-year bonds due on March 10, 2025;
- €489 million (€500 million gross) in 1.875% fixed-rate 10-year bonds due on March 30, 2027;
- €67 million (250 million Brazilian reais gross) in bank borrowings for a 3-year term at a 12.8% fixed rate due on May 24, 2019.

Current debt consists mainly of:

- €63 million (250 million Brazilian reais) in bank borrowings for a 2-year term at a fixed rate of 11.5% due on June 28, 2018.
- As of December 31, 2017, the Group's debt and other financial liabilities, totaling €2,153 million, were due as follows: 17% in 2018, 4% in 2019, 12% in 2020, 5% in 2021, 11% in 2022 and 51% in 2023 and beyond, as set out in the table below.

(in € millions)	2018	2019	2020	2021	2022	2023 AND BEYOND	DECEMBER 2017
Debt and other financial liabilities	371	84	254	112	239	1,093	2,153
TOTAL	**371**	**84**	**254**	**112**	**239**	**1,093**	**2,153**

The cost of gross debt at December 31, 2017 was 2.74% before hedging and 1.78% after hedging (see Note 6.5 to the consolidated financial statements, page 192).

The maturity of financial investments (see Note 6.4, page 191, and Note 4.6 "Change in restricted cash" to the consolidated financial statements, page 176) breaks down as follows:

- maturity >1 year: 28%;
- maturity <1 year: 72%.

Other marketable securities include €747 million worth of term deposits and equivalents with maturities of more than three months and €21 million worth of money market securities and bonds, as well as UCITS.

Cash and cash equivalents break down as €306 million in cash and €323 million in money market instruments with original maturities of less than three months.

Funds from operations and free cash flow

The Edenred business model generates significant cash flow. In 2017, funds from operations before other income and expenses (FFO) totaled €388 million. At 21.8% on a like-for-like basis, growth in FFO was significantly higher than the annual medium-term growth target of more than 10%.

(in € millions)	**DECEMBER 2017**	DECEMBER 2016
EBITDA	**510**	**427**
Net financial expense	(50)	(58)
Income tax paid	(113)	(97)
Non-cash items	30	19
Dividends received from equity-accounted companies	11	8
Funds from operations	**388**	**299**
Change in working capital requirement	293	215
Change in restricted cash	(204)	(104)
Recurring expenditure	(78)	(58)
FREE CASH FLOW	**399**	**352**

Equity

Equity represented a negative amount of **€1,437 million** at December 31, 2017 and €1,230 million at the end of the previous year. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend-paying ability.

The statement of changes in equity is presented on page 161 of the consolidated financial statements.

Off-balance sheet commitments

Off-balance sheet commitments amounted to €252 million at December 31, 2017, versus €187 million a year earlier. For more details, see Note 11.5 to the consolidated financial statements, page 222.

2.3.1.5 Management indicators

Key ratios and indicators

	2017	2016
Like-for-like growth in operating revenue	+9.1%	+8.3%
Operating EBIT margin	29.1%	28.3%
Total EBIT margin	32.6%	32.5%
Like-for-like growth in FFO (1)	+21.8%	+15.4%
Adjusted FFO/adjusted net debt (2)	42%*	34%*

* *The Group's estimated ratio of adjusted funds from operations to adjusted net debt was up from 34% at December 31, 2016 to 42%, above the 30% threshold supporting the "Strong Investment Grade" rating based on Standard & Poor's criteria.*

(1) FFO growth is calculated as follows:

(in € millions)	2017	2016
+ EBITDA	510	427
- Net financial expense	(50)	(58)
- Income tax paid	(113)	(97)
- Non-cash income and expenses included in EBITDA	30	19
+ Dividends received from equity-accounted companies	11	8
= Funds from operations before other income and expenses (FFO)	**388**	**299**
Reported growth in FFO	+29.8%	+6.5%
Like-for-like growth in FFO	+21.8%	+15.4%

(2) The adjusted FFO/adjusted net debt ratio is calculated as follows:

(in € millions)	2017	2016
Net debt (cash) at December 31	713	588
Standard & Poor's adjustment	234	233
Adjusted net debt (cash)	**947**	**821**
EBITDA	510	427
Standard & Poor's adjustment	(113)	(147)
Adjusted FFO	**397**	**280**
Adjusted FFO/adjusted net debt	**42%***	**34%***

* *The Group's estimated ratio of adjusted funds from operations to adjusted net debt was up from 34% at December 31, 2016 to 42%, above the 30% threshold supporting the "Strong Investment Grade" rating based on Standard & Poor's criteria.*

2.3.1.6 Material contracts

During 2017, no contract representing a material obligation or commitment for the Group was signed in connection with the Group's external growth operations.

2.3.1.7 Foreseeable developments

The outlook for 2018 is described in section 1, page 23.

2.3.1.8 Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the current financial year are the same as the ones described in section 2.2 "Risk factors", page 48.

2.3.1.9 Main related-party transactions

The main related-party transactions are presented in detail in Note 11.2 to the consolidated financial statements, page 221.

2.3.1.10 Research and development activities

None.

2.3.1.11 Subsequent events

Edenred pursues its geographic expansion in Fleet & Mobility Solutions and increases its stake in UTA

In January 2018, Edenred, through its subsidiary UTA, acquired a 51% stake in its Poland-based distributor Timex Card, which also operates in Estonia, Latvia, Lithuania and Ukraine. Alongside the acquisition, UTA will begin its own operations in Bulgaria.

Following the Daimler Group's exercise in mid-December 2017 of its put option on a 15% stake in UTA, Edenred increased its interest to 66% and announced in January 2018 that it had been informed by Hermes Mineralöl GmbH, a co-founder and minority shareholder of UTA, of its intention to exercise its put option on a 17% stake [(1)]. This transaction is subject to approval from the relevant competition authorities and is expected to be finalized in the first quarter of 2018. Upon completion of the transaction, Edenred will hold an 83% interest in UTA.

Representing a total cash outflow of around €180 million, these transactions will have an accretive impact on net profit, Group share in 2018 and a non-material impact on the Group's net debt.

Edenred joins forces with Partech Ventures to explore the African market

Edenred announced in January 2018 that it was investing in the Partech Africa fund. With a target of raising €100 million, the fund invests in young, high-growth companies that are currently operating in Africa and involved in the digital economy. The investment serves to extend the Group's partnership with Partech Ventures, initiated in 2011, and strengthen its global innovation system.

Appointment to Edenred's Executive Committee

In February, Dave Ubachs joined the Group's Executive Committee as Executive Vice President, Digital and IT. For the previous five years, he held the position of Chief Information Officer at Staples Solutions, where he notably led the IT integration of 31 subsidiaries and developed the Group's main e-commerce platform.

Foncia chooses Edenred to optimize fund collection

In February, France's largest real estate management company Foncia teamed up with Edenred to provide customers with a simple, efficient way of transferring funds. The deal is part of the Group's commitment to developing payment solutions for businesses through the Edenred Corporate Payment offering, which will serve as an additional growth driver alongside Employee Benefits and Fleet & Mobility Solutions.

ADOPTION OF IFRS 15 AND IFRS 9 IN 2018

IFRS 15 and IFRS 9 are applicable since January 1, 2018.

The main expected impact of applying IFRS 15 will be to defer the recognition date for a part of revenue from Employee Benefits and Incentive & Rewards business. The 2017 comparative information presented in the 2018 financial statements will be restated in accordance with IFRS 15 and the transition impact will be recognized in opening equity at January 1, 2017. The restatement will permit direct comparison between 2018 and 2017 data. The Group does not expect the application of IFRS 15 to have a material impact on opening equity at January 1, 2017 (less than 6% of total equity) or on 2017 revenue and operating EBIT (less than 2% of annual revenue and operating EBIT). Details of the restated amounts will be provided in the first-quarter 2018 revenue release.

The main expected impacts of applying IFRS 9 concern:

- provisions for impairment of financial assets (especially commercial receivables): application of IFRS 9 will lead to provisions being recognized as soon as the instruments are originated;
- the March 2015 debt swap.

The analyses in the process of being finalized have not revealed any material impact of applying IFRS 9 on the classification and measurement of financial assets or on the hedge accounting method currently applied.

Subsequent events are presented in Note 3.5 to the consolidated financial statements, page 169.

2.3.2 RESULTS OF OPERATIONS FOR THE EDENRED PARENT COMPANY

2.3.2.1 Description of the business

As the Group holding company, Edenred SA manages a portfolio of equity interests, collects dividends from subsidiaries and drives the Group's development.

The Company owns a portfolio of brands, including *Ticket Restaurant®*, *Ticket Alimentaçao*, *Compliments*, *Childcare Vouchers* and *Ticket EcoCheque*, and earns revenues from licensing these brands.

It also provides services to other members of the Group regarding prepaid solutions, staff secondment, cash management and IT, as well as advisory services. These services are billed as a percentage of the subsidiaries' revenue and/or profit, as a flat fee or on a per-service basis. They are determined on arm's length terms.

(1) A provision in the amount of €247 million was set aside in Edenred's financial statements in the first half of 2017 for the put options held by UTA's minority shareholders. Following the process initiated by Hermes Mineralöl GmbH's announcement of its intention to exercise its put option, the Eckstein family will continue to hold a put option on the remaining 17% of UTA's share capital.

2.3.2.2 Significant events in 2017

Edenred SA is the subject of a tax audit covering the period 2014 to 2016. In December 2017, the French tax authorities notified the Company of a proposed reassessment of the tax paid in 2014. Edenred considers that it has solid arguments in its defense. Based on the opinion of its tax advisers, it believes that the chance of a favorable outcome is very good. Therefore, it has not set aside a related provision.

In 2015 and 2017, Edenred SA filed claims with the French tax authorities aimed at obtaining a refund of the 3% tax paid in the years 2013 to 2017 on dividends distributed to shareholders, representing a total claim of €21.5 million.

Following a decision handed down on October 6, 2017, France's Conseil Constitutionnel (constitutional council) ruled that the tax was unconstitutional. The Company therefore recognized an exceptional tax benefit, net of the tax paid in 2017, of €20.8 million in its 2017 financial statements, corresponding to the tax claims plus late interest for €2.6 million.

2.3.2.3 2017 results

Analysis of Edenred SA's revenue

The Company reported revenue of €51 million in 2017 versus €30 million in 2016, including all royalties and service fees earned in the normal course of business.

Service fees relate to services billed under the Master Services Agreement as well as IT services, the secondment of staff and various additional costs.

During the year, Edenred SA modified its transfer pricing methods, and the increase of €21 million in revenue is essentially the result of the new billing model used in 2017.

(in € millions)	**2017**	2016	% OF TOTAL
Service fees			
IT services	12	9	24%
Master Services Agreement	35	17	68.5%
Other	1	1	2.5%
Staff costs	3	3	5%
TOTAL	**51**	**30**	**100%**

Operating income (loss)

Other income, own work capitalized, reversals of depreciation, amortization and provisions and expense transfers together totaled €57 million in 2017 compared with €52 million in 2016. The increase of €5 million corresponds mainly to changes in brand licensing revenues as a result of the new transfer pricing methods implemented in 2017.

The Company ended the year with an operating loss of €11 million, versus a €24 million loss in 2016.

Operating expenses in 2017 amounted to €119 million compared with €106 million in the previous year.

Other purchases and external charges totaled €55 million in 2017 versus €46 million in the previous year.

Payroll costs amounted to €39 million in 2017 versus €34 million in 2016.

Depreciation and amortization of fixed assets totaled €4 million in 2017, unchanged from 2016.

Net financial income (loss)

Edenred SA recorded a net financial loss of €7 million in 2017, compared with net financial income of €213 million in 2016. This result can be partly accounted for by changes in dividends received from subsidiaries, and partly by movements in financial provisions.

Movements in financial provisions, for the most part provisions for impairment of shares in subsidiaries and risks related to subsidiaries, represented a net expense of €38 million. In 2017, this broke down into €54 million in write-downs of shares in subsidiaries and affiliates, €14 million in reversals of provisions for shares in subsidiaries and affiliates, and €2 million in reversals of provisions for receivables related to subsidiaries.

Movements in write-downs on shares in subsidiaries and affiliates included impairment losses of €15 million for Cestaticket, €11 million for Barclays Voucher, and €5 million for Edenred India, as well as a reversal of provisions for shares of €12 million for Surfgold Singapore. Reversals of provisions for risks related to subsidiaries consisted mainly in the reversal of a €2 million provision for Edenred South Africa.

Dividend income for the year totaled €45 million, versus €188 million in 2016. The largest equity interests paying dividends were ASM (€16 million), Edenred Spain (€15 million) and Edenred Brazil Participations (€9 million).

Internal loans granted to subsidiaries during the demerger from Accor in July 2010 were partially reimbursed in 2017, in accordance with the contractual amortization plan. This resulted in lower dividend payments from the subsidiaries compared with 2016.

Non-recurring items

Non-recurring items represented a net expense of €6 million for the year, compared with net income of €15 million in 2016.

This change was mainly the result of a €22 million reversal, net of impairment, of a provision in 2016 relating to damages from the Hungarian State due to a change in the regulatory and tax framework for the issuance of meal and food vouchers.

Income tax

Income tax amounted to a €29 million benefit in 2017, versus a €2 million benefit in 2016, mainly reflecting the refund of the 3% tax on dividends, as indicated in the section on significant events.

The Company reported a tax loss of €16 million in 2017, compared with taxable profit of €5 million in the previous year. Edenred SA and its eligible French subsidiaries were elected for the Group relief system governed by Article 223A of the French General Tax Code (*Code général des impôts*) on March 18, 2011. The election has been applied since the beginning of the 2011 tax year.

In 2017, Group relief of €7.5 million was recorded in Edenred SA's financial statements.

Edenred SA recorded a tax expense for the Group of €0.5 million, against which withholding tax credits were offset.

Net profit

Net profit for 2017 stood at €5 million (€5,291,840), compared with €207 million (€206,620,521) in 2016.

Non-deductible provisions for contingencies and charges and non-deductible expense accruals recorded in the balance sheet at December 31, 2017 totaled €13 million, versus €3 million a year earlier.

Edenred SA distributed €144 million (€144,104,866) in dividends for 2016, or €0.62 per share, giving shareholders the option of reinvesting 50% of the dividend in new shares. This resulted in the creation of 1,722,895 new ordinary Edenred shares, representing 0.74% of the capital. The total cash dividend, in an amount of €109 million, was paid on June 15, 2017.

The recommended ordinary dividend for 2017 has been set at €0.85 per share. Details of the proposed appropriation of earnings are provided in section 5 of the Registration Document.

Details of the positions and directorships held by the directors and of the Executive Directors' compensation are provided in section 3 on corporate governance.

INFORMATION ON SUPPLIER AND CLIENT PAYMENTS

	PAYABLES						RECEIVABLES					
	ARTICLES D.441-1-1E: INVOICES RECEIVED AND DUE BUT NOT SETTLED AT THE END OF THE PERIOD						ARTICLES D.441-1-2E: INVOICES ISSUED AND DUE BUT NOT SETTLED AT THE END OF THE PERIOD					
	0 DAYS (INDICATIVE)	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	MORE THAN 90 DAYS	TOTAL (1 OR MORE DAYS)	0 DAYS (INDICATIVE)	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	MORE THAN 90 DAYS	TOTAL (1 OR MORE DAYS)
Days late												
Number of invoices	4					126	31					503
Total amount of invoices (excl. VAT)	€790	€559,655	€298,252	€50,505	€2,537	€910,949	€873,010	€(6,705)	€12,535,321	€74,271	€9,863,481	€22,466,368
As a % of total purchases for the period (excl. VAT)	0%	1.34%	0.72%	0.12%	0.01%	2.18%						
As a % of revenue for the period (excl. VAT)							1.01%	0.01%	14.50%	0.09%	11.41%	25.98%
Invoices excluded – relating to contested or unrecognized payables or receivables												
Number of invoices excluded	None						None					
Total amount of invoices excluded	None						None					
Reference payment terms used (contractual or legal – Article L.441-6 or Article L.445-1 of the French Commercial Code)												
Reference payment terms used to calculate late payments	• Contractual terms: yes						• o Legal terms: No later than the last day of the month in which the invoice is received					
	• Legal terms: yes											

2.3.2.4 Non-deductible expenses

The aggregate amount of non-deductible costs and expenses referred to in Article 39 paragraph 4 of the French General Tax Code amounted to €200,788 for 2017 and the tax paid thereon was €69,131 (disclosure made in application of Articles 223 *quater* and *quinquies*, 39-4 and 39-5 of the French General Tax Code).

2.3.2.5 2017 business review

In 2017, the Company carried out its holding company activities.

During the year, the Company continued to apply its investment strategy of acquiring minority interests, generally through joint investments with other investment funds, in innovative projects offering significant growth potential in similar markets to the Group's businesses.

For this reason, Edenred SA continued to subscribe to capital calls for the four Partech funds in 2017, investing €3 million, and in new investments that are shown in the table below:

COMPANY	GROUP STAKE
ADD Working	15.14%

2.3.2.6 Transactions in Edenred SA shares

At December 31, 2017, Edenred SA held 1,197,252 of its own shares, representing 0.51% of the capital.

The Company's ownership structure is described in section 7.3.1 of the Registration Document.

On October 3, 2016, the Company signed a new liquidity contract with Exane BNP Paribas that complies with the AMAFI Code of Conduct approved by the French financial markets regulator Autorité des marchés financiers (AMF) on March 21, 2011. During 2017, under the liquidity contract, the Company:

- purchased 2,429,136 shares at an average price of €22.43 per share, for a total outlay of €54,487,430;
- sold 2,475,252 shares at an average price of €22.41 per share, for total proceeds of €55,458,387.

The resources credited to the liquidity account to fund these market-making transactions were, at December 31, 2017:

- €6,595,277 in cash;
- 23,172 Edenred shares.

2.3.2.7 Financing

On March 30, 2017, Edenred placed a bond issue of €500 million worth of 10-year 1.875% bonds.

The proceeds from the issue contributed mainly to repaying the €510 million 3.625% bond issue due in October 2017.

The bond issue extended the average maturity of Edenred's debt to 6.0 years from 4.4 years at December 31, 2016, and reduced its average cost of debt to 1.8% versus 2.5% at December 31, 2016.

Edenred has a well-balanced debt profile, with no major repayment obligations until 2025.

At December 31, 2017, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2022. This facility will be used for general corporate purposes.

On July 6, 2017, the maturity of the €700 million syndicated credit facility expiring on July 21, 2021 was extended by one year, in line with the option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until July 2022.

As of December 31, 2017, gross debt amounted to €1,725 million.

2.3.2.8 Relations with subsidiaries

Edenred SA holds direct interests of 50% and over in 40 companies. The most significant interests, in terms of value, are as follows:

- **Edenred France** (€464,966,992), a French company that issues meal vouchers and other prepaid service solutions to businesses in France.

In 2017, it posted revenue of €144,946,156 versus €151,175,247 in 2016, and recurring profit before tax of €44,710,464 compared with €68,110,579 for the previous year.

- **ASM** (€306,267,400), a French holding company;
- **Edenred Belgium** (€36,608,000), a Belgian company that issues meal vouchers and other prepaid service solutions to businesses in Belgium.

In 2017, it generated revenue of €42,397,010 versus €41,349,314 in 2016, and recurring profit before tax of €72,297,214 compared with €48,037,405 for the previous year.

The table below presents subsidiaries whose carrying amount in Edenred SA's balance sheet exceeds 1% of the Company's share capital:

SUBSIDIARIES AND AFFILIATES	CURRENCY	% INTEREST
Subsidiaries and affiliates with a carrying amount in excess of 1% of Edenred SA's capital		
Subsidiaries (at least 50% owned by Edenred SA)		
a) French subsidiaries		
Edenred France 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
ASM 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Edenred Corporate Payment 166-180 bd Gabriel Péri 92240 Malakoff	EUR	100%
Veninvest Quattro 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Veninvest Cinq 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Veninvest Huit 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Saminvest 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	60%
Veninvest Neuf 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Veninvest Onze 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Veninvest Douze 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
Veninvest Seize 166-180 bd Gabriel-Péri 92240 Malakoff	EUR	100%
b) Foreign subsidiaries		
Surfgold India PVT Ltd (Singapore)	INR	100%
Edenred (India) PVT Ltd (India)	INR	94.90%
Edenred Pte Ltd (Singapore)	SGD	100%
Edenred España SA (Spain)	EUR	99.99%
Cestaticket Services C.A. (Venezuela)	VEF	57%
Edenred Belgium	EUR	100%
Edenred Deutschland GmbH (Germany)	EUR	100%
Barclays Voucher Co, Ltd (Japan)	JPY	100%
Inversiones Dix Venezuela, SA	VEF	100%
Edenred Portugal	EUR	50%
Big Pass (Colombia)	COP	100%

The other subsidiaries and affiliates are presented in Note 24 to the parent company financial statements.

2.3.2.9 Ratios

None.

2.3.2.10 Risk factors

The main risk impacting the Parent company is the liquidity risk as described in section 2.2.1.3.5.

2.3.2.12 Research and development activities

None.

2.3.2.13 Subsequent events

There have been no significant events since December 31, 2017 at Edenred SA.

2.3.2.14 Developments and outlook

Edenred SA will pursue its holding company activities in the coming years.

2.3.2.15 Change in investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are presented in Note 6 to the parent company financial statements in section 4.4, page 246.

2.4 CORPORATE SOCIAL RESPONSIBILITY

Edenred is driven by a deep commitment to making people's lives easier and companies more efficient.

As we transform our business, enabling every employee to embrace this commitment is one of our corporate project's key success factors. The Human Resources function plays a key role in supporting our teams in this change process and in creating the stimulating, learning environment they need to invent the future.

Edenred's solutions have long been built around an employee-led social responsibility commitment. Our *Ticket Restaurant*® meal voucher, for example, was invented to address a social issue by encouraging French employees to take a lunch break, thereby improving sanitary conditions and limiting the use of lunchboxes in the workplace. Today, our "Ideal" program is demonstrating this commitment in three areas: healthy eating habits, environmental stewardship and local community development.

In accordance with France's Grenelle II Act on Corporate Social Responsibility (CSR), this chapter is organized into three sections covering social, societal and environmental aspects. Human Resources polices are described in the first section on social responsibility.

GOVERNANCE, ORGANIZATION AND DEPLOYMENT OF THE CORPORATE SOCIAL RESPONSIBILITY APPROACH

Edenred has created an effective organization and governance system to disseminate its Corporate Social Responsibility approach throughout all levels of the Group.

This organization leverages two global networks: the Human Resources (HR) correspondents network and the CSR correspondents network. These networks are tasked with deploying HR and CSR policies and leading local action plans.

Coordination is centralized by the Human Resources and Corporate Social Responsibility Departments. HR and CSR roadmaps are developed in collaboration with the subsidiaries to apply global objectives to each subsidiary and to meet each country organization's specific needs.

The HR and CSR networks operate in a collaborative approach, in line with Edenred's multi-local culture. This approach includes:

- regularly scheduled sessions to share best country practices, common tools, general topics that apply to every country and external news;
- an internal collaborative web platform named Bubble. The CSR and HR networks each have their own virtual community in which members can communicate directly through a forum and a blog; share best practices, tools and methodologies and organize events;
- regular internal communication that helps disseminate the overall approach.

In addition to the HR and CSR correspondent networks, Edenred's CSR policy, as validated by the Executive Committee, is cascaded to:

- senior managers, mainly through presentations given at Group events, during regional or support function seminars, or *via* the managers' newsletter;
- all employees, through information published Group-wide or on the collaborative intranet, or *via* events, newsletters or blogs;
- external stakeholders, who receive information on Edenred's CSR policy and main projects via the Group's website, Registration Document, annual brochure and news releases.

METHODOLOGY

Social, societal and environmental indicators

Edenred redefined its social, societal and environmental indicators in 2012 to bring them into compliance with the obligations set out in France's Grenelle II and Warsmann IV Acts. The indicators are based to a great extent on the Global Reporting Initiative (GRI) and the United Nations Global Compact, signed in 2016. Cross-reference tables with Article 225 of the Grenelle II Act as well as the GRI indicators are available on page 315.

Reporting scope

For social data, the scope of reporting is exactly the same as the scope of consolidation for financial data. Reported data cover every subsidiary, regardless of legal form, host country or size.

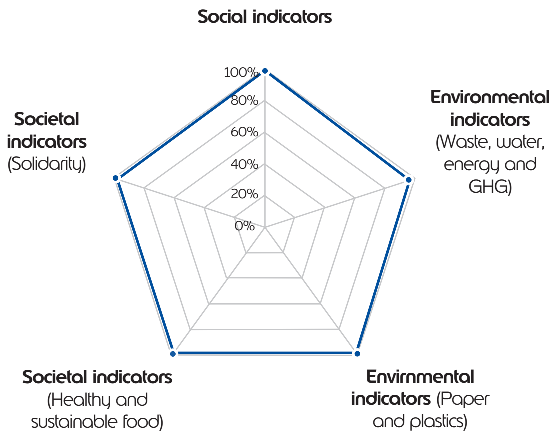
In the case of societal and environmental data, the number of reporting units has been steadily expanded over the years, to a total of **38** of the Group's **45** host countries in 2017. The **seven** remaining subsidiaries are either too small to provide meaningful environmental and societal data (fewer than five employees each), or joined the Group after January 1, 2017. Environmental consumption data (water, energy and waste) were collected and consolidated for the main sites (subsidiary headquarters, production site and branches with more than 50 employees).

Joint ventures in which Edenred has a majority interest are fully consolidated, with the exception of those that were formed during the year.

Coverage of the Grenelle II scope of reporting by 2017 HR and CSR data

The scope of reporting for social and societal information covers the Group's total workforce. Fully **97%** of the employees are covered in the scope of reporting of environmental consumption data consolidated for the main sites and **99%** for other environmental data (resources, paper, plastic etc.) as presented below.

% OF AVERAGE ANNUAL WORKFORCE COVERED IN 2017



Collection and reporting of HR and CSR data

In recent years, the HR and CSR data collection and reporting process has become more reliable and secure thanks to its integration into the information system used for financial consolidation. Under the current process, every year data are collected by a local HR and/or CSR correspondent and then inputted and validated locally in FIRST, the financial information system used to prepare the consolidated financial statements. They are then consolidated and checked for consistency by the corporate HR Department (social data) and CSR Department (societal and environmental data). The reported data are used to update the HR and CSR indicators, which are sent to the correspondents and country chief executives to provide comparative data analysis by region and support the implementation of action plans.

2.4.1 SOCIAL DATA

As our most valuable asset, people have been a core component of Edenred's growth strategy over the past 50 years. They embody the pioneering spirit that has driven our success, demonstrating every day their ability to take action and deliver superior performance.

In today's changing environment, Human Resources policies and managerial practices are powerful tools for providing structure, encouraging engagement and motivating our teams. Edenred adheres to a set of five shared values, which apply to all employees across the Group. They were revamped in 2017, in collaboration with 200 employees from around the world.

Edenred's values

Passion for customers

"Employers do not pay the wages, customers do. The more we engage with companies, employees and merchants, the clearer their needs become, and the simpler it is to determine the changes we should be making. We will not stop improving every last detail of everything we do until 100% of our customers insist that their friends do business with us."

Respect

"True business excellence can only be achieved with respect. We are respectful towards our customers, by being pro-active, accountable, and honest; to our colleagues, by expressing gratitude and recognition; to our shareholders, by using the resources they put at our disposal efficiently; and to society, by promoting products and services that create value for all stakeholders."

Imagination

"Imagination stimulates the desire for innovation, and gives rise to progress. We recognize this, and so we put our own imagination to work, generating inspirational ways to connect companies, employees and merchants, for the working world of today and tomorrow."

Simplicity

"Our customers want their interactions with us to be simple and easy. We know that it is hard to make things simple. This is why we always make sure to promote simplicity in everything we do, and transparency in everything we say."

Entrepreneurial spirit

"Our entrepreneurial spirit drives growth, instills our pioneering soul in the new business territories we want to explore, strengthens our local empowerment, and makes us focus relentlessly on operational excellence."

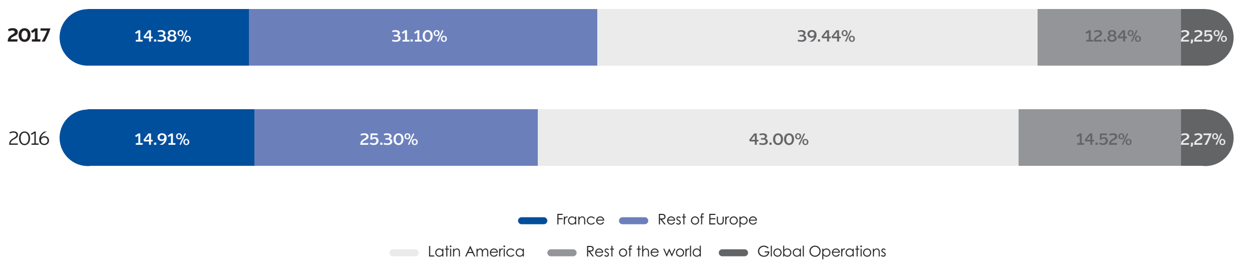
2.4.1.1 Key figures

2.4.1.1.1 Human Resources data at December 31, 2017

At December 31, 2017, Edenred employed **7,782** [(1)] people in its subsidiaries around the world, representing an increase of **7.6%** from December 31, 2016 (current scope).

Workforce by region

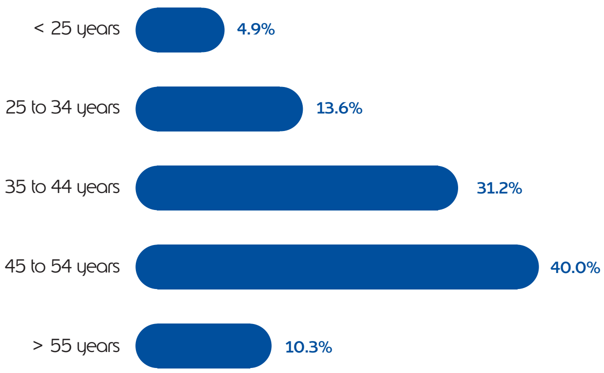
The diversity of geographical locations reflects our internationalization, with **83.4%** of employees working outside France at the end of 2017.



(1) *Number of individuals on the payroll at December 31, 2017.*

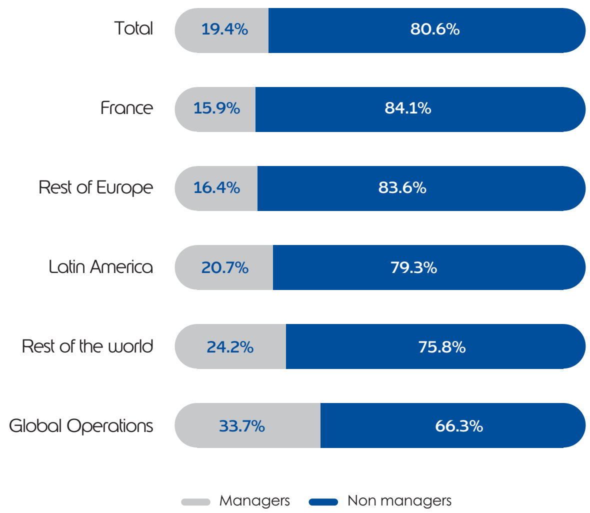
Workforce by age

A total of **50.3%** of employees are under 35.



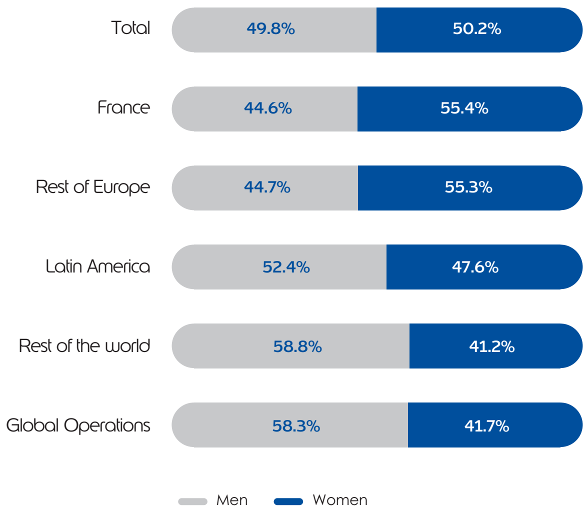
Workforce by job category

A manager is defined as an employee who manages others and/or has a high level of responsibility within the organization. At December 31, 2017, managers accounted for 19.4% of the Group workforce, as follows:



Workforce by gender

At December 31, 2017, women accounted for **50.2%** of the workforce, as follows:



2.4.1.1.2 New hires and departures in 2017

In 2017, the Group hired **2,769** new employees [1], of whom 36.7% were in Latin America, 37.5% in Europe (excluding France), 14.1% in France, 9.9% in the Rest of the World and 1.8% in Worldwide Structures. A total of 66.4% of these people were recruited from outside and hired with a permanent contract, while 17.5% came onboard as part of a transfer of business following the acquisition of subsidiaries.

Over the same period, **2,226** people [2] left the various subsidiaries, mostly (55%) due to resignation, expiration of temporary contracts, uncompleted trial periods and retirement. Terminations accounted for 37.6% of the total, and **86.5%** of those were individual dismissals.

2.4.1.1.3 Working hours

In every host country, Edenred operations comply with local legislation on maximum weekly working hours.

In 2017, 95.3% of employees had permanent contracts and 95.3% worked full time.

2.4.1.2 Main Human Resources policies and 2017 outcomes

Human Resources policies are designed to support the Group's operating strategy and ongoing transformation.

Each policy is applied locally, taking each unit's size, history, culture, circumstances and regulatory environment into account. The Group Human Resources Department coordinates the sharing of best practices with the country organizations through the network of Human Resources correspondents.

This pragmatic approach is designed to develop a consistent set of common principles worldwide, so as to support the fast expansion of our business operations. It also maintains the units' agility, a key driver in our multi-local organization.

Human Resources initiatives and policies are built on four pillars:

- employee attraction: implementing a talent acquisition program, reviewing the Edenred employer brand and improving hiring and new employee onboarding processes;
- professional development: employee training, performance appraisals and career management;
- recognition and compensation: compensation and employee benefits, mobility and *ad hoc* recognition program;
- workplace environment: "Best Place to Work" program, social dialogue, health and safety, and diversity.

Country HR teams are responsible for locally implementing Human Resources principles and complying with national labor practices and legislation.

Human Resources highlights of the year

International mobility: continued posting of international job openings to encourage cross-border employee mobility.

Sustained progress toward the **Well-Being at Work** objective, with **89.5%** of employees working in a subsidiary involved in the initiative. Details are provided on page 85.

Expansion of the **Group's talent programs**, with the implementation of the "Edenred Executive Academy" in partnership with HEC Paris Executive Education and the "Edenstep" graduate program.

Redefinition of the **Group's core values** with the commitment to making each employee their daily ambassador.

Rollout of **HR policies** to the entire HR community in order to standardize processes.

2.4.1.2.1 Employee attraction

The goal of this pillar is to attract talent with the skills – or the ability to acquire the skills – that Edenred needs to continue to grow. The related HR policies are designed to attract talents among young graduates and more experienced professionals alike. The Group strengthens its employer brand through such programs as "Edenstep", by optimizing processes and successfully onboarding new employees.

Hiring for the long term

In 2017, Edenred hired a total of **1,840** employees on permanent contracts to support its business development. The hiring of new employees is seen as a critical process, and is managed rigorously. Internal policies ensure compliance with the principles of non-discrimination and diversity so that the recruitment process takes place without any form of discrimination.

Before starting an external search, country organizations first look at internal mobility paths. This is because our small, local organizations need to foster internal mobility among employees to enable them to grow, in terms of skills, agility and employability, and to retain talent.

2.4.1.2.2 Professional development

Onboarding new employees and helping them find their place

As the first steps in any new company are key, Edenred subsidiaries pay particularly close attention to welcoming new employees into their teams. Most of them have set up onboarding programs that help new employees quickly find their way within the organization and discover Edenred's culture and specific atmosphere of friendliness, sharing and simplicity.

(1) Excluding internal promotions and transfers, merged subsidiaries and conversions of temporary contracts into permanent contracts.

(2) Does not include promotions or transfers, conversions of temporary contracts into permanent contracts or any long-term leave that may cause a work contract to be suspended but not terminated.

Depending on the position and the host country's local environment, several onboarding programs are available, including:

- collective onboarding sessions that give several new employees the opportunity to learn about the Group's history and strategy, the host country's specific features and Edenred's mindset and operating procedures;
- one-on-one meetings with key people related to the employee's position.

Other initiatives may be organized before or after these onboarding days:

- welcome booklets, to offer new hires practical information and on-the-job guidance. The Group welcome booklet, for example, was updated in 2017 and distributed in every country organization;
- the announcement of new arrivals to all employees by email;
- feedback sessions with the Human Resources Department and/or the line manager after one month, three months and six months (in Mexico, for example);
- mentoring programs that team a newcomer with a more seasoned employee, for example in Germany and Romania or in the case of interns hired under France's Volunteering for International Experience (VIE) program;
- immersion programs that offer new hires the opportunity to get to know Edenred better by spending time in an operations department, for example in Bulgaria, where every new employee spends a week in a sales team.

Offering high-quality training programs while meeting the Group's organizational and operational needs

Supporting employees' growth and skills enhancement is crucial for:

- promoting the Group's strategy, notably in the stepped-up transition to digital solutions and in the development of new solutions;
- improving team members' employability, by developing their expertise and fostering their personal growth.

Training is a key part of every HR initiative at Edenred. In 2017, **6,507** employees (or **83.6%** of the workforce) participated in at least one training course during the year. In other words, every employee on payroll at December 31 had attended nearly **17** hours of training on average in 2017 [1]. Complete data on training are provided on page 89.

Every employee on payroll on December 31st had attended nearly 17 hours of training on average in 2017.

6,507 employees attended at least one training course in 2017.

83.6% of the headcount.

All Edenred employees may participate in training, provided that the courses correspond to their unit's strategy and needs and match their personal development objectives. Most of the country organizations have a structured training plan, aligned with the Group's key training principles and growth strategy, and tailored to the local situation.

Training is generally managed at local level, in fitting with our multi-local culture. To supplement this, some training programs are managed and/or initiated at the Group level.

Local training programs

Subsidiaries' training programs focus on the local needs of the various professions and on short- and medium-term objectives, while sustaining a common foundation for the Group's values and general knowledge of the Group and its strategy. The priorities in 2017 were to:

- enhance marketing, technological and functional expertise, with:
  - training for sales and marketing teams (Sweden, Hungary, Spain and the United States),
  - product training: in Brazil, partnerships were established with business schools to accelerate the upskilling of our sales teams,
  - project management: training in the SCRUM methodology, Service Design and Design Thinking in Mexico, and an introduction to the Agile method at PPS,
  - new information technologies,
  - customer relationship management: in France, the sales skills framework was updated in line with the "360 degree sales" approach, and in Spain, customer service training was introduced;
- strengthen managerial capabilities, for example *via* the appointment of dedicated skills coaches in the Czech Republic, Hungary and Bulgaria;
- provide language training;
- raise employee awareness about best practices with respect to compliance, risk management, information security, business continuity and sustainability. In Brazil, such training programs are mandatory for all new hires and can be accessed *via* the "Edenred Academy" online platform;
- encourage knowledge sharing, with dedicated seminars at PPS and corporate headquarters.

Programs may be conducted by internal experts or by outside organizations, using a variety of methods, including classroom teaching, knowledge sharing and e-learning modules.

Group training programs

In addition to local programs, a number of training initiatives are conducted at Group level to support global strategic priorities. In 2017, focus areas included:

- **training concerning strategy and the development of new solutions:** Edenred offers digital transition training for all of the subsidiaries. Introduced in 2010 for country chief executives, support function executives and developers, this training supports the deployment of digital solutions in every region and fosters innovation. So far, more than

(1) *Hours of training corresponds to the total hours of training (classroom and online) undertaken by employees in all Group subsidiaries, except in two Brazilian subsidiaries (Ticket Log and Ticket Serviços) for which only online training hours are included.*

1,700 employees have participated in the program. In 2017, training and working sessions with the country organizations focused primarily on:

- electronic banking and innovative payment systems,
- mobile solutions,
- professional mobility solutions.

Appraising employee performance

Appraising employee performance and skills plays an important role in HR processes. Mandatory for all employees, regardless of their job level, performance reviews are conducted at least once a year, generally between December and March. Subsidiaries in some countries, such as Japan, Austria, Poland and Mexico, also carry out mid-year reviews.

To improve stakeholder buy-in, some subsidiaries have created performance management training courses for managers or employees. Operations in Mexico and Romania, for example, have developed specific training sessions on performance reviews.

After collecting the individual reviews, the HR function devises its training plan, adjusts salaries in agreement with management and tracks career and skills development aspirations.

2.4.1.2.3 Employee motivation

Our **7,782** employees are helping to drive the Group's transformation. Engaging their full potential is a key factor in driving our success and a shared ambition in every country organization.

Offering motivating career paths

At Edenred, there are no standard career paths, and employee mobility is primarily managed locally. In keeping with the Group's entrepreneurial spirit, each employee is encouraged to actively manage his or her personal growth and career development. Our ongoing transformation and agile organization are constantly offering employees new opportunities. In many countries, especially where our operations are small and fast growing, employees have many different responsibilities, thereby enhancing their cross-functional capabilities.

Whenever the required skills are available in-house, promoting from within is preferred to outside recruitment. At corporate headquarters in France and in some other countries, such as India, Belgium and Poland, vacancies are advertised internally, a practice that is now being extended to other subsidiaries.

To encourage cross-border employee mobility, an online job posting was rolled out in 2017, listing vacancies potentially suitable for international candidates.

In the United Kingdom and several other countries, an Internal Recruitment Charter is helping to ensure that employees have the same chances of being hired as outside candidates. Similarly, Edenred United Kingdom runs a "short-term assignment" program whereby an employee is seconded to another team for three months in preparation for a potential transfer or promotion. Edenred International's Internal Audit Department runs a "guest" program that gives employees from corporate headquarters or the country organizations the opportunity to participate in short-term audit assignments that let them discover new professions and new working environments, while learning about the best internal control practices in place across the Group.

Some countries, like Italy, India, China and the United Kingdom, have facilitated gateways between jobs for some functions (IT and sales teams in particular). These gateways provide openings for possible moves from one level or type of position to another.

International career management is handled at the corporate level, and positions ranked executive and higher are monitored by the Executive Committee.

Managing talent and preparing the future

Two programs co-exist at the Group level for managing high-potential talent:

- Talent Week, which is aimed at Group employees with between five and ten years of professional experience and recognized commitment and potential. It gives participants a better understanding of Edenred's strategy, instills a shared knowledge base and helps them build an international network;
- the Edenred Executive Academy, which provides the opportunity for high-potential employees from across the Group to prepare for future career development, by improving their leadership and personal development and gaining experience in business development, among other things.

The Executive Committee is involved in preparing and leading these programs.

Some country organizations, such as Brazil, Slovakia and the United Kingdom, have set up local initiatives to develop talent identified in-house. These programs often comprise external components, such as assessment and development sessions, appraisal days, personality tests, and leadership, management and communication training modules, and/or internal training modules.

One of their key success factors is the involvement of the local Executive Committee.

In 2018, Edenred will enhance its ability to identify and monitor talented and high-potential employees in all countries by implementing a talent review process across the Group.

2.4.1.2.4 Recognition and compensation

At the Group level

Each year, the Ewards recognize employees whose performance, work and commitment have helped make Edenred a preferred partner for its stakeholders. Eward winners are selected from among the entire workforce, up to the executive level. The Group Executive Committee makes the final selection, attesting to the importance the Group places on the Ewards.

Since the Ewards system was created in 2011, 104 employees worldwide and 20 project teams have been honored for their outstanding achievements.

At the regional or local level

In Latin America, Asia and Europe, employee recognition programs have been in place for many years. By rewarding exceptional individual and team achievements, they help improve customer relations, drive innovation and foster internal cooperation. The Asia-Pacific region, for example, created the Eagles Awards in 2011 to recognize top performers.

Edenred United Kingdom's benefits platform now includes an e-recognition module that lets employees nominate co-workers whose performance particularly reflects Edenred's values. Local management selects excellence award winners from the list compiled online.

Across the Board, subsidiaries make a point of recognizing employees who have given five, ten and fifteen or more years of service to the Group. Local ceremonies are organized to celebrate these individuals, who receive monetary awards or Edenred solutions depending on their seniority.

Providing fair compensation and benefits

Compensation

Both global and local compensation policies are designed to recognize employees for their individual engagement and contribution to the Company's growth. They are structured to ensure that individual and collective objectives are effectively aligned with the Group's strategy and support its deployment.

Fixed pay raises are determined in relation to the local environment, particularly the applicable labor legislation. The principles shared across the Group are based on individual performance, taking into account:

- proficiency and initiative for a given job;
- the job's positioning as compared to internal and external benchmarks.

Depending on the managerial level or type of position, employees may be eligible for an incentive bonus, whose target amount is set according to the job grading. The amount granted is determined on the basis of the employee's performance during the year, as measured against the objectives mutually agreed upon with the employee during the prior year's performance interview.

Total gross payroll stood at **€252** million [1] in 2017, up **17.6%** from the year before. Europe (including Worldwide Structures) accounted for **61.4%,** Latin America **27.3%** and the Rest of the World **11.4%.**

Edenred solutions and services

Employees are our main ambassadors and promoters. As such, they benefit from solutions and services offered in their country of employment, in compliance with local legislation and within locally defined limits.

These services and solutions, which vary from country to country, aim to:

- make life easier: *Ticket Restaurant®*, *Ticket CESU*, *Ticket Alimentación*, *Ticket Car, Childcare Vouchers, Ticket Duor, Wellness Benefits*, etc.;
- motivate and reward: *Shopping Card, Ticket Kadéos, Ticket Compliments*, etc.;
- manage professional mobility: in the course of their duties, some managers and sales employees use Edenred's solutions to manage professional mobility. In Mexico, thanks to *Ticket Empresarial,* managers no longer have to pay business expenses upfront (within a certain limit).

In some countries, such as the United Kingdom, Czech Republic and Slovakia, employees can select the benefits that best suit their needs *via* a dedicated web platform. These so-called "flex" or "cafeteria" systems offer the opportunity to save, invest in retirement funds, and use Edenred solutions or travel allowances.

Profit-sharing programs

Edenred has different ways of giving employees a stake in consolidated net profit depending on the local environment. A few subsidiaries, such as the Brazilian subsidiary and ProwebCE in France, have profit-sharing plans.

Quite frequently, a percentage of the annual bonus is linked to the subsidiaries' earnings. The percentage varies by country and job category, with bonuses granted sometimes only to local management, and sometimes to all employees.

France

Employees of the parent company and Edenred France are given a stake in consolidated net profit through the Group's statutory profit-sharing agreement. The funds, calculated on the basis of the Company's net profit, are set aside in the Special Employee Profit-sharing Reserve for deferred payment.

To strengthen cohesion beyond the unit level and enhance the sense of co-destiny among employees of the two French units, a Group agreement was signed in November 2010 and renewed in 2013 to create a single, pooled Special Employee Profit-sharing Reserve. The amount of profit-sharing bonuses varies on the basis of net profit, shareholders' equity, wages and value added.

Independently of this pooled agreement, the Group's French companies (parent company and French subsidiary) have each signed discretionary profit-sharing agreements aimed at giving employees a stake in their company's performance by rewarding them with an across-the-board bonus, based on meeting the performance target specified in the agreement. A new three-year agreement was signed in June 2016 at corporate headquarters. In 2017, an additional discretionary bonus with respect to 2016 was exceptionally paid to Edenred SA employees, which was based on the same criteria as the standard bonus but whose maximum amount varied depending on employee seniority.

Employee savings plans

Edenred supports employee savings with a number of plans.

Employees of Edenred International and the French subsidiary, for example, can invest in securities and money market instruments held in a Group Savings Plan. Edenred encourages this type of saving by offering a matching contribution.

(1) Includes base fixed pay and all bonuses and gratuities paid to employees under permanent contracts.

Since December 2011, Edenred International and Edenred France employees can also invest in a PERCO retirement savings plan.

Similar plans with employer contributions have been set up to supplement mandatory pension systems in some countries like Brazil. Lastly, Edenred Japan, Mexico, Venezuela, Colombia and other countries have introduced employee savings systems.

Edenred Solidarity Fund

In early 2015, Group management and the employee representatives of Edenred France and the parent company signed an agreement setting up a Solidarity Fund to provide financial assistance to employees of the two units who find themselves in need. Eligible employees may receive support in the form of donations or loans, depending on the situation. Each case is reviewed by a committee comprising an employee representative and a management representative from each unit, who must decide unanimously to grant or reject the requested support.

Share-based payments

Performance shares are awarded annually to key executives and top talents, representing around 326 grantees worldwide in 2017.

The plan period is three years.

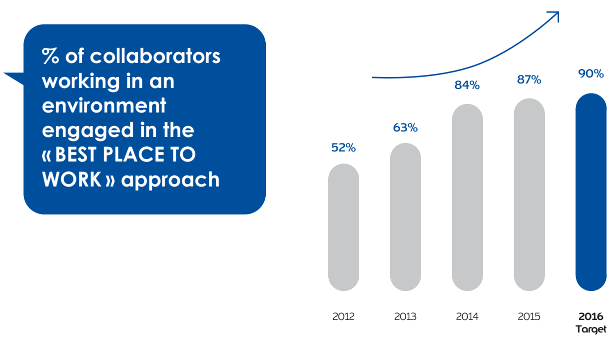
Performance criteria are measured over three years for each of the three indicators: growth in business volume, funds from operations before other income and expenses (FFO) and Edenred's total shareholder return (TSR) compared with the TSR of SBF 120 companies (see the "Corporate Governance Report", page 111).

2.4.1.2.5 Workplace environment

Being a "Best Place to Work"

High performance and well-being are part of Edenred's commitment towards both customers and employees. Improving quality of life in the workplace is therefore a key deliverable for the Group. For this reason, Edenred pays close attention to employee well-being, health and safety as part of the commitment shared by all of the subsidiaries to be engaged in a "Best Place to Work" initiative.

Our "Best Place to Work" ambition



The "Best Place to Work" program is supported by the Executive Committee and draws on quality of worklife surveys conducted in each country to measure such criteria as work-life balance, empowerment, quality of management and communication. The findings are analyzed and used to devise action plans led by management and the local HR team.

At end-2017:

- **28** units had earned or were working toward quality of worklife certification;
- nearly **90%** of employees worked in an environment that had earned or was actively involved in earning quality of worklife certification.

Some subsidiaries prepare for their certification drive by conducting an initial employee satisfaction and engagement survey.

Promoting a satisfactory work-life balance

Edenred is committed to developing a positive work-life balance through a number of initiatives that vary by geography:

- flexible working hours, as in Sweden, Finland and the United Kingdom. In Germany, for example, the subsidiary offers significant flexibility with 22 different worktime arrangements. At PPS, policies are in place to manage flextime and telecommuting arrangements;
- part-time work, which is encouraged by the Austrian and Slovakian subsidiaries, especially for employees with young children;
- concierge services that can handle some private tasks for employees during their working hours;
- benefits to promote employee well-being, such as gym and dance classes, healthy eating and balanced diet workshops;
- support for parents:
  - at the birth of a child, with new baby bonuses in Austria, incentives to take paid parental leave beyond the legal minimum at PPS and "Keep in Touch Days" in the United Kingdom,
  - for childcare, with:
  - the distribution of Edenred childcare solutions to employees (*e.g. Childcare Vouchers* in the United Kingdom, *Ticket Junior* in the Czech Republic, and *Ticket CESU* in France),
  - offices designed with an area to welcome employees' children when they are ill or need temporary childcare (Mexico and Germany),
  - a "Moms and Dads" program in Italy to support women returning from maternity leave and expert help in identifying the most appropriate childcare solution.

Acting as a responsible employer and promoting diversity

Diversity is a source of value and performance. The Group's Charter of Ethics reaffirms its commitment to forbidding any form of discrimination with regard to gender, age, family situation, origin, sexual orientation, physical abilities, or membership in a political, religious or labor organization. Decisions with regard to hiring, promotion, training and compensation are based solely on the individual's capabilities, skills and experience.

A diverse workforce

Edenred is a multi-local company deeply committed to nurturing its multicultural diversity, which it sees as a source of strength and a valuable asset. Edenred subsidiaries operate in very different and complex markets, and the diversity of the workforce reflects the geographic diversity of the Group's customer base.

This is why the concept of equal opportunity is intertwined with the principle of fairness that underpins the Human Resources process. In this way, all employees demonstrating the same levels of performance, ability and engagement are guaranteed the same possibilities of success, regardless of age, gender, disability, religion or other factors. To demonstrate this commitment to respecting differences, a variety of agreements have been signed, backed by targeted action plans, which are being diligently applied in hiring, training, mobility, promotions and every other Human Resources process. Edenred United Kingdom, for example, has developed a policy designed to ensure that employees are hired, promoted, trained and generally treated on the basis of their skills and aptitudes alone, without regard to gender, country of origin/nationality, religion, age or other factor. As a major stakeholder in this policy, management is responsible for combating all forms of discrimination on a daily basis and raising employee awareness about the seriousness of discriminatory behavior, which can lead to disciplinary action.

Gender equality

At end-2017, women accounted for **50.2%** of employees worldwide and held **38%** of management positions. Different types of initiatives have been taken by the subsidiaries to promote gender equality:

- formal policies to eradicate discrimination and promote gender equality, implemented for example in the United States and the United Kingdom;
- agreements on workplace gender equality, such as the one signed by Edenred France, which reaffirms the principles of respect for equal opportunity between men and women at all stages of their careers. It includes initiatives to eliminate roadblocks for women at Edenred, as well as measures to facilitate more equal sharing of childcare responsibilities. The intergenerational contract, which came into force in early 2014, was abolished by the French government during the year. However, Edenred has decided to honor its existing commitments and remains committed to ensuring a gender balance and maintaining employment levels for young people and older workers.

Integrating and retaining people with disabilities

Edenred took an assertive stance in this area by signing an initial Group agreement in 2012 (applicable in the French subsidiaries and the parent company) to hire and retain people with disabilities. At the end of 2017, it reaffirmed its commitment by signing a new three-year agreement that includes not only a plan to hire people *via* a variety of recruitment channels but also a plan to keep people in employment, as well as training, communication and awareness initiatives. The agreement also includes a plan to strengthen collaboration with sheltered workshops, under which Edenred will work with more people recognized as having disabilities.

More broadly, the subsidiaries demonstrate their commitment to integrating and retaining people with disabilities in a number of ways, aligned with each country's specific characteristics:

- the direct hiring of **92** people with disabilities, in a large number of subsidiaries, for example in Turkey, China, Sweden and Slovakia. In addition, Edenred Belgium renewed its partnership in 2017 with Prorienta, a dedicated job training center;
- the indirect hiring of people with disabilities, for example at Edenred Spain, Edenred France and corporate headquarters for various services, and Edenred Italy, in accordance with an agreement signed with the Milan province to integrate employees with disabilities through an outside company;
- the design and/or upgrading of workplaces to make them accessible to people with disabilities;
- a dedicated team has been set up for the French subsidiaries with identified internal correspondents who are responsible for developing partnerships with recruitment organizations and sheltered workshops, creating a purchasing policy, ensuring the continued employment of employees recognized as having disabilities, and organizing employee information and awareness sessions on disability issues;
- a plan to retain disabled Edenred France employees by upgrading their workstations with hearing devices, ZoomText magnifiers for the visually impaired, and a number of other ergonomic adjustments;
- a plan to support clients, merchants, beneficiaries and other stakeholders in France, with the introduction of an innovative system for making all of our solutions accessible to the hearing impaired;
- training of Edenred France sales people in the Group's disability policies;
- communication and educational initiatives for Edenred France employees, focused on digital accessibility:
  - participation in the National Disability Week, with the goal of presenting disabled employment as an equal opportunity issue, with a focus on digital accessibility as a means of retaining disabled employees,
  - participation in the European Disability Employment Week, where Edenred won first prize in the first Hackathon organized by the ADAPT organization around the theme of "uniqueness as an innovation driver",
  - update of the customer relationship platform to make it accessible to people who are deaf and hard of hearing (Elioz).

Older employees

Edenred International made a commitment in late 2010 to promote the hiring and retention of older employees. This commitment was formalized in a three-year agreement, in compliance with legal obligations, that features a pledge to maintain the number of employees over 55 at a minimum of 4.5% of the total workforce at corporate headquarters. A number of initiatives have been taken to support this measure, notably in the areas of hiring, career planning, working conditions, skills development, end-of-career transitioning and knowledge and skills transfer. A similar action plan has been deployed throughout the French subsidiaries.

In 2014, employee representatives from parent company subsidiaries signed an intergenerational contract. Despite the decision of the French government to abolish the obligation at the national level, Edenred decided to honor its commitments in 2017. Under the agreement, the Company commits to increasing the hiring rate of people under 26 by two percentage points and to preserving the proportion of employees aged over 45. Employees aged 55 and over may scale back their workweek to 80% while still retaining the same basis of assessment for their pensions as when working full-time.

Fostering social dialogue

At Edenred, social dialogue covers the full range of negotiation and consultation procedures, as well as the simple exchange of information between employee representatives and management. All of the social advances achieved since July 2010 demonstrate the importance of social dialogue as a key success factor. Representative bodies have been set up in most Edenred subsidiaries (except small units), providing a crucial foundation for the social dialogue process. Three levels of social dialogue are in place within the Group.

Social dialogue at the national level

The progress in employee relations in the various subsidiaries attests to vibrant social dialogue with union and employee representatives. In all, **63.3%** of employees work in units with employee representative bodies and **57.4%** are currently covered by a collective agreement.

In 2017, **55** such agreements were signed in subsidiaries on a wide variety of issues, including wages, profit sharing, intergenerational agreements, working hours and workplace health and safety. Among those agreements, seven focus specifically on health and safety.

Social dialogue at the Group level in France

Because Edenred France and Edenred International employees work so closely together in the same building, management and employee representatives have agreed on the need to create a Group Works Council on the basis of the various works councils in place within each unit. The agreement specifies that the Group Works Council's role is not the same as that of the unit works councils, which have their own specific objectives and resources.

Created by a collective agreement in 2011, the Group Works Council comprises seven representatives from the works councils of Edenred France and Edenred International. Its role is to address all of the issues pertaining to the Group's operations and its financial, business and labor situation, as well as its strategic vision and objectives. It met twice in 2017.

Social dialogue at the European level

Employee representation at the national level varies from country to country. Because the Group is convinced that quality dialogue at the European level will help develop a Europe-wide mindset and shared sense of belonging, a European Works Council has been created. A special negotiating group with representatives from 13 European countries has been formed and met in July 2014 to negotiate the terms under which the European Works Council would operate, the scope of its responsibilities and the procedures for European dialogue. The agreement on the European Works Council was signed in September 2014. The European Works Council's mission is to balance the Group's interests with employees' interests in a constructive manner by addressing all cross-border issues (*i.e.*, concerning at least two countries) in an even-handed spirit of discussion and dialogue. It meets once a year, in July in the case of 2017. It consists of four representatives and is chaired by the Executive Vice President, Human Resources.

Promoting workplace health and safety

In line with Edenred's ambition to be a "Best Place to Work", on-the-job risks – including psychosocial risks – are integrated in the development plans. The guiding principle is to ensure that employees have a safe, healthy workplace in which they can perform effectively. The subsidiaries adapt this principle in accordance with their needs, local practices and legal and regulatory framework. Local initiatives focus on three key areas: preventing occupational risks, preventing psychosocial risks and providing healthcare coverage.

Complete data on health and safety are provided on page 89. Note in addition that Group-wide, in 2017 there were five cases of certified occupational illness resulting in at least one day of lost time, 34 occupational accidents resulting in at least one day of lost time, and 30 commuting accidents resulting in at least one day of lost time.

Preventing occupational risks

Edenred works closely with existing Health, Safety and Working Conditions Committees (CHSCTs) to implement its policies. Many country organizations have a CHSCT or similar organization. Training and employee awareness programs have been set up and experts visit sites to verify their compliance and provide employees with health advice.

Edenred France and Edenred International

Edenred France and Edenred International have both set up CHSCTs that are responsible for monitoring workplace health and safety and improving working conditions, notably by closely reviewing working conditions and potential occupational risks on the front lines. All of these risks are listed in a single document so that they can be reduced or eliminated with effective action plans.

Brazil

In accordance with legislation, the Internal Accident Prevention Committee (CIPA) meets once a year. Made up of elected representatives, the Committee maps identified risks in each work unit in a specific, regularly updated document and implements prevention policies and awareness initiatives. A regular newsletter provides information on such topics as occupational health, ergonomics and road safety. Workplace rescue and first-aid staff are regularly trained to assist in the event of an accident.

Health coverage and other health benefits

With mandatory cover varying significantly from one country to the next, each unit selects the level of additional cover it wishes to provide, depending on the local situation, its business plan and its funding capabilities. Additional health cover is offered in several Edenred subsidiaries in Latin America, Europe and Asia:

- expatriate employees may be covered by a special international insurance plan in addition to the local system, depending on the country and the level of local benefits. This ensures the same level of protection as in the expatriate's home country, particularly in terms of post-retirement benefits, while respecting the principle of fairness with regard to local employees;
- Edenred France and Edenred International signed a Group insurance agreement in November 2010, followed by company agreements for each unit to ensure that employees and their families are covered in the event of illness, accident or death;
- Edenred Brazil's "Viva Melhor" platform, which is part of the general employee benefits system, offers employees a comprehensive array of care solutions to preserve their health, as well as access to psychologists, nutritionists, physical education teachers, physicians and other specialists.

Medical check-ups are offered by many subsidiaries, such as Edenred Czech Republic, Edenred Poland and Edenred Hungary.

In other countries, the Group's commitment is also demonstrated through initiatives to promote healthy living and/or a balanced diet. These include "Health Days," conferences or workshops on nutrition and health, and programs to promote regular physical activity. Edenred Mexico, for example, organizes a Health Week once a year for employees and their families, with free medical check-ups and reduced fees for a variety of tests. Edenred France organizes campaigns to raise awareness about health and safety issues, such as a workplace health and safety day, a one-day event to fight hepatitis with Santé en Entreprise, an annual flu vaccination drive, a day-long program on healthy eating and balanced diet, and a full week dedicated to well-being. A nurse and a social worker are based full-time on site, to see employees as needed.

2.4.1.3 Summary tables of employee data – Group

	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	WORLDWIDE STRUCTURES	TOTAL 2017	TOTAL 2016
NUMBER OF EMPLOYEES	**1,119**	**2,420**	**3,069**	**999**	**175**	**7,782**	**7,232**
% under permanent contracts	90.5%	91.7%	99.3%	97.2%	96.0%	95.3%	95.9%
% women	55.4%	55.3%	47.6%	41.2%	41.7%	50.2%	50.1%
% men	44.6%	44.7%	52.4%	58.8%	58.3%	49.8%	49.9%
Number of interns	43	51	119	20	7	240	199
Full-time equivalent	1,055	2,301	3,125	1,006	187	7,674	7,248
MANAGERS							
% of total workforce (1)	15.9%	16.4%	20.7%	24.2%	33.7%	19.4%	19.3%
% women	49.4%	40.2%	36.7%	33.5%	22.0%	38.0%	38.3%
% men	50.6%	59.8%	63.3%	66.5%	78.0%	62.0%	61.7%
TRAINING							
Number of hours of training (2)	14,106	33,801	71,712	10,026	951	130,596	106,210
Number of hours of training for managers	2,893	11,085	15,383	3,167	253	32,781	24,840
Number of hours of training for non-managers	11,213	22,716	56,329	6,859	698	97,815	81,370
Number of employees having attended at least one training course	737	1,537	3,427	764	42	6,507	5,563
Number of managers having attended at least one training course	121	330	590	187	10	1,238	969
Number of non-managers having attended at least one training course	616	1,207	2,837	577	32	5,269	4,594
HEALTH AND SAFETY							
Lost-time incident frequency rate (LTIF) *(%)* (3)	15.7	3.5	3.9	0.5	3.8	4.7	3.0
Severity rate *(%)* (4)	0.3	0.1	0.0	0.0	0.1	0.1	0.1
Absenteeism rate *(%)* (5)	5.0	3.1	1.4	1.4	1.1	2.7	2.9
Number of fatal accidents in the workplace	0	0	0	1	0	1	0
Number of occupational illnesses resulting in at least one day of lost time	0	4	1	0	0	5	2

Note on reported information:

Employee numbers correspond to the number of individuals on the payroll on December 31 and the number of full-time equivalent employees.

The concept of number of employees is designed to quantify the number of physical individuals under contract (this excludes interns, service providers and subcontractors), regardless of the actual time spent on site or their contractual working hours. Total number of employees is used to calculate several other indicators.

The concept of full time equivalent is designed to quantify the workforce on a comparable basis, i.e., the standard full-time contract applied in each unit. This involves counting the Company's operational workforce taking into account workweek duration and contractual working hours. The figures also include interns and temporary employees.

(1) A manager is defined as an employee who manages others and/or has a high level of responsibility within the organization.

(2) Hours of training corresponds to the total hours of training (classroom and online) undertaken by employees in all Group subsidiaries, except in two Brazilian subsidiaries (Ticket Log and Ticket Serviços) for which only online training hours are included.

(3) Occupational accidents: non-fatal and fatal accidents occurring during or because of work, including commuting accidents, and involving salaried employees and all other persons working for the Edenred Group in any capacity and at any location and resulting in at least one day of absence. Days of lost time are counted in business days and not in calendar days.

(4) Severity rate: number of days of lost time following an occupational accident multiplied by 1,000 and divided by the total number of hours worked by the entire workforce over the calendar year. Days of lost time are counted in business days and not in calendar days.

(5) Absenteeism rate: total number of person-days lost to absenteeism in the period divided by the number of person-days available in the period. This includes absenteeism due to work accidents, commuting accidents, occupational illnesses and non-occupational illnesses. The absenteeism rate does not include data from two Brazilian subsidiaries (Ticket Log and Ticket Serviços) due to a lack of traceability of said data. Days of lost time are counted in business days and not in calendar days.

2.4.2 SOCIETAL DATA

By inventing the *Ticket Restaurant*® meal voucher in 1962, Edenred helped to spread the practice of taking a lunch break to all employees. Since then, the Group has contributed to social progress with solutions that make life easier for both employees and consumers. Edenred has deployed a Corporate Social Responsibility (CSR) approach applicable on a daily basis. Known as "Ideal", it is aligned with its operations and defined by three pillars.

The first concerns **promoting healthy and sustainable food,** a core competency at Edenred. With "Ideal meal," Edenred aims to make it easier for stakeholders to enjoy balanced and sustainable meals at affordable prices in every subsidiary.

The second is to **limit the environmental impact** of day-to-day operations, whether in the office, in production or in the solutions developed by Edenred. "Ideal green" covers all of the local initiatives undertaken in this area.

The third pillar is to **support local community development** through "Ideal care" initiatives. In 45 host countries around the world, Edenred's teams see local solidarity as an essential component of the Group's integration into local ecosystems.

Idealday: supporting local communities

For many years, Edenred has been organizing international awareness days concerning each pillar of its Corporate Social Responsibility approach for its employees, corporate clients, partner merchants and employee users. To heighten the impact of these initiatives, the Group decided in 2017 to organize a dedicated day of action to support local communities on September 22, 2017. In total, more than 5,000 employees in 30 countries worldwide participated in the day of action in various initiatives related to Edenred's three pillars.

Materiality assessment: redefining the issues facing Edenred

Following the review of the "Ideal" approach for the 2013-2016 period, the Group is seeking to give new impetus to its Corporate Social Responsibility policy by proposing a new action plan for 2020.

In line with the Fast Forward strategic plan, this new action plan must take into account changes in the Group's businesses and issues. In addition, it needs to reflect the expectations of stakeholders across Edenred's range of responsibility and subsidiaries. With this in mind, in fourth-quarter 2017 Edenred performed a comprehensive materiality assessment in order to redefine the pathways to improving Edenred's social responsibility practices.

It identified and prioritized the issues facing the Group, depending on their relevance to stakeholders and their impact on corporate performance. In particular, it defined the social, economic and environmental issues over which the Group exercises real responsibility.

Led by an outside firm, the assessment was conducted in two stages:

- the first was a desktop review of industry and regional literature, so as to identify all of the Group's issues and to select the most relevant;
- the second involved qualitative interviews with the main internal and external stakeholders, in order to measure the importance of each of the selected issues.

This process highlighted seven priority issues:

- six issues distinctly emerged from the assessment: IT security and data privacy, business ethics, energy and climate change, responsible payment digitalization, client satisfaction and talent management;
- the seventh issue, sustainable and healthy food promotion, is one of the pillars of Edenred's long-term vision for its business. Its importance for the Group has been reassessed following an in-depth review by the Executive Committee.

The materiality exercise will help to shape and manage Edenred's social responsibility strategy over the long term, in line with both stakeholder expectations and the Fast Forward strategic plan.

Positioning and objectives of the "Ideal" approach in 2017:

PRIORITY	OBJECTIVE	PERFORMANCE INDICATORS	2017 HIGHLIGHTS
Ideal meal: to facilitate access to healthy, sustainable eating.	A project to promote healthy, sustainable eating in each country.	• 5.6 million employee users; • 180,000 partner merchants; and • 5,370 employees were reached in 2017.	• 22 subsidiaries involved in promotional projects aimed at several stakeholders; • Healthy eating survey (FOOD) conducted in nine European countries; • 8 employee engagement projects on healthy and sustainable food at the Group's Idealday event.
Ideal green: improve the environmental performance of our business units.	An initiative to reduce our environmental footprint in each country.	• 48% of employees work in an environment that has been certified; • 2% reduction in paper used for vouchers and brochures or in offices compared with 2016; • 86% of country organizations (in business volume) use environmentally friendly paper for vouchers.	• Results of the comparative lifecycle assessments of paper vouchers and cards; • An ISO 50001-certified country; • 9 employee engagement projects on the environment at the Group's Idealday event.
Ideal care: build privileged relationships with local communities.	A long-term partnership in each country.	• €1.8 million in direct and indirect donations (through voucher donation campaigns); • 188 non-profits supported; • Nearly 4,700 hours dedicated by employees to volunteer.	• Launch of a connected sporting event in which more than 2,300 employees participated to raise money for the Make-A-Wish organization; • Support provided to organizations in the areas of food aid, children, public assistance, culture and emergency assistance; • 13 employee engagement projects on solidarity at the Group's Idealday event.

2.4.2.1 Ideal meal to promote healthy and sustainable eating

With more than 10 years' experience in promoting good eating habits and fighting obesity, Edenred has stepped up its action in this area. As part of this process, all of the initiatives underway at the Group level have been brought together under the "Ideal meal" program.

"Ideal meal" was designed to respond, in a pragmatic way, to a key public health challenge:

- in 2016, more than 1.9 billion adults, or 39% of the world's adult population, were considered obese or overweight according to the World Health Organization (WHO). This has led to a sharp increase in the number of people suffering from certain types of cancer, diabetes, strokes or heart attacks, which in turn is putting significant strain on public health systems. Today, the majority of overweight and obese individuals live in developing countries, rather than developed nations. According to the WHO, overweight and obesity are the fifth leading risk for global deaths. At least 2.8 million adults die each year as a result of being overweight or obese;
- as the producer of the *Ticket Restaurant*® and *Ticket Alimentation* meal voucher solutions, Edenred is in direct contact with partner merchants, employee users and corporate clients who each day make eating decisions that are important for their health. With almost 770,000 corporate clients, 1.5 million partner merchants and 44 million employee users, Edenred can take tangible action to promote healthy food choices.

Each subsidiary is encouraged to deploy its own projects with direct stakeholders – corporate clients, employee users, partner merchants and Edenred employees – to facilitate balanced nutrition. While these projects are tailored to the local situation and nutritional issues in each country, they are all designed to make a meaningful impact on stakeholder eating habits, as measured by dedicated indicators.

2.4.2.1.1 A major commitment aligned with Edenred's core business

Since Edenred's creation, it has taken many initiatives contributing to the development of the "Ideal meal" program: the **FOOD program,** which houses the majority of the Group's initiatives in Europe, the Nutritional Balance program in South American countries, and local initiatives in certain countries such as Brazil with the creation in July 2017 of the Ticket Fit solution. As of end-2017, **22** subsidiaries covering two-thirds of the Group workforce were already involved in healthy and sustainable eating projects. The main initiatives are presented below.

Edenred, FOOD program coordinator in Europe

Origin of the European project

Organized as a public-private consortium, the FOOD (Fighting Obesity through Offer and Demand) program focuses on the growing problem of obesity in Europe. The program began in 2009 as a project co-financed by the European Commission in six European countries (Belgium, Czech Republic, France, Italy, Spain and Sweden) with the goals of raising awareness about balanced nutrition among employee users and restaurant managers and aligning supply (offer) to demand.

Edenred is the project's sponsor and coordinator. With operations in each of the countries in which the program has been introduced, it is responsible for deployment with the different partners – and more specifically for its diffusion – and for relations with the restaurant network.

In light of the pilot project's results, the partners decided to transform FOOD into a program in order to pursue the same principles and objectives over the long term. On December 14, 2011, a total of 23 partners signed a new consortium agreement defining the program's main initiatives and organization, thereby enabling its launch in 2012. The decision to pursue FOOD as a program was also made with the idea of expanding into new countries and bringing in new partners.

Main events in 2017

On October 19, 2017, the program celebrated its fifth anniversary during a conference organized by the European Parliament on the topic of new technologies for promoting healthy, balanced eating in the workplace.

In conjunction with the event, Edenred organized an interactive discussion on eating habits in the workplace that brought together the Group's Chairman and Chief Executive Officer, Bertrand Dumazy, the Coordinator of the FOOD program, Nathalie Renaudin, and a nutritionist.

Viewers connected to the www.letstalkfood.net website had the opportunity to ask questions live for an hour, including how to eat balanced lunchtime meals and what role new technologies play.

Examples of local initiatives

Italy: the Ministry of Health joins the FOOD program

The Italian Ministry of Health officially became a partner of the FOOD program in 2016, alongside the Edenred subsidiary, and is now updating the program's Italian recommendations.

Czech Republic: a purpose designed program for companies

After piloting a program in-house in 2015, the teams launched "Firm on the Plate," a set of hands-on workshops for companies to help their employees eat healthy and balanced meals during the workday. The program effectively builds corporate awareness of how eating right can positively impact employee health and productivity while reducing work-related accidents. It offers employees recommendations about nutrition in order to improve their listening skills, concentration and motivation.

Portugal: a MOOC to help instill best practices

In 2016, the University of Porto partnered with Edenred to launch "Eat Better, Save More" a free massive open online course (MOOC) dedicated to healthy eating. It was inspired by the eponymous book published by the Portuguese Directorate General of Health and Edenred in 2013, as part of the FOOD program.

In the program's nine member countries, **3,600 restaurants** have become FOOD affiliates and more than 300 tools have been developed to instill the principles of balanced nutrition among employees and restaurants.

The Nutritional Balance program in Latin America

Since 2005, the Nutritional Balance program has been deployed to promote healthy eating habits, by enabling *Ticket Restaurant*® employee users to easily identify menu items at partner restaurants that meet the criteria of a varied and balanced diet. Represented by the "Gustino" mascot, the program was developed in partnership with expert nutritionists, local public partners and restaurant industry representatives, whose involvement ensures the initiative's validity. The program is active in Edenred's Latin American host countries, notably Chile.

The *Ticket Fit* solution in Brazil

Ticket Fit is an application that helps companies look after the health of their employees by encouraging good habits when it comes to healthy eating, exercise and well-being.

Available to all, including those who are not *Ticket* users, *Ticket Fit* provides a private social network, nutritional advice, discount coupons, training videos and other features promoting regular exercise.

Ticket Fit results

The product was launched in July 2017, and 75 corporate clients have already subscribed to the service. The application has been downloaded 341,000 times, with more than 100,000 active users to date. Users have logged more than 30,000 hours of exercise and covered more than 9,000 kilometers. More than 110 discount coupons have been distributed for special offers at fitness clubs, restaurants and sporting goods stores, mainly through partnerships with Gympass and the Employee Support Program.

2.4.2.1.2 Idealday, a day of action promoting a balanced diet

At the first Idealday event on September 22, 2017, a total of 34 Group subsidiaries demonstrated their commitment alongside local communities. Nine projects were related to the "meal" pillar of the Ideal approach, including:

Conferences and breakfasts

To raise awareness among corporate clients and their employee users about the importance of a balanced diet, healthy breakfasts and conferences with nutritionists were organized on September 22 for Edenred employees and certain corporate clients in Austria, Sweden and Poland.

Health and well-being at Edenred Germany

In Germany, Edenred participated in the Idealday by promoting the health and well-being of its employees. Several activities were organized, including a balanced breakfast, posture classes to help "avoid back pain at work" and exercise sessions. All advice and guidance given over the course of the day of action have been posted and are accessible to all on the new "Gesundheit | bewegt" platform, which was developed to promote the health and well-being of employees, corporate clients and employee users.

Solidarity at Edenred Turkey

Teams at the Edenred Turkey subsidiary prepared healthy and balanced meals that were sold on September 22 at Edenred's offices to raise awareness about diet while also showing solidarity with underprivileged populations. The money raised was used to help children and provide them with school supplies.

2.4.2.1.3 Publication of the Edenred survey of the eating habits of 2,500 employees around the world

In 2016, Edenred published the results of its survey "What is your ideal meal?" conducted among 2,500 employees in 14 countries worldwide. How long does a Brazilian spend over lunch compared with a French person? How is the lunch-break perceived from one continent to another? Where do employees tend to eat? Is food a matter of health or pleasure? By answering such questions, the Ideal meal survey revealed the diversity of employees' eating habits and offers insight into the cultural particularities concerning food. In this way, the initiative of promoting a healthy diet that began over a decade ago with the Ideal meal program can be kept consistently aligned with reality. The findings are available at: https://www.edenred.com/en/ideal-meal-survey-0

As an extension to the survey, Edenred France organized a live webcast in March 2017 dedicated to the following topic: "Are work and lunch still compatible?" This innovative webcast provided a forum for discussion with users and recommendations on how to have a satisfying lunch break that is both tasty and nutritious.

2.4.2.1.4 Initiatives to reduce food waste

In line with its long-standing commitment to sustainable eating habits, Edenred pays special attention to food waste and is taking action in a variety of ways:

- by the very nature of its *Ticket Restaurant*® solution and **the shift to paperless media:** As the issuer of the *Ticket Restaurant*® solution, Edenred naturally encourages its own employees to use the vouchers to pay for their lunch, since only the largest subsidiaries have staff restaurants. Using meal vouchers is in itself an effective way for people to purchase only just what they can eat. Moreover, as vouchers go increasingly paperless in every host country, *Ticket Restaurant*® is helping to fight even more against food waste. Because giving change from a paper voucher is prohibited, it cannot be redeemed for less than its face value. This prompts employee users to order another dish to reach or exceed the amount of their voucher. With digital media, on the other hand, the balance on the card, mobile app or other paperless solution can be spent in any given amount, so that users can order exactly what they want for lunch;
- by **raising employee awareness of food waste:** Several subsidiaries have implemented policies to educate their employees on the importance of reducing food waste. Edenred China, for instance, displayed posters in its offices to inform employees about food waste;
- by **supporting actions by partner merchants and other stakeholders.** In 2017, several subsidiaries deployed noteworthy initiatives in this area, including:

Partnership with restaurant owners in Italy

The Italian subsidiary and the National Consortium for the Recovery and Recycling of Cellulose-based Packaging (COMIECO) have formed a partnership to produce special meal voucher booklet covers with recommendations for avoiding waste. By offering a few simple waste-avoidance tips, such as asking restaurants for a container to bring uneaten food back home, these COMIECO recommendations will give more than **one million Edenred meal voucher employee users** greater awareness of the need to nurture a sustainable food culture, sort garbage and prevent the waste of natural resources. At the same time, Edenred Italy offers partner restaurants free "doggy bags" for their customers to use during their lunch breaks.

In addition, as part of the Idealday international day of action, Edenred Italy organized a cooking contest. All employees had the opportunity to find recipes and prepare a dish using leftovers. Their creations were then judged by Edenred's panel. Every recipe and dish was posted on the "Pausa mediterranea by FOOD!" page and shared on social networks.

Cooking workshops in Portugal

In 2017, Edenred Portugal joined forces with a local organization called Cozinha popular da Mouraria to organize cooking workshops to educate some 40 corporate clients and their employee users on food waste. The workshops were designed to instill waste reduction habits in participants when they cook and go shopping for ingredients. Edenred Portugal also publishes a monthly newsletter that features advice and tips on how to reduce food waste.

Waste treatment in Argentina

At the Argentinian subsidiary, awareness-building campaigns were organized on waste disposal issues, with a focus on waste classification and the entire waste life cycle. Employees throw organic waste into containers that are stored in a suitable location until collection by city waste disposal services.

A conference in Brazil

Edenred Brazil is a sponsor of the "Arte e Sabor" project launched in São Paulo by the Instituto Tomie Ohtake, with the support of the municipal school food management body (CODAE). This initiative showcased 71 of the city's public school cafeteria cooks.

As part of the project, Edenred Brazil assisted in organizing a conference at the food bank institute on November 17, 2017. The event, coordinated by a nutritionist, sought to educate cooks on using food in its entirety to reduce food waste.

IDEAL MEAL KEY INDICATORS IN 2017

idealmeal

PROMOTE SUSTAINABLE AND HEALTHY FOOD AMONG OUR STAKEHOLDERS

22 countries involved

5.6 million employee users
180,000 partner merchants
and **5,370 employees**
educated around the world

3,600 establishments in the FOOD network of restaurants in Europe

2.4.2.2 Ideal care to support local community development

In every host country, Edenred forges strong ties with local communities and associations to assist people in difficult circumstances.

Edenred employees are the driving force behind these initiatives, which take the form of donations, skills support or social welfare programs, very often deployed in association with corporate clients, partner merchants, employee users and other stakeholders.

Throughout, the focus is on long-term partnerships with the supported organizations. Chosen on the basis of each subsidiary's local situation, the projects cover a wide range of areas, including food aid through collections and voucher donations, support for education or re-employment assistance.

2.4.2.2.1 Idealday, a day of action to support communities

At the first Idealday event on September 22, 2017, a total of 34 Group subsidiaries demonstrated their commitment alongside local communities. Thirteen projects were related to the "care" pillar of the Ideal approach, including:

Support for education

In Brazil and at Edenred's headquarters, open days were organized for young students to introduce them to the different professions at Edenred and discuss their career path. At Edenred's corporate headquarters in Malakoff, France, 36 middle school students learned about professions at Edenred, visited the main departments and participated in a Q&A session with Edenred's Chairman and Chief Executive Officer, Bertrand Dumazy, and employee attendees.

Food assistance

Edenred employees offered their support to populations faced with food insecurity. In the United States and the United Kingdom, employees organized food drives to assist local food banks and neighborhood associations. In addition, in Portugal, Edenred's teams cooked and distributed traditional dishes in low-income areas of Lisbon as a way of sharing a special moment with the local residents.

Revitalization of public facilities and institutions

As part of Idealday, several Group subsidiaries, notably in Greece, Malaysia, the United Kingdom and Romania, helped renovate the premises of health facilities, including hospitals and retirement homes. In Brazil, some 80 employees spent their day repainting the walls of a local association and building a library.

2.4.2.2.2 Edenraid, the connected solidarity challenge

In 2017, Edenred organized the first Edenraid sporting challenge to raise funds for the Make-A-Wish® association. Over the course of two months, Edenred employees took part in this connected challenge to make the dreams of sick children come true.

Between October 2 and November 26, 2017, more than 2,300 Edenred employees covered a total of 300,000 kilometers by running, walking or biking. Taking part was simple: users could form a team using the online platform and their physical activity was tracked when they logged on using their smartphone or connected bracelet or watch.

For every 10 km covered, Edenred donated €1 to the organization, raising a grand total of €30,000. Edenred and the Make-A-Wish® association thereby helped some ten children to have an unforgettable experience with their families.

2.4.2.2.3 One-off initiatives to respond to emergencies

In 2017, Edenred also responded to exceptional circumstances affecting certain subsidiaries.

In Venezuela, the Latin America region helped employees facing significant financial hardship by providing them with bags with food staples and personal care products. In all, from February to December, 988 bags were distributed, representing more than 21,000 products, such as oil, flour, rice, milk, cereal, canned goods, toilet paper, soap and toothpaste.

In September 2017, Edenred's teams in Mexico were getting ready to celebrate Idealday when a severe earthquake struck the country. Employees banded together to collect food for earthquake victims, with more than 300 Mexican families receiving food across various states.

On top of this in-kind assistance, Edenred Mexico helped more than 200 motorcyclists and assisted the police and communities in rescuing people in the regions touched by the earthquake. Edenred employees went to strategically located service stations in Mexico City, where they delivered more than €5,000 worth of fuel *via Ticket Car* cards.

The Group and Edenred Mexico also provided financial support to employees affected by the disaster, collecting €12,000, which was distributed to the affected families based on the property damage incurred.

2.4.2.2.4 Other initiatives

Edenred celebrates the many community initiatives being led by employees throughout the year in partnership with local non-profitorganizations. In all, **188** non-profits in our host countries around the world are being supported, with **586** eight-hour days devoted to volunteering activities. This figure nearly doubled in 2017 thanks to the Idealdayevent, which enabled many employees to get involved in community outreach initiatives.

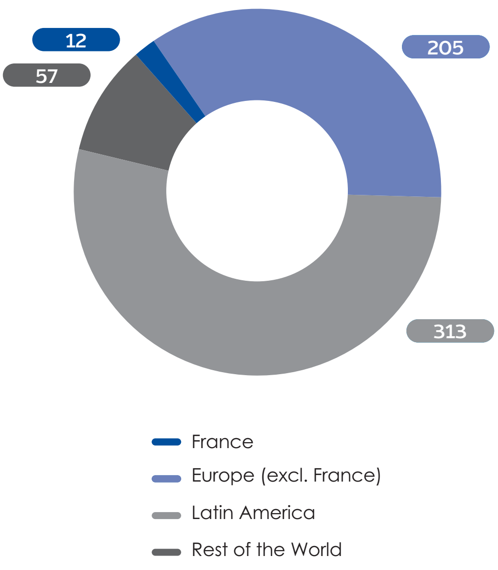
Financial donations to non-profits fell into several different categories:

- direct donations by the Group and subsidiaries: €1,057,386;
- indirect donations through campaigns to encourage employee users of Group solutions to donate their vouchers, in France, Spain, Austria and the Czech Republic: €802,712.

Together, these totaled €1,860,098 in donated funds in 2017.

In addition to financing, Edenred provides support through in-kind donations (equipment that can be used or sold to raise money, advertising space, gifts and food) and donations of employee time spent on donation-related activities (media creation, voucher sorting or doing volunteering activities on working period).

TIME DEVOTED TO VOLUNTEERING ACTIVITIES BY REGION IN 2017 (IN PERSON-DAYS)



Employee initiatives

Mexico

For the past ten years, Edenred Mexico has partnered with TECHO, an NGO that provides emergency housing for families living in extreme poverty. In 2017, Edenred donated five homes, representing a donation of €7,200. A day of action with Edenred volunteers had once again been planned as part of Idealday, but due to a severe earthquake in Mexico a few days prior to the event, emergency aid operations were conducted instead, as described in section 2.4.2.2.3.

In all, over the years, Edenred Mexico's commitment has given 70 families a new home and 568 volunteers have donated an aggregate 13,484 hours of their time.

United Kingdom

For the past four years, the entire staff of Edenred UK has made donations to the local food bank. In 2017, more than 380 kilograms of food and several boxes of toiletries were given to people in need in Edenred's two host counties of London and Chester.

Brazil

Initiated by Embratec and continued by *Ticket Log* in Brazil, the Pescar project supports 16 to 19-year-olds in difficulty by offering them vocational training through courses held every day at the Company, from 2:00 pm to 6:00 pm. In 2017, it trained 27 volunteers, who attended at least 900 hours of classes in two main curricula:

- personal development and citizenship (60%);
- technical and vocational skills development (40%).

In the second half of the year, the young people will discover several corporate functions.

In addition to the social benefits, *Ticket Log*'s objective is to identify promising young talents and to keep them in the Company. To date, 116 young people have been trained by Edenred since 2009.

Initiatives carried out with other stakeholders

In many countries, the Group leverages its unique positioning with employee users and partner merchants to relay and support associations.

France

For the past 14 years, Edenred France has worked closely with the French Red Cross and supported its food aid initiatives. Edenred was the first French issuer to suggest donating vouchers, with its Restaurons la solidarité campaign. This possibility is also offered to *Ticket Restaurant*® employee card users, who can make donations to the French Red Cross throughout the year, securely and in just a few clicks on the www.croix-rouge.fr website.

In 2017, the campaign was once again highly successful, raising €695,694, of which €419,942 *via* the card. In total, more than €3.5 million has been raised for the organization since 2002.

Edenred France also gets employees, host communities, corporate clients, partner merchants and other stakeholders involved in its commitment to the French Red Cross through a variety of initiatives, such as soliciting donations from employees or offering the opportunity for clients to win first-aid training courses.

Sweden

Each year, Edenred Sweden employees are asked to donate clothes, toys and small appliances to a local organization that distributes the items to the city's homeless population. In 2017, eight boxes of toys, furniture, books, dishes and clothes were collected, weighing 135 kilograms.

Austria

Since 2006, Edenred has partnered with the Austrian Red Cross to collect all of the paper vouchers donated by employee users in special boxes installed at certain corporate clients and certain partner merchants each year. In this way, €8,000 was raised in 2017 to help families in emergency situations not covered by government assistance, in particular by paying their bills, enabling them to buy groceries and offering them long-term support. In all, €83,500 has been raised for the Austrian Red Cross in 11 years.

IDEAL CARE KEY INDICATORS IN 2017

idealcare

SUPPORT LOCAL COMMUNITIES THROUGH VOLUNTEERING ACTIONS

188 Associations supported

€1,860,098 donated to community

586

586 days devoted by employees to volunteering activities

2.4.2.3 Other societal data

2.4.2.3.1 Geographic, economic and social impact

Employment and regional development

Because of the nature of its business, Edenred has both a direct and an indirect positive impact on local employment and neighborhood merchants. The prepaid service vouchers marketed by Edenred are a significant source of revenue for partner merchants, including restaurants, supermarkets and service stations, as well as a powerful tool for stimulating local employment, notably for human services. The vouchers' traceability helps reduce off-the-books work in Edenred's host countries and thereby improves tax collection.

The Group's impact in this area can be measured by the number of partner merchants who accept all types of Edenred vouchers. There are nearly 1.5 million partner merchants in its 45 host countries.

Summary of Human Resources data for France (1)

EMPLOYMENT	DECEMBER 31, 2017
Total number of employees	1,294
Compensation	
Gross payroll *(in € millions)*	57

(1) French subsidiaries and parent company.

Neighbors and local communities

Ticket Alimentación food vouchers are one of Edenred's flagship food-based products. They can be used by employees and their families to purchase groceries in convenience stores or supermarkets. In many emerging markets, the vouchers are a way to ensure access to a balanced diet, not only for employees of corporate clients but also for a larger ecosystem. Launched by Edenred in 1983 in Mexico, the product has since been rolled out to other Latin American countries, including Brazil, and more recently to certain countries in Central Europe, such as Austria and Bulgaria.

People with disabilities

Edenred's technical teams are actively working to improve the digital accessibility of its online services. The goal is to provide digital accessibility for people with disabilities so that they can access the services and solutions offered by Edenred as easily and independently as any other user.

Prior to the enactment of the French Act for a Digital Republic for All, in 2016 Edenred France introduced the Elioz Connect platform for people who are deaf or hard of hearing, enabling them to contact customer service.

Alongside its implementation, employee awareness-raising campaigns and training sessions for client relationship managers took place.

To take the initiative a step further and educate the various stakeholders about accessibility issues, a contest was organized in cooperation with Elioz to come up with a sign for the *Ticket Restaurant®* brand in French Sign Language.

2.4.2.3.2 Relations with individuals or organizations engaged by the Company

Dialogue engaged with individuals or organizations

Table of stakeholders, actors, primary means of dialogue and issues addressed:

STAKEHOLDERS	KEY EDENRED ACTORS	PRIMARY MEANS OF DIALOGUE	ISSUES ADDRESSED
Corporate clients Key accounts, SMEs, public sector	• Sales Department; • Subsidiary senior management; • Group Human Resources and Corporate Social Responsibility Department.	• Customer surveys; • Tender bids; • Client presentations; • Website; • Theme workshops.	• Satisfaction and opinion surveys; • Building awareness of healthy eating or the environment; • Product and service compliance; • Ethical conduct; • Responsible services content in proposed Group solutions.
Partner merchants Restaurants, foodservice outlets, service stations, dry-cleaners, etc.	• Subsidiary Affiliates Department.	• Extranet website; • CSR programs (ECO Pressing, NutriSavings, local versions of Ideal Meal); • FOOD program affiliate questionnaires; • Targeted newsletters and email campaigns.	• New business development; • Educating restaurants in healthy eating practices.
Employee users, citizens	• Subsidiary Marketing Department.	• Website, social media; • Beneficiary website; • Targeted newsletters and email campaigns; • Dedicated events (cooking classes, workshops with nutritionists).	• Satisfaction and opinion surveys; • Information related to the solutions in use; • Building awareness of healthy eating; • Increasing purchasing power.
Employees Edenred employees and employee representative organizations, job applicants	• Group Human Resources and Corporate Social Responsibility Department; • Subsidiary senior management and HR manager.	• Special committees (Works Council, Health, Safety and Working Conditions Committee, European Works Council); • Employee satisfaction surveys; • Internal communication; • CSR events: Edenraid and Idealday.	• Social dialogue; • Workplace well-being policies; • Employee retention and motivation; • Engagement in the corporate project.
Shareholders Institutions, individuals, the financial community, SRI rating agencies, the French financial markets regulator (AMF)	• Group senior management; • Investor Relations Department; • Group Human Resources and Corporate Social Responsibility Department.	• Registration Document; • Roadshows and conferences; • Meetings with investors; • Shareholder breakfasts and meetings; • Newsletters; • Website, specific emails and toll-free number.	• Educational material about Edenred's businesses and the unique features of its key indicators; • Business ethics; • Corporate governance; • Transparency.
Public authorities	• Group Institutional Relations Department; • Subsidiary senior management.	• Meetings; • Working groups; • Economic research.	• Contributions to public health solutions.
Society Associations, NGOs, local communities	• Subsidiary CSR correspondents.	• Financing, donations in-kind or in person-hours; • Promotion *via* the communication channels with Edenred stakeholders.	• Partnerships; • Visibility given to a cause or association; • Fundraising support.

2.4.2.3.3 Subcontractors

Reliance on subcontracting

The majority of outside contractors used by Edenred are hired to provide IT services. The Group requires its subsidiaries to ensure that subcontractors are employed in strict observance of the applicable regulations and labor laws concerning work shifts, the basis for calculating hours worked, etc., and encourages compliance through awareness measures with CSR correspondents. By virtue of its Charter of Ethics, Edenred is committed not to using forced or concealed labor, and to refusing to work or immediately stopping working with suppliers and service providers using employees working under duress or threat. Edenred France, for example, introduced a Responsible Purchasing Charter in October 2014 to set out its expectations of suppliers in such areas as human rights, employment best practices and non-discrimination. The Charter has been signed by the subsidiary's main suppliers.

Inclusion of social and environmental issues in purchasing policy

Since 2016, Edenred distribute a new version of its Charter of Ethics that applies to every business partner, contractor and supplier, enjoining them to abide by ethical, environmental and employee relations guidelines that comply with the Charter's values. The Charter plays a critical role in laying the foundations for dialogue with suppliers, whose billings represent more than 30% of consolidated revenue. Purchasing policy is decentralized to the subsidiary level. However, a Group Purchasing Department was created in October 2017. The Group has a few suppliers identified as key partners with whom it has international framework agreements. Examples include contracts with the main printers or card suppliers selected jointly by the Group and each subsidiary through tenders. These agreements include clauses on compliance with labor laws in the country of production. Concerning paper purchases, which are still business-critical, environmentally friendly materials such as FSC-certified and/or recycled paper and vegetable-based inks are consistently preferred whenever possible without jeopardizing voucher security.

2.4.2.3.4 Fair practices

Measures taken to prevent corruption

The Charter of Ethics, available on the corporate website, presents Edenred's main ethical principles, and defines the behaviors and practices that every employee and every supplier is expected to demonstrate. Line managers cascade the Charter's fundamental guidelines to their teams and maintain constant awareness of their importance. By end-2017, a total of 83% of employees had approved the Charter and two-thirds of subsidiaries had introduced a clause requiring compliance with the Charter in new work contracts.

In addition, the Legal and Regulatory Affairs Department has prepared a best practices guide to avoiding corruption in every geography, in compliance with France's Sapin II Act concerning transparency, the fight against corruption and modernization of the economy. Translated into several languages, the guide was supported by a training program in 2017. At the same time, a whistleblowing procedure was introduced so that the Group Legal and Regulatory Affairs Department can respond quickly to any suspected case of bribery or corruption.

In addition, in 2012, policies on anti-money laundering (AML) and combating the financing of terrorism (CFT) were introduced at the Group level and deployed at European subsidiaries. They were revised in 2017 following legislative changes; the new policies will be implemented in 2018.

Measures taken to enhance consumer health and safety

The Group's priority commitment to promoting healthy and sustainable eating habits and preventing obesity is presented above in section 2.4.2.1.

2.4.2.3.5 Initiatives to promote human rights

Edenred is committed to respecting human rights as defined in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. As a result, it avoids infringing on human rights in all of its actions.

As concerns Human Resources management, the Charter of Ethics reaffirms our commitment to the principles and fundamental rights outlined in the International Labour Organization's fundamental conventions. These cover the right to freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation. The resources deployed in relation to Edenred's business base are described in section 2.4.1.

2.4.2.4 Measuring and rating performance

2.4.2.4.1 Socially responsible investing indices

FTSE4Good

In recognition of its commitment to Corporate Social Responsibility, Edenred has been included in the FTSE4Good Index series since 2010. An evaluation by an independent organization demonstrated that Edenred fulfilled the requirements for inclusion. The FTSE4Good Index series has been designed to facilitate investment in companies that meet globally recognized Corporate Social Responsibility standards.

Dow Jones Sustainability Indices

For the fifth consecutive year, the Dow Jones Sustainability Index (DJSI) acknowledged Edenred's commitment to Corporate Social Responsibility. Edenred has been included in the DJSI Europe in the Commercial & Professional Services industry group since 2013. The index assesses companies on economic, social and environment aspects covering criteria such as governance, Human Resources policy, human rights and environmental impact.

2.4.2.4.2 Standards

United Nations Global Compact

In 2015, following the publication of its Charter of Ethics, Edenred officially joined the 12,000 organizations around the world that have pledged to support the United Nations Global Compact, an initiative that calls on companies to adopt a common stance on human rights, labor, the environment, and anti-corruption. Launched in July 2000 with the goal of creating a sustainable, inclusive global economy, the Compact is one of the world's foremost Corporate Social Responsibility initiatives. In 2017, Edenred submitted its second Communication on Progress report, which is available on the Global Compact website.

Grenelle II Act

A cross-reference table with Article 225 of the Grenelle II Act is available in section 6, page 312

GRI

A cross-reference table with criteria from the fourth version of the Global Reporting Initiative standard (GRI-G4) is available in section 6, page 315.

2.4.2.4.3 Other certifications and ratings

Brazil

The two Brazil-based subsidiaries, Ticket Services and *Ticket Log*, were awarded a gold medal by the country's Greenhouse Gas (GHG) protocol program in recognition for their greenhouse gas emissions inventory initiatives. Both companies have been inventorying their greenhouse gas emissions since 2010. This medal is awarded only to companies whose inventories have been audited by an independent third party.

Chile

In 2016, Edenred Chile was recognized for its inventory initiatives regarding direct and indirect greenhouse gas emissions by HuellaChile, a Chilean carbon emissions management program run in partnership with the Ministry of the Environment.

2.4.3 ENVIRONMENTAL DATA

Information is reported by geographical region, as follows:

- France;
- Europe (excl. France);
- Latin America;
- Rest of the World.

The Group's CSR reporting methodology is described on page 77.

2.4.3.1 Ideal green to preserve the environment

2.4.3.1.1 Organizational response to environmental issues, environmental assessment or certification programs

Although it has a limited impact on the environment because its operations are mainly service related, Edenred undertakes to:

- analyze existing initiatives to ensure that the Company is in compliance with local environmental regulations and international environmental standards and has implemented a continuous improvement approach to prevent any risks related to its operations;
- reduce its environmental impacts by improving waste management and carefully controlling its consumption of natural resources;
- communicate effectively and present its environmental policy to all stakeholders, both internal and external.

The Group's environmental initiatives focus on four main paths: environmental management, eco-designed products, programs with environmental value for partner merchants and corporate clients, and employee awareness.

Environmental management

Edenred has established an environmental management system based on the principles of ISO 14001.

Subsidiaries in France, Brazil, and the United Kingdom have received this certification and renew it at least once every three years. Edenred Italy and Edenred Chile received accreditation in November 2017. Subsidiaries in Mexico and the Czech Republic have also obtained other local environmental certifications. As a result, 48% of Edenred employees now work in a subsidiary that has earned environmental certification.

In 2017, the Brazilian Ticket Services and *Ticket Log* subsidiaries earned their maintenance certificate for the sixth straight year, reflecting Bureau Veritas' recognition of the maturity of our environmental management process.

To encourage the other subsidiaries to seek certification, the CSR Department released the results of a study it conducted on the challenges and steps involved in obtaining ISO 14001 certification, along with feedback from certified subsidiaries.

Data from the environmental initiatives being led by the country organizations are consolidated in a reporting system based on some 20 indicators covering:

- water use;
- energy use;
- paper use;
- plastics use;
- waste production;
- greenhouse gas emissions.

Changes in the indicators were calculated at the current scope.

In 2017, Edenred added two new indicators for greenhouse gas emissions arising from employee business travel by rail and air (Scope 3 indirect emissions).

Eco-designed solutions

Most of Edenred's impacts on the environment stem from the production of paper vouchers and cards.

Vouchers are printed on pre-printed backgrounds sourced from third-parties. These backgrounds are also used by some of the subsidiaries to customize their own vouchers at Edenred production facilities using specialized printers. This means that paper represents one of the leading impacts of Edenred's business activities. In 2017, **23** subsidiaries, representing 75% of the workforce and 86% of business volume in subsidiaries producing paper vouchers, used recycled paper or paper certified to the standards of the Forest Stewardship Council (FSC) for voucher production (source: 2017 CSR reporting).

The Group is actively engaged in transitioning its solutions to paperless media in the form of cards, mobile applications and digital platforms. As of end-2017, 78% of business volume was delivered in digital format. This approach considerably reduces the impact of Edenred's activities on paper resources.

Although card production is outsourced, the amount of plastic used in marketing these media is reported (see section 2.4.3.3.2).

The prepaid industry's first comparative lifecycle assessment of the impacts of vouchers and cards

Working with an outside firm, Edenred conducted the industry's first comparative study of the environmental impact of its *Ticket Restaurant®* paper vouchers and cards in France, and published the findings in 2017. The lifecycle assessment (LCA) measured the impacts of each medium on three indicators – climate change, resource depletion and water use – so that priority actions could be identified to reduce the card's environmental impact.

The primary conclusion was that the card has a more positive impact on climate change and natural resources.

For these first two indicators, the *Ticket Restaurant®* card appears to be more effective in driving improvement than the paper voucher. Switching to the card cuts GHG emissions by nearly two thirds (64%) and reduces resource use by 86% across the product lifecycle. This is because the card is manufactured and sent to the user once every two years, which means that energy use and carbon emissions are significantly reduced in the production and distribution stages.

On the other hand, the card results in higher water use than paper vouchers, for two reasons:

- in 2012, Edenred France opted to use only 100% recycled paper in its voucher production [1] and to recycle all the redeemed vouchers, which significantly attenuated their impact;
- the *Ticket Restaurant©* card uses more water in the utilization phase because the lifecycle assessment took into account the non-recyclable thermal paper receipt issued with each payment.

The assessment helped to identify effective action levers to reduce the environmental footprint, both at Edenred and across the entire payment voucher chain.

Programs for corporate clients and partner merchants

A number of Edenred subsidiaries have developed services to add environmental value to their programs.

Brazil

Ticket Log's Carbon Credit program generates carbon credits by replacing traditional fuel with ethanol in flexible-fuel vehicles. The 11 *Ticket Log* client companies employing this unique solution generated 8,924 metric tons of CO_2 equivalent in carbon credits in 2017.

From an educational perspective, Edenred Brazil, in partnership with Navig and Instituto Parar, also conducted an assessment of drivers of both heavy and light vehicles in order to promote concentration and safety when on the road.

Mexico

Ticket Car developed the Ticket Carbon Control program in Mexico in 2012, which gives clients detailed, precise information about their vehicles' fuel-related CO_2 emissions.

Belgium

Edenred created *Ticket EcoCheque* in 2009 at the request of the Belgian authorities. This solution promotes environmentally friendly products and services, and increases the buying power of employee users. Some 800,000 employees have already used *Ticket EcoCheque* vouchers, which are intended solely for the purchase of environmentally friendly goods and services. An exhaustive list has been drawn up by the National Labor Council.

United Kingdom

Cycle to Work is a solution devised by the UK subsidiary that allows employers to reduce their payroll costs by subsidizing the purchase of bikes for their employees. The model strongly encourages employers to promote this healthy, alternative mode of transportation.

2.4.3.1.2 Idealday, a day of action to raise awareness among employees

At the first Idealday event on September 22, 2017, a total of 34 Group subsidiaries demonstrated their commitment alongside local communities. Nine projects were related to the "green" pillar of the Ideal approach, including:

Raising environmental awareness among the next generation

In Peru, Edenred employees took an active part in informing children about the importance of recycling. Edenred organized workshops at elementary schools, where children could make their own toys using materials that would normally be thrown away and reusing everyday objects.

(1) *Edenred France was the first meal voucher issuer to earn FSC certification across the paper voucher production chain.*

Cleaning beaches in Lebanon

Edenred Lebanon organized a beach clean-up day to the north of Beirut, which helped restore natural habitats while raising employees' awareness of eco-friendly gestures.

Forum on the circular economy in France

In order to get employees involved and raise their environmental awareness, Edenred France organized its first forum on the circular economy. The fun event was based on a quiz that enabled participants to understand the concept of the circular economy and see concrete examples of use and best practices within the subsidiary.

2.4.3.1.3 Employee training and information

Because employee commitment is a key success factor for Edenred's environmental policy, a variety of resources have been deployed to inform and teach employees about environmentally friendly practices. In 2017, a total of **5,167** employees were made aware of environmental issues, such as:

- Green IT, an increasingly important challenge for the Group as its business and solutions become digitalized. In France, the FBI (*Faites Bonne Impression*) program, implemented by the IT Department, makes employees aware of the environmental impact of printing and provides every employee with a scorecard to measure individual use;
- Mobility: for example, in Brazil, employees were surveyed to help identify their mobility profiles and offer them recommendations to reduce the environmental impact of their commute.

2.4.3.1.4 Resources devoted to preventing environmental risks and pollution

Edenred's ISO 14001-based environmental management system helps to prevent environmental risks and pollution. The environmental budget of Edenred's subsidiaries amounted to **€625,081** in 2017 and covered organizing Idealday, earning ISO 14001 certification, conducting environmental communication campaigns, purchasing recycled paper to print preloaded vouchers, catalogues and office documents.

2.4.3.1.5 Provisions and guarantees for environmental risks

No material provisions or guarantees have been set aside for environmental risks. Edenred was not subject to any court rulings on environmental claims during the year.

2.4.3.2 Pollution and waste management

2.4.3.2.1 Measures to prevent, reduce or abate environmentally hazardous emissions and discharges into the atmosphere, water or soil

The environmental management system based on ISO 14001 implemented by Edenred contributes to the prevention, reduction and abatement of environmentally hazardous emissions and discharges into the atmosphere, water or soil.

Edenred's activities generate wastewater whose content is similar to household wastewater. Edenred's offices, most of which are located in cities, are generally connected to municipal sewage systems.

The Group's operations do not result in any soil pollution or significant air pollution. Subsidiaries are encouraged to use environmentally friendly inks for the voucher customization process. Edenred France, for example, uses non-toxic water-based inks that do not emit any volatile organic compounds (VOCs). Production sites are equipped with aeration systems to ensure that process dust is quickly removed from the air.

2.4.3.2.2 Measures to avoid, recycle, reuse and otherwise reclaim and eliminate waste

Edenred's ISO 14001-based environmental management system comprises procedures to ensure sustainable waste management and recycling. Edenred's eco-design approach also helps limit waste production. Given the nature of our business, most waste is office refuse and voucher customization process waste, such as print cartridges and paper.

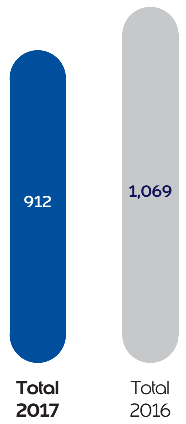
Ten or so subsidiaries have deployed internal recycling systems for office paper, plastic cups, aluminum cans and printer cartridges. Most of the redeemed vouchers processed by the subsidiaries are shredded and recycled by an outside contractor.

Cards represent an indirect recycling challenge for Edenred, as they are produced by third parties and become the property of employee users once distributed. However, the French subsidiary has been the first to introduce a system to encourage beneficiaries to recycle their *Ticket Restaurant*® cards. When their card expires, beneficiaries receive a new one with instructions on how to return the old one for recycling. The card is then shredded by an outside partner, using an entirely mechanical (and therefore environmentally sensitive) process. The resulting plastic (98.4%) and metal (1.6%) is reclaimed to make new cards.

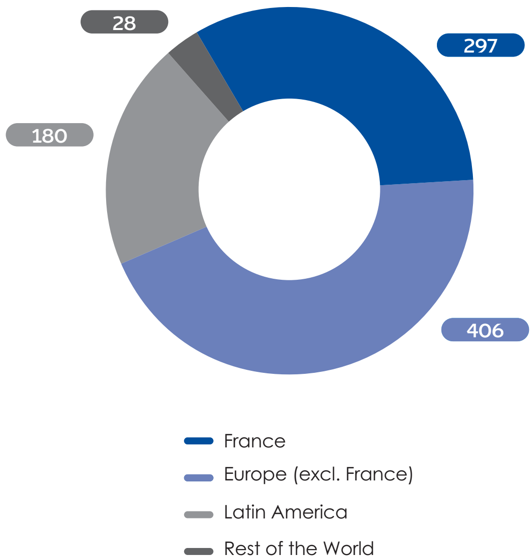
This service was honored in France by a CSR Innovation and Service Award at the 2016 Nuit de la RSE ceremony, as a possible recycling solution for the entire industry. In 2017, Edenred France also gave its corporate clients kits to encourage waste collection, including special boxes, and tools for building awareness about eco-friendly gestures among the 430,000 employees who use *Ticket Restaurant*® cards.

The following table shows the total tonnage of waste produced worldwide and by region.

TOTAL WASTE PRODUCED IN 2017 AND 2016
(in metric tons)



WASTE PRODUCED BY REGION IN 2017
(in metric tons)



The amount of waste produced annually across the Group declined by 15% compared with 2016. The reduction was mainly due to the shift to paperless solutions and the introduction of environmental management systems in an increasing number of subsidiaries.

2.4.3.2.3 Noise and all other types of pollution generated by an activity

As Edenred's activities generate very little noise pollution or odors, no related measures have been taken.

2.4.3.3 Sustainable use of resources

2.4.3.3.1 Water use and supply in relation to local constraints

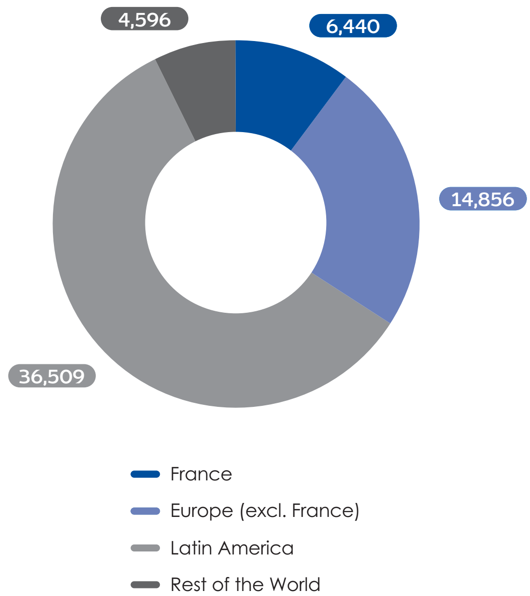
The environmental management system based on ISO 14001 implemented by Edenred encourages reasonable use of water.

Edenred's offices, most of which are located in cities, are connected to municipal sewage systems.

The table shows the total volume of water used worldwide and by region.

TOTAL WATER USED IN 2017 AND 2016
(in cubic meters)

WATER USED BY REGION IN 2017
(in cubic meters)



At the Group level, total water use increased by 13% in 2017 compared with 2016, reflecting the sharp rise in the Group's workforce in 2017 following the integration of new subsidiaries.

2.4.3.3.2 Consumption of raw materials and measures taken to use them more efficiently

Edenred's ISO 14001-based environmental management system recommends that raw materials be used responsibly.

Paper

Wood used to make the paper for vouchers is the main raw material used by the Group.

Eco-design is one of the four key improvement paths of Edenred's environmental policy. To contribute to this approach, subsidiaries are encouraged to use recycled paper or paper certified to the standards of the Forest Stewardship Council (FSC), both for voucher production and everyday office use.

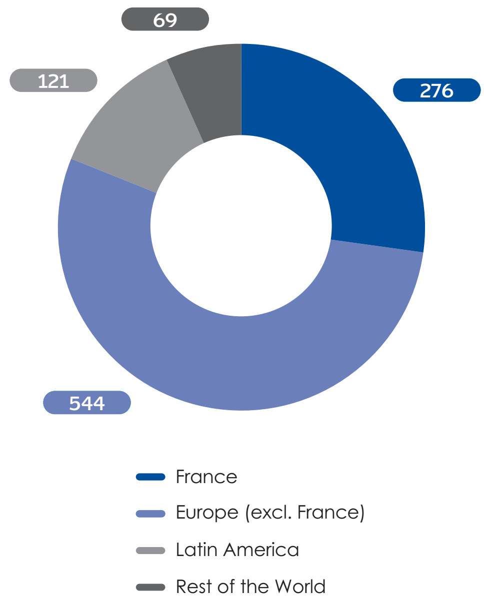
In 2017, a total of 23 subsidiaries used this type of paper to make their vouchers, thereby limiting the Group's impact on wood resources. In France, for example, Edenred was the first meal voucher issuer to use fully recycled security paper and to earn FSC certification.

The table below shows the total volume of paper used worldwide and by region.

Total paper used across the Group is tracked by three indicators: office paper used, paper used to print marketing brochures and the amount of process paper used in the vouchers sold during the year.

TOTAL PAPER USED IN 2017 AND 2016
(in metric tons)

PROCESS PAPER USED IN THE PRODUCTION OF ISSUED VOUCHERS BY REGION IN 2017 *(in metric tons)*



Total paper consumption, related to producing vouchers and brochures and for general office use, decreased by 2% in 2017. Despite the increase in the workforce, the reduction in consumption is mainly due to the transition to paperless vouchers and the introduction of environmental management systems in a growing number of subsidiaries.

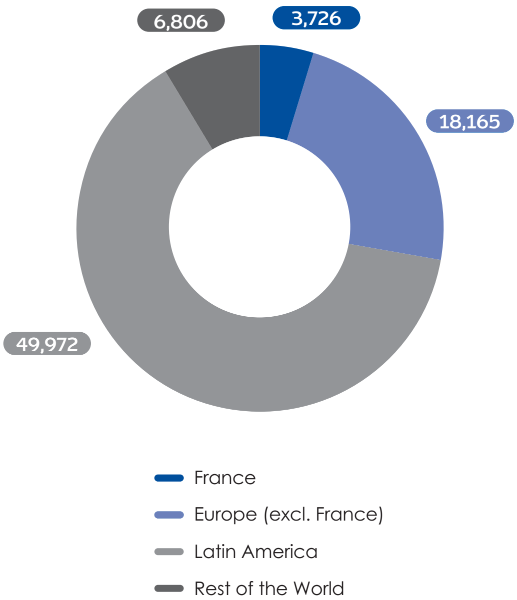
Plastics

As the digital transition for all Edenred solutions picks up speed, the use of plastic for card production has become a major challenge for the Group. Note, however, that while 78% of business volume has already been shifted to paperless media, not all of them are plastic cards.

Certain subsidiaries are looking at using more environmentally friendly materials than recycled PVC for card production. To recycle end-of-life *Ticket Restaurant®* cards, Edenred France has partnered with a local company that uses a mechanical process that was the industry's most eco-responsible in 2017.

In 2017, a total of **78,670 kilograms** of plastic was used in card production.

AMOUNT OF PLASTIC USED IN CARD PRODUCTION IN 2017 BY REGION *(en kg)*



The calculation methodology for plastic consumption changed in 2017 in line with the weight of cards issued by each of the Group's subsidiaries. An average weight was set using the average weight of cards from the three subsidiaries issuing the most cards. The average weight included the plastic material as well as any chips and antennae, which represent less than 2% of a card's weight. It is also expected to change over the years to reduce the actual quantity of plastic consumed at the Group level.

Another source of plastic consumption stems from Edenred's office work and the use of plastic cups. Several subsidiaries have taken action either to reduce this use by offering new hires their own cup (HR/CSR Department at corporate headquarters) or to limit its impact by sorting waste cups (France, Bulgaria and Japan).

2.4.3.3.3 Energy use, measures taken to improve energy efficiency and use of renewable energies

Edenred's ISO 14001-based environmental management system includes measures to reduce energy use and improve energy efficiency.

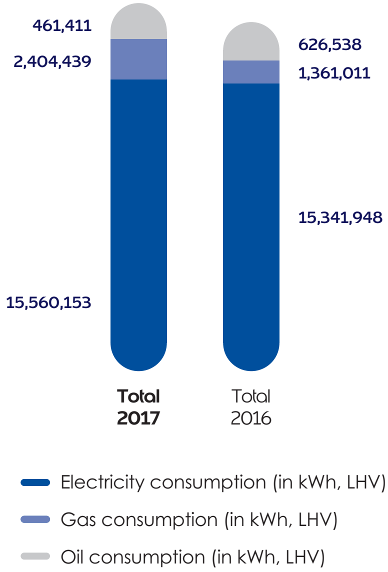
At present, the Group's energy mix does not include renewable energies. However, the development of renewables is encouraged, as in the project in Brazil described in section 2.4.3.4.1.

Two years ago, solar panels were installed on the roof of a voucher plant in Belgium. They generated 55,300 kilowatt-hours in 2017.

In addition to ISO 14001, in order to ensure better energy management, Edenred Chile implemented an energy management system and obtained ISO 50001 certification in November 2017.

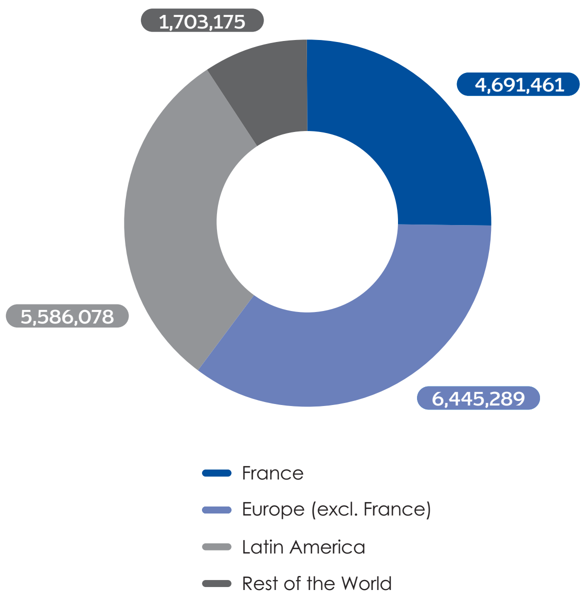
The table shows the total amount of energy used worldwide and by region.

TOTAL ENERGY USED IN 2017 AND 2016 *(in KWh, LHV)*



LHV: lower heating value

ENERGY USED BY REGION IN 2017 *(in KWh, LHV)*



LHV: lower heating value

At the Group level, total energy use rose by **6%** in 2017, a mechanical increase stemming from a rise in the workforce following the integration of new subsidiaries.

2.4.3.3.4 Land use

No measurements have been made as land use is minor in Edenred's operations.

2.4.3.4 Measures to combat climate change

2.4.3.4.1 Material sources of greenhouse gas emissions

Carbon footprint and lifecycle assessment

Owing to the nature of its business, Edenred has a limited impact on climate change. Nevertheless, in 2012, a continuous improvement program was undertaken as part of a formal environmental policy. Moreover, greenhouse gas emissions were inventoried in Brazil and France to identify the main material sources.

Following an analysis of the GHG Protocol accounting and reporting standard, the following main sources of the Group's greenhouse gas emissions were identified:

Scopes 1 and 2:

- Inputs – especially the customization of pre-printed paper;
- IT assets;
- Energy used at the main facilities and production units.

Scope 3 – (Indirect emissions from activities not included in Scopes 1 and 2):

- Inputs – subcontracted services;
- Transportation – voucher deliveries and business travel.

To move to the next level, Edenred worked with an outside firm to conduct the industry's first comparative study of the environmental impact of its *Ticket Restaurant®* paper vouchers and cards in France, and published the resultsin 2017. The lifecycle assessment (LCA) was the method used to measure the impacts of each medium on climate change so that priority actions could be identified to reduce the card's environmental impact. The conclusion was that the card has a more positive impact on the climate as it reduced greenhouse gas emissions by almost two-thirds (64%) compared with paper vouchers. This is because the card is manufactured and sent to the user once every two years, which means that energy use and greenhouse gas emissions are significantly reduced in the production and distribution stages.

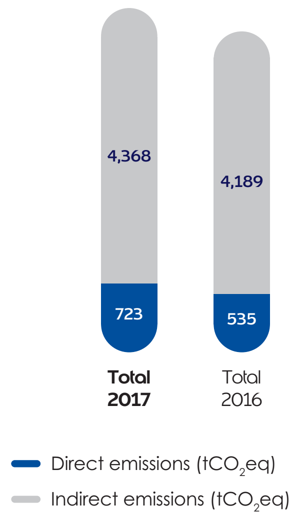
Emissions

Greenhouse gas emissions are calculated based on the energy use data provided above, as follows:

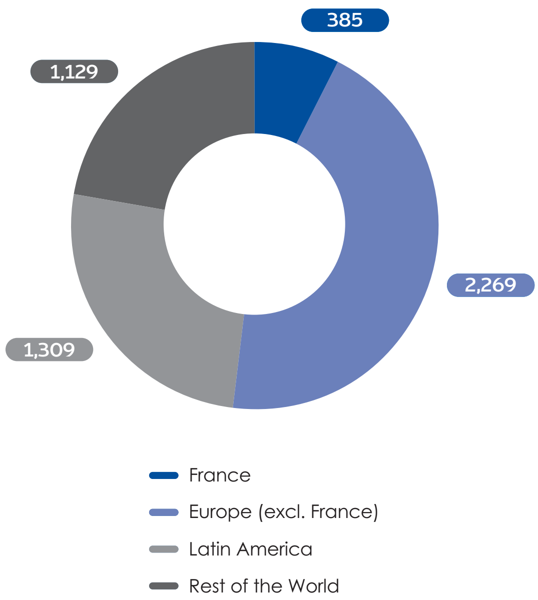
- direct emissions correspond to the natural gas and fuel oil burned in Group facilities;
- indirect emissions concern electricity used by Group facilities.

TOTAL GREENHOUSE GAS EMISSIONS IN 2017 AND 2016

(in tCO2 eq)



GREENHOUSE GAS EMISSIONS BY REGION IN 2017 *(in tCO_2 eq)*



Total greenhouse gas emissions increased by 8% in 2017. The rise is also due to the increase in the workforce following the integration of new subsidiaries. These emissions are calculated on the basis of emissions factors according to international standards (source: ADEME, latest version available in 2017) including an emissions factor per country for electricity consumption and shared emissions factors for natural gas and fuel oil consumption.

In Brazil, Edenred chose to offset all of the unavoidable energy use reported during the subsidiary's carbon review with a biomass-to-energy investment project.

Other country organizations have implemented commuting-related initiatives, such as the incentives used by Edenred UK and Edenred Germany to encourage employees to bike to work. Edenred France has also made bikes used as a means of commuting eligible for the annual transportation bonus distributed to employees, in the same way as vehicles and public transportation.

Employees at corporate headquarters in Malakoff, France, created a car-pooling intranet site and parking spaces were put in place for electric vehicles in 2017.

2.4.3.4.2 Measures to adapt to climate change

Owing to its service operations, climate change has a limited impact on Edenred. Nevertheless, the Group is committed to reducing greenhouse gas emissions arising from its growth, as described in section 2.4.3.4.1.

2.4.3.5 Measures to protect biodiversity

Edenred's ISO 14001-based environmental management system includes measures to protect biodiversity.

A number of initiatives undertaken by subsidiaries to protect biodiversity are described above, including the use of recycled and FSC-certified paper for voucher production and nature preservation.

In France, for example:

- in partnership with French NGO Reforest'action, Edenred France sent all of its corporate clients and partner merchants a 2017 New Year's card inviting each one to choose the region of France where they would like a tree to be planted in their names. This initiative helps to fight against deforestation, reduce the risk of landslides and prevent the drying up of ground soil and rivers, while supporting the preservation of local biodiversity. The virtual lot listing all the trees planted by Edenred France is regularly increased throughout the year by other responsible marketing operations bringing together employees and corporate clients.

IDEAL GREEN KEY INDICATORS IN 2017

idealgreen

MOBILIZE TO REDUCE OUR ENVIRONMENTAL IMPACT

23 countries use ecological paper

2% less paper was used to produce vouchers, brochures and in offices

15% less waste produced

2.4.3.6 Summary of environmental indicators, 2017

INDICATOR	KEY FIGURES FOR 2017 (VS. 2016)	COMMENTS
Waste	-15%	The decline in waste and paper use is mainly due to the transition to paperless vouchers and the introduction of environmental management systems in a growing number of subsidiaries.
Paper used for producing vouchers and brochures and for general office use	-2%	
Energy	6%	The increase in water and energy consumption and greenhouse gas emissions is linked to the sharp rise in the Group's workforce in 2017 following the integration of new subsidiaries.
Water	13%	
Greenhouse gas emissions	8%	

2.4.4 CSR INDEPENDENT THIRD-PARTY ENTITY REPORT

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

For the year ended December 31, 2017

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

To the Shareholders,

In our capacity as Statutory Auditors of Edenred SA, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048 [1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2017 included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

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

Independence and quality control

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

Statutory Auditor's responsibility

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is not our responsibility to provide any conclusion on the compliance with other applicable legal expectations, in particular those concerning the French law 2016-1691 (anti-corruption law).

Our work involved five persons and was conducted between November 2017 and March 2018 during a five week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 [2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

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

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

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

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by Article L.233-1 and the controlled entities as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the corporate social responsibility section of the management report.

Conclusion

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

(1) whose scope is available at www.cofrac.fr.

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

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

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

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

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

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

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities/divisions/sites selected by us [(1)] on the basis of their activity, their contribution to the consolidated data, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represented on average 24% of the Group headcount and between 17% and 41% of the environmental quantitative information presented.

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

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

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

Conclusion

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

Neuilly-sur-Seine, March 12, 2018

One of the Statutory Auditors:

DELOITTE & ASSOCIÉS

Patrick E. Suissa
Partner

Julien Rivals
Partner, Sustainability Services

(1) Edenred France, Edenred India PVT Ltd, Edenred Italia, Ticket Log (Brazil), Ticket Serviços (Brazil).

Appendix

The CSR Information that we considered to be the most important, on which we conducted detailed tests, are the following:

Quantitative information:

Social	Environmental	Societal
Quantitative information:		
• Total number of employees • Percentage of women in management positions • Total number of hires • Total number of departures • Absenteeism rate (calculated automatically) • Frequency rate (calculated automatically) • Severity rate (calculated automatically) • Number of hours of training • Percentage of employees working at units with employee representative bodies • Percentage of employees covered by a collective agreement	• Percentage of employees working in a subsidiary that has received ISO 14001 certification • Number of country organizations, percentage of the workforce represented using recycled paper or paper certified to the standards of the Forest Stewardship Council (FSC) • Total paper use for the production of vouchers • Plastic consumption related to the production of cards • Total energy use • Greenhouse gas emissions	• Number of days devoted by employees to volunteering • Number of beneficiaries made aware of the "Ideal meal" food programs
Qualitative information:		
• Measures taken to recycle plastic cards in France; • Measures taken to prevent corruption; • Inclusion of social and environmental issues in the purchasing policy; • Talent management – Initiatives in place and general policy.		

3

CORPORATE GOVERNANCE REPORT

The Board of Directors' Report on Corporate Governance has been prepared in accordance with the provisions of Articles L.225-37-2 to L.225-37-5 of the French Commercial Code (Code de commerce).

3.1 CORPORATE GOVERNANCE

Edenred's system of corporate governance is based on the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which was revised in November 2016. The Corporate Governance Code can be consulted on the MEDEF website, www.medef.com. Paper copies are available on request from AFEP-MEDEF and the Company's headquarters.

The Company complies fully with the provisions of the AFEP-MEDEF Code.

Since April 9, 2010, Edenred has been organized as a *société anonyme* (public limited company) administered by a Board of Directors.

As provided for in the applicable regulations, on June 29, 2010, the Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and confirmed this decision on September 10, 2015 when Bertrand Dumazy was appointed Chairman and Chief Executive Officer. The Board considers that this governance structure is best aligned with the Company's needs, because it ensures the high level of strategic and operational responsiveness required by a young organization whose business is undergoing radical technological transformation. The Chairman and Chief Executive Officer does not receive any compensation in his capacity as Chairman of the Board.

Article 14 of the Company's bylaws allows for the appointment by the Board of one or two Vice-Chairmen to lead Board meetings in the Chairman's absence. In light of its decision to combine the functions of Chairman and Chief Executive Officer, the Board decided to appoint an independent director as Vice-Chairman of the Board. Furthermore, under Article 1.5 of the Board of Directors' Internal Regulations, the Vice-Chairman may also act as Lead Independent Director provided he or she qualifies as an independent director in accordance with the criteria disclosed by the Company. In addition, the Board of Directors must appoint a Vice-Chairman if the Chairman is also the Chief Executive Officer, in which case the Vice-Chairman will also serve as Lead Independent Director.

In accordance with the provisions of Article L.225-37-4 of the French Commercial Code, it is specified that no agreements have been entered into either directly or through an intermediary between (i) one of the executive directors or one of the shareholders owning more than 10% of the Company's voting rights and (ii) a subsidiary of Edenred.

3.1.1 THE BOARD OF DIRECTORS

In accordance with Article 12 of the bylaws, the Company is administered by a Board of Directors with at least three and no more than 18 members, except where otherwise permitted pursuant to the law, particularly following a merger.

The age limit for holding office as a director is 75. Directors who reach the age of 75 are deemed to have automatically resigned at the close of the first Shareholders Meeting held after their seventy-fifth birthday.

In addition, no more than one-third of the Board members may be aged over 70.

These age limits also apply to the permanent representatives of corporate directors.

If, as a result of a director reaching the age of 70, the one-third proportion referred to above is exceeded, the oldest director will be deemed to have automatically resigned with immediate effect.

Directors are elected on the basis prescribed by law by ordinary resolution of the Shareholders Meeting, for a four-year term. They may be re-elected.

Exceptionally, shareholders may decide to elect one or more directors for a term of less than four years so that Board members retire by rotation.

If one or more seats on the Board become vacant, the Board of Directors may provisionally appoint directors to fill said seats, subject to ratification at the next Ordinary Shareholders Meeting, on the basis prescribed by law.

A decision by shareholders not to ratify the appointment would not invalidate the Board's decisions and actions during the period up to said meeting.

Directors are appointed by the Board to fill a vacant seat for the remainder of the previous director's term.

For as long as the Company's shares are traded on a regulated market, each director is required to hold 500 Edenred registered shares.

Article I.1 of the Board of Directors' Internal Regulations stipulates that at least half of the directors on the Board of Directors must be independent within the meaning of the criteria set forth in the AFEP-MEDEF Code.

The framework for the preparation and organization of Board meetings results from French company law and the related regulations, from the Company's bylaws and from the Board of Directors' Internal Regulations, which also describe the procedures of the Committees of the Board (see the section on "Internal Regulations of the Board of Directors").

Subject to approval at the Annual Shareholders Meeting to be held on May 3, 2018 (twenty-ninth resolution, extraordinary business), Article 12 of the bylaws will be amended to determine the arrangements for appointing the employee representative director in accordance with the provisions of Article L.225-27-1 of the French Commercial Code.

3.1.1.1 Membership of the Board of Directors at December 31, 2017

Directors

The table below summarizes the membership of the Board of Directors at December 31, 2017. Details on each of the directors are provided thereafter.

NAME	AGE	INDEPENDENCE	NUMBER OF DIRECTORSHIPS IN LISTED COMPANIES (EXCLUDING EDENRED)	AUDIT AND RISKS COMMITTEE	COMPENSATION AND APPOINTMENTS COMMITTEE	COMMITMENTS COMMITTEE	DATE FIRST ELECTED	END OF CURRENT TERM	ATTENDANCE AT THE 7 BOARD MEETINGS
Bertrand Dumazy	46	No	0				2015	2018 AGM	100%
Jean-Paul Bailly	71	Yes	2	X		X	2010	2020 AGM	71%
Anne Bouverot	51	Yes	1			X	2010	2021 AGM	86%
Sylvia Coutinho	56	Yes	0		X		2016	2021 AGM	71%
Dominique D'Hinnin	57	Yes	2	X			2017	2020 AGM	100%
Gabriele Galateri di Genola	71	Yes	2		X		2010	2018 AGM	100%
Maëlle Gavet	39	Yes	0				2014	2018 AGM	71%
Françoise Gri	60	Yes	2		X		2010	2021 AGM	100%
Jean-Romain Lhomme	42	Yes	0	X			2013	2018 AGM	86%
Bertrand Meheut	66	Yes	2			X	2010	2020 AGM	86%

Gender balance:

In line with the principle of gender balance on the Board, as of December 31, 2017, six of the directors were men and four were women, i.e., 40%.

Diversity:

The Board of Directors includes one Italian citizen, one Brazilian citizen and four members with extensive professional experience outside France (United States, Russia, United Kingdom, Italy and the Netherlands), enhancing Edenred's international vision.

Independence:

According to section III of the Internal Regulations, qualification as independent director is discussed every year by the Compensation and Appointments Committee, which submits a report to the Board of Directors.

Each director's situation in relation to the independence criteria, defined in collaboration with the Compensation and Appointments Committee, is reviewed annually by the Board of Directors. The Board of Directors must disclose the conclusions of the assessment to shareholders in this Registration Document, indicating that it carefully examined whether the directors had any significant business relationships with the Company and the criteria which were adopted to reach these conclusions.

Once again this year, the Board of Directors concluded that none of the directors had a relationship of any kind whatsoever with the Company, its Group or the management of either that could color their judgment.

Pursuant to the independence criteria approved by the Board of Directors, qualified independent directors cannot:

- have been at any time in the past five years an employee or an executive director of the Company, or an employee or director of its parent or a company that it consolidates;
- be an executive director of a company in which the corporation directly or indirectly holds a directorship, or in which an employee appointed as such or an executive director of the Company (current or in the past five years) holds a directorship;
- be a customer, supplier, investment banker or commercial banker:
  - that is material for the Company or its Group, or
  - for which the Company or its Group represents a material proportion of the activity;
- have any close family ties with an executive director;
- have been a Statutory Auditor of the Company at any time in the last five years;
- have been a director of the Company for more than 12 years;
- be or represent a shareholder owning more than 10% of the capital or voting rights of the Company.

The Board of Directors may decide that a director meeting these criteria does not qualify as independent given his or her situation or the Company's situation due to its shareholding structure or for any other reason. Conversely, the Board of Directors may, based on the recommendation of the Compensation and Appointments Committee, decide that a director who does not meet these criteria is independent.

As of December 31, 2017, the Board of Directors had ten members, nine of whom were qualified by the Board as independent directors.

The table below summarizes the independence criteria for each director as of December 31, 2017:

	NOT AN EMPLOYEE OR EXECUTIVE DIRECTOR	NO CROSS DIRECTORSHIPS	NO BUSINESS RELATIONSHIPS	NO FAMILY TIES	NOT AN AUDITOR OR FORMER AUDITOR	NOT A DIRECTOR FOR MORE THAN 12 YEARS	IS NOT OR DOES NOT REPRESENT A SHAREHOLDER WITH 10%+	INDEPENDENT
Bertrand Dumazy	X	•	•	•	•	•	•	NO
Jean-Paul Bailly	•	•	•	•	•	•	•	YES
Anne Bouverot	•	•	•	•	•	•	•	YES
Sylvia Coutinho	•	•	•	•	•	•	•	YES
Dominique D'Hinnin	•	•	•	•	•	•	•	YES
Gabriele Galateri di Genola	•	•	•	•	•	•	•	YES
Maëlle Gavet	•	•	•	•	•	•	•	YES
Françoise Gri	•	•	•	•	•	•	•	YES
Jean-Romain Lhomme	•	•	•	•	•	•	•	YES
Bertrand Meheut	•	•	•	•	•	•	•	YES

Directorships:

As of December 31, 2017, the membership of the Board of Directors was as follows:

Jean-Paul Bailly

DATE OF BIRTH:

November 29, 1946

NATIONALITY:

French

BUSINESS ADDRESS:

38 rue Gay Lussac,
75005 Paris, France

FIRST ELECTED:

June 29, 2010

RE-ELECTED:

May 4, 2016

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2019

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

612

MAIN POSITION:

Former Chairman of RATP and Honorary Chairman of La Poste Group

EXPERIENCE AND EXPERTISE:

A graduate of École Polytechnique and the Massachusetts Institute of Technology (MIT), Jean-Paul Bailly has held various positions with the Paris Transit Authority (RATP), including Manager of the Paris Metro and RER suburban rail system, Human Resources Director, Deputy Chief Executive Officer and then Chairman and Chief Executive Officer.

He was Chairman of the French Post Office (La Poste Group) from 2002 to 2013 and Chairman of the Supervisory Board of La Banque Postale from 2006 to 2013. Since then, he has been Honorary President of La Poste Group.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Director – Accor SA *(listed company)* – France
- Chairman of the Supervisory Board – Europcar *(listed company)* – France

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Director – Sopassure SA
- Director – CNP Assurances SA *(listed company)*
- Director – Poste Immo SA – Permanent representative of La Poste
- Director – Geopost SA – Permanent representative of La Poste
- Director – Sofipost SA – Permanent representative of La Poste
- Chairman and Chief Executive Officer – La Poste SA
- Chairman of the Supervisory Board – La Banque Postale SA
- Member of the Supervisory Board – La Banque Postale Asset Management SA

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Anne Bouverot

DATE OF BIRTH:

March 23, 1966

NATIONALITY:

French

BUSINESS ADDRESS:

2 rue Xaintrailles,
75013 Paris, France

FIRST ELECTED:

June 29, 2010

RE-ELECTED:

May 4, 2017

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2020

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

1,021

MAIN POSITION:

Director of companies

EXPERIENCE AND EXPERTISE:

A graduate of École Normale Supérieure and of Télécom Paris, Anne Bouverot was the Presales Operations Manager of Global One from 1996 to 2002. In August 2004, she became Chief of Staff for the Chief Executive Officer of Orange Group and then, in November 2006, Executive Vice-President, International Business Development, at France Telecom. She has also been a director of Groupama SA since October 2008. In September 2011, she became Director General and Member of the Board of GSMA, the international association of mobile network operators. She was Chief Executive Officer of Safran Identity & Security (formerly Morpho) from 2015 to June 2017. Since then, she has held various directorships in French companies.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Director – CapGemini SA *(listed company)* – France
- *Corporate Secretary – CICS – Conseil des Industries, de la Confiance et de la Sécurité – France*
- *Vice-Chairman – FIEEC – Fédération des Industries Electriques, Electroniques et de Communication – France*
- Director – Euveka – France
- *Chairman – Fondation Abeona – France*

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Chairman – Safran Identity & Security – France
- Chairman – Morpho Trak, LLC – United States
- Chairman of the Board of Directors – Morpho Detection International, LLC – United States
- Member of the Supervisory Board – Morpho Cards GmbH – Germany
- Chairman – Morpho USA, Inc. – United States
- Director – Groupama SA *(listed company)*
- Member of the Board of Directors – GSMA *(international association of mobile network operators)* – United Kingdom
- Director General – GSMA SV – Switzerland
- Member of the Board of Directors – GSMA Ltd – United States

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Sylvia Coutinho

DATE OF BIRTH:

December 1, 1961

NATIONALITY:

Brazilian

BUSINESS ADDRESS:

Av. Faria Lima
4440-9 Andar,
São Paulo, Brazil

FIRST ELECTED:

March 23, 2016

RE-ELECTED:

May 4, 2017

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2020

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

500

MAIN POSITION:

Chief Executive Officer of UBS Group Brazil

EXPERIENCE AND EXPERTISE:

Sylvia Coutinho holds a degree in engineering and a post-graduate degree in economics from the University of São Paulo, as well as an MBA from Columbia University in New York. She started her career in 1984 at the banking group Citigroup, where she held several high-responsibility positions in Brazil and the United States. In 2003, she joined HSBC where she held senior positions in the wealth and asset management divisions, and notably became Head of Retail Banking and Wealth Management for Latin America and Head of Global Wealth Management for the Americas.

Since 2013, Sylvia Coutinho serves as the Country Head of the banking group UBS in Brazil and chairs UBS' Brazilian Executive Committee.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Chief Executive Officer – UBS Group Brazil – Brazil
- Chief Executive Officer – UBS Global Wealth Management Latin America – Brazil

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Regional Director – HSBC Bank

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Dominique D'Hinnin

DATE OF BIRTH:

August 4, 1959

NATIONALITY:

French

BUSINESS ADDRESS:

70 rue Balard,
75502 Paris Cedex 15, France

FIRST ELECTED:

June 8, 2017

RE-ELECTED:

n/a

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2019

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

500

MAIN POSITION:

Chairman of the Board of Directors of Eutelsat Communications SA

EXPERIENCE AND EXPERTISE:

Dominique D'Hinnin is a graduate of École Normale Supérieure and École Nationale d'Administration. He began his career in 1986 with France's Inspection des Finances before joining Lagardère as Chief Internal Auditor in 1990. In 1993, he became Executive Vice-President, Finance of Hachette Livre and in 1994 Executive Vice-President of Grolier Inc. (Connecticut, USA). In 1998, he was appointed Executive Vice-President, Finance of the Lagardère Group, where he also held the position of Co-Managing Partner between 2009 and 2016.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Chairman of the Board of Directors – Eutelsat Communications SA *(listed company)* – France
- *Member of the Board of Directors and Chairman of the Audit Committee – PRISA (listed company) – Spain*
- *Member of the Board of Directors – Louis Delhaize SA – Belgium*

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Member of the Board of Directors – Marie-Claire Album
- Member of the Board of Directors – Holding Evelyne Prouvost
- Member of the Board of Directors – Canal+ France
- Member of the Board of Directors – Editions Amaury SA
- Member of the Consultative Committee – PricewaterhouseCoopers France
- Member of the Board of Directors – EADS (Airbus)

Bertrand Dumazy

DATE OF BIRTH:

July 10, 1971

NATIONALITY:

French

BUSINESS ADDRESS:

Edenred SA
166-180 boulevard Gabriel Péri,
92240 Malakoff, France

FIRST ELECTED:

October 26, 2015

RE-ELECTED:

n/a

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2017

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

500

MAIN POSITION:

Chairman and Chief Executive Officer of Edenred SA

EXPERIENCE AND EXPERTISE:

Bertrand Dumazy is a graduate of ESCP Europe with an MBA from Harvard Business School. He started his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then worked as an Investment Director of BC Partners in 1999 before founding Constructeo. In 2002, he joined the Neopost Group. Initially head of Marketing and Strategy, he was appointed Chairman and Chief Executive Officer of Neopost France in 2005 and then Executive Vice-President, Finance for the Neopost Group in 2008. In 2011, he became President and CEO of Deutsch, a world leader in high performance connectors, a position he held until the group was acquired by TE Connectivity. In 2012, he joined Materis as Executive Vice-President then CEO and eventually President and CEO of Cromology. In October 2015, he was appointed Chairman and CEO of the Edenred Group. He also became the Chairman of the Supervisory Board of UTA in November 2015.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: NO

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Chairman and Chief Executive Officer – Edenred SA – France
- *Chairman of the Supervisory Board – Union Tank Eckstein GmbH & Co. KG – Germany (Edenred Group company)*
- *Chairman – PWCE Participations SAS – France (Edenred Group company)*
- *Director – Terreal SAS – France*

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- President – Cromology (formerly Materis Paints)
- President – Cromology (formerly Materis Peintures)
- President – Materis SAS
- President – Materis Corporate Services
- Chairman of the Board of Directors – Cromology SL (formerly Materis Paint Espana SL) – Permanent representative of Cromology Services
- Chairman of the Board of Directors – International Coating Products (UK) Limited
- Director – Vernis Claessens
- Director – Cromology Italia S.p.A (formerly Materis Paints Italia S.p.A)
- Director – Innovcoat Nanoteknolojik Boya Ve Yüsey Urunleri Sanayi Ticaret Ve Arge A.S

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Gabriele Galateri di Genola

DATE OF BIRTH:

January 11, 1947

NATIONALITY:

Italian

BUSINESS ADDRESS:

Piazza Cordusio 2,
20123 Milan, Italy

FIRST ELECTED:

June 29, 2010

RE-ELECTED:

May 13, 2014

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2017

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

500

MAIN POSITION:

Chairman of Assicurazioni Generali S.p.A.

EXPERIENCE AND EXPERTISE:

Gabriele Galateri di Genola, who has an MBA from Columbia University (New York), held various positions at Saint-Gobain, then at Fiat beginning in 1977. He was appointed Chief Executive Officer of IFIL in 1986 and General Manager of IFI in 1993. He was Chairman of Mediobanca until June 2007, then Chairman of Telecom Italia SpA until 2011. He then became Chairman of Generali Group.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- Chairman – Assicurazioni Generali SpA (listed company) – Italy
- Chairman – Istituto Italiano di Tecnologia (IIT) – Italy
- Director – Accor Hospitality Italia Srl – Italy
- Director – Lavazza SpA – Italy
- Director – FAI – Fondo per l'Ambiente Italiano – Italy
- Director – Assonime – Italy
- Director – Moncler Italia SpA (listed company) – Italy
- Member of the General Board and Executive Committee – Fondazione Giorgio Cini – Italy
- Member of the Management Board – Associazione De Sono – Italy
- Member of the International Advisory Board – Columbia Business School – United States
- Member of the International Advisory Board – Bank of America Merrill Lynch – United States
- Member of the International Advisory Board – Temasek – Singapore

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Director – Italmobiliare SpA (listed company)
- Director – Azimut – Benetti SpA
- Director – Saipem SpA (listed company)
- Director – Accor SA (listed company)
- Director – Fondazione Rosselli
- Director – Banca Esperia SpA
- Director – Istituto Europeo di Oncologia (IEO)
- Director – Fondazione Nuovi Mecenati
- Director – Fondazione Ravello
- Director – Fiera di Genova SpA
- Director – Utet SpA
- Director – Fondazione R&I
- Director – Cassa di Risparmio di Savigliano (CRS)
- Director – Banca Carige (listed company)
- Director – Fondazione Ravello
- Director – Fondazione Santa Cecilia
- Director – TIM Participaçoes SA
- Director – Confindustria
- Member of the Central Advisory Board – Commerzbank AG
- Chairman – TIM Brazil S&P SA (listed company)
- Chairman – TIM Participacoes SA
- Chairman – Telecom Italia SpA (listed company)
- Vice-Chairman – RCS Mediagroup SpA (listed company)
- Member of the Supervisory Board – San Faustin NV
- Member of the Compensation Committee – TIM Participaçoes SA
- Member of the Management and/or Executive Board – Confindustria
- Member of the Management and/or Executive Board – Unione Industriali Napoli – Vice-Chairman of the Banda Larga Project
- Member of the Management and/or Executive Board – Assolombarda

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Maëlle Gavet

DATE OF BIRTH:
May 22, 1978

NATIONALITY:
French

BUSINESS ADDRESS:
Edenred SA
166-180 boulevard Gabriel Péri,
92240 Malakoff, France

FIRST ELECTED:
May 13, 2014

RE-ELECTED:
n/a

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2017

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:
500

MAIN POSITION:
Chief Operating Officer of Compass

EXPERIENCE AND EXPERTISE:
A graduate of La Sorbonne University, École Normale Supérieure de Fontenay-Saint-Cloud and IEP de Paris, in 2001 Maëlle Gavet set up Predstavitelskij.dom, a Russian corporate events company, before joining the Boston Consulting Group as a partner in 2003. In 2010, she joined Ozon.ru as Sales and Marketing Director, becoming Chief Executive Officer in April 2011. In 2015, she was appointed Executive Vice-President of Global Operations for Priceline Group and became Chief Operating Officer of Compass in January 2017.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017
- Chief Operating Officer – Compass – USA

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS
- Chief Executive Officer – LLC Internet Solutions (Ozon.ru)
- Partner – The Boston Consulting Group
- Executive Vice-President of Global Operations – Priceline Group – Netherlands
- Chief Executive Officer – Ozon Holdings – Russia

Françoise Gri

DATE OF BIRTH:
December 21, 1957

NATIONALITY:
French

BUSINESS ADDRESS:
Edenred SA
166-180 boulevard Gabriel Péri,
92245 Malakoff Cedex, France

FIRST ELECTED:
June 29, 2010

RE-ELECTED:
May 4, 2017

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2020

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:
1,947

MAIN POSITION:
Chief Executive Officer of Françoise Gri Conseil

EXPERIENCE AND EXPERTISE:
A graduate of Ensimag, Françoise Gri joined the IBM Group in 1981. She was appointed Director of the E-business Solutions Marketing and Sales division of IBM EMEA in 1996, and then Director of Sales Operations for IBM EMEA in 2000. After serving as Chairman and Chief Executive Officer of IBM France from 2001 to 2007, Françoise Gri was Chairman of ManpowerGroup France and Southern Europe from 2007 to 2012, before joining the Pierre & Vacances-Center Parcs Group in 2013, then serving as Chief Executive Officer until 2014. In 2015, she became CEO of Françoise Gri Conseil and in 2016 she was Chairman of the Board of Directors of Viadeo.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017
- Chairman – Françoise Gri Conseil – France
- Director – Crédit Agricole SA (listed company) – France
- Director – WNS Services (listed company, NYSE) – India
- Director – 21 Centrale Partners – France

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS
- Chairman of the Board of Directors – Viadeo
- Director – STX Europe
- Chief Executive Officer – Pierre & Vacances-Center Parcs (listed company)
- Member of the Supervisory Board – Rexel (listed company)
- Member of the Ethics Committee – MEDEF
- Member – High Corporate Governance Committee
- Member – Institut français du tourisme

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Jean-Romain Lhomme

DATE OF BIRTH:

August 22, 1975

NATIONALITY:

French

BUSINESS ADDRESS:

Lake Invest S.a.r.l,
22 rue Marie Adelaïde
L 2128, Luxembourg

FIRST ELECTED:

October 3, 2013

RE-ELECTED:

May 13, 2014

CURRENT TERM ENDS:

Shareholders Meeting to approve the financial statements for the year ended December 31, 2017

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:

500

MAIN POSITION:

Founder and Manager – Lake Invest Sarl – venture capital

EXPERIENCE AND EXPERTISE:

Jean-Romain Lhomme graduated with a degree in business administration and finance from HEC Business School in Paris and minored in international business at ESADE (Barcelona). He started his career as an analyst in New York and Brazil for the Latin American privatization team of Paribas and for Mercer Management Consulting (Oliver Wyman) as an analyst in Paris. He then worked for the Strategic Director of PPR, mostly focusing on acquisitions and new retail formats. He joined Colony Capital in 2000 where, until 2015, he was Executive Director, responsible for the identification, evaluation, consummation and management of new European investments. Jean-Romain Lhomme is currently Managing Director of Lake Invest S.a.r.l., a company that invests in innovative businesses.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017

- *Co-Founder – PJX10 – United Kingdom*
- *Legal Manager – Des Garçons SCI – France*
- *Director – BrickVest Ltd. – United Kingdom*

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Member of the Supervisory Board – Colfilm SAS
- Director – Holding Sports & Événements SAS
- Legal Manager – Colony Luxembourg Sarl
- Legal Manager – Fair Sponsors Sarl
- Legal Manager – Fair Zero Sarl
- Legal Manager – New Finco
- Legal Manager – 30GV Genpar
- Legal Manager – 30GV Master Genpar I
- Legal Manager – 30GV Master Genpar II
- Legal Manager – ColMassyRedLux Genpar
- Executive Director – Colony Capital SAS
- Director – Sisters Soparfi SA
- Director – Clinique de Carouge CMCC SA
- Director – Permanence de la Clinique de Carouge
- Director – La Tour Sarl
- Director – La Tour Réseau de Soins
- Chairman of the Supervisory Board – BUT SAS
- Chairman of the Supervisory Board – Decomeubles Partners SAS
- Legal Manager – Fair Finance Sarl
- Legal Manager – Fair Partners Sarl
- Director – CDSR Burlington House Developments Limited
- Director and CEO – Colyzeo Investment Management

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

Bertrand Meheut

DATE OF BIRTH:
September 22, 1951

NATIONALITY:
French

BUSINESS ADDRESS:
Edenred SA
166-180 boulevard Gabriel Péri,
92240 Malakoff, France

FIRST ELECTED:
June 29, 2010

RE-ELECTED:
May 4, 2016

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2019

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2017:
500

MAIN POSITION:
Director of companies

EXPERIENCE AND EXPERTISE:
A graduate of École des Mines de Paris, Bertrand Meheut spent most of his career with Rhône-Poulenc and later Aventis CropScience, serving as Deputy Chief Operating Officer, Europe, in charge of corporate services for the "Agro" division, and then successively as Chief Executive Officer of the German subsidiary, Deputy Chief Executive Officer of Rhône-Poulenc Agro and Executive Vice-President and Chief Operating Officer Europe. Following the merger of Rhône-Poulenc and Hoechst to form Aventis, Bertrand Meheut was appointed Chief Executive Officer of Aventis CropScience. He joined Canal+ Group in 2002 and was Chairman of the Executive Board until 2015. He now holds directorships with several companies.

INDEPENDENT WITH REGARD TO AFEP-MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2017
- Director – Accor SA *(listed company)* – France
- Director – Pierre & Vacances Group *(listed company)* – France
- Director – Aquarelle.com – France
- Vice-Chairman of the Board of Directors – SFR Group – France

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS
- Director – SFR
- Director – Canal+ Finance SA – Permanent representative of Canal+ Group
- Director – Sport+ SA – Permanent representative of Canal+ Group
- Director – Cinémathèque
- Chairman of the Board of Directors – Société d'Édition de Canal Plus SA *(listed company)*
- Chairman of the Board of Directors – Canal+ International Development SA
- Chairman of the Executive Board – Canal+ France SA
- Chairman of the Executive Board – Canal+ Group
- Member of the Executive Board – Vivendi SA *(listed company)*
- Chairman of the Management Board – Canal+ Régie SA
- Chairman of the Management Board – Canal+ Overseas SAS
- Chairman – Kiosque Sport SAS
- Chairman – Canal+ Régie SAS
- Co-Legal Manager – Canal+ Éditions SNC – Permanent representative of Canal+ Group
- Managing Partner – Kiosque SNC – Permanent representative of Canal+ France SA
- Chairman of the Supervisory Board – Studio Canal SA
- Member of the Supervisory Board – TVN

Directorships shown in italics do not fall within Article L.225-21 of the French Commercial Code on multiple directorships.

The table below shows changes in the membership of the Board of Directors during 2017:

DATE OF THE CHANGE	DIRECTOR CONCERNED	CHANGE
May 4, 2017	Philippe Citerne	Resigned from his office as Vice-Chairman of the Board of Directors and Lead Independent Director Appointed as Board observer
May 4, 2017	Françoise Gri	Appointed Vice-Chairman of the Board of Directors and Lead Independent Director
June 1, 2017	Nadra Moussalem	Resigned from his office as director
June 8, 2017	Dominique D'Hinnin	Co-opted as new director

Attendance

The Board meetings lasted three hours on average and the average attendance rate was 87%.

The attendance rate for each director was calculated based on the seven Board meetings held during 2017. Of the seven meetings, five were scheduled in accordance with the procedure described in section 3.1.1.5 while two were called at very short notice, preventing some directors from attending, particularly Sylvia Coutinho, who works in Brazil, and Maëlle Gavet, who works in the United States. These two Board meetings lasted 45 minutes on average.

Chairman of the Board of Directors

In accordance with Article 14 of the bylaws, the Board of Directors elects one of its members to serve as Chairman, for the duration of his or her term as director. The Chairman may be re-elected to this position.

The age limit for holding office as Chairman is 70. If the Chairman reaches the age of 70 during his or her term, he or she is deemed to have automatically resigned from this position at the close of the first Shareholders Meeting held after his or her seventieth birthday.

The Chairman's role and responsibilities are specified in the applicable laws and the Company's bylaws.

He or she chairs meetings of the Board of Directors, organizes and leads the work of the Board, and reports to shareholders on the Board's work at General Meetings.

He or she also ensures that the Company's administrative, management and supervisory bodies function efficiently and that the directors are in a position to fulfill their duties.

The Chairman chairs Shareholders Meetings and prepares the reports to shareholders required by law. The Board of Directors may decide to combine the functions of Chairman and Chief Executive Officer, either when the Chairman is appointed or subsequently, in which case the provisions of the law and the Company's bylaws applicable to the Chief Executive Officer also apply to the Chairman.

As referred to in the introduction to section 3.1 "Corporate governance", on June 29, 2010, the Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer. The Chairman and Chief Executive Officer's powers are described in section 3.1.2 on Executive Management.

Lead Independent Director and Vice-Chairman of the Board of Directors

Article 14 of the Company's bylaws allows for the appointment by the Board of one or two Vice-Chairmen to lead Board meetings in the Chairman's absence.

Under Article I.5 of the Board of Directors' Internal Regulations, the Vice-Chairman or Vice-Chairmen are appointed for their term as director.

A Vice-Chairman must be appointed if the Chairman is also the Chief Executive Officer, in which case the Vice-Chairman will also serve as Lead Independent Director.

The Lead Independent Director and Vice-Chairman must qualify as an independent director in accordance with the criteria disclosed by the Company.

He or she acts as the preferred contact for the other independent directors. Whenever necessary and at least once a year, he or she organizes a meeting reserved exclusively for independent directors to allow them to discuss certain issues outside full Board meetings. The meeting costs are paid by the Company, which also handles the logistical aspects. The meeting agenda is set by the Lead Independent Director but each independent director is able to raise any other issues not included on the agenda. After the meeting, the Lead Independent Director can arrange to meet the Chairman and Chief Executive Officer to inform him of all or certain of the independent directors' comments or requests. If appropriate, he or she may also decide to comment on the work of the independent directors during meetings of the full Board.

The Lead Independent Director also oversees responses to requests from shareholders not represented on the Board, makes him- or herself available to hear their comments and suggestions and, where possible, answers their questions after consulting the Chairman and Chief Executive Officer. The Lead Independent Director also oversees formal self-assessments of the Board's practices and procedures and approves the self-assessment report. He or she may assist the Chairman and Chief Executive Officer with regard to the items to be included on the agenda of Board meetings. He or she approves the annual summary of strategic issues to be included on the agenda of Board meetings, as submitted to him or her by the Chairman and Chief Executive Officer. Lastly, he or she deals with any conflicts of interest involving Board members.

Philippe Citerne held this position from June 29, 2010 until May 4, 2017, at which date Françoise Gri was appointed Lead Independent Director and Vice-Chairman of the Board of Directors to replace him.

As well as participating in the assessment of the Board's practices and procedures, Françoise Gri, in her capacity as Lead Independent Director and Vice-Chairman of the Board, organizes meetings of the independent directors to discuss various issues, such as how to protect the interests of shareholders not represented on the Board of Directors, how shareholders are represented by the independent directors, the Group's results and dividend policy, and its growth outlook.

She was not called upon to deal with any conflicts of interest within the Board of Directors in 2017.

As Lead Independent Director and Vice-Chairman of the Board, Françoise Gri has a specific e-mail address (françoise.gri@edenred.com) that may be used by anyone wishing to send her their comments or ask questions. She informs the Board of Directors of any such contact with shareholders.

Board Observer

Under Article 21 of the Company's bylaws, the Board of Directors may, on the Chairman's recommendation, appoint one or more Board observers to attend Board meetings in a consultative capacity only. The number of Board observers appointed may not exceed one quarter of the number of directors in office.

Their role is determined by the Board of Directors in accordance with the law and the Company's bylaws.

The Board observers are appointed for a term determined by the Board of Directors and they may be removed from office by the Board of Directors at any time.

The Board observers may receive compensation for their services, as determined by the Board of Directors.

On May 4, 2017, the Board of Directors appointed Philippe Citerne as Board observer for a term of two years, on the recommendation of the Chairman and Chief Executive Officer. He therefore continues to provide the Board with the benefit of his financial expertise and his knowledge of the Group. He attends all Board meetings and all Audit and Risks Committee meetings in an advisory capacity.

Philippe Citerne is a graduate of École Centrale de Paris. After holding a number of positions in the French Finance Ministry, he joined Société Générale in 1979, where he served as Vice-President of Economic Research, Vice-President Finance and Vice-President Human Relations, prior to becoming Director, Deputy Chief Executive Officer and Chief Operating Officer from 1997 to April 2009. He was Vice-Chairman of the Board of Directors of Accor until July 2016, after which he was appointed Board observer. He was Vice-Chairman of Edenred's Board of Directors and Chairman of the Audit and Risks Committee from June 29, 2010 to May 4, 2017.

Board Secretary

Pursuant to the Company's bylaws, the Board of Directors names a Secretary who need not be a director.

The Board Secretary calls members to meetings of the Board of Directors when requested to do so by the Chairman of the Board and draws up the minutes of Board meetings, which are then submitted to the Board for approval.

He or she sends the meeting files to directors according to the procedure described in Article I.3 of the Board of Directors' Internal Regulations, when requested to do so by the Chairman of the Board or the Chief Executive Officer, and generally responds to requests from directors for information about their rights and obligations, the Board's practices or the life of the Company.

His or her duties also include obtaining up-to-date copies of the documents disclosing directors' potential conflicts of interest, as provided for in the Transparency and Preventing Conflicts of Interests section of the Director's Charter.

Lastly, the Board Secretary attends the meetings of the Board Committees as needed, at the request of the Chairman or Chief Executive Officer and with the approval of the Committees' Chairmen, and may also be given the task of sending meeting files to the Committees' members.

Philippe Rélland-Bernard was named Board Secretary at the Board meeting of June 29, 2010.

3.1.1.2 Absence of conflicts of interest

There are no family relationships between the members of the Board of Directors.

No loans or guarantees have been granted or issued by the Company in favor of any member of the Board of Directors. No assets that are necessary for the conduct of the Company's business are owned by a director or a member of his or her family.

There are no potential conflicts of interests between any duties to Edenred of the members of the Company's administrative, management or supervisory bodies or the members of senior management and their private interests.

To the best of the Company's knowledge, in the past five years:

- no director has been convicted of any fraudulent offense;
- no director has been associated with any bankruptcy, receivership or liquidation;
- no director has been the subject of any official public incrimination and/or sanction by any statutory or regulatory authority;
- no director has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

3.1.1.3 Powers of the Board of Directors

In accordance with Article 13 of the bylaws, the Board of Directors determines the Company's strategy and ensures its implementation. It examines all issues relating to the efficient conduct of the business and makes all decisions concerning the Company, within the limits of the corporate purpose and except for those decisions that, by law, can only be made by shareholders at the Shareholders Meeting.

In addition to those decisions which, by law, require the Board's prior authorization, the Board of Directors' Internal Regulations defines the decisions of the Chief Executive Officer or the Chief Operating Officers for which the authorization of the Board is required (see section 3.1.2.3 "Restrictions on the powers of the Chief Executive Officer", page 130).

The Board of Directors may decide to issue bonds in accordance with the provisions of the law, and may give a one-year authorization to one or several of its members, or to the Chief Executive Officer or, with the latter's agreement, to one or more Chief Operating Officers, to carry out bond issues and set the related terms and conditions on the Board's behalf.

The Board of Directors may assign specific permanent or temporary responsibilities to one or more of its members or to any person outside the Board.

The Board of Directors may decide to set up committees tasked with examining issues submitted to them by the Board or its Chairman.

These committees report to the Board, which decides on their membership and terms of reference.

On June 29, 2010, the Board set up an Audit and Risks Committee, a Commitments Committee and a Compensation and Appointments Committee (see section 3.1.1.9, page 126) whose practices are described in the Board of Directors' Internal Regulations.

3.1.1.4 Quorum and majority

In accordance with Article 15 of the bylaws, the Board of Directors can only validly conduct business if at least half of its members are present.

Directors who participate in meetings by videoconference or any other appropriate telecommunication system on the basis allowed by the applicable laws and regulations may be taken into account in the calculation of the quorum and voting majority, by decision of the Board.

Directors may give proxy to another director, in writing, to represent them at a Board meeting, provided that no director represents more than one fellow director at any given meeting.

Decisions of the Board are made by a majority vote of the directors present or represented.

In the case of a split decision, the Chairman has the casting vote.

3.1.1.5 Board meetings

Article 15 of the bylaws stipulates that the Board of Directors meets whenever it is in the interest of the Company at the call of its Chairman.

Meetings are held at the Company's headquarters or at any other venue specified by the Chairman.

They may be called by any method, including orally, by the Chairman, or by the Board Secretary at the Chairman's request.

Meetings may also be held at the request of at least one-third of the directors or the Chief Executive Officer, to discuss a specific agenda.

If the Chairman is unable to fulfill his or her duties, meetings may be called by the director appointed as acting Chairman or by the Vice-Chairman (or one of the Vice-Chairmen) or by the Chief Executive Officer if he sits on the Board.

Meetings are chaired by the Chairman of the Board or, in his or her absence, by the Vice-Chairman (or one of the Vice-Chairmen) or by any other director designated by the Board.

The Chief Executive Officer, the Chief Operating Officer, other members of management, the members of the Strategy and Development Department, the Statutory Auditors or any other person with specific knowledge of the matters concerned may be invited by the Chairman to attend all or part of a Board meeting.

Directors and all other persons invited to attend Board meetings are required to treat all information disclosed during the meeting as strictly confidential and generally act with discretion.

Article I.2 of the Board of Directors' Internal Regulations adds that the Board of Directors shall meet as frequently as necessary in the Company's interest at the call of its Chairman. The Board generally holds at least five meetings a year, including one to review the budget and one to conduct a strategic review of the Group's operations. The proposed dates of each year's meetings are sent to the directors no later than November 30 of the previous year. Meetings can be called by mail, e-mail or fax or verbally by the Board's Secretary.

Part of at least one meeting a year is devoted to assessing the Board's efficiency and effectiveness, to identify possible areas for improvement. In addition, the Board of Directors conducts a formal self-assessment at least once every three years.

The Board of Directors met seven times in 2017. Calls to meeting are sent by e-mail and/or by mail, with the agenda, generally eight days before the meeting date. The directors receive all necessary information on a timely basis to enable them to fulfill their duties. Background information about agenda items are sent to them sufficiently well in advance to allow them to make an informed contribution to the Board's discussions. They are kept regularly informed of the financial position, cash position and commitments of the Company and the Group as well as the Group's strategy and main policies in the areas of Human Resources, organization and information systems, and discuss these strategies and policies at periodic intervals. The Board members are also informed on a regular basis of the Company's financial communications strategy. Presentations commented by the Group's senior management may be held and additional documents may be provided, if necessary. In the period between two meetings, directors are kept regularly informed of significant events and transactions involving the Group and are sent copies of all press releases issued by the Company.

3.1.1.6 Information given to the Board

In accordance with Article I.3 of the Board of Directors' Internal Regulations, the directors are provided with all the information they consider necessary to fulfill their duties.

Before each meeting, directors are sent a meeting file containing background information on all agenda items that need to be examined in advance, unless this is impossible for confidentiality or practical reasons.

The Board is informed on a regular basis of the financial position, cash position and commitments of the Company and the Group, as well as the main policies in the areas of Human Resources, organization and information systems, and discusses these matters and policies at periodic intervals. The Board is also informed on a regular basis of the Company's financial communications strategy. Presentations commented by the Group's senior management may be held and additional documents may be provided, if necessary.

In addition, the directors are kept regularly informed between meetings of all significant events and transactions in the life of the Group. In particular, they receive copies of all press releases issued by the Company as well as a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

The directors can ask the Chairman or the Chief Executive Officer for copies of any additional documents that they consider necessary to make an informed contribution to Board discussions. The Chairman or the Chief Executive Officer may ask the Board for its opinion before supplying the documents concerned.

The directors can also ask the Chairman or the Chief Executive Officer to arrange for them to meet with members of senior management, with or without the Executive Director being present.

3.1.1.7 Work carried out in 2017

At the Board meetings held in 2017, the Board of Directors dealt with the following matters:

- approval of the financial statements for the year ended December 31, 2016;
- the financial communication processes;
- the 2017 budget and financing plan;
- the Group's strategy;
- the Annual Shareholders Meeting of May 4, 2017 and the resolutions to be tabled at the meeting;
- notifications received under disclosure threshold rules and monitoring of the changes in the Company's shareholding structure;
- the review of the interim financial statements and the preparation of the interim Management Report;
- the Chairman and Chief Executive Officer's compensation;
- the allocation of performance shares;
- the breakdown of directors' fees;
- the proposed re-election of three directors;
- appointment of an Board observer on the recommendation of the Chairman and Chief Executive Officer, and determination of his role;
- co-optation of a new director;
- Executive Management organization;
- membership of the Board Committees;
- the independence criteria applied to directors and the specific financial and other expertise of the members of the Audit and Risks Committee;
- the authorizations given to the Chairman and Chief Executive Officer to carry out bond issues and undertakings, avals and guarantees;
- the implementation of the share buyback program;
- Edenred's development projects;
- review of related-party agreements that remained in effect during the year and the signature of new agreements with the Chairman and Chief Executive Officer;
- reduction and increase of the Company's capital pursuant to the 2010, 2011 and 2012 stock option plans and the award of performance shares to non-French tax residents.

Part of each meeting was devoted to discussing the Group's business, strategy, results, cash position, capital expenditure and acquisition projects.

3.1.1.8 Director's Charter

Each member of the Board is required to comply with the principles of proper conduct outlined in the Director's Charter.

Under Article 1.6 of the Board of Director's Internal Regulations, the Board of Directors, a collegial body, must act at all times in the Company's interest.

Directors perform their duties with loyalty and professionalism in accordance with the Director's Charter adopted by the Board of Directors at its meeting of June 29, 2010 to comply with the best practices of corporate governance. The Director's Charter, which describes the ethical principles applicable to directors, in accordance with the applicable laws and regulations and the Company's bylaws, applies to all directors regardless of whether they meet the independence criteria set out in the AFEP-MEDEF Corporate Governance Code.

Duty of due care

Directors must carry out their duties as they see fit in the best interests of the Company. They must be committed to constantly improving their knowledge of the Group and its businesses, and they have a duty of vigilance that includes reporting any problems of which they may become aware. They must devote the necessary time and attention to their duties as a director, making every effort to attend all meetings of the committees to which they belong, meetings of the Board of Directors and Shareholders Meetings.

In addition to complying with the legal and regulatory provisions related to multiple directorships, directors must make sure that their duties as director of the Company are compatible with the directorships or positions that they hold in other companies, in particular as regards the workload. Directors are required to disclose periodically to the Company the directorships that they hold in any other company in order to enable the Company to comply with its statutory disclosure obligations in this regard.

Duty of information

Directors have a duty to request the information that they consider necessary to carry out their duties from the Company's management *via* the Chairman and Chief Executive Officer or the Board Secretary. They can ask the Chairman and Chief Executive Officer to arrange meetings for them with members of the Group's senior management, to be held with or without the Chairman and Chief Executive Officer being present.

When a new director takes up office, the Board Secretary provides him or her with an information pack containing the Company's bylaws, the Board of Directors' Internal Regulations, the Director's Charter, as well as the principal laws and regulations dealing with directors' responsibilities.

Directors may ask the Board Secretary at any time for explanations of the scope of these laws and regulations and their resulting rights and obligations.

Transparency and preventing conflicts of interests

Directors are expected to demonstrate a high level of independence in all circumstances, in terms of their analyses, judgments, decisions and actions.

They agree not to solicit or accept any benefit that would be likely to affect their independence.

Any director that is directly or indirectly in a position of a conflict of interest – even potentially – with respect to the interest of the Company because of the positions that he or she holds, and/or any interests that he or she has elsewhere, must inform the Chairman and Chief Executive Officer or any individual designated by the Chairman and Chief Executive Officer. A director in a position of a conflict of interest may not take part in the discussion of the matter concerned or the related vote and may therefore be asked to leave the room while the discussion and vote are taking place.

When they are first elected and every year thereafter, no later than January 31, directors are required to disclose in writing all ties that they have with Group companies, their managers, suppliers, customers, partners or competitors. The disclosure document is sent to the Chairman and Chief Executive Officer with a copy to the Board Secretary.

Duty of discretion and confidentiality

Directors have a general duty of discretion and confidentiality in the interest of the Company. To that end, they undertake to treat as strictly confidential all non-public information to which they have access, and all matters discussed during meetings of the Board and any of its committees of which they are members, as well as the opinions expressed and the votes cast during the meetings.

In addition, except for the Chief Executive Officer and Chief Operating Officer, who are called upon to act as the Company's spokesperson, directors are required to liaise with the Chairman and Chief Executive Officer before engaging in any communications with the media on subjects that concern or may affect the Group, the Company, or its corporate governance structures.

Assessment

Pursuant to Article 10 of the AFEP-MEDEF Corporate Governance Code, the Board is required to assess its ability to meet the needs of shareholders, which have entrusted it with the Company's management. This self-assessment entails a regular review of its membership, organization, practices and procedures. In accordance with Article 1.2 of the Internal Regulations, the Board of Directors conducts a self-assessment of its procedures, with a view to identifying opportunities to improve its efficiency, at least once a year, and a formal self-assessment with the assistance of an outside consultant, at least once every three years.

Accordingly, a formal self-assessment with the assistance of an outside consultant was performed in 2017.

The self-assessment was based on one-on-one interviews with directors conducted by the outside consultant using a questionnaire compliant with AFEP-MEDEF recommendations.

The discussion enabled the directors to share their observations and they concluded that the Board's performance and dynamics had improved. The directors stressed the quality of the background information provided to them and confirmed that the current form of governance was suited to the Company's needs. They also pointed out the need for the Board to prepare for change in its membership in order to best support Edenred in its ambitions.

Trading in Company securities by the directors

Members of the Board of Directors have access to inside information which, if made public, could affect the price of the Company's shares or any other securities issued by the Company. Consequently, in accordance with the applicable laws and regulations, directors must not:

- use inside information to trade in the Company's securities either directly or through an intermediary;
- knowingly allow a third party to carry out transactions in the Company's securities based on inside information;
- disclose inside information to third parties, deliberately or through indiscretion.

In addition, without prejudice to the laws and regulations on insider trading, periods known as "negative windows" are determined each year, during which directors may not trade in the Company's shares or any other securities issued by the Company (including exercising stock options), either directly or through an intermediary, even *via* the trading of derivatives. The negative windows correspond to (i) the 30 calendar days preceding the date of publication of the annual and interim consolidated financial statements, the day of publication and the following day, and (ii) the 15 calendar days preceding the date of publication of quarterly revenue figures, the day of publication and the following day.

Directors are given details of the negative windows each year by the Board Secretary. In addition, they are notified immediately by the Board Secretary of any specific negative windows that will apply due to financial or strategic transactions planned by the Group.

Directors may not hedge the risk of losses on their Company shares or stock options.

Directors are required to report to France's securities regulator (Autorité des marchés financiers – AMF) and to the Company (through the Board Secretary) any transactions in the Company's shares or any other securities issued by the Company carried out by them or any persons closely associated with them.

Directors may consult the Board Secretary at any time regarding the implications of the negative windows system and the conditions of its application to any specific case.

3.1.1.9 Committees of the Board of Directors

Board discussions and decisions in some areas are prepared by specialized Board Committees made up of directors appointed by the Board for the duration of their term as director. These committees examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman of the Board. They report regularly to the Board on their work, and inform the Board of their observations, opinions, proposals or recommendations.

To assist them in their work, the Board Committees may commission technical reports from management or from external consultants, at the Company's expense. In both cases, the Chairman of the Board or the Board of Directors is notified in advance and the Committees report to the Board of Directors. They may also arrange meetings with members of Company management responsible for the areas under review, with or without the Executive Director being present. In this case also, the Chairman and Chief Executive Officer shall be informed in advance.

There are three standing Board Committees:

- the Audit and Risks Committee;
- the Commitments Committee;
- the Compensation and Appointments Committee.

The Board can also set up one or several ad hoc committees.

Each Committee is chaired by one of its members, designated by the Board on the recommendation of the Compensation and Appointments Committee.

The Committees may invite the Chief Executive Officer to attend any and all of their meetings, except for the part of the Compensation and Appointments Committee meetings during which agenda items concerning him personally are discussed.

After consulting with the Board of Directors, the Committee Chairman appoints a person (who need not be a committee member or a director) to act as Secretary.

The Chairman of each Committee may ask for the Committee to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each Committee periodically reviews its rules of procedure and proposes to the Board any changes that are considered necessary or that will improve their procedures.

The Board Committees do not have any decision-making authority and can, under no circumstances, replace the Board of Directors, which has sole decision-making authority.

Audit and Risks Committee

Members

As of December 31, 2017, the members of the Audit and Risks Committee were Dominique D'Hinnin, Jean-Paul Bailly and Jean-Romain Lhomme.

The Committee is chaired by Dominique D'Hinnin, independent director. All of its members have expert knowledge of financial and accounting matters and are considered by the Board to be independent directors based on the criteria set out in the AFEP-MEDEF Corporate Governance Code.

The three Committee members have the expert knowledge of financial and accounting matters needed to fulfill their duty of care.

Terms of reference

The Audit and Risks Committee is responsible for ensuring that the accounting policies applied for the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include monitoring the process for the preparation of financial information and checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. It assists the Board of Directors in ensuring that the financial statements of the Company and the Group, are accurate, fairly stated and reliable. The Committee makes proposals and recommendations to the Board in the areas described below. To this end, the Committee:

- reviews the interim and annual consolidated financial statements and the annual parent company financial statements, prior to their examination by the Board of Directors. This includes assessing the follow-up of the systems whereby the accounts are drawn up and the validity of methods selected to account for material transactions;
- reviews the procedures for preparing information provided to shareholders and to the market and Company press releases relating to accounting and financial information;
- reviews the scope of consolidation and the reasons for excluding any entities;
- reviews the Group's risk management policy and ensures that effective systems are in place;
- assesses the Group's risk exposures and material off-balance sheet commitments, as well as the effectiveness of the risk management system, and receives a copy of the Executive Vice-President, Finance's detailed report on these matters;
- obtains assurance concerning the effectiveness of the Group's system of internal control by reviewing the methods used to identify risks and the organizational principles and procedures of the Internal Audit Department. It is also informed of the Internal Audit program and is provided with the results of the Internal Audits carried out since the last presentation;
- reviews the Statutory Auditors' audit plan and the results of their audits. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- when the Statutory Auditors' appointment is due to expire, oversees the Statutory Auditor selection procedure and reviews the proposals submitted by the various candidates, expresses an opinion on the proposed fee budgets for statutory audit work and makes recommendations to the Board of Directors on the choice of Statutory Auditor;
- ensures compliance with the rules governing the Statutory Auditors' independence;
- reviews the categories of additional audit-related work that the Statutory Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- is informed, at the end of each year, of the fees paid by Group companies to the Statutory Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, and reports to the Board of Directors on these fees.

Meetings

The Audit and Risks Committee meets at least three times a year and whenever necessary, including prior to Board meetings whose agenda includes matters within its purview. One meeting attended by the head of Internal Audit is devoted to reviewing the effectiveness of the internal control system.

The Committee may make regular enquiries of the directors, the Chief Executive Officer, the head of Internal Audit, the Statutory Auditors and the Group's senior management (*i.e.*, persons in charge of preparing the financial statements of the Company and the Group, risk management, internal control, legal and tax affairs, treasury and finance) without the Executive Director being present, after first notifying the Chairman of the Board or the Chief Executive Officer.

Calls to meeting are issued by the Committee Chairman and include the meeting agenda.

Meetings to review the interim and annual financial statements are held at least three days prior to the Board meeting called to approve the financial statements.

The members of the Audit and Risks Committee receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group.

The Chairman of the Board, the Chief Executive Officer, the Vice-President, Finance, and the Statutory Auditors may be invited to attend Audit and Risks Committee meetings.

Work carried out in 2017

The **Audit and Risks Committee** met four times in 2017 to prepare the Board's review and approval of the annual parent company financial statements, the interim and annual consolidated financial statements and the annual budget, in line with its terms of reference as set out in the Board of Directors' Internal Regulations. The work of the Audit and Risks Committee focused on reviewing (i) the annual financial statements for the year ended December 31, 2016 and the financial statements for the six months ended June 30, 2017, (ii) the proper application of accounting principles, (iii) the financial communication process, (iv) audit and internal control matters, (v) tax and legal risks, and (vi) policies governing the investment of available cash. Audit and Risks Committee meetings were attended not only by its members but also by the Chairman and Chief Executive Officer, the Executive Vice-President, Finance, the Statutory Auditors and the Board observer. The Board Secretary, the Head of Group Financial Control, the Head of Internal Audit, the Head of Tax and the Group Treasurer were also be invited to attend, as appropriate. During 2017, the Audit and Risks Committee approved and distributed an Anti-Corruption Guide, looked the divestment of various operations, reviewed progress in the IFRS 15 and IFRS 9 implementation plan, reviewed the financial impact of the political situation in Venezuela and determined the audit strategy for 2018 and 2019.

Committee meetings lasted two hours and ten minutes on average and the attendance rate was 100%.

Commitments Committee

Members

As of December 31, 2017, the members of the Commitments Committee were Jean-Paul Bailly, Bertrand Meheut and Anne Bouverot.

The Committee is chaired by Jean-Paul Bailly. All of its members are considered by the Board to be independent directors based on the criteria set out in the AFEP-MEDEF Corporate Governance Code.

Terms of reference

The Commitments Committee is responsible for preparing Board meetings and making recommendations to the Board on the following matters:

- any transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business base (mainly entry into a new business or withdrawal from an existing business), whatever the amount of the commitment;
- mergers, demergers or asset transfers;
- changes to the Company's corporate purpose;
- any immediate or deferred financial commitments of the Company or a Group company representing more than €50 million per transaction. "Financial commitments" are defined as:
  - acquisitions or disposals of business units, assets or majority or minority interests in non-controlled entities within the meaning of Article L.233-3 I and II of the French Commercial Code by the Company or a Group company; in the latter case, the entity's enterprise value is used as a basis for determining the amount of the commitment,
  - any and all direct investments, for example for the creation of a business, business unit, subsidiary or expenditure on technological developments,
  - lease commitments, the amount of the commitment being measured on the basis of the market value of the leased asset,
  - loans, advances or capital increases in non-controlled entities within the meaning of Article L.233-3 I and II of the French Commercial Code, by the Company or a Group company, and
  - bilateral or syndicated borrowings (i) not consistent with or in compliance with the annual Group financing strategy as previously approved by the Board of Directors, or (ii) in excess of €250 million. The Commitments Committee's prior approval is not required for borrowings due in less than one year, whatever the amount borrowed.

Meetings

Meetings of the Committee may be called at any time, in writing or verbally, by the Committee Chairman.

The Commitments Committee meets whenever necessary, including prior to Board meetings whose agenda includes matters within its purview. The Committee's recommendations must be endorsed by the Board of Directors before the related commitments are entered into by the Group.

Work carried out in 2017

The **Commitments Committee** met once in 2017.

In line with its terms of reference as set out in the Board of Directors' Internal Regulations, during meeting the Committee prepared the Board of Director's decisions on the following matters:

- transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business base;
- mergers, demergers or significant asset transfers;

- changes to the Company's corporate purpose;
- financial commitments in excess of €50 million per transaction;
- bilateral or syndicated borrowings representing €250 million or more.

At its meeting in 2017, the Committee reviewed the main transactions completed since 2010, with a particular focus on those completed in 2017. It also reviewed progress in the Embratec integration process.

The Committee meeting lasted one and a half hours and the attendance rate was 100%.

Compensation and Appointments Committee

Members

As of December 31, 2017, the members of the Compensation and Appointments Committee were Françoise Gri, Gabriele Galateri di Genola and Sylvia Coutinho.

The Committee is chaired by Françoise Gri, independent director. All of its members are considered by the Board to be independent directors based on the criteria set out in the AFEP-MEDEF Corporate Governance Code.

Executive directors cannot be members of the Compensation and Appointments Committee. However, the Executive Director works with the Committee to review candidates for election as directors or the Executive Director's succession plan. The Executive Director also participates in the Committee's review of the compensation policy for members of the Group Executive Committee.

Terms of reference

The Compensation and Appointments Committee's role is to prepare the Board of Directors' decisions on the determination of the Executive Director's compensation and benefits and the Group's policy with respect to stock option plans or performance share plans. It also participates in preparing senior management succession plans.

To this end, the Committee makes proposals and recommendations to the Board in the areas described below:

- regarding appointments, the Committee:
  - makes recommendations, in liaison with the Chief Executive Officer, regarding the appointment, termination and re-election of directors, the Chairman of the Board and the Vice-Chairman or Chairmen, and organizes the selection of candidates for election as directors so as to take into consideration the need for balance in the Board's membership and ensure that each candidate not only has the required capabilities but is also in a position to devote sufficient time to the Board's business. The objective is for directors to have the range of experience and skills necessary to enable the Board to carry out its duties effectively with the required objectivity and independence vis-à-vis both Executive Management and any given shareholder or group of shareholders,
  - expresses its opinion on the appointment or re-election of the members of the Audit and Risks Committee, the Chairman of the Audit and Risks Committee and the members of the other committees,
  - establishes a succession plan for the Executive Director, to be able to propose succession solutions to the Board of Directors in the event of an unforeseen vacancy,
  - proposes the qualification of independent director for the directors concerned, ensures compliance with the independence criteria within the meaning of the AFEP-MEDEF Corporate Governance Code, expresses an opinion on this issue, if appropriate, and advises the Chairman on the number of independent directors,
  - is informed of the succession plan concerning members of the Group's Executive Committee;
- regarding compensation and benefits, the Committee:
  - examines and makes recommendations on the Executive Director's short-term compensation (fixed pay and bonus), medium- and long-term incentives such as performance shares and stock options, pension arrangements and all other in-kind benefits,
  - proposes and monitors the implementation of the rules for setting the Executive Director's bonus, while ensuring that the rules are consistent with the annual appraisal of the Executive Director's performance and with the Group's medium-term strategy,
  - expresses an opinion to the Board of Directors regarding the general stock option and performance share policy,
  - is informed of and expresses an opinion on the compensation policy for members of the Group Executive Committee,
  - issues a recommendation to the Board of Directors on the overall amount of directors' fees to be submitted to shareholders for approval. It makes proposals to the Board of Directors concerning the fee allocation rules and the individual amounts to be paid to each director based on their attendance at Board meetings and, where applicable, meetings of Committees of the Board,
  - reviews the policy regarding employee share issues and any such issues proposed by the Chief Executive Officer,
  - reviews liability insurance cover taken out by the Company on behalf of the Executive Director,
  - expresses an opinion on the information provided to the shareholders in the Annual Report regarding (i) the Executive Director's compensation, (ii) the principles and methods used to set such compensation, and (iii) stock options or performance shares granted to the Executive Director.

Meetings

The Compensation and Appointments Committee meets at least twice a year and whenever necessary, including prior to Board meetings whose agenda includes matters within its purview. Calls to meeting are issued by the Committee Chairman and include the meeting agenda.

Work carried out in 2017

The **Compensation and Appointments Committee** met five times in 2017.

In line with its terms of reference as set out in the Board of Directors' Internal Regulations, during meetings it drew up recommendations to the Board on the determination of the Executive Director's compensation and benefits and the Group's policy with respect to stock option plans or performance share plans. It also participated in preparing senior management succession plans.

In 2017, the Compensation and Appointments Committee made recommendations concerning the Chairman and Chief Executive Officer's 2016 bonus, his fixed pay for 2017, the performance criteria to be applied to determine his 2017 bonus, performance share awards, the allocation of 2016 directors' fees, the appointment of a new Vice-Chairman of the Board and Lead Independent Director, appointment of an Board observer and reorganization of the Board Committees. The Committee made recommendations about the establishment of "Say on Pay" procedures concerning the compensation due or awarded to the Chairman and Chief Executive Officer in respect of 2016. The Committee also reviewed the specific financial skills of the Audit and Risks Committee members, and gender balance on the Board of Directors.

The Committee's meetings lasted one hour and forty-five minutes on average and the attendance rate was 100%.

3.1.2 EXECUTIVE MANAGEMENT

In accordance with the law, the Company is managed by and under the responsibility of the Chairman and Chief Executive Officer or by a Chief Executive Officer appointed by the Board.

The decision to separate or combine the positions of Chairman and Chief Executive Officer is made by a majority vote of the directors present or represented at the relevant Board meeting.

At the Board's discretion, this decision may apply until such time as the Board decides otherwise, by a majority vote of the directors present or represented at the meeting.

If the Chairman of the Board is also the Chief Executive Officer, the following provisions of the bylaws apply to the Chairman.

3.1.2.1 Appointment of the Chief Executive Officer

When the Board of Directors chooses to separate the duties of Chairman and those of Chief Executive Officer, it appoints the Chief Executive Officer from among the directors or from outside the Board, it fixes the duration of his or her term of office, which cannot, should the case arise, exceed the term of his or her duties as director, it determines his or her compensation and, if necessary, the limits of his or her powers.

The age limit for holding office as a Chief Executive Officer is 65. If the Chief Executive Officer reaches the age of 65 during his or her term, he or she is deemed to have automatically resigned from this position at the close of the first Shareholders Meeting held after his or her sixty-fifth birthday.

3.1.2.2 Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and except for those powers that the law specifically attributes to the Shareholders Meeting or the Board of Directors.

He or she represents the Company in its dealings with third parties.

The actions of the Chief Executive Officer are binding on the Company, even when they fall outside the corporate purpose, unless the Company can prove that the third party knew or, under the circumstances, could not fail to be aware that this was the case. The fact that the bylaws have been published does not constitute adequate proof.

The Chief Executive Officer may be authorized by the Board to issue guarantees on the Company's behalf, up to a maximum amount specified by the Board. Any such authorization may not be given for a period of more than one year, whatever the duration of the guaranteed commitments.

The Chief Executive Officer and the Chief Operating Officers may delegate their authority to any persons of their choice, with or without the right of substitution, subject to the restrictions provided for by law.

3.1.2.3 Restrictions on the powers' of the Chief Executive Officer

As allowed by French law and the Company's bylaws, the Board of Directors has, on several occasions, confirmed its decision not to separate the positions of Chairman of the Board of Directors and Chief Executive Officer.

Consequently, the Chairman of the Board of Directors is responsible for the executive management the Company, represents the Company in its dealings with third parties and has the broadest powers to act on behalf of the Company in all circumstances within the scope of the powers ascribed to the Board by law or by regulations and vested in it under its Internal Regulations.

In accordance with its Internal Regulations, the Board of Directors deals with all matters falling within the powers vested in it under the applicable laws and regulations, including matters requiring the Board's prior authorization under the law, particularly Articles L.225-35 and L.225-38 of the French Commercial Code.

In addition, the Board of Directors has powers to perform the following:

- calling the Shareholders Meeting and setting the meeting agenda;
- approving the annual budget and financing plan and the multi-year plan presented by the Chief Executive Officer and any changes in the budget;
- preparing the Company's financial statements and consolidated financial statements as well as the Management Report;
- authorizing the related-party agreements and commitments governed by Articles L.225-38 *et seq.* of the French Commercial Code;
- choosing the organization of the Company's Executive Management in accordance with Article 17 of the bylaws;
- appointing or removing the Chairman of the Board, the Vice-Chairman of the Board, the Chief Executive Officer and the Chief Operating Officers;

- determining the powers of the Chief Executive Officer and, with the latter's agreement, the powers of the Chief Operating Officers;
- appointing directors;
- setting the compensation of the Chairman of the Board, the Chief Executive Officer and the Chief Operating Officers;
- appointing the members of the committees created in accordance with the law, the bylaws and the Board of Director's Internal Regulations;
- allocating directors' fees to directors in accordance with the Internal Regulations;
- approving the Chairman's Report on the Board of Directors' procedures, internal control and risk management;
- deciding to issue debt securities not giving access to capital under Article L.228-40 of the French Commercial Code;
- deciding on the compensation to be paid to Board observers;
- authorizing the Chief Executive Officer, with the right of delegation, to grant undertakings, avals and guarantees in accordance with Article L.225-35 of the French Commercial Code;
- deciding every year on the Company's gender and fixed pay equality policy in accordance with Article L.225-37-1 of the French Commercial Code.

In addition, the Board of Directors performs any and all controls and verifications it considers appropriate.

More generally, the Board of Directors:

- ensures that shareholders are properly informed, based on information received from senior management;
- ensures that the Company has identification, assessment and risk management procedures, including off-balance sheet procedures, as well as an appropriate internal control system.

In addition to the powers vested in it by law or regulations, the Board of Directors:

a) reviews and approves the Group's overall strategy, at least once a year, in accordance with Article 1.2 of the Internal Regulations;

b) reviews the interim financial statements and approves the interim Management Report in accordance with Article 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*);

c) automatically authorizes in advance the following decisions and transactions:

- any and all immediate or deferred financial commitments of the Company or a Group company representing more than €50 million per transaction. "Financial commitments" are defined as:
  - acquisitions or disposals of business units, assets or majority or minority interests in non-controlled entities by the Company or a Group company within the meaning of Article L.233-3 I and II of the French Commercial Code; in the latter case, the entity's enterprise value is used as a basis for determining the amount of the commitment,
  - any and all direct investments, for example for the creation of a business, business unit, subsidiary or expenditure on technological developments,
  - lease commitments, measured on the basis of the market value of the leased asset,
  - loans, advances or capital increases in non-controlled entities by the Company or a Group company within the meaning of Article L.233-3 I and II of the French Commercial Code,
  - any and all bilateral or syndicated bank loans.

  However, taking out bank loans of up to €250 million per year is not subject to approval, provided that the commitment is consistent with, and complies with, the Group's annual financing strategy as previously approved by the Board of Directors. In this case, the Chairman and Chief Executive Officer informs the Board of Directors of the commitments after they have been made.

  The Board's prior approval is also not required for borrowings due in less than one year, whatever the amount borrowed,
- any transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business base (mainly entry into a new business or withdrawal from an existing business), or not in line with the Company's stated strategy, whatever the amount of the commitment.

  The Chief Executive Officer or any other person duly empowered to implement the transactions assesses, under its responsibility, the transactions that are significant;

d) sets, each year, the total amount up to which the Chairman is authorized to issue undertakings, avals and guarantees, which may not exceed €250 million per year, with the Chairman and Chief Executive Officer being required to report to the Board of Directors each year on the amount and nature of the undertakings, avals and guarantees issued under the authorization. These items should be included in a note to the minutes recording the Board's decision. The Board of Directors can authorize the Chairman and Chief Executive Officer to issue tax and customs undertakings, avals and guarantees for unlimited amounts as provided for by law.

3.1.2.4 Chief Operating Officers

In accordance with Article 19 of the bylaws, the Board of Directors may, at the Chief Executive Officer's proposal, appoint one or several natural persons to assist the Chief Executive Officer, with the title of Chief Operating Officer.

The maximum number of Chief Operating Officers is set at five.

The age limit for holding office as a Chief Operating Officer is 65. If a Chief Operating Officer reaches the age of 65 during his or her term, he or she is deemed to have automatically resigned from this position at the close of the first Shareholders Meeting held after his or her sixty-fifth birthday.

The extent and duration of the Chief Operating Officers' powers is determined by the Board of Directors in agreement with the Chief Executive Officer.

However, in their dealings with third parties, the Chief Operating Officers have the same powers as the Chief Executive Officer.

If the position of Chief Executive Officer becomes vacant for whatever reason, the Chief Operating Officers continue to fulfill their duties and responsibilities until a new Chief Executive Officer is appointed, unless the Board of Directors decides otherwise.

3.1.2.5 Executive Committee

The Executive Committee is made up of the Chairman and Chief Executive Officer together with the heads of the key corporate and operational functions.

The members of the Executive Committee are:

Bertrand Dumazy
Chairman and Chief Executive Officer

Jacques Adoue
Executive Vice President, Human Resources and Corporate Social Responsibility

Patrick Bataillard
Executive Vice President, Finance

Gilles Coccoli
Chief Operating Officer, Brazil

Philippe Dufour
Executive Vice President, Alternative Investments

Antoine Dumurgier
Chief Operating Officer, Fleet and Mobility Solutions

Elie du Pré de Saint Maur
Executive Vice President, Marketing and Strategy, and Chief Operating Officer, Corporate Payment

Arnaud Erulin
Chief Operating Officer, Northern Europe, Central Europe, France and Belgium

Diego Frutos
Chief Operating Officer, Hispanic and North America

Graziella Gavezotti
Chief Operating Officer, Southern Europe

Laurent Pellet
Chief Operating Officer, Asia-Pacific and Middle East

Philippe Relland-Bernard
Executive Vice President, Legal and Regulatory Affairs

Dave Ubachs
Executive Vice President, Digital and IT

3.1.3 SHAREHOLDERS MEETINGS

3.1.3.1 Notice of meeting

Shareholders Meetings are called as provided for by law.

In accordance with the applicable regulations, all shareholders are entitled to attend and take part in Shareholders Meetings in person or by proxy, whatever the number of shares held. The shares must be registered in the name of the bank or broker that manages the shareholder's securities account in accordance with Article L.228-1, paragraph 7, of the French Commercial Code (or in the shareholder's name if the shares are not traded on a regulated market) in the Company's share register no later than 12 a.m. Paris time on the second business day preceding the Shareholders Meeting. If the shares are held in bearer form (and are traded on a regulated market), they must be recorded in a bearer share account kept by one of the accredited intermediaries mentioned in Article L.542-1, paragraphs 2 to 7, of the French Monetary and Financial Code, by the same deadline. These formalities must be carried out in compliance with the applicable laws and regulations.

The recording of bearer shares in an account kept by an accredited intermediary is evidenced by a certificate of share ownership (attestation de participation) issued, electronically if necessary, by the intermediary in accordance with the applicable laws and regulations.

Shareholders Meetings take place at the Company's registered office or at any other venue specified in the notice of meeting.

3.1.3.2 Conduct of Shareholders Meetings and conditions and procedures for participating

In accordance with Article 24 of the bylaws, all shareholders have the right to take part in Shareholders Meetings or to be represented by a proxy under the conditions determined by law.

They may vote by post pursuant to Article L.225-107 of the French Commercial Code. The proxy/postal voting form may be sent to the Company or to the Company's registrar in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

The Board may decide, when the meeting is called, to allow shareholders to take part in and vote at the meeting by videoconference or any other electronic telecommunications medium that allows them to be identified, in accordance with the applicable laws and regulations.

In addition, and if the Board of Directors so decides when the Shareholders Meeting is convened, shareholders may also request an admission card electronically.

Are deemed present for the purpose of quorum and majority requirements shareholders who take part in the Shareholders Meeting by videoconference or by any other means of electronic telecommunication or remote transmission that allow them to be identified, in accordance with the laws and regulations that determine the acceptable types of media and the conditions for their application.

If the Board of Directors so decides when the Shareholders Meeting is convened, the entire Meeting may be publicly broadcast by videoconference or any other means of telecommunication or remote transmission, including *via* the Internet.

Electronic signatures of proxy/postal voting forms by shareholders or their legal representative must be:

- secure signatures complying with the applicable laws and regulations; or

- registered by the shareholder with a unique username and password on the Company's dedicated website, if one exists, in accordance with the applicable laws and regulations. This electronic signature process will be considered as a reliable process of identifying shareholders and matching them with their votes/proxies within the meaning of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code (*Code civil*).

Each share (excluding treasury shares) gives the right to one vote save where voting rights are regulated by law. Paid-up shares registered in the name of the same holder for at least two years have double voting rights.

In the case of a share issue paid up by capitalizing reserves, profits or additional paid-in capital, the new shares allocated in respect of shares with double voting rights also have double voting rights from the time of issue.

Registered shares converted into bearer shares or sold to a different shareholder lose their double voting rights. However, transfers through inheritance, liquidation of marital assets or an *inter vivos* transfer to a spouse or to an eligible relative do not result in the loss of double voting rights or a break in the qualifying period. The merger of the Company has no impact on double voting rights, provided that the bylaws of the surviving company allow for their exercise.

In the case of split interest shares, the beneficial owner may exercise the voting rights attached to shares at Ordinary and Extraordinary Shareholders Meetings, subject to the legal owner's right to vote personally when the law requires a unanimous vote of all of the shareholders.

Shareholders Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director designated by the Board. Otherwise, the meeting elects its own Chairman.

The function of Scrutineer of the meeting is fulfilled by the two shareholders present at the meeting who hold or represent the largest number of voting rights and who consent to take on the role. The Bureau thus formed names a Secretary, who may or may not be a shareholder.

An attendance register is kept, pursuant to the law.

Copies or excerpts of the meeting minutes may be certified by the Chairman of the Board of Directors, the Chairman of the meeting, or the meeting Secretary.

Ordinary and Extraordinary Shareholders Meetings fulfilling the relevant quorum and voting majority requirements exercise the powers vested in them by law.

3.1.3.3 Authorizations in force granted by the shareholders

The Shareholders Meeting has the power to decide on capital increases pursuant to the provisions of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code. It may delegate this power to the Board of Directors.

The Annual Shareholders Meeting of May 3, 2018 will decide whether to renew all of the financial authorizations under similar terms to those described in the table below.

TYPE OF AUTHORIZATION	DATE OF AUTHORIZATION	NOMINAL AMOUNT AUTHORIZED	DURATION AND EXPIRY DATE	UTILIZATION	FINANCIAL AUTHORIZATION TO BE RECOMMENDED AT THE ANNUAL SHAREHOLDERS MEETING OF MAY 3, 2018
ISSUE OF SHARES					
Issue with pre-emptive subscription rights	Shareholders Meeting of May 4, 2016 22nd resolution	Equity securities: €152 million Debt securities: €1,523 million	26 months July 4, 2018		21st resolution: Equity securities: €155 million Debt securities: €1,553 million Duration: 26 months
Public offering without pre-emptive subscription rights	Shareholders Meeting of May 4, 2016 23rd resolution	Equity securities: €23 million (1) Debt securities: €230 million (2) These maximum amounts are deducted from the maximum amounts authorized in the 22nd resolution	26 months July 4, 2018		22nd resolution: Equity securities: €23 million Debt securities: €235 million These maximum amounts are deducted from the maximum amounts authorized in the 21st resolution Duration: 26 months
Private placement without pre-emptive subscription rights	Shareholders Meeting of May 4, 2016 24th resolution	Equity securities: €23 million Debt securities: €230 million These maximum amounts are deducted from the maximum amounts authorized in the 22nd resolution	26 months July 4, 2018		23rd resolution: Equity securities: €23 million Debt securities: €235 million These maximum amounts are deducted from the maximum amounts authorized in the 21st resolution Duration: 26 months
Increase in the amount of any issues that are oversubscribed	Shareholders Meeting of May 4, 2016 25th resolution	15% of the amount of the initial issue	26 months July 4, 2018		24th resolution: 15% of the amount of the initial issue up to the maximum amounts set in the 21st resolution
Issue in payment for contributed assets	Shareholders Meeting of May 4, 2016 26th resolution	Equity securities: €45 million These maximum amounts are deducted from the maximum amounts authorized in the 22nd resolution	26 months July 4, 2018		25th resolution: €47 million. This maximum amount is deducted from the maximum amounts authorized in the 21st resolution Duration: 26 months
Issuance of new shares by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts	Shareholders Meeting of May 4, 2016 27th resolution	Equity securities: €152 million (3)	26 months July 4, 2018		26th resolution: Equity securities: €155 million. This maximum amount is deducted from the maximum amount authorized in the 21st resolution Duration: 26 months
EMPLOYEE SAVINGS PLANS					
Issue without pre-emptive subscription rights reserved for members of an employee stock ownership plan	Shareholders Meeting of May 4, 2016 28th resolution	2% of the capital as at the close of the Shareholders Meeting of May 4, 2016	26 months July 4, 2018		27th resolution: 2% of the capital as at the close of the Shareholders Meeting of May 3, 2018 This maximum amount is deducted from the maximum amount authorized in the 21st resolution Duration: 26 months
STOCK OPTION AND PERFORMANCE SHARE PLANS					
Performance share plans	Shareholders Meeting of May 4, 2016 29th resolution	1.5% of the capital as at the award date Annual maximum amount of 0.1% of the capital as at the award date for the Executive Director	26 months July 4, 2018	Board meeting of May 4, 2016 awarded 990,080 performance share rights Board meeting of February 23, 2017 awarded 794,985 performance share rights Board meeting of February 19, 2018 awarded 685,434 performance share rights	28th resolution: 1.5% of the capital as at the award date Annual maximum amount of 0.1% of the capital as at the award date for the Executive Director Duration: 26 months

(1) Maximum amount applicable to the 23rd, 24th and 26th resolutions adopted at the Annual Shareholders Meeting of May 4, 2016.
(2) Maximum amount applicable to the 23rd and 24th resolutions adopted at the Annual Shareholders Meeting of May 4, 2016.
(3) Maximum amount applicable to the 22nd, 23rd, 24th, 25th, 26th and 27th resolutions adopted at the Annual Shareholders Meeting of May 4, 2016.

In addition to these authorizations to issue shares, the Shareholders Meeting authorized the Board of Directors to cancel shares bought back by the Company. This authorization was used by the Board of Directors in 2017 (see section 2.1.2.3 page 44 "Utilization of authorizations granted by the Annual Shareholders Meeting" in the Management Report).

3.2 EXECUTIVE DIRECTORS' COMPENSATION

3.2.1 FIXED AND VARIABLE COMPENSATION POLICY AND COMPONENTS OF ANY KIND ATTRIBUTABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors reports below on its compensation policy for the Chairman and Chief Executive Officer of Edenred. In accordance with Article L.225-37-2 of the French Commercial Code, the compensation policy described below will be submitted for approval at the next Annual Shareholders Meeting under the tenth resolution.

Processes for determining compensation

The Chairman and Chief Executive Officer's compensation is determined by the Board of Directors based on the recommendation of the Compensation and Appointments Committee. The various components of the compensation package, *i.e.*, fixed pay and bonus, long-term performance share plans and benefits, are taken into account.

The Compensation and Appointments Committee meets several times a year to discuss relevant subjects and performs preparatory work conducted under the supervision of the Committee's Chairman. This work includes analyzing the performance of the Company and its Chairman and Chief Executive Officer, ensuring that objectives are in line with the Group strategy and shareholders' interests, reviewing executive compensation data from similar companies and monitoring changes in corporate governance codes.

The work of the Compensation and Appointments Committee is used as a basis to assess the prior year's performance and set the Chairman and Chief Executive Officer's targets and compensation for the following year. The short and long-term bonuses are reviewed each year. Fixed pay is revised periodically, taking into account the Chairman and Chief Executive Officer's performance and market practices.

Compensation philosophy

The Chairman and Chief Executive Officer's **compensation** is determined based on an assessment of his responsibilities and the difficulty of his job, his experience and practices in companies or groups of a comparable size to Edenred.

The Executive Director's total compensation is determined based on the following three key principles: compliance, comparability and performance.

Compliance

The Chairman and Chief Executive Officer's compensation complies with the AFEP-MEDEF Corporate Governance Code and the "comply or explain" principle. All components of the Chairman and Chief Executive Officer's compensation package are compliant, *i.e.*, short-term compensation (fixed pay and bonus), deferred compensation (incentive plans) and commitments.

Comparability

The Compensation and Appointments Committee regularly engages outside consulting firm Mercer to conduct a benchmark study of the Chairman and Chief Executive Officer's compensation.

This comparison is based on a peer group of French companies from a variety of sectors included in the SBF 120 index with similar characteristics to Edenred, selected based on the following four criteria: (i) market capitalization, (ii) EBIT, (iii) total number of employees, and (iv) percentage of international employees.

Performance

The Committee has set diverse and demanding performance criteria, which are used to perform a complete analysis of the Chairman and Chief Executive Officer's performance, in line with the Group's strategy and shareholders' interests. The performance assessment is based on a balance between financial, operational, market and management criteria as well as a balance between short-term and long-term performance.

The following section provides details of the components of the Chairman and Chief Executive Officer's compensation in 2017.

Fixed pay

Determination

The Chairman and Chief Executive Officer's fixed pay is paid in 12 monthly installments and is based on:

- the complexity of his responsibilities;
- his professional experience and expertise;
- benchmark studies of comparable functions (external competitiveness).

Increases

The Board of Directors has decided that the Chairman and Chief Executive Officer's fixed pay can only be revised at relatively long intervals, in accordance with the AFEP-MEDEF Code, or at the end of his term. However, it may be revised earlier than that in the event of a significant change in the scope of his responsibilities or if there is a wide gap relative to market practices. In these specific circumstances, the revised fixed pay and the reasons for its revision will be disclosed.

In addition, the Chairman and Chief Executive Officer may not have an employment contract while holding executive office.

Directors' fees

The Chairman and Chief Executive Officer will not receive Directors' fees.

Annual bonus

Structure of annual bonus

The Chairman and Chief Executive Officer will receive a bonus equal to 120% of his fixed pay if the targets set are achieved ("target bonus"). It will be based on:

- quantitative financial targets, representing 65% of fixed pay;
- quantitative operational targets, representing 30% of fixed pay, related to the Group's strategy;
- qualitative managerial targets, representing 25% of fixed pay, related to the Group's strategy.

If the quantitative targets are exceeded, the Board of Directors may raise the bonus to a maximum of 180% of fixed pay based on a balanced split between the targets.

Financial and non-financial factors

The Board of Directors has decided that the financial targets underlying the Chairman and Chief Executive Officer's bonus will for the most part be based on EBIT but also on earnings per share.

The quantitative operational targets will be set each year according to the Group's strategy.

New appointment

The Board of Directors has decided that if a new Chairman and Chief Executive Officer is appointed, the same principles will apply, although if the appointment is made part way through the year, the amounts due will be calculated on a pro rata basis. However, if the new appointment is made in the second half of the relevant year, performance will be assessed by the Board of Directors on a discretionary basis, based on the recommendation of the Compensation and Appointments Committee.

Resignation or termination

If the Chairman and Chief Executive Officer stands down during the year, the amount of the bonus for that year will be based on (i) his performance as assessed by the Board of Directors on a discretionary basis, based on the recommendation of the Compensation and Appointments Committee, and (ii) the length of the Executive Director's time in office during the relevant year.

Exceptional bonus

The Board of Directors has decided that in principle the Chairman and Chief Executive Officer may receive an exceptional bonus in certain circumstances, which must be disclosed in detail and substantiated. Payment of an exceptional bonus is subject to approval by the shareholders in accordance with Article L.225-37-2 of the French Commercial Code.

Deferred compensation

The Board of Directors believes that this mechanism, to which other key executives of the Group are also entitled, is particularly appropriate for the Chairman and Chief Executive Officer given the direct contribution he is expected to make to the Company's overall long-term performance. In line with market practices, this mechanism is based on the award of performance shares, which not only help to incentivize and retain the beneficiaries but also to align their interests to the interest of the Company and that of the shareholders.

The vesting and lock-up periods, performance conditions and performance levels for the performance share plans awarded to the Chairman and Chief Executive Officer comply with the plan regulations and the authorization granted by the Shareholders Meeting to award the performance shares, as described on page 40.

The performance shares awarded may not exceed 120% of fixed pay plus target annual bonus on the date of award.

Signing bonus

The Board of Directors reserves the right to award a signing bonus to a new Chairman and Chief Executive depending on the circumstances and the candidate.

In order to immediately align the Chairman and Chief Executive Officer's interests to those of the shareholders, and subject to authorization by the Shareholders Meeting, the signing bonus may be composed partly or entirely of long-term incentives subject to presence and performance conditions, such as performance shares, stock options or any other incentives.

The signing bonus may not exceed the amount of the benefits lost by the candidate upon leaving his or her previous function.

Resignation or termination

In accordance with the provisions of the performance share plans currently in existence, the Chairman and Chief Executive Officer will lose the right to all or part of the performance shares initially granted if he stands down voluntarily during the vesting period, unless the Board of Directors decides otherwise. If the Chairman and Chief Executive Officer is forced to stand down for any reason whatsoever, he will retain the right to one-third of the shares awarded for each year of presence during the three-year vesting period, unless the Board of Directors decides that the entire award may be retained.

Long-term cash-based incentive

The Board of Directors has decided not to use long-term cash-based incentives, preferring to focus on share-based incentives to align the interests of the Executive Director to those of the shareholders.

However, such a mechanism could be envisaged should regulatory developments or other circumstances make the use of share-based incentives ineffective, restrictive or impossible.

Other benefits

Termination benefits

The Board of Directors reserves the right to grant the Chairman and Chief Executive Officer termination benefits, the terms and conditions of which will be adapted to his personal profile and will take into account the Company's economic, social and societal environment.

The Board of Directors has decided that the termination benefits may not exceed the equivalent of two years' fixed pay plus annual bonus paid in the last two fiscal years, will be contingent on the achievement of serious, challenging performance conditions, will be measured over a reference period of three years preceding the date of departure, and will be payable only in the event of forced termination for whatever reason. No termination benefits will be payable if the Chairman and Chief Executive Officer becomes eligible for the basic State pension and, consequently, for pension benefits under the Company's supplementary pension plan.

Unemployment insurance

The Board of Directors has decided that the Chairman and Chief Executive Officer will be entitled to join an unemployment insurance plan that will pay unemployment benefits following loss of office for a maximum period of 24 months.

Death/disability and health insurance

The Chairman and Chief Executive Officer will be covered by the death/disability and health insurance plan set up for employees, which has been extended to include the Executive Director.

Company car

The Chairman and Chief Executive Officer will be entitled to a company car.

Supplementary pension benefits

The Chairman and Chief Executive Officer will be covered by the Group's supplementary pension plan, which may comprise a defined contribution and/or a defined benefit plan. In accordance with Article L.225-42-1 of the French Commercial Code as amended by Article 229 of Act no. 2015-990 of August 6, 2015, payment of the pension benefit under the defined benefit plan will be contingent on the achievement of a performance condition, defined as the achievement of at least 60% of the targets set for the annual bonus award.

3.2.2 FIXED AND VARIABLE COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2017

At its meeting of February 22, 2017, based on the recommendation of the Compensation and Appointments Committee, the Board of Directors decided to maintain Bertrand Dumazy's gross annual fixed pay at €750,000.

At the same meeting, the Board also defined the criteria for determining his bonus, which is capped at a certain percentage of fixed pay. The bonus may range from 0% to 120% of fixed pay, and may be increased to a maximum of 180% of fixed pay if certain targets are outperformed, i.e.:

- a bonus of up to 65% of fixed pay based on financial targets, of which 50% based on EBIT and 15% based on recurring earnings per share at constant exchange rates; this bonus may be increased by up to a further 40% of fixed pay in the event of outperformance as approved by the Board of Directors. At its meeting of February 19, 2018, the Board noted that the 2017 targets had been achieved and outperformed and may give rise to a bonus of €784,100 (i.e., 104.6% of fixed pay);
- a bonus of up to 30% of fixed pay based on three operational targets related to the Group's strategy, as detailed below; this bonus may be increased by up to a further 20% of fixed pay in the event of outperformance as approved by the Board of Directors:
  - a bonus of 10% of fixed pay based on the Group's transformation rate. This bonus may be increased by up to a further 10% of fixed pay in the event of outperformance.

    At its meeting of February 19, 2018, the Board noted that the achievement rate for this target in 2017 was 113.2% and may give rise to a bonus of €150,000 (i.e., 20% of fixed pay),
  - a bonus of 10% of fixed pay based on like-for-like growth in Fleet & Mobility Solutions business volume. This bonus may be increased by up to a further 5% of fixed pay in the event of outperformance.

    At its meeting of February 19, 2018, the Board noted that the achievement rate for this target in 2017 was 122.2% and may give rise to a bonus of €112,500 (i.e., 15% of fixed pay),
  - a bonus of 10% of fixed pay based on like-for-like new sales of meal and food benefits via digital and telesales channels. This bonus may be increased by up to a further 5% of fixed pay in the event of outperformance.

    At its meeting of February 19, 2018, the Board noted that the achievement rate for this target in 2017 was 111.2% and may give rise to a bonus of €112,500 (i.e., 15% of fixed pay);

- a bonus of up to 25% of fixed pay based on managerial targets related to the Group's strategy, such as implementation of the Fast Forward strategic plan, and particularly the accelerated development of the Fleet & Mobility Solutions and Corporate Payment businesses, and on management skills.

  At its meeting of February 19, 2018, the Board noted that the achievement rate for these targets in 2017 was 100% and may give rise to a bonus of €187,500 (i.e., 25% of fixed pay).

Bertrand Dumazy's 2017 recommended bonus was determined at the Board meeting held on February 19, 2018, based on the recommendation of the Compensation and Appointments Committee and after the relevant financial performance data had been validated by the Audit and Risks Committee. The total recommended bonus amounted to €1,346,600.

Lastly, the Company hereby specifies that the levels of achievement required for each of the quantitative financial and operational targets underlying the annual bonus are measured and assessed each year by the Compensation and Appointments Committee and the Audit and Risks Committee, and then presented to the Board of Directors. The Company considers that it cannot disclose these levels for reasons of confidentiality.

Long-term incentive plans

Bertrand Dumazy was covered by the Group's long-term incentive plan in 2017 in the same way as the other beneficiaries of the plan (members of the Executive Committee and senior executives in some forty countries). Under the plan, he was awarded 61,355 performance shares valued at €1,125,000.

Annual award

	2017	2016	2015
STOCK OPTIONS			
Number of options granted during the year	0	0	0
Value of stock options granted during the year (see Table 8, section 2.1.2.2 of the Management Report for details)	€0	€0	€0
PERFORMANCE SHARES			
Number of performance share rights granted during the year	61,355	149,600	137,363
Value of performance shares granted during the year (see Table 9, section 2.1.2.2 of the Management Report for details)	€1,125,000	€2,250,000	€1,125,000
TOTAL VALUE	**€1,125,000**	**€2,250,000**	**€1,125,000**

Vested rights under the plans

No shares vested under the stock option or share award plans in either 2016 or 2017.

Shares held at December 31, 2017

Bertrand Dumazy held 500 Edenred shares at December 31, 2017.

Employment contract

Bertrand Dumazy does not have an employment contract with Edenred SA or any of its subsidiaries or companies in which it has an equity interest.

Other commitments given to Bertrand Dumazy

Termination benefits (1)

On the recommendation of the Compensation and Appointments Committee, the Board of Directors decided to entitle Bertrand Dumazy to termination benefits should he be forced to stand down for whatever reason. The benefits may not exceed the equivalent of two years' fixed pay and annual bonus and payment will be contingent on the achievement of serious, challenging performance conditions. No termination benefits will be payable if, within 12 months of his departure, Bertrand Dumazy becomes eligible for the basic State pension and, consequently, for pension benefits under the Company's supplementary pension plan.

(1) Related-party agreement authorized at the Board of Directors' meeting of February 10, 2016 and approved at the Shareholders Meeting of May 4, 2016.

The benefits payable will not exceed the equivalent of two years' total gross annual compensation as Chairman and Chief Executive Officer, defined as the sum of:

- the fixed portion of the compensation on an annual basis as Chairman and Chief Executive Officer on the date of termination of his duties; and
- the average of the variable portion of annual compensation as Chairman and Chief Executive Officer paid in the last ended two years during which he served as Chairman and Chief Executive Officer, prior to the date of termination.

Payment of the termination benefits is contingent on the achievement of certain serious, challenging performance criteria. The criteria selected by the Board concern the Group's business and financial performance – as measured by the key indicators on which the Group's financial communications to the market are based – and its stock market performance. Performance will be measured over a three-year period, taking into account the Group's long-term historical performance and the external risks to which it is exposed, as described in section 2.2 of the 2017 Registration Document, page 48.

The performance conditions are as follows:

- 5% like-for-like growth in business volume compared with the previous year;
- 2% like-for-like growth in operating revenue compared with the previous year;
- 5% like-for-like growth in funds from operations (FFO) [1] compared with the previous year;
- increase in the Company's share price at least equal to 85% of the increase in the Euronext Paris SBF 120 index over the Reference Period or, if the index falls over the Reference Period, decline in the Company's share price of no more than 125% of that of the index over the Reference Period.

Achievement of each of these four criteria will be measured over the three years preceding the year in which his appointment as Chairman and Chief Executive Officer was terminated (the "Reference Period"). Each of the first three criteria will be deemed to have been met if the related objective was achieved in at least two of the three years in the Reference Period. In the event of departure after the third year, the index performance before the date on which he took up office will not be taken into account.

Payment of the maximum termination benefits will depend on at least three of these four performance criteria being met, as observed by the Board of Directors on the basis prescribed by the laws in force when his appointment as Chairman and Chief Executive Officer is terminated. If only two of the criteria are met, 50% of the maximum termination benefits will be paid; if one or none of the criteria are met, no benefits will be paid.

The amount of termination benefits paid to Bertrand Dumazy may not, under any circumstances, exceed two years' total gross annual compensation.

In addition, if Bertrand Dumazy is forced to stand down as Chairman and Chief Executive Officer and the bonus taken into account for calculating his termination benefits is due in respect of a year during which he was not in office for the full twelve months, the termination benefits will be based on two times the amount of the bonus paid in the year prior to the year in which he was forced to step down as Chairman and Chief Executive Officer.

Unemployment insurance

During 2017, Bertrand Dumazy was covered under an insurance plan set up with Association GSC, entitling him to unemployment benefits equal to 70% of his contractual income, capped at €16,090 per month, for a period of up to 24 months. The total annual cost of the plan for Edenred in 2017 is €31,245 [2].

Death/disability and health insurance [3]

The Chairman and Chief Executive Officer is covered by the death/disability and health insurance plan set up for employees, which has been extended to include the Executive Director. Premiums paid by the Company for this extended cover in 2017 amounted to €5,537.

Supplementary pension benefits [4]

General supplementary pension plan

A supplementary pension plan has been set up for Group senior executives above certain grades whose compensation meets certain criteria. This plan is comprised of a defined contribution plan ("Article 83") and a defined benefit plan ("Article 39"):

- under the Article 83 defined contribution plan, the Company pays an annual contribution representing up to 5% of height times the annual ceiling for calculating Social Security contributions [5];
- under the Article 39 defined benefit plan (16 persons in 2016), the Company is committed to paying an annuity to plan participants when they retire, based on principles that comply with the recommendations contained in the AFEP-MEDEF Corporate Governance Code:
  - to qualify for benefits under this top-hat plan, participants must end their career with the Group, have participated in the plan for at least five years and completed at least fifteen years' service with the Group. The pension payable under the plan is reduced by the amount of the pension payable under the defined contribution plan referred to above,

(1) Before other income and expenses.

(2) Related-party agreement authorized at the Board of Directors' meeting of December 15, 2016, approved by the Shareholders Meeting of May 4, 2017 and to be re-submitted for approval at the Shareholders Meeting of May 3, 2018 pursuant to the re-appointment of the Chairman and Chief Executive Officer.

(3) Related-party agreement authorized at the Board of Directors' meeting of September 10, 2015, approved by the Shareholders Meeting of May 4, 2016 and to be re-submitted for approval at the Shareholders Meeting of May 3, 2018 pursuant to the re-appointment of the Chairman and Chief Executive Officer.

(4) Related-party agreement authorized at the Board of Directors' meeting of February 10, 2016, approved by the Shareholders Meeting of May 4, 2016 and to be re-submitted for approval at the Shareholders Meeting of May 3, 2018 pursuant to the re-appointment of the Chairman and Chief Executive Officer.

(5) The annual cap for calculating Social Security contributions represented €39,732 in 2018.

- the reference period for the benefit calculations is the period of participation in the plan (*i.e.*, at least five years),
- rights to potential supplementary pension benefits are accumulated gradually by year of participation and are calculated each year based on the participants' gross annual compensation,
- the replacement rate may not exceed the following two thresholds:
- the replacement rate of the supplementary plan (defined contribution and defined benefit plan) is limited to 30% of the last gross annual remuneration [1],
- if the final gross annual compensation represents more than 12 times the annual ceiling for calculating Social Security contributions, the overall replacement rate represented by all benefits paid under compulsory plans and Edenred supplementary pension plans is capped at 35% of the average reference compensation for the best three years out of the participant's last ten years before retirement.

Participants who leave the Group before claiming the pension under the general plan lose their rights under the defined benefit plan and retain only those relating to the defined contribution plan.

Application of the supplementary pension plan to the Executive Director

The Chairman and Chief Executive Officer participates in the supplementary pension plan in the same way as the other plan participants, as described above. However, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code as amended by Article 229 of Act no. 2015-990 of August 6, 2015 ("Macron Act"), the Board of Directors' meeting of February 10, 2016 indirectly made payment of the Article 39 pension contingent on the achievement of the targets set to determine the Chairman and Chief Executive Officer's bonus. He will receive 100% of the Article 39 pension benefit if the targets set for determining his bonus are at least 60% met. If they are not 60% met, he will not receive any Article 39 pension benefit in respect of that year. In 2017, the Board noted that the performance condition had been achieved.

The supplementary pension entitlement is taken into account in determining his overall compensation package.

Summary table of Bertrand Dumazy's compensation

TABLE 1: COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARE RIGHTS AWARDED TO THE EXECUTIVE DIRECTOR *(IN €)*

BERTRAND DUMAZY	**2017**	2016	2015 *
Compensation for the year (see Table 2 for details)	2,100,248	2,480,198	804,170
Value of long-term incentives awarded during the year	0	0	0
Value of stock options granted during the year	0	0	0
Value of performance shares granted during the year (see Table 6, section 2.1.2.2 of the Management Report for details)	1,125,000	2,250,000	1,125,000
TOTAL	**3,225,248**	**4,730,198**	**1,929,170**

* *Appointed October 26, 2015.*

TABLE 2: COMPENSATION PAID TO THE EXECUTIVE DIRECTOR *(IN €)*

	2017		2016		2015	
BERTRAND DUMAZY	**AMOUNT DUE**	AMOUNT PAID	AMOUNT DUE	AMOUNT PAID	AMOUNT DUE	AMOUNT PAID
Fixed pay	750,000	750,000	750,000	750,000	138,470	138,470
Annual bonus	1,346,600	1,226,550	1,226,550	165,000	165,000	0
Long-term incentive	0	0	0	0	0	0
Exceptional bonus	0	0	500,000	500,000	500,000	500,000
Directors' fees	0	0	0	0	0	0
Benefits-in-kind	3,648 *	3,648 *	3,648 *	3,648 *	700 *	700 *
Vacation pay under the employment contract	0	0	0	0	0	0
TOTAL	**2,100,248**	**1,930,198**	**2,480,198**	**1,418,648**	**804,170**	**639,170**

* *Company car.*

(1) Gross annual compensation corresponds to the participant's fixed pay and bonus, excluding any exceptional bonuses.

TABLE 11: COMMITMENTS GIVEN TO THE EXECUTIVE DIRECTOR

	EMPLOYMENT CONTRACT		SUPPLEMENTARY PENSION PLAN		COMPENSATION OR BENEFIT PAYABLE IN THE CASE OF TERMINATION OR CHANGE OF OFFICE		NON-COMPETE INDEMNITY	
EXECUTIVE DIRECTOR	YES	NO	YES	NO	YES	NO	YES	NO
Bertrand Dumazy		X	X		X			X

In accordance with Article L.225-37-2 of the French Commercial Code, the Board of Directors will submit this information for approval at the Shareholders Meeting held on May 3, 2018 under the eleventh resolution presented on page 271 of this Registration Document. Payment of the bonuses described above is contingent on the eleventh resolution being passed by the shareholders.

3.2.3 COMPENSATION AWARDED TO BERTRAND DUMAZY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, IN 2018

At its December 20, 2017 meeting, the Board of Directors set Bertrand Dumazy's annual fixed pay at €825,000, based on the recommendation of the Compensation and Appointments Committee.

At its February 19, 2018 meeting, it defined the criteria for determining his bonus, which is capped at a certain percentage of fixed pay. The bonus awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, in 2018 may range from 0% to 120% of his fixed pay, and may be increased to a maximum of 180% of fixed pay if certain targets are outperformed, i.e.:

- a bonus of up to 65% of fixed pay based on financial targets, of which:
  - 50% of fixed pay based on EBIT, which may be increased by up to a further 30% of fixed pay in the event of outperformance as approved by the Board of Directors,
  - 15% of fixed pay based on earnings per share, which may be increased by up to a further 10% of fixed pay in the event of outperformance as approved by the Board of Directors;
- a bonus of up to 30% of fixed pay based on three operational targets related to the Group's strategy, each representing 10% of annual fixed pay. The targets relate to the Group's transformation rate, business volume from Fleet & Mobility Solutions and new sales in the Employee Benefits and Fleet & Mobility Solutions businesses carried out *via* digital and telesales channels. In the event that the operational targets are outperformed, as approved by the Board of Directors, the bonus may be increased to up to 50% of fixed pay;
- a bonus of up to 25% of fixed pay based on managerial targets such as implementation of the "Fast Forward Full Blast" strategic plan, which hinges on the recovery in Brazil and the implementation of key work shops as presented to the Board of Directors.

At its meeting of February 19, 2018, the Board of Directors agreed that Bertrand Dumazy would be eligible for a long-term incentive plan that may be set up for other beneficiaries designated by the Board, valued at 109% of his fixed pay and target bonuses. The other components of compensation and benefits including the unemployment insurance plan, supplementary pension plans, death/disability and health insurance and a company car remain unchanged.

In accordance with the provisions of Article L.225-37-2 of the French Commercial Code, payment of these bonuses and/or exceptional components of compensation and benefits to the Executive Director will be subject to approval at the Shareholders Meeting to be held in 2019.

3.2.4 DIRECTORS' FEES

On the recommendation of the Compensation and Appointments Committee, the Board of Directors allocates the annual amount of directors' fees awarded by the Shareholders Meeting based in particular on each director's attendance rate at Board meetings and at meetings of any committee of which he or she is a member. The compensation allocation method must include a variable portion (representing the largest part of each director's fee).

Allocation is based on the following principles:

- the duties of Board member are compensated with a fixed portion of a flat amount defined by the Board of Directors and with a variable portion based on the number of meetings attended in the previous year, which will exceed the amount of the fixed portion;

- the duties of Vice-Chairman of the Board of Directors are compensated with a fixed portion of a flat amount defined by the Board of Directors;
- the duties of Committee member are compensated with a fixed portion of a flat amount defined by the Board of Directors and with a variable portion based on attendance at meetings, which will exceed the amount of the fixed portion;
- the duties of Committee Chairman are compensated with a fixed portion of a flat amount defined by the Board of Directors for each Committee;
- the duties of Board observer, if any, are compensated with a fixed portion of a flat amount defined by the Board of Directors and with a variable portion based on attendance at meetings, which will exceed the amount of the fixed portion;
- no directors' fees are awarded to directors who also hold the position of Chairman of the Board, Chairman and Chief Executive Officer, Chief Executive Officer or Chief Operating Officer.

Directors' fees are paid within three months of the fiscal year-end.

The Shareholders Meeting of May 4, 2017 set the total annual fees payable to directors at €590,000. This amount is allocated by the Board of Directors among its members based on the recommendation of the Compensation and Appointments Committee.

The principles governing the allocation of total directors' fees for 2017 among the members of the Board of Directors, as decided at the Board meeting of February 19, 2018, comply with the recommendations of the AFEP-MEDEF Corporate Governance Code. The allocation comprises:

- a variable portion (representing the largest part of each director's fee) that takes into account directors' attendance at Board meetings;
- an additional amount allocated to members of the Board Committees;
- an amount that reflects the level of responsibility assumed and time spent.

In accordance with the above principles:

- no fees are allocated to the Chairman and Chief Executive Officer;
- the Vice-Chairman of the Board receives a flat fee of €15,000;
- all Board members receive a flat fee of €2,131 on average per meeting, plus a fee of €2,605 for each meeting attended during the year (including by videoconference);
- the Chairmen of specialized Board Committees receive a fixed fee of €7,500;
- all members of specialized Board Committees receive a flat fee of €2,072 on average per meeting plus a fee of €3,748 per meeting attended during the year (including by videoconference).

TABLE 3: DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS

BOARD OF DIRECTORS *(IN €)*	FEES PAID IN 2018 IN RESPECT OF 2017	FEES PAID IN 2017 IN RESPECT OF 2016	FEES PAID IN 2016 IN RESPECT OF 2015
Jean-Paul Bailly	69,182	59,488	61,599
Anne Bouverot	45,279	46,440	36,556
Philippe Citerne (1)	32,086	92,188	85,576
Sylvia Coutinho (2)	50,041	16,964	-
Dominique D'Hinnin (3)	35,354		
Gabriele Galateri di Genola	66,300	37,703	53,279
Maëlle Gavet	27,941	21,884	23,369
Françoise Gri	83,800	50,634	57,833
Jean-Romain Lhomme	58,170	53,438	40,333
Bertrand Meheut	37,912	31,667	32,120
Nadra Moussalem (5)	21,772	56,933 (6)	63,785 (4)(6)
Roberto Oliveira de Lima (7)	-	-	5,115
TOTAL	**527,837**	**467,338**	**459,565**

(1) Resigned from the Board on May 4, 2017 and then appointed Board observer.
(2) Appointed to the Board on March 23, 2016.
(3) Appointed to the Board on June 8, 2017.
(4) No directors' fees were paid to this director, either as an individual or as a representative of Colony Capital, for the period August 1 to October 25, 2015.
(5) Resigned from the Board on June 1, 2017.
(6) These fees were paid to Colony Capital.
(7) Resigned from the Board on May 18, 2015.

The Board observer received a flat fee of €19,890 plus a variable fee of €24,310 for his active participation at all Board meetings and his assistance to the Chairman of the Audit and Risks Committee at all of the Committee's meetings.

As the total directors' fees were not allocated in full, the Board decided, at its meeting of February 19, 2018, to award an exceptional additional fee of €3,000 to Sylvia Coutinho to take into account her status as non-European resident and to compensate for the extra time spent away from her professional duties compared with the other directors in order to travel to the Company's headquarters for Board meetings.

3.3 INFORMATION ABOUT THE COMPANY'S CAPITAL

3.3.1 DESCRIPTION OF THE COMPANY'S SHARES

3.3.1.1 Type, class and listing – ISIN

At December 31, 2017, the Company's capital was made up of 235,403,240 shares with a par value of €2 each, all fully paid.

The 235,403,240 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

All of the shares are listed on Euronext Paris (Compartment A) under ISIN FR0010908533 (ticker symbol: EDEN).

3.3.1.2 Governing law and competent courts

The Company's shares are governed by the laws of France.

The courts of the district where the Company has its registered office have jurisdiction over disputes where the Company is defendant. In disputes where the Company is plaintiff, the court of jurisdiction will be designated depending on the type of dispute, unless otherwise specified in France's Civil Procedure Code (*Code de procédure civile*).

3.3.1.3 Form of the shares and procedures for recognizing ownership

The Company's shares may be held in registered or bearer form, at the choice of the shareholder.

In application of Article L.211-3 of the French Monetary and Financial Code, ownership of the Company's shares is not evidenced by certificates but by an entry in a securities account kept by the Company or an authorized intermediary. The rights of shareholders are evidenced by an entry in their name in the books kept by:

- the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 – 44312 Nantes Cedex 3, France), for registered shares;
- a bank or broker chosen by the shareholder and recognized by the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 – 44312 Nantes Cedex 3, France), for administered registered shares;
- a bank or broker chosen by the shareholder, for bearer shares.

Settlement/delivery of transactions in the Company's shares is carried out through Euroclear France, as a central securities depository.

Shares are transferred by book entry and the transfer of title results from their being recorded in the buyer's securities account, in accordance with Articles L.211-15 and L.211-17 of France's Monetary and Financial Code.

Securities services are provided by the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 – 44312 Nantes Cedex 3, France).

3.3.1.4 Rights attached to the Company's shares

From the time of issue, the Company's shares are subject to all of the provisions of the Company's bylaws. Based on current French law and the Company's bylaws, the main rights attached to the shares are as follows:

Dividend rights

Each year, at least 5% of profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one-tenth of the share capital. The process resumes if, for whatever reason, the legal reserve subsequently falls to below one-tenth of the share capital.

The balance, plus any retained earnings brought forward from prior years, is available for distribution to shareholders in the form of dividends, in accordance with the applicable laws and regulations.

The Annual Shareholders Meeting called to approve the financial statements may decide to pay a dividend to all shareholders.

The Shareholders Meeting may decide to offer shareholders the option of reinvesting all or part of any interim or final dividend in shares of the

Company, in accordance with the applicable laws and regulations. Dividends not claimed within five years of the payment date will be time-barred and will be paid over to the French State.

The Shareholders Meeting may decide, before paying a dividend, to deduct from distributable profit any amounts that it thinks fit to be credited to retained earnings or to one or more general or special reserve accounts to be used for any purposes decided by shareholders.

The Shareholders Meeting may also decide to distribute unrestricted reserves, as allowed by law, in which case the related resolution will specify the reserve accounts from which the dividend is to be deducted.

However, except in the case of a capital reduction, no such distribution may be made to shareholders if the Company's equity represents less than the sum of its share capital and restricted reserves, or would represent less than that amount as a result of the distribution.

Dividends paid to non-residents are subject to French withholding tax (see section 3.3.1.4 page 143).

Voting rights

The voting rights attached to shares are proportionate to the portion of capital they represent. All shares have the same par value and therefore one voting right is attached to each share.

However, Article 24 of the Company's bylaws states that, under certain circumstances, shares may be attributed double voting rights.

As a result, paid-up shares registered in the name of the same holder for at least two years have double voting rights.

In the case of a share issue paid up by capitalizing reserves, profits or additional paid-in capital, the new shares allocated in respect of shares with double voting rights also have double voting rights from the time of issue.

Registered shares converted into bearer shares or sold to a different shareholder lose their double voting rights. However, transfers through inheritance, liquidation of marital assets or an *inter vivos* transfer to a spouse or to an eligible relative do not result in the loss of double voting rights or a break in the qualifying period. The merger of the Company has no impact on double voting rights, provided that the bylaws of the surviving company allow for their exercise.

Article 24 of the Company's bylaws stipulates that voting rights attached to shares held by beneficial and non-beneficial owners are exercisable at Ordinary and Extraordinary Shareholders Meetings by the beneficial owner, except that the non-beneficial owner may also vote in his or her own name when the resolution requires a unanimous vote of all of the shareholders.

Details of the number of voting rights at December 31, 2017 are presented in section 2.1.2.

Pre-emptive right to subscribe for securities in the same class

Under current French law, shareholders have a pre-emptive right to subscribe for any new shares issued for cash (including shares issued upon exercise of rights), proportionately to their stake in the Company's capital.

The Shareholders Meeting that decides or authorizes a share issue may decide to cancel shareholders' pre-emptive rights for the entire issue or for one or several tranches of the issue, in which case the meeting may decide as an alternative to set a fixed period during which shareholders may subscribe on a priority basis. For issues offered to the public or carried out on a private placement basis as governed by Article L.411-2-II of France's Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders, the issue price must be determined in compliance with Article L.225-136 of the French Commercial Code. Any such issues may not represent more than 20% of the capital per year.

The Shareholders Meeting may decide to restrict participation in a share issue to certain named persons or to certain categories of persons with specified characteristics, in accordance with Article L.225-138 of the French Commercial Code.

The Shareholders Meeting that decides or authorizes a share issue may also decide to restrict participation to the shareholders of another company that is the target of a public stock-for-stock offer initiated by Edenred in application of Article L.225-148 of the French Commercial Code. Shares issued in payment for contributed assets are subject to the specific procedure provided for in Article L.225-147 of the French Commercial Code.

During the subscription period, the pre-emptive rights may be stripped from the underlying shares and traded separately. Alternatively, they may be sold with and on the same terms as the underlying shares. Shareholders may individually waive their pre-emptive subscription rights in application of Articles L.225-132 and L.228-91 of the French Commercial Code.

Right to a share of the Company's profits

Shareholders are entitled to a share of the Company's profits on the basis defined in Articles L.232-10 *et seq.* of the French Commercial Code.

Right to a share of any liquidation surplus

Shares in all classes entitle their holders to a share of the Company's net assets and, if applicable, the liquidation surplus equal to the portion of the share capital that they represent, taking into account any returns of capital and any unpaid portion of the par value.

From the Company's point of view, all shares are indivisible.

Buyback clause – conversion clause

The bylaws do not include any share buyback or conversion clauses.

Identification of shareholders

The Company uses the methods provided for by French legislation to obtain information about the identity of holders of current or future rights to vote at Shareholders Meetings.

Disclosure thresholds

Any shareholder, acting alone or in concert with other shareholders, that becomes the owner of (or ceases to own) a number of shares representing a percentage of the capital or voting rights corresponding to a statutory disclosure threshold is required to notify the Company on the basis required by the applicable laws and regulations. Failure to comply with this obligation will expose the shareholder to the sanctions provided for in the applicable laws and regulations.

In addition, Article 9 of the Company's bylaws requires any shareholder or any group of shareholders, acting alone or in concert, that acquires or raises its interest to 1% of the capital or voting rights to disclose its interest to the Company by registered letter with return receipt requested sent to the registered office, within four trading days of the transaction date or the signature of any agreement resulting in the disclosure threshold being crossed, whatever the date on which the shares are recorded in the holder's account. The notification must include details of the total number of shares and/or share equivalents held and the number of voting rights held.

The same disclosure rules apply to any increase in a shareholder's interest by any multiple of 0.50% of the capital or voting rights beyond 1% and to any reduction in a shareholder's interest by any multiple of 1% of the capital or voting rights. In the case of failure to comply with the applicable disclosure rules, at the request of one or several shareholders representing at least 3% of the Company's capital or voting rights, as duly recorded in the minutes of the Shareholders Meeting, the undisclosed shares will be stripped of voting rights at all Shareholders Meetings held in the two years following the date when the omission is remedied.

In addition, as well as making the statutory disclosures, any shareholder, or group of shareholders acting in concert, that becomes the owner of a number of shares representing more than one-twentieth of the Company's capital or voting rights is required to include in its disclosure to the Company details of its intentions regarding the shares over the next 12 months, covering in particular the information referred to in Article L.233-7-VII, paragraph 2, of the French Commercial Code.

At the end of each successive 12-month period following the initial disclosure, if the shareholder continues to hold a number of shares representing more than one-twentieth of the Company's capital or voting rights, it is required to notify the Company of its intentions for the following 12 months.

The Company will have the right to inform the public and shareholders of the said shareholder's disclosed intentions, or of the shareholder's failure to comply with this requirement.

For the application of the above disclosure provisions of the bylaws, disclosable interests include the shares or voting rights referred to in Article L.233-9-I of the French Commercial Code.

3.3.1.5 Restrictions on the sale of the shares

The bylaws do not include any restrictions on the sale of the Company's shares. A detailed description of the commitments given by the Company and some of its shareholders is provided in section 2.1 of the Management Report.

3.3.1.6 French regulations governing public tender offers

The Company is subject to French laws and regulations governing compulsory public tender offers, public buyout offers and squeeze-out procedures.

Compulsory public tender offers

The situations in which a public tender offer must be made for all of the shares and share equivalents of a company listed on a regulated market are specified in Article L.433-3 of the Monetary and Financial Code and Articles 234-1 *et seq.* of the General Regulation of the Autorité des marchés financiers (AMF).

Public buyout offer and squeeze-out procedure

The procedure for filing a buyout offer and the compulsory buyout of minority shareholders in a company whose shares are listed on a regulated market is specified in Article L.433-4 of the French Monetary and Financial Code, and Articles 236-1 *et seq.* (public buyout offer), 237-1 *et seq.* (squeeze-out procedure following a public buyout offer) and 237-14 *et seq.* (squeeze-out procedure following a public tender offer) of the AMF's General Regulation.

3.3.1.7 Public offer for the Company's shares made during the current or previous financial year and items that could have an impact in the event of a public tender offer

No public offer for the Company's shares has been made during the current or previous financial year.

The following items could have an impact in the event of a public tender offer for the Company's shares (information disclosed in application of Article L.225-100-3 of the French Commercial Code):

- **capital structure**: see section 2.1.2 page 36, showing the ownership of the capital and voting rights and the percentages held by the main shareholders;
- **voting right restrictions**: see section 2.1, page 36 on disclosure thresholds;
- **direct or indirect equity interests in the Company that have been disclosed**: see section 2.1 page 37;
- **list of holders of any securities carrying special control rights and a description thereof:** there are no special control rights within the Company;
- **agreements providing for the payment of compensation for loss of office or other termination benefits to members of the Board of Directors or to employees if they stand down, resign, are removed from office or terminated other than for gross misconduct or if their employment ends due to a change of control**: see section 3.2, page 136;
- **employee share ownership system when the employee does not exercise the control rights**: in accordance with Article L.214-40 of France's Monetary and Financial Code, the decision to tender to

a public purchase or exchange offer for Edenred shares held in a corporate mutual fund set up in connection with an employee share ownership system is made by the fund's Supervisory Board;

- **rules for appointing and replacing members of the Board of Directors and amending the bylaws**: see section 3.1, page 112,, for a description of the method of appointing and replacing members of the Board of Directors. No specific rules apply to amending the bylaws;
- **agreements between shareholders of which the Company is aware that could give rise to restrictions on the transfer of shares and the exercise of voting rights:** the Company is not aware of any such agreements;
- **powers of the Board of Directors, in particular as regards share issuance and buybacks:** see sections 3.1.1.3 and 3.2.2 above;
- **agreements entered into by the Company that would alter or terminate upon a change of control**: bonds for a total of €1,275 million excluding accrued interest could become immediately repayable in the event of a change of control, by decision of any individual bond holder (Article 4 c "Redemption at the option of the Bond Holders" of the Prospectuses for the bond issues dated October 4, 2010, May 21, 2012 and October 23, 2013).

3.3.2 SHARE EQUIVALENTS

The Company has not issued any share equivalents.

However, it should be noted that:

- up to 875,665 new shares may be issued upon exercise of stock options;
- up to 3,230,343 new or existing shares may be awarded to holders of performance share rights that have not yet vested.

Stock option plans and performance share plans are described from page 136.

3.3.3 SHARES NOT REPRESENTING CAPITAL

The Company has not issued any shares not representing capital. There are no other potential ordinary shares.

3.3.4 CHANGES IN CAPITAL

Table showing changes in capital as at December 31, 2017

The Company's capital has changed over the past eight years as follows:

		AMOUNT OF THE CHANGE IN CAPITAL				
TRANSACTION DATE	TRANSACTION	NUMBER OF SHARES	PAR VALUE *(IN €)*	PREMIUM *(IN €)*	NEW CAPITAL *(IN €)*	TOTAL NUMBER OF SHARES
Dec.14, 2006	Initial capital	370	37,000		37,000	370
Apr. 9, 2010	Cancellation of shares	119	11,900		25,100	251
Apr. 9, 2010	Issue of shares	119	11,900	100	37,000	370
Apr. 9, 2010	50-for-1 stock-split	18,500	37,000		37,000	18,500
May 11, 2010	Shares issued in payment for assets contributed by Accor SA	225,878,896	451,757,792	647,427,593.63	451,794,792	225,897,396
Jul. 23, 2013	Cancellation of shares	259,066	518,132	4,149,941	451,276,660	225,638,330
Aug. 7, 2013	Issue of shares after vesting of shares granted	259,066	518,132	(518,132)	451,794,792	225,897,396
Jun. 16, 2014	Issue of shares after dividend reinvestment	2,914,150	5,828,300	55,223,142	457,623,092	228,811,546
Dec. 16, 2014	Issue of shares after exercise of stock options	1,622,871	3,245,742	18,971,362	454,377,350	227,188,675
Dec. 16, 2014	Cancellation of shares	1,622,871	3,245,742	(33,990,695)	457,623,092	228,811,546
Feb. 11, 2015	Issue of shares after exercise of stock options	52,975	105,950	619,278	457,729,042	228,864,521
Jun. 4, 2015	Issue of shares after dividend reinvestment	2,005,302	4,010,604	38,040,578	461,739,646	230,869,823
Jul. 23, 2015	Cancellation of shares	1,532,905	3,065,810	(30,222,379.86)	458,673,836	229,336,918
Aug. 7, 2015	Issue of shares after vesting of shares granted	602,422	1,204,844	(1,204,844)	459,878,680	229,939,340
Aug. 7, 2015	Issue of shares after exercise of stock options	877,508	1,755,016	10,708,628	461,633,696	230,816,848
Dec. 18, 2015	Issue of shares after exercise of stock options	79,778	159,556	1,026,300.82	461,793,249	230,896,626
Dec. 18, 2015	Cancellation of shares	79,778	159,556	(1,557,421.93)	461,633,696	230,816,848
Feb. 10, 2016	Issue of shares after exercise of stock options	2,400	4,800	28,056	461,638,496	230,819,248
Feb. 10, 2016	Cancellation of shares	503,913	1,007,826	(9,215,133.48)	460,630,670	230,315,335
Mar. 12, 2016	Issue of shares after vesting of shares granted	501,513	1,003,026	(1,003,026)	461,633,696	230,816,848
Jun. 15, 2016	Issue of shares after dividend reinvestment	2,862,997	5,725,994	37,619,780.58	467,359,690	233,679,845

		AMOUNT OF THE CHANGE IN CAPITAL				
TRANSACTION DATE	TRANSACTION	NUMBER OF SHARES	PAR VALUE *(IN €)*	PREMIUM *(IN €)*	NEW CAPITAL *(IN €)*	TOTAL NUMBER OF SHARES
Jul. 21, 2016	Issue of shares after exercise of stock options	45,886	91,772	536,407.34	467,451,462	233,725,731
Jul. 21, 2016	Cancellation of shares	45,886	91,772	(741,882.29)	467,359,690	233,679,845
Dec.15, 2016	Issue of shares after exercise of stock options	260,731	521,462	3,357,717.39	467,881,152	233,940,576
Dec. 15, 2016	Cancellation of shares	260,731	521,462	(4,253,357.94)	467,359,690	233,679,845
Feb. 22, 2017	Issue of shares after exercise of stock options	8,500	17,000	99,365	467,376,690	233,688,345
Feb. 22, 2017	Cancellation of shares	535,298	1,070,596	(8,504,081.62)	466,306,094	233,153,047
Feb. 28, 2017	Issue of shares after vesting of shares granted	526,798	1,053,596	(1,053,596)	467,376,690	233,679,845
Jun. 13, 2017	Issue of shares after dividend reinvestment	1,722,895	3,445,790	31,322,231.10	470,805,480	235,402,740
Jul. 24, 2017	Issue of shares after exercise of stock options	720,326	1,440,652	9,781,939.74	472,246,132	236,123,066
Jul. 24, 2017	Cancellation of shares	720,326	1,440,652	(14,530,974.53)	470,805,480	235,402,740
Dec. 20, 2017	Issue of shares after exercise of stock options	234,510	469,020	3,342,369.10	471,274,500	235,637,250
Dec. 20, 2017	Cancellation of shares	234,510	469,020	(4,807,177.14)	470,805,480	235,402,740
Jan. 2, 2017	Issue of shares after exercise of stock options	500	1,000	5,845	470,806,480	235,403,240

3.3.5 SHARE BUYBACK PROGRAM

This section presents the share buyback program in accordance with Articles 241-1 *et seq.* of the AMF's General Regulation.

3.3.5.1 Authorizations granted by the Annual Shareholders Meeting

Authorizations to buy shares

The Shareholders Meeting of May 4, 2017 gave the Board of Directors an 18-month authorization to buy back a number of shares that may not exceed 10% of the total number of shares outstanding, as allowed by Articles L.225-209 *et seq.* of the French Commercial Code.

The maximum purchase price was set at €30 per share. It may be adjusted to reflect the impact of any corporate actions.

The purposes of this share buyback program are provided in the program description published on the Company's website in accordance with Articles 241-1 *et seq.* of the AMF's General Regulation.

The characteristics of the buyback program are as follows:

TYPE OF SECURITY	SHARES
Maximum percentage of capital purchased into treasury	10% (the number of Edenred shares purchased into treasury and subsequently remitted in connection with a merger, demerger or asset contribution may not exceed 5% of the Company's share capital)
Maximum number of shares that may be purchased	23,368,834 shares, representing 10% of the capital at December 31, 2016
Maximum total amount allocated to the program	€647,083,020
Maximum purchase price per share	€30
Validity	18 months until November 3, 2018

At the Shareholders Meeting scheduled for May 3, 2018, the Board will submit a proposal to approve a new 18-month authorization that would override the authorization granted at the Shareholders Meeting of May 4, 2017 to buy a number of shares that may not exceed 10% of the total number of shares outstanding (*i.e.*, 22,343,067 shares, or 9.49% of the shares outstanding at December 31, 2017, provided Edenred held 1,197,257 of its own shares at that date, representing 0.51% of the capital at December 31, 2017) at a maximum purchase price of €35 per share. The total amount allocated to this buyback program cannot exceed €823,911,340. Subject to approval of the authorization by the Shareholders Meeting of May 3, 2018, and in accordance with the provisions of (i) Articles L 225-209 *et seq.* of the French Commercial Code, (ii) European regulation no. 596/2014 of April 16, 2014 on market abuse and its delegated regulations, and (iii) Chapter IV, Book II of the AMF's General Regulations, the share buyback program may be used for the following purposes:

- to cancel all or some of the acquired shares in connection with a capital reduction decided or authorized by the Company's shareholders in an Extraordinary Meeting;
- to allocate shares upon exercise of stock options granted under plans governed by Articles L.225-177 *et seq.* of the French Commercial Code or any similar plan;
- to allocate shares to employees in settlement of amounts due under the statutory profit-sharing scheme or to sell shares to employees through any employee savings, stock ownership or similar plan in accordance with Articles L.3332-1 *et seq.* of the French Labor Code (*Code du travail*);
- to grant shares under plans governed by Articles L.225-197-1 *et seq.* of the French Commercial Code;
- to fulfill any obligations associated with stock option plans or other allocations of shares to employees or Executive Directors of the Company or any related company;
- to allocate shares upon the exercise of rights attached to securities conferring entitlement, through redemption, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of shares in the Company;
- to make a market or ensure liquidity of the Company's shares under a liquidity contract entered into with an independent investment services provider that complies with the Code of Conduct recognized by the AMF;
- to implement any market practices authorized by the AMF as part of a share buyback program and, more generally, to carry out any transactions in relation to such programs that are authorized under the laws and regulations in force.

The program may also be used for any other purpose currently authorized or that may be authorized at a future date under the applicable laws or regulations, provided that the Company issues a press release notifying shareholders of said use. The maximum purchase price may be adjusted as necessary to reflect the impact of any corporate actions.

In the event of a transaction affecting shareholders' equity, the Shareholders Meeting delegates to the Board of Directors the authority to adjust the maximum price in order to take into account the impact of said transactions on the value of the share.

The purchase, sale or transfer of shares may be carried out and settled by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date, in one or several transactions *via* regulated markets, multilateral trading facilities, systematic internalizers or over the counter, including through block purchases or sales, through public offers of purchase or exchange, through the use of options or derivatives – but excluding the sale of put options – traded *via* regulated markets, multilateral trading facilities, systematic internalizers or over the counter, through the allocation of shares on conversion, redemption, exchange or exercise of share equivalents or by any other means either directly or *via* an investment services provider. The entire buyback program may be implemented through a block trade.

Shares may be bought back, sold or otherwise transferred at any time for a period of 18 months from the date of the Shareholders Meeting of May 3, 2018 until November 2, 2019, except when a takeover bid for the Company is in progress, in accordance with the applicable regulations.

Authorization to cancel shares

The Shareholders Meeting of May 4, 2017 authorized the Board of Directors to cancel shares bought back under the provisions of Article L.225-209 *et seq.* of the French Commercial Code, for a 24-month period. The number of shares canceled in any given 24-month period may not exceed 10% of the total shares outstanding.

Pursuant to this authorization and that granted by the Shareholders Meeting of May 4, 2016, the Board of Directors decided:

- on February 22, 2017, to cancel 535,298 shares, representing approximately 0.2% of the capital;

- on July 24, 2017, to cancel 720,326 shares, representing approximately 0.5% of the capital;
- on December 20, 2017, to cancel 234,510 shares, representing approximately 0.1% of the capital.

The 1,490,134 shares to be canceled were purchased under the 2015 and 2016 share buyback programs authorized by the Shareholders Meetings of April 30, 2015 and May 4, 2016, respectively, and set aside for cancellation.

A report on the utilization of the share buyback program and share buybacks made during 2017 can be found on page 43 of the Management Report.

4

FINANCIAL STATEMENTS

4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Edenred Shareholders' Meeting

1. OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Edenred for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2017 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 and Risk Committee.

2. 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 those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors.

3. 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 bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Valuation of goodwill and intangible assets

Risk identified

As of December 31, 2017, the net carrying amount of the Group's fixed assets relating to goodwill and intangible assets amounts to €1,427 million, or 23% of total assets. These fixed assets are notably comprised of assets with an indefinite useful life (goodwill for €994 million and brands for €56 million) and assets with definite useful lives (customer lists for €246 million, licenses and software for €99 million).

In accordance with IAS 36 « *Impairment of assets* » and as specified in Note 5.5 to the consolidated financial statements, an impairment is recognized when the recoverable amount of these asset items, grouped in Cash-Generating Units, is less than the net carrying amount. This recoverable amount is determined in two steps (i) based on the fair value assessed using the EBITDA method (ii), if necessary, should a potential impairment loss be identified, based on the value in using the discounted cash flows method.

The determination of the recoverable amount of these intangible assets, which represents a material amount in the Group's accounts, is based on Management's judgement and use of assumptions, notably: the EBITDA multiples adopted, cash flow projections, discount rates and long-term growth rates. We therefore considered the valuation of intangible assets to be a key audit matter.

Our response

We have familiarized ourselves with the procedures and controls set up by the Group to identify indicators of impairment loss and to determine the recoverable amount of intangible assets. Our other main procedures consisted in:

- assessing, compared to provisions of IAS 36, the principles and methods to determine the recoverable amounts of the CGU to which the intangible assets were attached and reconciling the net carrying amount of these assets with the data in the accounting records;
- reviewing the EBITDA multiples adopted and their documentation compared to available market data;
- assessing, with our valuation experts, that the long-term growth and discount rates adopted are appropriate for the valuations based on future cash flows compared to macro-economic data available at the closing date;
- substantiating, through interviews with Management, the main data and assumptions on which are based the operating estimates underlying the cash flows used in the valuation models, notably, by comparing the estimates and projections of previous periods with actual figures;
- performing our own sensitivity analysis on the assumptions used in the forecasted cash flows.

We also considered that Note 5.5 to the consolidated financial statements gave appropriate disclosure, in particular, on the key assumptions and sensitivity analysis.

Recognition of the liability relating to service vouchers in circulation – funds to be redeemed

Risk identified

The funds to be redeemed correspond to the face value of service vouchers in circulation and digital funds loaded on accounts but not yet redeemed to the partner merchants. They result from multiple transactions:

- on the one hand, with the customers for which the service vouchers are issued or cards loaded, by offsetting a receipt of funds recognized either in restricted cash, or, in accordance with applicable regulations, in service voucher reserved funds mainly in France, the United Kingdom and Romania;
- and on the other hand, with partner merchants who are redeemed by Edenred for the service vouchers or cards used by the employee users, in their establishment.

Considering (i) the amount of funds to be redeemed on the balance sheet (€4,749 million, or 75% of total Group assets as of December 31, 2017, (ii) the importance of this aggregate as a material component of working capital requirements, a key performance indicator for Edenred's activities, (iii) the volume of flows being translated in the balance of funds to be redeemed on the balance sheet and (iv) the dependence on information systems managing these operations, we considered the recognition of funds to be redeemed a key audit matter.

Our response

- We have familiarized ourselves with the procedures set up by the Group to secure the flow of transactions inherent in the business activity, in particular, the reconciliation of the balance of funds to be redeemed at the closing date between the ancillary applications and the accounting records. Our other main procedures consisted in:
- carrying out tests on the information systems to ensure ourselves that access rights are secure and the correct uploading of different ingoing and outgoing flows added to the balance of funds to be redeemed;
- examining the manual reconciliations performed by the Finance Departments of the subsidiaries between the accounting records and the operational systems and if necessary, obtaining a justification of the differences initially identified;
- analyzing the consistency of Revenue recognized during the fiscal year compared to the flows collected ;
- analyzing the bank reconciliations to ensure ourselves that there were no suspense accounts involving partner merchants.

We also considered that Notes 4.5 and 4.6 to the consolidated financial statements gaveappropriate disclosure, in particular the qualitative information relating to the segregation of funds as well as service voucher reserved funds at the year-end date.

Exposure to the Venezuela country risk

Risk identified

Over the last few years, the situation in Venezuela has significantly deteriorated, notably, due to the political and economic instability resulting, partially, from the decrease in the price of oil. This context resulted in high inflation and the implementation of a strict control of foreign currency exchange rates, with an unstable system which has been subject to numerous reforms.

The regular and very significant devaluation of the Venezuelan bolivar resulted in negative conversion differences recognized in the consolidated equity of the Group for (149) million as of December 31, 2017. These conversion differences would be, if necessary, recognized in net profit or loss during the period in which the Venezuelan subsidiaries would be deconsolidated.

Given the aforementioned context, we considered the Venezuela country risk to be a key audit matter.

Our response

We have, based on discussions with Management, and familiarized ourselves with the procedures set up by the Group to ensure ourselves of the correct transcription of the data relating to Venezuela in the financial statements. Our other main procedures consisted in:

- evaluating the change in the political and economic situation in Venezuela and its possible impacts on the business activities of Edenred in this country;
- assessing the appropriateness of the conversion methods used in the financial statements and we ensured ourselves of the most recent official exchange rate in force;
- examining the consolidation methods of the Venezuelan companies with regard to the economic situation, going concern principle and the control exercised by the Group on its subsidiaries.

We also considered that Note 3.1 to the consolidated financial statements gives appropriate disclosure, in particular, the Group's exposure to average and year-end exchange rates as well as the analysis of the sensitivity to the Venezulan bolivar exchange rate.

4. SPECIFIC VERIFICATION CONCERNING THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors' management report.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Edenred by the Shareholders' Meeting of Friday, April 9, 2010 for DELOITTE & ASSOCIÉS and Wednesday, May 4, 2016 for ERNST & YOUNG Audit.

As of December 31, 2017, DELOITTE & ASSOCIÉS was in its 8th year of uninterrupted engagement and ERNST & YOUNG Audit in its 2nd year.

6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from 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 is expected to liquidate the Company or to cease its operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

7. STATUTORY AUDITORS' RESPONSIBILITIES FOR 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 from 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 of users taken on the basis of these financial statements.

As specified by Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this report.

We also provide the Audit and Risk Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, March 12, 2018
The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIÉS**
Philippe DIU	Patrick E. SUISSA

4.2 CONSOLIDATED FINANCIAL STATEMENTS

4.2.1 CONSOLIDATED INCOME STATEMENT

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
Operating revenue with client	4.2	1,272	1,073
Financial revenue	4.2	67	66
Total revenue	4.2	**1,339**	**1,139**
Operating expenses	4.3	(829)	(712)
Depreciation, amortization and provisions	5.6	(73)	(57)
Operating profit before other income and expenses (EBIT)	4.4	**437**	**370**
Share of net profit from equity-accounted companies	5.4	11	8
Other income and expenses	10.1	(7)	(26)
Operating profit including share of net profit from equity-accounted companies		**441**	**352**
Net financial expense	6.1	(50)	(58)
PROFIT BEFORE TAX		391	294
Income tax expense	7	(108)	(102)
NET PROFIT		**283**	**192**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		247	180
Net profit attributable to non-controlling interests	8.3	36	12
Weighted average number of shares outstanding (in thousands)	8.2	233,064	230,113
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (IN €)	8.2	1.06	0.78
Diluted earnings per share (in €)	8.2	1.05	0.77

* *See Note 1.7 "Change in the presentation of the consolidated income statement".*

4.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
NET PROFIT		283	192
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.4	(138)	92
Change in fair value adjustments to financial instruments and available-for-sale assets		10	26
Tax on items that may be subsequently reclassified to profit or loss		-	(9)
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined-benefit plans		2	(3)
Tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		**(126)**	**106**
TOTAL COMPREHENSIVE INCOME		**157**	**298**
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		132	280
Comprehensive income attributable to non-controlling interests		**25**	**18**

4.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
Goodwill	5.1	994	904
Intangible assets	5.2	433	313
Property, plant and equipment	5.3	46	38
Investments in equity-accounted companies	5.4	62	151
Non-current financial assets		41	41
Deferred tax assets	7.2	57	69
TOTAL NON-CURRENT ASSETS		1,633	1,516
Trade receivables	4.5/4.7	1,712	1,415
Inventories, other receivables and accruals	4.5/4.7	391	326
Restricted cash	4.6	1,127	942
Current financial assets	6.4/6.7	43	49
Other marketable securities	6.4/6.7	768	735
Cash and cash equivalents	6.4/6.7	629	649
TOTAL CURRENT ASSETS		4,670	4,116
TOTAL ASSETS		**6,303**	**5,632**

CONSOLIDATED EQUITY AND LIABILITIES

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
Issued capital	8.1	471	467
Treasury shares	8.1	(6)	(32)
Consolidated retained earnings		(1,900)	(1,699)
Cumulative compensation costs – share-based payments		98	86
Cumulative fair value adjustments to financial instruments		13	3
Cumulative actuarial gains (losses) on defined-benefit plans		(3)	(5)
Currency translation adjustment		(357)	(230)
Net profit attributable to owners of the parent		247	180
Equity attributable to owners of the parent		**(1,437)**	**(1,230)**
Non-controlling interests	8.3	150	69
Total equity		**(1,287)**	**(1,161)**
Non-current debt	6.5/6.6	1,765	1,355
Other non-current financial liabilities	6.5/6.6	17	50
Non-current provisions	10.2	42	42
Deferred tax liabilities	7.2	135	129
TOTAL NON-CURRENT LIABILITIES		1,959	1,576
Current debt	6.5/6.6	68	527
Other current financial liabilities	6.5/6.6	249	37
Current provisions	10.2	42	35
Funds to be redeemed	4.5	4,749	4,182
Trade payables	4.5	177	142
Current tax liabilities	4.5/4.7	8	13
Other payables	4.5/4.7	284	229
Bank overdrafts	6.5/6.6	54	52
TOTAL CURRENT LIABILITIES		5,631	5,217
TOTAL EQUITY AND LIABILITIES		**6,303**	**5,632**

4.2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
+ Net profit attributable to owners of the parent		247	180
+ Non-controlling interests	8.3	36	12
- Share of net profit from equity-accounted companies	5.4	(11)	(8)
- Depreciation, amortization and changes in operating provisions		85	66
- Deferred taxes	7.2	18	(5)
- Expenses related to share-based payments		12	9
- Non-cash impact of other income and expenses		1	30
- Difference between income tax paid and income tax expense		(23)	10
+ Dividends received from equity-accounted companies	5.4	11	8
= Funds from operations including non-recurring items		**376**	**302**
- Other income and expenses (including restructuring costs)		12	(3)
= Funds from operations before other income and expenses (FFO)		**388**	**299**
+ Decrease (increase) in working capital	4.5	293	215
+ Recurring decrease (increase) in restricted cash	4.6	(204)	(104)
= Net cash from operating activities		**477**	**410**
+ Other income and expenses (including restructuring costs) received/paid		17	3
= Net cash from operating activities including other income and expenses (A)		**494**	**413**
- Recurring expenditure		(78)	(58)
- External acquisition expenditure, net of cash acquired		(100)	(196)
+ Proceeds from disposals of assets		2	2
= Net cash from investing activities (B)		**(176)**	**(252)**
+ Capital increase		15	5
- Dividends paid [(1)]	3.3	(129)	(156)
+ (Purchases) sales of treasury shares		(24)	2
+ Increase (decrease) in debt		(126)	251
= Net cash from financing activities (C)		**(264)**	**102**
- Net foreign exchange differences and fair value adjustments (D)		**(76)**	**(72)**
= NET INCREASE IN CASH AND CASH EQUIVALENTS (E) = (A) + (B) + (C) + (D)	6.6	(22)	191
+ Cash and cash equivalents at beginning of period		597	406
- Cash and cash equivalents at end of period		575	597
= NET CHANGE IN CASH AND CASH EQUIVALENTS	**6.6**	**(22)**	**191**

(1) Including cash dividends paid to owners of the parent for €109 million (€0.62 per share), cash dividends paid to non-controlling interests in subsidiaries for €17 million and tax on distributed earnings for €3 million.

Net cash and cash equivalents at the end of the period can be analyzed as follows:

	Notes	DECEMBER 2017	DECEMBER 2016
+ Cash and cash equivalents	6.4	629	649
- Bank overdrafts	6.5	(54)	(52)
= CASH AND CASH EQUIVALENTS AT END OF PERIOD		**575**	**597**

4.2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	ISSUED CAPITAL	ADDITIONAL PAID-IN CAPITAL	TREASURY SHARES	CONSOLIDATED RETAINED EARNINGS [2]	CUMULATIVE COMPENSATION COSTS – SHARE-BASED PAYMENTS	CUMULATIVE FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS AND AVAILABLE-FOR-SALE ASSETS	CUMULATIVE ACTUARIAL GAINS (LOSSES) ON DEFINED-BENEFIT PLANS	CURRENCY TRANSLATION ADJUSTMENT [1]	NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**	TOTAL NON-CONTROLLING INTERESTS	**TOTAL EQUITY**
December 31, 2015	**462**	**655**	**(56)**	**(2,436)**	**76**	**(14)**	**(2)**	**(316)**	**177**	**(1,454)**	**12**	**(1,442)**
Appropriation of 2015 net profit	-	-	-	177	-	-	-	-	(177)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
• in cash	-	-	-	-	-	-	-	-	-	-	-	-
• cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
• options exercised	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
• dividends reinvested in new shares	5	38	-	-	-	-	-	-	-	43	-	43
Dividends paid	-	-	-	(192)	-	-	-	-	-	(192)	(4)	(196)
Changes in consolidation scope	-	-	-	74	-	-	-	-	-	74	43	117
Compensation costs – share-based payments	-	-	-	-	10	-	-	-	-	10	-	10
(Acquisitions) disposals of treasury shares	-	-	24	(4)	-	-	-	-	-	20	-	20
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**17**	**(3)**	**86**	**-**	**100**	**6**	**106**
Net profit for the period	-	-	-	-	-	-	-	-	180	180	12	192
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	17	(3)	86	180	280	18	298
December 31, 2016	**467**	**682**	**(32)**	**(2,381)**	**86**	**3**	**(5)**	**(230)**	**180**	**(1,230)**	**69**	**(1,161)**
Appropriation of 2016 net profit	-	-	-	180	-	-	-	-	(180)	-	-	-
Increase (decrease) in share capital												
• in cash	-	-	-	-	-	-	-	-	-	-	-	-
• cancellation of treasury shares	(2)	(29)	31	-	-	-	-	-	-	-	-	-
• options exercised	2	13	-	(15)	-	-	-	-	-	-	-	-
• dividends reinvested in new shares	4	31	-	-	-	-	-	-	-	35	-	35
Dividends paid [3]	-	-	-	(144)	-	-	-	-	-	(144)	(17)	(161)
Changes in consolidation scope [4]	-	-	-	(237)	-	-	-	-	-	(237)	72	(165)
Compensation costs – share-based payments	-	-	-	-	12	-	-	-	-	12	-	12
(Acquisitions) disposals of treasury shares [5]	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**10**	**2**	**(127)**	**-**	**(115)**	**(10)**	**(125)**
Net profit for the period	-	-	-	-	-	-	-	-	247	247	36	283
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	10	2	(127)	247	132	25	157
DECEMBER 31, 2017	**471**	**697**	**(6)**	**(2,597)**	**98**	**13**	**(3)**	**(357)**	**247**	**(1,437)**	**150**	**(1,287)**

(1) See Note 1.4 "Presentation currency and foreign currencies", and Note 11.6 "Exchange rates" detailing the main exchange rates used in 2016 and 2017. The €357 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Venezuelan bolivar fuerte for €127 million, the Brazilian real for €148 million and the pound Sterling for €23 million.

(2) This amount includes the €1,894 million negative impact of acquiring Edenred entities owned by Accor and deducted from equity following the demerger in June 2010.

(3) See Note 3.1 "Payment of the 2016 dividend".

(4) Changes in scope of consolidation correspond mainly to:

- *Attributable to owners of the parent: the €180 million liability represented by NCI puts granted to holders of 34% of the capital of UTA, the negative €39 million carrying amount of the minority interests in UTA acquired in December 2017 and the €17 million reduction in equity attributable to owners of the parent following the increase of the Group's interest in ProwebCE from 62% to 71% through the exercise in April 2017 of call options on PWCE Participations shares.*
- *Attributable to minority interests: the first-time consolidation of the minority interests in UTA, including the effect of the acquisition of a 15% stake in December 2017.*

(5) The movement in treasury shares reflects share buybacks for €15 million and cancellations for €26 million.

4.2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

This icon indicates an IFRS standard issue.

This icon indicates a definition specific to the Edenred Group.

This icon indicates the use of an estimate or judgment. When the Group uses estimates and assumptions, it applies the method presented in Note 1.6. In the absence of standards or interpretations applicable to a specific transaction, the management of Edenred uses judgment to define and apply the accounting methods that will provide relevant and reliable information, so that the financial statements present a true and fair view of the financial position, the financial performance and the cash flows of the Group, and show the economic reality of transactions.

This icon indicates the Group's figures for the current year as well as the comparative period.

NOTE 1 PRESENTATION OF THE GROUP

1.1 Business overview

Edenred is the world leader in transactional solutions for companies, employees and merchants. Whether delivered *via* card, mobile app, online platform or paper voucher, all of these solutions mean increased purchasing power for employees, optimized expense management for companies and additional business for partner merchants.

Edenred's offer is built around three business lines:

- Employee benefits (*Ticket Restaurant®*, *Ticket Alimentación*, *Ticket Plus*, *NutriSavings*, etc.);
- Fleet and mobility solutions (*Ticket Log*, *Ticket Car*, UTA, *Empresarial*, etc.);
- Complementary solutions including corporate payments (Edenred Corporate Payment), incentives and rewards (*Compliments*, *Ticket Kadéos*) and public social programs.

The Group brings together a unique network of 44 million employees, 770,000 companies and public institutions, and 1.5 million merchants.

Listed on the Euronext Paris stock exchange and part of the CAC Next 20 index, Edenred operates in 45 countries, with close to 8,000 employees. In 2017, the Group managed more than €26 billion in transactions, of which 78% were carried out *via* card, mobile device or the web.

1.2 Management of the Group's capital structure

The Group's main capital management objective is to maintain a satisfactory credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is optimized to keep pace with changes in economic conditions by adjusting dividends, returning capital to shareholders or issuing new shares.

1.3 Information about the parent company Edenred SA

Registered name: Edenred SA

Registered office: Immeuble Colombus, 166-180 Boulevard Gabriel Péri, 92240 Malakoff – France

Société anonyme à conseil d'administration (French public limited company with a Board of Directors) with share capital of €470,806,480

Registered on the Nanterre Trade and Companies Register under No. 493 322 978

NAF code: 6420Z

These financial statements for the year ended December 31, 2017 were approved for publication by the Board of Directors of Edenred on February 19, 2018. They will be submitted for shareholders' approval during the Annual Shareholders' Meeting on May 3, 2018.

1.4 Presentation currency and foreign currencies

The presentation currency is the euro. Amounts are rounded to the nearest million euros.
In accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, and for consolidation needs, balance sheet items expressed in a functional currency other than the euro are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Income statements expressed in a functional currency other than the euro are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit or loss on disposal or closing of the business.

Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the 2017 consolidated financial statements are presented in Note 11.6.

The impact on attributable consolidated equity of currency translation adjustments was a negative €127 million between December 31, 2016 and December 31, 2017, as presented in the consolidated statement of changes in equity. This difference was mainly due to the depreciation of the Brazilian real for €102 million, the depreciation of the Mexican peso for €6 million and the depreciation of the Venezuelan bolivar (see Note 3.1) for €6 million against the euro.

1.5 Basis of preparation of the financial statements

As required by European Commission Regulation 1606/2002 dated July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2017, have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of that date. They include comparative financial information for the year 2016, prepared in accordance with the same principles and conventions and the same standards.
IFRSs are downloadable from the European Commission's website:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr#overview
At December 31, 2017, the accounting standards and interpretations adopted by the European Union were the same as the International Financial Reporting Standards published by the International Accounting Standards Board (IASB), with the exception of IAS 39, which was only partially adopted.
This difference does not have a material impact on the Edenred consolidated financial statements because the application of the currently unadopted section of the standard has no impact on the Group's financial statements.
As a result, the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as published by the IASB and adopted by the European Union.

1.6 Use of judgments and estimates

The preparation of financial statements requires the application of judgment and the use of estimates and assumptions to determine the reported amount of certain assets and liabilities, income and expenses, and to take into account the potential positive or negative effect of uncertainties existing at the balance sheet date. Due to changes in the assumptions used and economic conditions different from those existing at the closing date, the amounts in the Group's future financial statements could be materially different from current estimates.

1.7 Change in the presentation of the consolidated income statement

In line with AMF guidelines for the presentation of the 2013 and 2016 financial statements, position paper DOC-2015-12 and French Accounting Standards Board recommendation ANC 2013-03, starting with the 2017 interim consolidated financial statements, other income and expenses are reported above the line "Operating profit including share of net profit (loss) from equity-accounted companies". In prior periods, these income and expense items were reported below "Net financial expense".

NOTE 2 ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

In accordance with IFRS 10 – Consolidated Financial Statements, control over an entity has been determined based on a review of the criteria specified in the standard, which is not limited to the interest held in the entity (more than 50%); an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's local currency. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

In accordance with IFRS 11 – Joint Arrangements, companies over which the Group exercises significant influence, either directly or indirectly, are accounted for by the equity method. Under the equity method, investments in associates and joint ventures are initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

In accordance with IFRS 3 (revised) – Business Combinations and IFRS 10 – Consolidated Financial Statements, the Group has accounted for business combinations and changes in ownership interest that do not result in a loss of control in accordance with these standards.

As part of certain acquisitions and/or business combinations, the Group has granted commitments to buy back minority shareholders' interests. The exercise price of these options can be fixed or calculated using a predefined formula, and they can be exercised at any time or at a set date.

The Group records a financial liability at its present value for the puts granted to the minority shareholders of the entities concerned. Subsequent changes to the commitment's value are recognized with adjustments to the equity attributable to owners of the parent.

All equity security transactions between controlling and non-controlling shareholders not involving a loss of control must be recognized directly in equity.

2.1 Acquisitions, development projects and disposals in 2017

UTA

Overview

On **January 20, 2017**, Edenred exercised the call option enabling it to acquire, from the two founding families, 17% of the capital of Union Tank Eckstein (UTA), the number two Europe-wide player in multi-brand fuel cards, toll solutions and maintenance solutions. Edenred already held a 34% interest in the company, which it had acquired on February 27, 2015. This gave the Group significant influence over UTA, which was accounted for using the equity method in 2015 and 2016.

By increasing its stake in UTA to 51%, Edenred took a further step to speed up its growth in the Fleet & Mobility Solutions market. The Group intends to boost UTA's business in Europe by leveraging its expertise in fuel card solutions in Latin America and its own commercial presence in Europe.

The acquisition of an additional 17% of UTA's capital, for €85 million, gave Edenred control over UTA, and the subgroup has been fully consolidated in Edenred's financial statements as from January 1, 2017.

Following this transaction, UTA's minority shareholders have put options exercisable as from January 21, 2017.

In December 2017, a minority shareholder holding a 15% interest in UTA exercised its put option. The transaction, which was effective on December 15, 2017, lifted Edenred's stake in UTA to 66%.

On December 28, 2017, the Group was notified by Hermes Mineralöl GmbH, co-founder and minority shareholder of UTA, of its intention to exercise its put option on a 17% stake. This transaction is subject to approval from the relevant competition authorities and is expected to be finalized in the first quarter of 2018. This transaction will lead to Edenred holding an 83% interest in UTA.

Impact on the 2017 consolidated financial statements

In accordance with IFRS 3 (revised) – Business Combinations, the Group's initial 34% interest in UTA's net assets was remeasured at fair value, leading to the recognition of a €19 million gain in the consolidated income statement under "Other income and expenses". The Group chose not to remeasure non-controlling interests at fair value and the goodwill recorded in assets in the consolidated statement of financial position therefore corresponds to the difference between the consideration paid and the Group's share of the identifiable net assets acquired (partial goodwill method).

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired was allocated to the customer list for €109 million, investments in equity-accounted companies (primarily Ages and MSC) for €48 million, the brand for €23 million and goodwill for €148 million.

The NCI puts have been recognized in current debt and as a deduction from equity attributable to owners of the parent for an amount of €180 million.

The effects of consolidating the UTA subgroup on the consolidated financial statements for the year ended December 31, 2017 were as follows:

(in € millions)	UTA DECEMBER 2017
Non-current assets	207
Current assets	373
TOTAL ASSETS	**580**
Equity and non-current liabilities	214
Current liabilities	366
TOTAL EQUITY AND LIABILITIES	**580**

(in € millions)	UTA 2017 (12 MONTHS)
Revenue	72
EBIT	12
Net profit [(1)]	40
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**30**

(1) Including the €19 million gain arising from remeasurement at fair value of the Group's initial 34% interest and its €11 million share of net profit from equity-accounted companies.

Vasa Slovensko

On October 16, 2017, Edenred acquired the entire capital of Vasa Slovensko and became the market leader in meal vouchers in Slovakia, where it has been operating since 1994.

The acquisition is part of the Fast Forward strategic plan, which notably aims to increase the Group's penetration rate in its Employee Benefits markets.

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated to the customer list for €10 million and the residual difference to goodwill for €21 million.

The process of allocating the purchase price to the identifiable assets acquired and liabilities and contingent liabilities assumed, based on the recognition principles in IFRS 3 (revised), and aligning recognition and measurement methods will be completed within 12 months of the acquisition date.

The effects of consolidating Vasa Slovensko on the consolidated financial statements at December 31, 2017 were as follows:

	VASA SLOVENSKO
(in € millions)	December 2017
Non-current assets	10
CURRENT ASSETS	**17**
Total assets	27
Equity and non-current liabilities	11
CURRENT LIABILITIES	**16**
Total equity and liabilities	27

(in € millions)	VASA SLOVENSKO (3 MONTHS)
Revenue	2
EBIT	1
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1**

ProwebCE

In April 2017, the Group increased its interest in ProwebCE from 62% to 71% by exercising some of its call options on shares in PWCE Participations, ProwebCE's sole shareholder. In the consolidated financial statements, the operation was accounted for in equity as a transaction between owners, in accordance with IFRS 3 (revised). The accretive impact on 2017 attributable profit was not material. If the remaining calls are exercised, this will give Edenred 100% of ProwebCE's capital.

Moneo Resto

In May 2017, the Edenred Group acquired Moneo Resto.

The purchase price allocation had been completed as of December 31, 2017, leading to the recognition of customer lists for €6 million, in accordance with IFRS 3 (revised), and goodwill of €14 million.

Disposal of Edenred Suisse SA

The Swiss subsidiary was sold in May 2017 following the Edenred Group's analysis that it had an insufficient share of this market, which offers limited growth potential. The disposal gain, which is not material, has been recorded in the 2017 consolidated income statement under "Other income and expenses".

Disposal of Edenred South Africa

In line with its Fast Forward strategy, on July 7, 2017, Edenred sold its non-core operations in South Africa. The disposal gain, which is not material, has been recorded in the 2017 consolidated income statement under "Other income and expenses".

2.2 Acquisitions, development projects and disposals in 2016

Embratec

In accordance with the agreement signed in January 2016, the Edenred Group finalized, in the first half of 2016, the takeover of Embratec's activities in Brazil.

During the year, the two groups set up the *Ticket Log* joint venture. Edenred transferred its *Ticket Car* and *Repom* assets to *Ticket Log* in exchange for 65% of the capital and Embratec transferred its fuel card and maintenance businesses operated under the Ecofrotas and Expers brands in exchange for a 35% stake.

In accordance with IFRS 3 (revised) – Business Combinations, in 2016 the Group carried out the provisional allocation of acquisition prices to assets, liabilities and contingent liabilities identifiable as such according to IFRS 3 (revised) and the harmonization of accounting and valuation methods.

The acquisition price for the 65% share of Fleet & Mobility Solutions activities amounted to 1,153 million reais, equivalent to €290 million including 742 million reais in cash (€187 million), translated at the acquisition date exchange rate (€1 = BRL 3.9738).

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired was allocated to the customer list for €92 million and to licenses and software for €10 million, the residual difference of €249 million being allocated to goodwill. The purchase price allocation was completed and the final goodwill amount was determined in first-half 2017. The value attributed to goodwill is supported by estimates of future synergies and the business's growth outlook.

NOTE 3 SIGNIFICANT EVENTS

3.1 Change of the bolivar fuerte exchange rate in 2016 and 2017

2016 devaluation of the bolivar fuerte

On March 10, 2016, the Venezuelan government announced the implementation of a new currency exchange system. It decided to merge two systems that were coexisting until then, the CADIVI with a rate of 6.3 bolivars fuerte to the US dollar, and the SICAD I with a rate of 11.3 bolivars fuerte to the US dollar, and to create a new system called DIPRO, ensuring a fixed rate of 10 bolivars fuerte to the US dollar. This new system is intended to rationalize the access to the US dollar mainly for the industrial sector and imports as well as to combat inflation.

As a replacement for the SIMADI, the government also unveiled a second currency exchange system, the SIMADI/DICOM, for transactions that are not covered by the DIPRO fixed exchange system. The SIMADI/DICOM fluctuates according to supply and demand and the opening rate amounted to 206.92 bolivars fuerte to the US dollar in March 2016.

2017 devaluation of the bolivar fuerte

On May 19, 2017, the Venezuelan government and central bank modified the exchange control system. The new minimum value for the DICOM was set at 1,800 bolivars fuerte to the US dollar. The central bank suspended the DICOM on September 4, 2017 and it has been set at 3,340 bolivars fuerte to the US dollar ever since.

The political and economic situation in Venezuela continued to deteriorate in the second half of the year.

Edenred's position

For 2017, the Group decided to use SIMADI/DICOM bolivar fuerte to US dollar exchange rates, as presented in the table below:

	DECEMBER 2017		DECEMBER 2016	
	AVERAGE RATE *	CURRENT RATE **	AVERAGE RATE	CURRENT RATE
Bolivar fuerte to US dollar exchange rate used by Edenred, translated into euros	2,410	4,007	545	709

* *Average of SIMADI/DICOM bolivar fuerte to US dollar exchange rates since January 1, 2017, translated to euros.*

** *Latest SIMADI/DICOM bolivar fuerte to US dollar exchange rate as at December 2017, translated to euros.*

Bolivar fuerte exchange rate sensitivity analysis

A 50% variation in the bolivar fuerte to US dollar exchange rate, translated into euros, would have the following impacts:

	DECEMBER 31, 2017 +/-50% **		DECEMBER 31, 2016 +/-50% *	
(in € millions)	€M	% GROUP TOTAL	€M	% GROUP TOTAL
Revenue	2	0.1%	7	0.5%
EBIT	0	0.0%	3	0.8%
Net profit	1	0.5%	2	0.9%
Net profit attributable to owners of the parent	1	0.5%	1	0.7%
Net debt	(2)	-0.3%	(9)	-1.5%

* *Based on an actual average VEF/EUR exchange rate of 545, the rates used are 1090 (-50%) and 363 (+50%).*

** *Based on an actual average VEF/EUR exchange rate of 2410, the rates used are 4821 (-50%) and 1607 (+50%).*

If it were to remove its Venezuelan subsidiaries from its scope of consolidation, the Group would have to transfer the historical translation differences previously recognized in equity to net profit. Translation differences amounted to a negative €149 million at December 31, 2017.

3.2 Exceptional tax benefit corresponding to the claims for refunds of the 3% tax paid on distributed earnings

From 2015 to 2017, Edenred SA filed claims with the French tax authorities aimed at obtaining a refund of the 3% tax paid in the years 2013 to 2017 on dividends distributed to shareholders, representing a total claim of €21 million before interest.

Following a decision handed down on October 6, 2017 by France's Conseil Constitutionnel (constitutional council) ruling that the 3% tax was unconstitutional.

The Company therefore recognized an exceptional net tax benefit of €21 million in its 2017 financial statements. This amount corresponds to tax claims plus late interest (€24 million) on the one hand and the 3% tax paid for 2017 (€3 million) on the other.

3.3 Payment of the 2016 dividend

At the Annual Shareholders' Meeting on **May 4, 2017**, Edenred's shareholders approved the payment of a 2016 dividend of €0.62 per share, with the option of reinvesting 50% of the dividend in new shares.

The reinvestment period, which ran from May 12, 2017 to June 2, 2017, led to the issue of 1,722,895 new shares of Edenred common stock, representing 0.74% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 15, 2017.

The new shares carry dividend rights from January 1, 2017 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprised 235,402,740 shares.

The total cash dividend, which was paid on June 15, 2017, amounted to €109 million corresponding to 50% of the dividend automatically paid in cash (€74 million) and the €35 million paid in cash to shareholders opting not to reinvest.

3.4 €500 million bond issue

On March 30, 2017, the Group placed a bond issue of €500 million worth of 10-year 1.875% bonds.

The proceeds from the issue contributed mainly to repaying the €510 million 3.625% bond issue due in October 2017.

The bond issue extended the average maturity of the Group's debt to 6.0 years from 4.4 years at December 31, 2016, and reduced its average cost of debt to 1.8% versus 2.5% at December 31, 2016.

Edenred has a well-balanced debt profile, with no major repayment obligations until 2025.

3.5 Subsequent events

Acquisition of Timex Card

On January 12, 2018, Edenred, through its subsidiary UTA, announced the acquisition a 51% stake in its Poland-based distributor Timex Card, which also operates in Estonia, Latvia, Lithuania and Ukraine. Alongside the acquisition, UTA will begin its own operations in Bulgaria.

NOTE 4 OPERATING ACTIVITY

4.1 Operating segments

IFRS 8 requires companies to present financial information aggregated into "operating segments". The operating segments must reflect the groupings made by "the chief operating decision maker" for the purposes of allocating resources and assessing the performance of the consolidated group.
In addition to similar long-term economic characteristics, IFRS 8 requires that the five following aggregation criteria be fulfilled:
a) the nature of the products and services;
b) the nature of the production processes;
c) the type or class of customer for their products and services;
d) the methods used to distribute their products or provide their services; and
e) if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

Chief operating decision maker

Edenred's chief operating decision maker is the Chief Executive Officer assisted by the Executive Committee (or "executive management"). Executive management makes decisions about resource allocation to the operating segments and assesses their performance.

Executive management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at the country level. This is because Edenred's business is multi-location with operational decision made at the level of each homogeneous geographic area.

In the Group's internal reporting system, country-level information is aggregated into four geographical operating segments:

- France;
- Europe (excluding France);
- Latin America;
- Rest of the World.

Except France, the presented segments are thus aggregations of operating segments.

Aggregation

The "Europe (excluding France)" and "Latin America" aggregations meet all of the criteria mentioned above.

The "Rest of the World" segment aggregates the countries that are not included in "France", "Europe (excluding France)" and "Latin America".

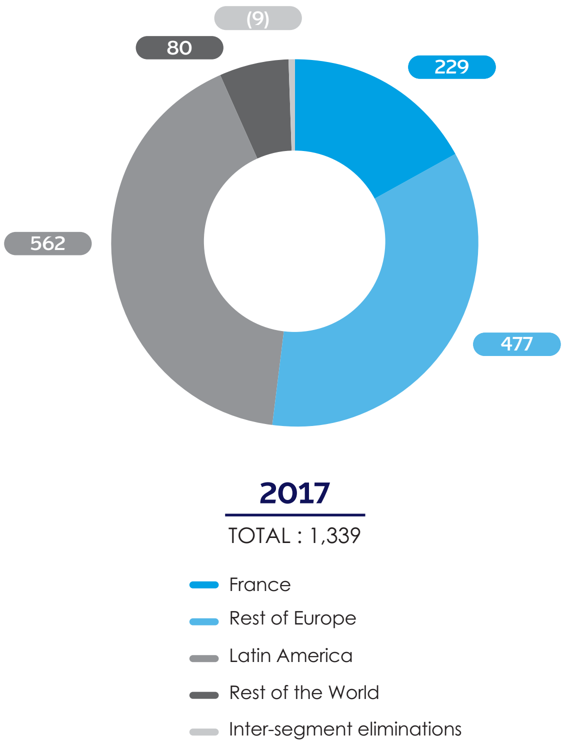
Finally, "Holding Companies & Other" includes the Edenred SA holding company, regional headquarters and companies with no operating activity.

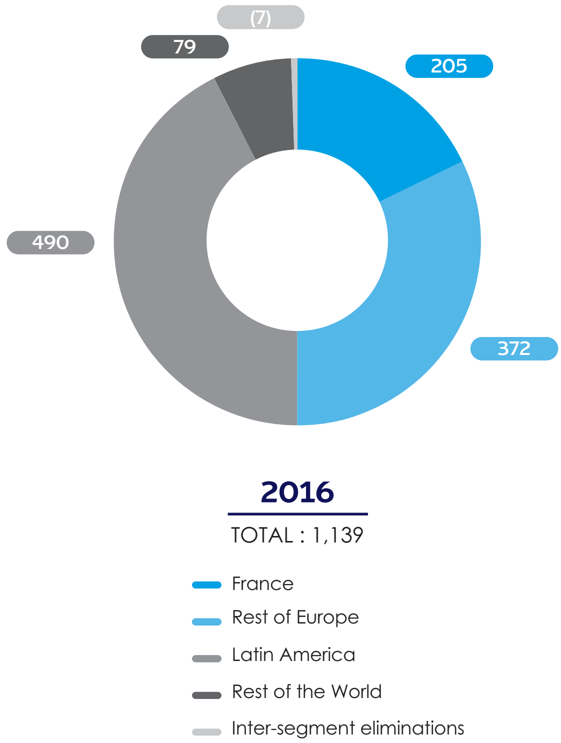
Transactions between segments are not material.

Condensed financial information

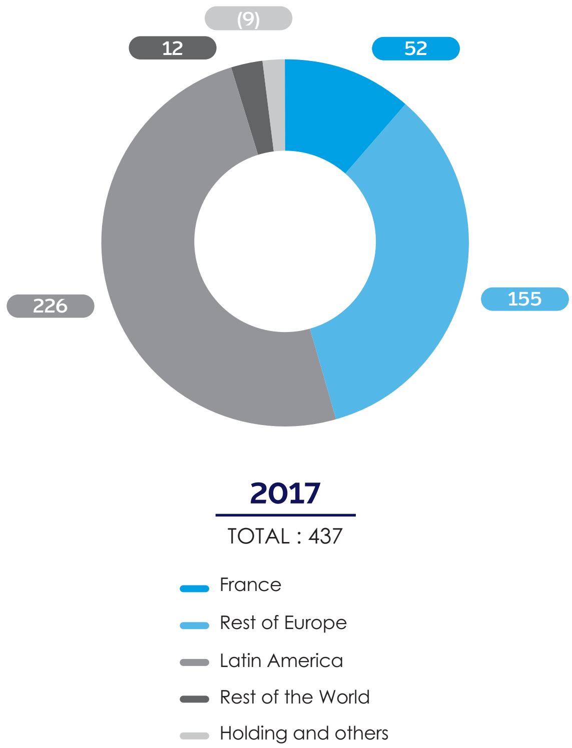
Income statement *(in € millions)*

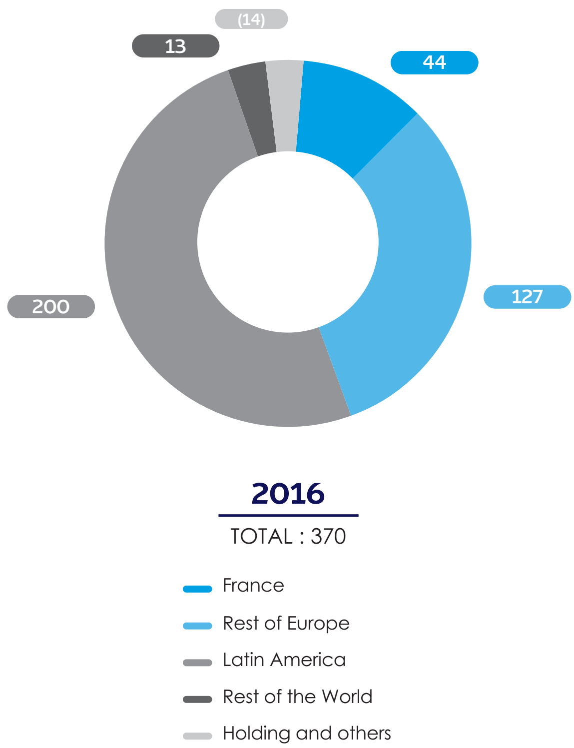
REVENUE FROM OPERATING SEGMENTS (INCLUDING INTER-SEGMENT REVENUE)





EBIT





STATEMENT OF FINANCIAL POSITION

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	GLOBAL OPERATIONS	HOLDING COMPANIES & OTHER	DECEMBER 2017
Goodwill	156	353	448	37	-	994
Intangible assets	68	178	162	10	15	433
Property, plant and equipment	4	23	16	2	1	46
Non-current financial assets and investments in equity-accounted companies	4	63	6	2	28	103
Deferred tax assets	2	16	11	2	26	57
Non-current assets	**234**	**633**	**643**	**53**	**70**	**1,633**
Current assets	**1,006**	**1,476**	**1,604**	**192**	**392**	**4,670**
TOTAL ASSETS	**1,240**	**2,109**	**2,247**	**245**	**462**	**6,303**
Equity and non-controlling interests	**248**	**543**	**708**	**60**	**(2,846)**	**(1,287)**
Non-current liabilities	**13**	**101**	**126**	**3**	**1,716**	**1,959**
Current liabilities	**979**	**1,465**	**1,413**	**182**	**1,592**	**5,631**
TOTAL EQUITY AND LIABILITIES	**1,240**	**2,109**	**2,247**	**245**	**462**	**6,303**

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	GLOBAL OPERATIONS	HOLDING COMPANIES & OTHER	DECEMBER 2016
Goodwill	142	187	524	51	-	904
Intangible assets	60	39	187	11	16	313
Property, plant and equipment	3	11	20	3	1	38
Non-current financial assets and investments in equity-accounted companies	1	152	7	3	29	192
Deferred tax assets	3	19	22	1	24	69
Non-current assets	**209**	**408**	**760**	**69**	**70**	**1,516**
Current assets	**930**	**823**	**1,663**	**201**	**499**	**4,116**
TOTAL ASSETS	**1,139**	**1,231**	**2,423**	**270**	**569**	**5,632**
Equity and non-controlling interests	**225**	**604**	**772**	**78**	**(2,840)**	**(1,161)**
Non-current liabilities	**17**	**80**	**228**	**4**	**1,247**	**1,576**
Current liabilities	**897**	**547**	**1,423**	**188**	**2,162**	**5,217**
TOTAL EQUITY AND LIABILITIES	**1,139**	**1,231**	**2,423**	**270**	**569**	**5,632**

4.2 Revenue

As explained in Note 14.5 "Glossary", like-for-like or organic growth corresponds to comparable data, that is, at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Changes in revenue between 2017 and 2016 break down as follows:

			ORGANIC GROWTH		CHANGES IN SCOPE OF CONSOLIDATION		CURRENCY EFFECT		TOTAL CHANGE	
(in € millions)	DECEMBER 2017	DECEMBER 2016	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %
Operating revenue	1,272	1,073	+97	+9.1%	+102	+9.6%	+0	+0.0%	+199	+18.6%
Financial revenue	67	66	+0	+0.0%	+1	+0.9%	+0	+0.2%	+1	+1.1%
TOTAL EXTERNAL REVENUE	**1,339**	**1,139**	**+97**	**+8.6%**	**+103**	**+9.1%**	**+0**	**+0.0%**	**+200**	**+17.6%**

Segment information by indicator

Change in revenue

Total revenue

The Group's total revenue is made up of operating revenue and financial revenue.

In accordance with IAS 18 – Revenue, operating revenue corresponds to the value of goods sold and services rendered in the course of ordinary activities of fully consolidated companies.
Revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes, in compliance with IAS 18.
Operating revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. If there is significant uncertainty about the collectability of revenue, it is not recognized until the uncertainty is removed.

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	REST OF THE WORLD	HOLDING COMPANIES & OTHER	TOTAL
2017 external revenue	229	468	562	80	-	1,339
2016 external revenue	205	365	490	79	-	1,139
Change	24	103	72	1	-	200
Reported change as a %	+11.8%	+28.4%	+15.3%	+1.1%	-	+17.6%
LIKE-FOR-LIKE CHANGE	**+24**	**+32**	**+33**	**+8**	**-**	**+97**
LIKE-FOR-LIKE CHANGE AS A %	**11.5%**	**8.9%**	**6.9%**	**9.7%**	**0.0%**	**8.6%**

Operating revenue

Changes in operating revenue between 2017 and 2016 break down as follows:

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	REST OF THE WORLD	HOLDING COMPANIES & OTHER	TOTAL
2017 operating revenue	219	454	524	75	-	1,272
2016 operating revenue	195	348	456	74	-	1,073
Change	24	106	68	1	-	199
Reported change as a %	+12.6%	+30.5%	+14.9%	+0.9%	-	+18.6%
LIKE-FOR-LIKE CHANGE	**+24**	**+35**	**+31**	**+7**	**-**	**+97**
LIKE-FOR-LIKE CHANGE AS A %	**12.6%**	**11.0%**	**6.8%**	**8.9%**	**0.0%**	**9.1%**

Financial revenue

Financial revenue is the interest generated by investing cash over the period between:

- the issue date and the reimbursement date for prepaid vouchers; and
- the loading date and the redeeming date for prepaid cards.

The interest represents a component of operating revenue and as such is included in the determination of total revenue.

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	REST OF THE WORLD	HOLDING COMPANIES & OTHER	TOTAL
2017 financial revenue	10	14	38	5	-	67
2016 financial revenue	10	17	34	5	-	66
Change	+0	(3)	+4	+0	-	+1
Reported change as a %	(9.5)%	(16.2)%	+12.4%	+3.6%	-	+1.1%
LIKE-FOR-LIKE CHANGE	**(1)**	**(3)**	**+3**	**+1**	**-**	**+0**
LIKE-FOR-LIKE CHANGE AS A %	**+9.5%**	**+15.0%**	**+7.1%**	**+22.7%**	**-**	**+0.0%**

4.3 Operating expenses

(in € millions)	DECEMBER 2017	DECEMBER 2016
Employee benefit expense	(397)	(341)
Costs of sales	(157)	(139)
Business taxes	(43)	(38)
Rental expenses	(21)	(21)
Other operating expenses	(211)	(173)
TOTAL OPERATING EXPENSES (1)	**(829)**	**(712)**

(1) In 2017, operating expenses were impacted by a positive €4 million currency effect and a negative €76 million scope effect in comparison with 2016.

Other operating expenses consist mainly in external fees, marketing and advertising expenses, additions to and reversal of provisions for current assets, development expenses and IT expenses.

4.4 Operating profit before other income and expenses (EBIT)

Changes in EBIT between 2017 and 2016 break down as follows:

			ORGANIC GROWTH		CHANGES IN SCOPE OF CONSOLIDATION		CURRENCY EFFECT		TOTAL CHANGE	
(in € millions)	DECEMBER 2017	DECEMBER 2016	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %
EBIT	**437**	**370**	**+49**	**+13.1%**	**+15**	**+4.2%**	**+3**	**+0.8%**	**+67**	**+18.1%**

EBIT is analyzed by operating segment in the table below:

(in € millions)	FRANCE	REST OF EUROPE	LATIN AMERICA	REST OF THE WORLD	HOLDING COMPANIES & OTHER	TOTAL
2017 EBIT	52	155	226	13	(9)	437
2016 EBIT	44	127	200	13	(14)	370
Change	+8	+28	+26	+0	+5	+67
Reported change as a %	+18.2%	+22.0%	+12.9%	+3.9%	(33.8)%	+18.1%
LIKE-FOR-LIKE CHANGE	**+9**	**+17**	**+10**	**+3**	**+10**	**+49**
LIKE-FOR-LIKE CHANGE AS A %	**+20.7%**	**+13.2%**	**+4.7%**	**+28.3%**	**(70.6)%**	**+13.1%**

4.5 Change in working capital and funds to be redeemed

Funds to be redeemed correspond to the face value of all vouchers in circulation and funds loaded on cards but not yet used. They derive from multiple transactions:

- on the one hand, with customers to whom vouchers have been issued or whose cards have been loaded, with a corresponding inflow recognized either in available cash or – depending on applicable regulations – in restricted cash (mainly in France, the United Kingdom and Romania);
- on the other hand, with partner merchants that are reimbursed by Edenred with respect to the vouchers and cards used by beneficiaries in their establishments.

Considering Edenred's operations, the main components of working capital analyzed are funds to be redeemed and restricted cash. These two aggregates are key indicators for managing the business.

Funds to be redeemed are booked in current liabilities.

(in € millions)	DECEMBER 2017	DECEMBER 2016	CHANGE
Inventories, net	24	24	-
Trade receivables, net	1,712	1,415	297
Other receivables, net	367	302	65
WORKING CAPITAL – ASSETS	2,103	1,741	362
Trade payables	177	142	35
Other payables	284	229	55
Funds to be redeemed	4,749	4,182	567
WORKING CAPITAL – LIABILITIES	5,210	4,553	657
Negative working capital	3,107	2,812	295
Corporate income tax liabilities	8	13	(5)
NEGATIVE WORKING CAPITAL (INCL. CORPORATE INCOME TAX LIABILITIES)	**3,115**	**2,825**	**290**

(in € millions)	DECEMBER 2017	DECEMBER 2016
WORKING CAPITAL AT BEGINNING OF PERIOD	2,812	2,554
Change in working capital [1]	293	215
Development expenditure	106	57
Disposals	(9)	-
Impairment losses	5	16
Currency translation adjustment	(94)	(24)
Reclassifications to other balance sheet items	(6)	(6)
NET CHANGE IN WORKING CAPITAL	295	258
WORKING CAPITAL AT END OF PERIOD	**3,107**	**2,812**

(1) See section 1.4 "Consolidated statement of cash flows".

4.6 Change in restricted cash

Restricted cash corresponds to service voucher reserve funds. These funds, which are equal to the face value of service vouchers in circulation, are subject to specific regulations in some *countries, such as France for the Ticket Restaurant®* and *Ticket CESU products,* the United Kingdom and Romania. In particular, use of the funds is restricted and they must be clearly segregated from the Group's other cash. The funds remain Edenred's property and are invested in interest-bearing financial instruments.

Restricted cash corresponds mainly to service voucher reserved funds subject to special regulations in the following countries: France (€691 million), United Kingdom (€301 million), Romania (€62 million), United States (€31 million), Italy (€17 million), Uruguay (€11 million) and Bulgaria (€7 millions).

The Brazilian subsidiaries' accreditation package submitted to the Brazilian Central Bank (BACEN) is currently in the process of approval. As soon as the certification is obtained, which is expected in 2018, BACEN regulations will make it compulsory to reclassify part of the float of the Employee Benefits business to restricted cash. The segregation of the funds will amount to 80% in 2018 and 100% in 2019. This accreditation package has no impact on the consolidated financial statement for the year ended December 31, 2017.

(in € millions)	DECEMBER 2017	DECEMBER 2016
RESTRICTED CASH AT BEGINNING OF PERIOD	(942)	(858)
Like-for-like change for the period [1]	(204)	(104)
Other changes	4	(3)
Currency translation adjustment	15	23
NET CHANGE IN RESTRICTED CASH	(185)	(84)
RESTRICTED CASH AT END OF PERIOD	**(1,127)**	**(942)**

(1) See section 1.4 "Consolidated statement of cash flows".

4.7 Trade and other receivables and payables

Trade receivables

Trade and other receivables are initially recognized at fair value. They are subsequently measured at amortized cost, net of any impairment losses recorded in the income statement. An impairment loss is recognized when the total amount of the receivable is not recoverable in accordance with the originally agreed terms.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Gross value	1,783	1,478
Impairment losses	(71)	(63)
TRADE RECEIVABLES, NET	**1,712**	**1,415**

Inventories, other receivables and accruals

Accounting method used for inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the weighted average cost method.

For Edenred, inventories mainly include cards and paper for printing vouchers.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Inventories	24	24
VAT recoverable	85	32
Employee advances and prepaid payroll taxes	4	5
Other prepaid and recoverable taxes	35	12
Other receivables	226	247
Prepaid expenses	18	15
GROSS VALUE	**392**	**335**
Impairment losses	(1)	(9)
INVENTORIES AND OTHER RECEIVABLES AND ACCRUALS, NET	**391**	**326**

Other payables and accruals

(in € millions)	DECEMBER 2017	DECEMBER 2016
VAT payable	35	34
Wages and salaries and payroll taxes payable	71	70
Other taxes payable (excl. corporate income tax)	12	15
Deferred income	28	23
Other payables	138	87
TOTAL OTHER PAYABLES AND ACCRUALS	284	229
Corporate income tax liabilities	8	13
OTHER PAYABLES AND ACCRUALS	**292**	**242**

NOTE 5 NON-CURRENT ASSETS

5.1 Goodwill

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired and the acquisition price is allocated. For this purpose, fair values are determined in the new subsidiary's local currency.

Positive goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Goodwill mainly results from the expected synergies and other benefits arising from the business combinations that have not been recognized as separated assets in IFRS.

In accordance with IFRS 3 (revised) – Business Combinations, which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires an interest of less than 100% in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value including non-controlling interests, goodwill attributable to non-controlling interests is also recognized.

Goodwill arising on investments in associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries is reported separately.

Goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in the income statement.

Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately on the income statement during the acquisition period.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Gross value	1,158	1,063
Accumulated impairment losses	(164)	(159)
GOODWILL, NET	**994**	**904**

(in € millions)	DECEMBER 2017	DECEMBER 2016
Brazil (including Repom *and* Embratec)	397	472
UTA *	148	-
France (Ticket Cadeaux)	92	92
France ProwebCE	49	49
Mexico	40	44
Italy	46	46
United Kingdom (including Prepay Technologies)	44	45
Romania	31	32
Slovakia	21	-
Japan	11	20
Finland	19	19
Sweden	18	18
France Moneo Resto	14	-
United States	13	15
Czech Republic	13	12
Dubai	8	9
Portugal	6	6
Other (individually representing less than €5 million)	24	25
GOODWILL, NET	**994**	**904**

* *The amount reported for "Investments in equity-accounted companies" at December 31, 2016 includes goodwill of €93 million (see Note 5.4 "Investments in equity-accounted companies").*

Changes in the carrying amount of goodwill during the period presented were as follows:

(in € millions)	DECEMBER 2017	DECEMBER 2016
NET GOODWILL AT BEGINNING OF PERIOD	904	575
Goodwill recognized on acquisitions for the period and other increases	**174**	**265**
Germany (UTA acquisition) (1)	148	-
Slovakia (VASA acquisition) (1)	21	-
France (Moneo Resto acquisition) (1)	14	-
Nicaragua (Nectar Technology consolidation) (2)	3	-
Brazil (Embratec consolidation) (1)	(13)	261
. France (LCCC consolidation)	-	1
Other acquisitions	1	3
Goodwill written off on disposals for the period	**-**	**-**
Impairment losses (3)	**(11)**	**-**
Currency translation adjustment	**(73)**	**64**
NET GOODWILL AT END OF PERIOD	**994**	**904**

(1) See Note 2 "Acquisitions, development projects and disposals".
(2) The Group's 51% stake in Nectar Technology was acquired in 2016; however, the Company was consolidated only as from January 1, 2017.
(3) See Note 5.5 "Impairment tests" and Note 10.1 "Other income and expenses".

5.2 Intangible assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, in accordance with IAS 38 – Intangible Assets.

Incurred expenses related to internal projects are differentiated whether they are incurred during the research phase or the development phase. This differentiation is essential as the financial treatment is different for the two categories.

For an internal project, the research phase includes the preliminary investigation phase before the development phase, represented by the market application.

Expenses incurred during the research phase of an internal project are not capitalized but expensed in the income statement of the period during which they occurred.

Expenses incurred during the development phase of an internal project are analyzed in order to determine whether or not they can be capitalized. If the six criteria defined by IAS 38.57 are simultaneously met, expenses can be capitalized and amortized over the period defined by the category of assets in which they are included. If not, they are expensed in the income statement of the period during which they occurred.

As a reminder, according to IAS 38.57, expenses may only be capitalized if the entity demonstrates the following six items:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group's main brands are considered as having indefinite useful lives and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their recoverable amount determined according to the criteria applied at the acquisition date is less than their carrying amount, an impairment loss is recognized.

Other intangible assets (acquired and internally developed software, licenses and customer lists) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives, as follows:

- licenses: life of the license;
- customer lists: 3 to 18 years;
- software: 2 to 7 years.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit. Customer lists are measured based on the cost of acquiring new customers.

Most brands have been qualified as having an indefinite useful life because the Group considers that there is no foreseeable limit to the period in which they can be used

(in € millions)	DECEMBER 2017	DECEMBER 2016
COST		
Kadéos brand	19	19
Other brands	47	25
Customer lists	338	232
Licenses and software	301	258
Other	76	73
TOTAL COST	781	607
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(10)	(10)
Customer lists	(92)	(78)
Licenses and software	(202)	(163)
Other intangible assets	(44)	(43)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(348)	(294)
INTANGIBLE ASSETS, CARRYING VALUE	**433**	**313**

Other intangible assets concern mainly assets in progress in the framework of IT platform development projects.

Changes in the carrying amount of intangible assets over the period were as follows:

CHANGES IN THE CARRYING AMOUNT OF INTANGIBLE ASSETS

(in € millions)	DECEMBER 2017	DECEMBER 2016
CARRYING VALUE OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD	**313**	**182**
Intangible assets of newly consolidated companies *	146	118
Internally generated assets	39	29
Additions	26	15
Amortization for the period	(57)	(42)
Impairment losses for the period	(9)	(12)
Disposals	-	-
Currency translation adjustment	(26)	23
Reclassifications	1	-
CARRYING VALUE OF INTANGIBLE ASSETS AT END OF PERIOD	**433**	**313**

* *Including the customer list (UTA and Vasa) for €120 million and the UTA brands for €23 million (see Note 2 "Acquisitions, development projects and disposals").*

The net carrying amount of the main intangible assets considered as having an indefinite useful life is as follows:

(in € millions)	DECEMBER 2017	DECEMBER 2016
UTA brand	23	-
Kadéos brand	19	19
Rikskuponger brand	3	3
Prepay brand	2	2

5.3 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 – Property, Plant and Equipment. Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.
In accordance with IAS 40 – Investment Property, investment properties are properties held to earn rents or for capital appreciation. Investment properties are measured at cost less cumulated depreciation and impairment losses.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, using the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

- building improvements, fixtures and fittings: 5 to 15 years;
- equipment and furniture: 4 to 7 years.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, using the components method. Buildings are depreciated over a maximum of 40 years. Other components are depreciated over the same periods as other property, plant and equipment.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Land	2	0
Buildings	14	4
Fixtures	27	27
Equipment and furniture	127	116
Assets under construction	1	1
COST	**171**	**148**

(in € millions)	DECEMBER 2017	DECEMBER 2016
Buildings	(6)	(1)
Fixtures	(18)	(17)
Equipment and furniture	(101)	(92)
ACCUMULATED DEPRECIATION	(125)	(110)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	**(125)**	**(110)**

(in € millions)	DECEMBER 2017	DECEMBER 2016
Land	2	-
Buildings	8	3
Fixtures	9	10
Equipment and furniture	26	24
Assets under construction	1	1
PROPERTY, PLANT AND EQUIPMENT, NET	**46**	**38**

Changes in the carrying amount of property, plant and equipment during the period were as follows:

(in € millions)	DECEMBER 2017	DECEMBER 2016
NET PROPERTY, PLANT AND EQUIPMENT AT BEGINNING OF PERIOD	38	37
Property, plant and equipment of newly consolidated companies	13	7
Additions	17	14
Disposals	(1)	(1)
Amortization for the period	(16)	(14)
Impairment losses for the period	(1)	(1)
Currency translation adjustment	(4)	(4)
Reclassifications	-	-
NET PROPERTY, PLANT AND EQUIPMENT AT END OF PERIOD	**46**	**38**

5.4 Investments in equity-accounted companies

In accordance with IFRS 12 – Disclosure of Interests in Other Entities, an entity must disclose information that enables users of financial statements to evaluate:
(a) the nature of, and risks associated with, its interests in other entities; and
(b) the effects of those interests on its financial position, financial performance and cash flows.
As per IAS 28 (as amended), exercising significant influence over a company consists in having the power to participate in the financial and operating policy decisions of the Company but not control (as in the case of a fully consolidated company) or joint control over those policies.

Investments in equity-accounted companies at December 31, 2016 corresponded for the most part to the UTA sub-group. At December 31, 2017, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG), which were included in the UTA sub-group at the previous year-end.

IMPACT ON THE INCOME STATEMENT:

(in € millions)	DECEMBER 2017	DECEMBER 2016
Share of net profit from equity-accounted companies	11	9
TOTAL SHARE OF NET PROFIT FROM EQUITY-ACCOUNTED COMPANIES	**11**	**9**

IMPACT ON THE STATEMENT OF FINANCIAL POSITION:

(in € millions)	DECEMBER 2017	DECEMBER 2016
Goodwill	-	93
Investments in equity-accounted companies	62	58
TOTAL INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**62**	**151**

Change in interest in investments in equity-accounted companies:

(in € millions)	DECEMBER 2017	DECEMBER 2016
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT BEGINNING OF PERIOD	151	150
Additions to investments in equity-accounted companies	-	-
Impact of full consolidation of UTA	(151)	-
Impact of equity accounting of AGES and MSC (in sub-consolidation of UTA in 2016)	62	-
Share of net profit from equity-accounted companies	11	9
Dividends received from investments in UTA equity-accounted companies	-	(8)
Dividends received from investments in AGES and MSC equity-accounted companies	(11)	-
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT END OF PERIOD	**62**	**151**

AGES (Ages Maut System GmbH & Co KG and Ages International GmbH & Co KG)

Actual 2017 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them, and the income statement data correspond to nine actual months and three estimated months.

The data are presented on a 100% basis.

Income statement

(in € millions)	DECEMBER 31, 2017
Revenue	160
EBIT	47
Profit before tax	42
NET PROFIT	**32**

MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG)

Actual data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them, and the income statement data correspond to ten actual months and two estimated months.

The data are presented on a 100% basis.

Income statement

(in € millions)	DECEMBER 31, 2017
Revenue	9
EBIT	5
Profit before tax	5
NET PROFIT	**5**

5.5 Impairment tests

Recoverable amount of assets

In accordance with IAS 36 – Impairment of Assets, the carrying amounts of goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired. Assets with an indefinite useful life – corresponding solely to goodwill and brands – are tested at least once a year.

Reversal of impairment losses

In accordance with IAS 36 – Impairment of Assets, impairment losses on goodwill are irreversible. Impairment losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.
Impairment tests are performed at the level of the cash-generating unit (CGU).

Cash-generating units

CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

Indications of impairment are as follows for active CGUs:

- a 15% drop in like-for-like operating revenue; or
- a 20% drop in like-for-like EBITDA; or
- any event or change in the economic environment indicating a current risk of impairment.

CGUs are identified by country. For the main countries, they are identified by type of solution (Employee Benefits, Fleet & Mobility Solutions and Incentives & Rewards) if there are very different activities with separated sales teams and customer portfolios.

Methods used to determine recoverable amounts

Impairment tests consist in comparing the carrying amount of a CGU with its recoverable amount.

The carrying amount corresponds to the carrying value of capital employed.

For Edenred, it includes:

- goodwill;
- property, plant and equipment and intangible assets;
- working capital *excluding* float but including current tax liability.

Float corresponds to operating working capital, that is, vouchers in circulation to be redeemed less trade receivables.

The method consists firstly in calculating the fair value (as per below), and then comparing it to the carrying amount. The Group considers that a difference of more than 20% between the fair value and the carrying amount means a potential loss in value. When there is a loss in value identified using this method or changes in the economic environment of the country or the local business, a test based on the discounted cash flow method is applied in order to determine the potential loss in value compared with the carrying amount.

The method used is as follows:

STEP 1: FAIR VALUE LESS COST TO SELL	STEP 2 *: VALUE IN USE
EBITDA multiple method: This method can be used to measure fair value less cost to sell, and provides the best estimate of the price at which a CGU could be sold on the market on the valuation date. The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk. The multiples applied correspond to the average of transactions occurring on the market and within a range comparable to the valuation multiples of the Edenred Group. If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flow method (Step 2).	Discounted cash flow method: The projections used are consistent with the internally-approved business plans. In 2017, the rate used to discount cash flows was the Group weighted average cost of capital (WACC), broken down by country and by business type. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.

* *Used in two situations:*
- *if the first step demonstrates loss of value;*
- *if the country or the subsidiary is under specific economic circumstances.*

If as a result of this test the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the value-in-use method. Impairment losses are recognized in the income statement under "Other income and expenses" and are irreversible.

The following CGUs were tested using the value-in-use method in 2017:

Brazil (Ticket Serviços, *Ticket Log*, Repom and Accentiv), the United Kingdom (Edenred UK and Prepay Technologies), Japan, Colombia, Portugal, Malaysia, Russia and India.

The following CGUs were tested using the value-in-use method in 2016:

Brazil (*Repom*), the United Kingdom (Prepay Technologies), Finland, Sweden, Japan, Colombia, Portugal, Malaysia, Russia, Dubai and India.

Potential risks linked to Brexit and the economic and political crisis in Brazil were taken into account when testing fair value and value in use in 2017.

Impairment losses

Accumulated impairment losses on property, plant and equipment and intangible assets amounted to €215 million in 2017, versus €202 million in 2016. An €11 million goodwill impairment loss was recorded in 2017, including €7 million on Japanese goodwill and €4 million on Indian goodwill (see Note 10.1).

Property, plant and equipment and intangible assets of CGUs impacted by accumulated impairment losses are detailed as follows:

	DECEMBER 2017				DECEMBER 2016			
(in € millions)	GROSS VALUE	DEPRECIATION/ AMORTIZATION	ACCUMULATED IMPAIRMENT LOSSES	NET VALUE	GROSS VALUE	DEPRECIATION/ AMORTIZATION	ACCUMULATED IMPAIRMENT LOSSES	NET VALUE
Goodwill	1,158	-	(164)	994	1,063	-	(159)	904
Brands	66	-	(10)	56	44	-	(10)	34
Customer lists	338	(71)	(21)	246	232	(57)	(21)	154
Other intangible assets	377	(222)	(24)	131	331	(189)	(17)	125
Property, plant and equipment	171	(125)	-	46	148	(110)	-	38
TOTAL	**2,110**	**(418)**	**(219)**	**1,473**	**1,818**	**(356)**	**(207)**	**1,255**

Key assumptions

In 2017, the discount rate applied was based on the Group weighted average cost of capital (WACC) and averaged 9.2% (9.3% in 2016).

	DISCOUNT RATES		PERPETUITY GROWTH RATES	
	2017	2016	2017 *	2016
Europe (excl. France)	7.9% -14.3%	7,1%-10,1%	1.8% -4.0%	1,8%-4,0%
Latin America	12.6% -14.6%	13%-18,1%	3.0% -4.5%	3,0%-4,5%
Rest of the World	6.7% -13.6%	10,5%-14,9%	1.6% -5.0%	1,2%-4,9%

* *Source: IMF inflation forecast for 2022.*

Sensitivity analysis

Rate sensitivity

	DECEMBER 2017							
	WACC SENSITIVITY				PERPETUITY GROWTH RATE SENSITIVITY			
(in € millions)	+100 BPS	+50 BPS	-50 BPS	-100 BPS	-100 BPS	-50 BPS	+50 BPS	+100 BPS
France	-	-	-	-	-	-	-	-
Europe (excl. France)	(1)	(0)	-	-	(0)	(0)	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(4)	(2)	3	6	(3)	(1)	2	4

	DECEMBER 2016							
	WACC SENSITIVITY				PERPETUITY GROWTH RATE SENSITIVITY			
(in € millions)	+100 bps	+50 bps	-50 bps	-100 bps	-100 bps	-50 bps	+50 bps	+100 bps
France	-	-	-	-	-	-	-	-
Europe (excl. France)	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(1)	(0)	-	-	(0)	-	-	-

In 2017, changes in the weighted average cost of capital (WACC) and the perpetuity growth rate would have the following impacts on the Europe (excluding France) and Rest of the World regions:

Regarding discount rates, the impacts on recognized impairment losses would be as follows:

- a 50 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €2 million for the Rest of the World region;
- a 100 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €4 million for the Rest of the World region.

Regarding perpetuity growth rates, the impacts on recognized impairment losses would be as follows:

- a 50 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €2 million for the Rest of the World region;
- a 100 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €3 million for the Rest of the World region.

Growth assumption sensitivity

	DECEMBER 2017							
	BUSINESS GROWTH SENSITIVITY				MARGIN RATE SENSITIVITY			
(in € millions)	-10%		+10%		-100 BPS		+100 BPS	
France	-	-	-	-	-	-	-	-
Europe (excl. France)	(0)	-	-	-	(0)	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(2)	-	2	-	(2)	-	2	-

Business growth is measured by like-for-like growth of business volume. The margin rate is defined as the ratio between EBIT before depreciation, amortization and provisions and operating revenue.

At December 31, 2017, a 10% fall in business volume would have had the effect of increasing the recognized impairment loss by around €2 million.

At December 31, 2017, a 100 basis point fall in the margin rate would have increased the recognized impairment loss by around €2 million.

5.6 Depreciation, amortization and provisions

Depreciation, amortization and provision expenses reflect the operating costs of assets owned by Edenred. This item also includes amortization of fair value adjustments to assets acquired in business combinations.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Depreciation and amortization	(73)	(57)
Provisions for non-current assets	-	-
TOTAL	**(73)**	**(57)**

Changes in depreciation and amortization between 2016 and 2017 primarily concerned the first-time consolidation of UTA (see Note 2 "Acquisitions, development projects and disposals"). Amortization of fair value adjustments to assets primarily includes €6 million for UTA and €8 million for Embratec.

NOTE 6 FINANCIAL ITEMS

6.1 Net financial expense

Net financial expense includes:

- interest expense or income on borrowings, other financial liabilities and loans and receivables;
- exchange gains and losses on financial transactions;
- movements on financial provisions.

(in € millions)	DECEMBER 2017	DECEMBER 2016
Gross borrowing cost	(65)	(53)
Hedging instruments	20	13
Income from cash and cash equivalents and marketable securities	8	-
Net borrowing cost	**(37)**	**(40)**
Net foreign exchange gains (losses)	2	(2)
Other financial income	1	3
Other financial expenses	(16)	(19)
NET FINANCIAL EXPENSE	**(50)**	**(58)**

Hedging instruments are related to expenses and income on interest rate swaps as presented in Note 6.7 "Financial instruments and market risk management".

Other financial income and other financial expenses mainly concern bank fees, miscellaneous banking expenses and interest, deferred expenses and issuance premiums, and financial provisions.

6.2 Non-current financial assets

Non-current financial assets are classified as "Available-for-sale financial assets" and are therefore measured at fair value. If their fair value can be reliably estimated, they are measured at fair value through equity.

If no reliable estimate can be made, they are measured at historical cost, corresponding to the acquisition price plus transaction costs.

When there is objective evidence that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized in the income statement. The loss is irreversible and cannot be written back to the income statement.

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Equity interests	34	(5)	29	30	(1)	29
Deposits and guarantees	10	-	10	9	-	9
Other	2	-	2	3	-	3
NON-CURRENT FINANCIAL ASSETS	**46**	**(5)**	**41**	**42**	**(1)**	**41**

6.3 Current financial assets

Financial assets and liabilities are recognized and measured in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, and its amendments.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified among the three main categories defined in IAS 39, as follows:

- Loans and receivables mainly include term deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the reporting date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.
- Held-to-maturity investments mainly include bonds and other marketable securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the reporting date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.

For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Other current financial assets	3	(1)	2	4	-	4
Receivables on disposals of assets	-	-	-	-	-	-
Derivatives	41	-	41	45	-	45
CURRENT FINANCIAL ASSETS	**44**	**(1)**	**43**	**49**	**-**	**49**

"Other current financial assets" represent short-term loans with external counterparts, classified as "Loans and receivables" according to IAS 39.

Derivatives are recognized according to IAS 39 – Financial Instruments: Recognition and Measurement. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management".

6.4 Cash and cash equivalents and other marketable securities

Cash and cash equivalents

"Cash and cash equivalents" includes bank balances and short-term investments in money market instruments. To be classified in cash and cash equivalents, investments have to respect IAS 7 criteria. These instruments mainly correspond to bank term deposits and risk-free interest-bearing demand deposits. They have initial maturities of three months or less, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

Other marketable securities

Instruments that have initial maturities of more than three months and less than one year are reported under "Other marketable securities". These instruments are highly liquid and are subject to an insignificant risk of changes in value due to interest rate and foreign exchange rate changes. However, they are no longer classified as cash and cash equivalents in line with IAS 7. This line item also includes restricted cash, corresponding to cash and cash equivalents subject to restrictions due to regulations that are specific to a country (such as exchange rate control).

Accounting method

"Cash and cash equivalents" and "Other marketable securities" are financial assets booked according to IAS 39 and its amendments.

Term deposits and loans to non-consolidated companies are presented in "Loans and receivables". These assets are initially recognized at fair value. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.

Bonds and other marketable securities whose specificity is that they are held to maturity are classified as "Held-to-maturity investments". They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.

Mutual fund units in cash are booked in "Financial assets at fair value through profit and loss". These assets are booked at fair value in the balance sheet and fair value changes are booked in the income statement.

Both "Cash and cash equivalents" and "Marketable securities" are taken into account for the calculation of net debt.

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	GROSS VALUE	DEPRECIATION	NET VALUE	GROSS VALUE	DEPRECIATION	NET VALUE
Cash at bank and on hand	306	-	306	162	-	162
Term deposits and equivalent – less than 3 months	297	-	297	460	-	460
Mutual fund units in cash – less than 3 months	26	-	26	27	-	27
CASH AND CASH EQUIVALENTS	629	-	629	649	-	649
Term deposits and equivalent – more than 3 months	750	(3)	747	734	(3)	731
Bonds and other negotiable debt securities	20	-	20	3	-	3
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1
OTHER MARKETABLE SECURITIES	771	(3)	768	738	(3)	735
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1,400**	**(3)**	**1,397**	**1,387**	**(3)**	**1,384**

6.5 Debt and other financial liabilities

Debt

Non-banking debt (bonds, private placements such as Schuldschein *instruments*, etc.) and bank borrowings set up as interest-bearing lines of credit and bank overdrafts are recognized for the amounts received, net of direct issuing costs.
Other debt is measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Non-banking debt	1,698	-	1,698	1,207	525	1,732
Bank borrowings	67	68	135	148	2	150
DEBT	1,765	68	1,833	1,355	527	1,882
BANK OVERDRAFTS	-	54	54	-	52	52
Deposits	1	13	14	8	5	13
Purchase commitments	14	209	223	40	3	43
Derivatives	-	23	23	-	19	19
Other	2	4	6	2	10	12
OTHER FINANCIAL LIABILITIES	17	249	266	50	37	87
DEBT AND OTHER FINANCIAL LIABILITIES	**1,782**	**371**	**2,153**	**1,405**	**616**	**2,021**

The contractual documents for debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

Debt

Debt securities

Bonds

Edenred announced a €500 million 10-year 1.875% bond issue on March 22, 2017. The new bond issue will provide financing for general corporate purposes and, more particularly, for the Group's growth projects. It also contributed to repaying the €510 million worth of 3.625% bonds due in October 2017.

At December 31, 2017, the Group's gross outstanding bond position amounted to €1,475 million, which breaks down as follows:

ISSUE DATE	AMOUNT IN € MILLIONS	COUPON	MATURITY
Mar. 30, 2017	500	1,875%	10 years Mar. 30, 2027
Mar. 10, 2015	500	1,375%	10 years Mar. 10, 2025
Oct. 30, 2013	250	2,625%	7 years Oct. 30, 2020
May 23, 2012	225	3,75%	10 years May 23, 2022
GROSS OUTSTANDING BOND POSITION	**1.475**		

At December 31, 2016, the gross outstanding bond position amounted to €1,485 million.

ISSUE DATE	AMOUNT IN € MILLIONS	COUPON	MATURITY
Mar. 10, 2015	500	1,375%	10 years Mar. 10, 2025
Oct. 30, 2013	250	2,625%	7 years Oct. 30, 2020
May 23, 2012	225	3,75%	10 years May 23, 2022
Jun. 6, 2010	510	3,625%	7 years Oct. 06, 2017
GROSS OUTSTANDING BOND POSITION	**1.485**		

Other debt securities

At December 31, 2017, the €250 million *Schuldschein* private placement represented different tranches of maturity and rates and can be detailed as follows:

RATE		AMOUNT IN € MILLIONS	COUPON	MATURITY
Fixed	1,05%	45	5	Jun. 29, 2021
Variable	Euribor 6 months * +105 bps	68	5	Jun. 29, 2021
Fixed	1,47%	32	7	Jun. 29, 2023
Variable	Euribor 6 months * +130 bps	105	7	Jun. 29, 2023
TOTAL SCHULDSCHEIN *LOAN*		**250**		

* *6-month Euribor with a 0% floor.*

Bank borrowings

Bank borrowings mainly comprise a 500 million reais loan for general corporate purposes obtained in the first half of 2016 (€130 million at the December 31, 2017 BRL/EUR exchange rate). The loan is repayable in two 250 million reais installments in June 2018 and May 2019.

Bank borrowings at December 31, 2017 totaled €135 million, of which €130 million corresponding to the 500 million reais loan.

Credit facility

At December 31, 2017, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2022. This facility will be used for general corporate purposes.

On July 6, 2017, the maturity of the €700 million syndicated credit facility expiring on July 21, 2021 was extended by one year, in line with the option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until July 2022.

Maturity analysis – carrying amounts

AT DECEMBER 31, 2017

(in € millions)	2018	2019	2020	2021	2022	2023 AND BEYOND	DECEMBER 2017
Debt and other financial liabilities	371	84	254	112	239	1,093	2,153
TOTAL	**371**	**84**	**254**	**112**	**239**	**1,093**	**2,153**

AT DECEMBER 31, 2016

(in € millions)	2017	2018	2019	2020	2021	2022 AND BEYOND	DECEMBER 2016
Debt and other financial liabilities	616	83	97	266	113	846	2,021
TOTAL	**616**	**83**	**97**	**266**	**113**	**846**	**2,021**

6.6 Net debt and net cash

(in € millions)	DECEMBER 2017	DECEMBER 2016
Non-current debt	1,765	1,355
Other non-current financial liabilities	17	50
Current debt	68	527
Other current financial liabilities	249	37
Bank overdrafts	54	52
DEBT AND OTHER FINANCIAL LIABILITIES	2,153	2,021
Current financial assets	(43)	(49)
Other marketable securities	(768)	(735)
Cash and cash equivalents	(629)	(649)
CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	(1,440)	(1,433)
NET DEBT	**713**	**588**

(in € millions)	DECEMBER 2017	DECEMBER 2016
Net debt at beginning of period	**588**	**637**
Increase (decrease) in non-current financial debt	410	(121)
Increase (decrease) in other non-current financial liabilities	(33)	12
Decrease (increase) in other marketable securities	(33)	(257)
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	22	(191)
Increase (decrease) in other financial assets and liabilities	(241)	508
Increase (decrease) in net debt	**125**	**(49)**
NET DEBT AT END OF PERIOD	**713**	**588**

6.7 Financial instruments and market risk management

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of its business. Hedged risks are currency and interest rate risks.
In accordance with IAS 39, derivatives are initially recognized at cost. They are subsequently measured at fair value at each period-end. The intended use of the derivatives determines the IFRS designation and therefore the accounting treatment of changes in fair value.
Most interest rate and foreign currency derivatives used by Edenred are designated as hedging instruments. In accordance with IAS 39, hedge accounting is applicable if, and only if:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship can be demonstrated from the outset and at each balance sheet date, prospectively and retrospectively.

Financial instruments designated as hedging instruments

When derivatives are designated as hedging instruments, their accounting treatment varies depending on whether they are designated as:

- a fair value hedge of an asset or a liability or of an unrecognized firm commitment; or
- a cash-flow hedge.

FAIR VALUE HEDGE	CASH FLOW HEDGE
A fair value hedge is a hedge of the exposure to changes in fair value of a financial liability or an unrecognized firm commitment. The gain or loss from the change in fair value of the hedging instrument is recognized in profit or loss on a symmetrical basis with the gain or loss from the change in fair value of the hedged item. These two remeasurements offset each other within the same line items in the income statement, except for the ineffective portion of the hedge.	A cash flow hedge is a hedge of the exposure to variability in future cash flows associated with an existing asset or liability, or a highly probable forecast transaction. The effective portion of the gain or loss from remeasurement at fair value of the hedging instrument is recognized in equity and the ineffective portion is recognized in the income statement for the period. Cumulative gains or losses in equity are recycled to the income statement in the period when the hedged item affects profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss carried in equity at the time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement.
When a forecast transaction is no longer expected to occur, the cumulative gain or loss carried in equity is immediately transferred to the income statement.

Other derivatives

Derivatives not designated as hedging instruments are classified as "Financial assets at fair value through profit and loss". Any changes in their fair value are booked in financial income or expense.

Interest rate risk: fixed/variable interest rate analysis

1) Hedging impact

Before hedging

Debt before interest rate hedging breaks down as follows:

(in € millions)	DECEMBER 2017 AMOUNT	DECEMBER 2017 INTEREST RATE	DECEMBER 2017 % OF TOTAL DEBT	DECEMBER 2016 AMOUNT	DECEMBER 2016 INTEREST RATE	DECEMBER 2016 % OF TOTAL DEBT
Fixed-rate debt (1)	1,658	2.89%	90%	1,708	3.48%	91%
Variable-rate debt	175	1.31%	10%	174	1.24%	9%
TOTAL DEBT	**1,833**	**2.74%**	**100%**	**1,882**	**3.27%**	**100%**

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.625%, 3.750%, 2.625%, 1.375% and 1.875%) applied to the exact number of days in the year divided by 360.

After hedging

Debt after interest rate hedging breaks down as follows:

	December 2017			December 2016		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	290	4.42%	16%	309	4.56%	16%
Variable-rate debt	1,543	1.28%	84%	1,573	2.12%	84%
TOTAL DEBT	**1,833**	**1.78%**	**100%**	**1,882**	**2.52%**	**100%**

2) Hedging of interest rate risk

Interest rate risk is hedged with swaps to transform a fixed rate into a variable rate over debt initially issued at a fixed rate:

- swaps to hedge the bond debt in euros: notional amount of €1,432 million relating to an underlying debt of €1,507 million and for a fair value of €6 million representing a financial asset;
- swaps to hedge the bank debt in Brazilian reais: notional amount of €63 million relating to an underlying debt of 250 million reais and for a fair value of €4 million representing a financial asset;
- swaps to hedge marketable securities in reais: notional amount of €305 million relating to an underlying debt of 1,210 million reais and for a fair value of €13 million representing a financial asset.

Those swaps are classified as fair value hedges according to IAS 39, with the exception of fixed-rate receiver swaps. These hedging operations have no material impact on the income statement as the efficiency ratio is almost 100%.

(in € millions)	Notional amount	Fair value	2018	2019	2020	2021	2020 and beyond
BRL: fixed-rate receiver swaps [(1)]	305	14	63	62	-	-	180
BRL: variable-rate payer swaps [(2)]	63	4	-	63	-	-	-
EUR: fixed-rate payer swaps	50	(1)	-	-	-	-	50
EUR: variable-rate payer swaps	1,382	7	-	-	125	-	1,257
TOTAL	**1,800**	**24**	**63**	**125**	**125**	**-**	**1,487**

(1) 1,210 million Brazilian reais (BRL), equivalent to €305 million.
(2) 250 million Brazilian reais (BRL), equivalent to €63 million.

3) Interest rate risk sensitivity

Edenred is exposed to the risk of fluctuations in interest rates, given:

- the cash flows related to variable-rate debt, after hedge accounting; and
- derivative financial instruments eligible for cash flow hedge accounting for the ineffective portion of the hedging relationships.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2017 remains constant over one year.

A 100 basis point change in interest rates (mainly the 3-month Euribor) would have the following impacts on equity and pre-tax income at year-end:

	RESULT		EQUITY	
(in € millions)	DECREASE IN INTEREST RATES OF 100 BP *	INCREASE IN INTEREST RATES OF 100 BP	DECREASE IN INTEREST RATES OF 100 BP *	INCREASE IN INTEREST RATES OF 100 BP
Debt at variable rate after hedge accounting	11	(12)	-	-
Derivatives eligible for cash flow hedge accounting	(0)	(0)	-	-
TOTAL	**11**	**(13)**	**-**	**-**

* *100 basis point fall in interest rates in positive rates and in negative rates.*

Foreign exchange risk: currency analysis

1) Hedging impact

Before hedging

Debt before currency hedging breaks down as follows:

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	**AMOUNT**	**INTEREST RATE**	% OF TOTAL DEBT	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
EUR	1,698	1.99%	93%	1,732	2.51%	92%
Other currencies	135	12.07%	7%	150	12.08%	8%
DEBT	**1,833**	**2.74%**	**100%**	**1,882**	**3.27%**	**100%**

After hedging

Debt after currency hedging breaks down as follows:

	DECEMBER 2017			DECEMBER 2016		
(in € millions)	**AMOUNT**	**INTEREST RATE**	% OF TOTAL DEBT	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
EUR	1,689	1.16%	92%	1,723	1.60%	92%
Other currencies	144	8.99%	8%	159	12.49%	8%
DEBT	**1,833**	**1.78%**	**100%**	**1,882**	**2.52%**	**100%**

2) Currency hedges

For each currency, the "Notional amount" corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

All currency transactions carried out by the Group, as listed below, are hedging transactions. They consist of designated hedges of intra-group loans and borrowings in foreign currencies and correspond to documented fair value hedging relationships.

At December 31, 2017, currency derivatives had an aggregate negative fair value of €6 million.

This figure breaks down as follows:

(in € millions)	NOTIONAL AMOUNT	FAIR VALUE	2018	2019	2020	2021	2022	2023 AND BEYOND
GBP	198	(1)	(1)	-	-	-	-	-
MXN	70	(3)	(3)	-	-	-	-	-
CZK	50	1	1	-	-	-	-	-
JPY	19	(2)	(2)	-	-	-	-	-
HUF	15	0	0	-	-	-	-	-
RON	9	(0)	(0)	-	-	-	-	-
SEK	6	(0)	(0)	-	-	-	-	-
USD	2	(0)	(0)	-	-	-	-	-
FORWARD PURCHASES AND CURRENCY SWAPS	369	(6)	(6)	-	-	-	-	-
SGD	3	0	0	-	-	-	-	-
RUB	3	0	0	-	-	-	-	-
HKD	2	0	0	-	-	-	-	-
USD	1	0	0	-	-	-	-	-
FORWARD SALES AND CURRENCY SWAPS	9	0	0	-	-	-	-	-
TOTAL	**378**	**(6)**	**(6)**	**-**	**-**	**-**	**-**	**-**

3) Sensitivity to exchange rates

A change of 10% in currency exchange rates of the major currencies would have the following impact on EBIT: Brazil (BRL) €16 million, Mexico (MXN) €4 million and Venezuela (VEF) €3 million.

Liquidity risk

The tables below show the repayment schedule of debt, interest included.

Future cash flows relating to interest rates are calculated using market interest rates at December 31, 2017. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

At December, 31 2017

(in € millions)	DEC. 2017 CARRYING AMOUNT	CONTRACTUAL FLOWS	2018	2019	2020	2021	2022	2023 AND BEYOND
Bonds	1,698	1,698	-	-	254	112	239	1,093
Bank borrowings	135	135	68	67	-	-	-	-
Future interest	n.a	223	45	37	34	28	23	56
DEBT	1,833	2,056	113	104	288	140	262	1,149
Bank overdrafts	54	54	54	-	-	-	-	-
Other financial liabilities	266	266	249	17	-	-	-	-
Future interest	n.a	(9)	(17)	(12)	(6)	(1)	3	24
BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES	320	311	286	5	(6)	(1)	3	24
DEBT AND OTHER FINANCIAL LIABILITIES	**2,153**	**2,367**	**399**	**109**	**282**	**139**	**265**	**1,173**

At December, 31 2016

(in € millions)	DEC. 2016 CARRYING AMOUNT	CONTRACTUAL FLOWS	2017	2018	2019	2020	2021	2022 AND BEYOND
Bonds	1,732	1,732	525	-	-	256	113	838
Bank borrowings	150	150	2	73	75	-	-	-
Future interest	N/A	192	55	36	28	25	18	30
DEBT	1,882	2,074	582	109	103	281	131	868
Bank overdrafts	52	52	52	-	-	-	-	-
Other financial liabilities	87	88	37	10	22	10	0	9
Future interest	N/A	(26)	(13)	(8)	(7)	(6)	(2)	10
BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES	139	114	76	2	16	4	(2)	19
DEBT AND OTHER FINANCIAL LIABILITIES	**2,021**	**2,187**	**658**	**111**	**119**	**285**	**129**	**887**

Credit and counterparty risk

In the normal course of business, the Group is exposed to the risk of counterparties being unable to honor their contractual obligations.

For example, the Group is exposed to credit risk in the event of default by its clients and to counterparty risk in respect of its investments of cash and its purchases of derivative instruments.

With several tens of thousands of corporate and public authority clients at December 31, 2017, the Group has a highly diversified customer base. Moreover, its clients include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

The Group diversifies its exposure to financial counterparties by investing available cash with a variety of leading financial institutions. About 80% of investments are with institutions rated investment grade.

Its maximum exposure to a single financial counterparty represented less than 15% of the total funds invested at the closing date.

Financial instruments

Market value of financial instruments

(in € millions)	CARRYING AMOUNT DECEMBER 2017	FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR-SALE FINANCIAL ASSETS	HELD-TOMATURITY FINANCIAL ASSETS	FINANCIAL LIABILITIES AT AMORTIZED COST	LOANS AND RECEIVABLES	DERIVATIVES
ASSETS								
Non-current financial assets	41	41	-	18	-	-	23	-
Trade receivables, net	1,712	1,712	-	-	-	-	1,712	-
Employee advances and prepaid payroll taxes	4	4	-	-	-	-	4	-
Other receivables, net	226	226	-	-	-	-	226	-
Prepaid expenses	18	18	-	-	-	-	18	-
Restricted cash	1,127	1,140	-	-	-	-	1,140	-
Current financial assets	43	43	-	-	-	-	2	41
Other marketable securities	768	770	1	-	-	-	769	-
Cash and cash equivalents	629	629	26	-	297	-	306	-
TOTAL	**4,568**	**4,583**	**27**	**18**	**297**	**-**	**4,200**	**41**
LIABILITIES								
Non-current debt	1,765	1,875	-	-	-	1,875	-	-
Other non-current financial liabilities	17	17	-	-	-	17	-	-
Current debt	68	68	-	-	-	68	-	-
Bank overdrafts	54	54	-	-	-	54	-	-
Other current financial liabilities	249	249	-	-	-	226	-	23
Vouchers in circulation	4,753	4,753	-	-	-	4,753	-	-
Trade payables	177	177	-	-	-	177	-	-
Wages and salaries and payroll taxes payable	71	71	-	-	-	71	-	-
Other payables	138	138	-	-	-	138	-	-
Deferred income	28	28	-	-	-	28	-	-
TOTAL	**7,320**	**7,430**	**-**	**-**	**-**	**7,407**	**-**	**23**

Fair value analysis of financial assets and liabilities

The fair value hierarchy comprises the following levels:

- **Level** 1: fair value assessed by reference to prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2**: fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- **Level** 3: fair value assessed by reference to inputs related to the asset or liability that are not based on market data (unobservable inputs).

(in € millions)	FAIR VALUE DECEMBER 2017	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
Non-current financial assets	18	-	-	18
Current financial assets	41	-	41	-
Other marketable securities	-	-	-	-
Cash and cash equivalents	26	26	-	-
TOTAL	**85**	**26**	**41**	**18**
LIABILITIES				
Non-current debt	-	-	-	-
Other non-current financial liabilities	-	-	-	-
Current debt	-	-	-	-
Bank overdrafts	-	-	-	-
Other current financial liabilities	23	-	23	-
TOTAL	**23**	**-**	**23**	**-**

Derivative financial instruments

		DECEMBER 2017			DECEMBER 2016		
(in € millions)	IFRS CLASSIFICATION	FAIR VALUE	NOTIONAL AMOUNT	FACE VALUE	FAIR VALUE	NOTIONAL AMOUNT	FACE VALUE
DERIVATIVE FINANCIAL INSTRUMENTS – ASSET POSITION							
Interest-rate instruments	*Cash-flow hedge*	14	217	-	6	367	-
Interest-rate instruments	*Fair-value hedge*	22	393	-	33	1,103	-
Interest-rate instruments	*Trading*	3	50	-	4	50	-
Currency instruments	*Fair-value hedge*	2	-	147	2	-	81
Currency instruments	*Cash-flow hedge*	-	-	-	-	-	2
DERIVATIVE FINANCIAL INSTRUMENTS – LIABILITY POSITION							
Interest-rate instruments	*Cash-flow hedge*	(1)	88	-	-	-	-
Interest-rate instruments	*Fair-value hedge*	(13)	1,002	-	(5)	302	-
Interest-rate instruments	*Trading*	(1)	50	-	(2)	50	-
Currency instruments	*Fair-value hedge*	(8)	-	231	(12)	-	257
NET DERIVATIVE FINANCIAL INSTRUMENTS		**18**	**1,800**	**378**	**26**	**1,872**	**340**

Derivative instruments were measured at December 31, 2017 by applying a credit valuation adjustment (CVA) in accordance with IFRS 13.

The CVA for a given counterparty is determined by calculating the result of: (i) exposure (*i.e.*, the market value of the derivative instruments purchased from the counterparty, if positive), (ii) probability of default, and (iii) loss given default. CVAs at December 31, 2017 were not material.

Cumulative fair value of financial instruments

Changes in retained earnings related to fair value of financial instruments are detailed in the table below:

(in € millions)	DECEMBER 2016	NEW TRANSACTIONS	CHANGE IN FAIR VALUE	P&L RECYCLING	DECEMBER 2017
Cash-flow hedge financial instruments (after tax)	3	(1)	7	-	9
Available-for-sale financial assets	-	-	4	-	4
TOTAL	**3**	**(1)**	**11**	**-**	**13**

NOTE 7 TAXES

7.1 Income tax

Income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.
In accordance with IAS 12 – Income Taxes, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base using the liability method. This method consists of adjusting deferred taxes at each period-end, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the change is announced.

Edenred has decided that the French tax assessed on the value added by the business (CVAE) had the characteristics of an income tax. Therefore, income tax expense also includes the expense related to the French CVAE.

Income tax expense and benefit

(in € millions)	DECEMBER 2017	DECEMBER 2016
Current taxes	(111)	(102)
Tax on dividends *	21	(5)
Provisions for tax risks	-	-
SUB-TOTAL: CURRENT TAXES	(90)	(107)
Deferred taxes arising on temporary differences during the period	(23)	5
Deferred taxes arising on changes in tax rates or rules	5	-
SUB-TOTAL: DEFERRED TAXES	(18)	5
TOTAL INCOME TAX EXPENSE **	**(108)**	**(102)**

* *Cf. Note 3.2 – "Exceptional tax benefit corresponding to the claims for refunds of the 3% tax paid on distributed earnings".*
** *In 2017, Income tax expense includes €(3) million to French CVAE.*

Tax proof

(in € millions)	DECEMBER 2017	DECEMBER 2016
Operating profit before tax	**391**	**294**
Share of net profit from equity-accounted companies	11	8
Operating profit before tax before share of net profit of equity-accounted companies (a)	**380**	**286**
Non-deductible impairment losses	15	-
Elimination of intercompany capital gains	(21)	-
Other	(2)	7
TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (B)	(8)	7
Untaxed profit and profit taxed at a reduced rate (c)	**24**	**9**
Profit taxable at the standard rate (d) = (a) + (b) + (c)	**396**	**302**
Standard tax rate in France (e)	**34.43%**	**34,43%**
Theoretical tax at standard rate in France (f) = (d) x (e)	**(136)**	**(104)**
Adjustments for:		
• differences in foreign tax rates	21	14
• unrecognized tax losses for the period	(2)	(1)
• utilization of previously unrecognized tax losses	2	-
• changes in deferred tax assets	(5)	-
• effect of changes in future tax rates	(1)	(3)
• net change in provisions for tax risks	-	-
• reimbursement/payment of tax on dividends (I) *	21	(5)
• other items	(6)	(1)
TOTAL ADJUSTMENTS (G)	30	4
Actual tax at standard rate (h) = (f) + (g)	**(106)**	**(100)**
Tax at reduced rate (i)	**(2)**	**(2)**
INCOME TAX EXPENSE (J) = (H) + (I)	**(108)**	**(102)**
EFFECTIVE TAX RATE (K) = (J)/(D)	**27.3%**	**33,9%**
INCOME TAX EXPENSE WITHOUT TAX ON DIVIDENDS (J)' = (J) - (I)	**(129)**	**(97)**
EFFECTIVE TAX RATE WITHOUT TAX ON DIVIDENDS (K)' = (J)'/(D)	**32.6%**	**32.1%**

* *Excluding the impact of the tax on dividends (see Note 3 "Significant events"), income tax expense amounted to €129 million, bringing the effective tax rate to 32.6%.*

7.2 Deferred taxes

Deferred taxes are recognized for all temporary differences, except when the difference arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except when:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future. Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity. Since January 1, 2010, adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

In accordance with IAS 12, deferred taxes are not discounted.

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

- Edenred has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Details of recognized deferred tax assets and liabilities

(in € millions)	**DECEMBER 2017**	DECEMBER 2016
Temporary differences	29	36
Recognized deferred tax assets on tax losses	28	33
SUB-TOTAL: DEFERRED TAX ASSETS	57	69
Temporary differences	135	129
SUB-TOTAL: DEFERRED TAX LIABILITIES	135	129
NET DEFERRED TAX ASSET (LIABILITY)	**(78)**	**(60)**

Unrecognized deferred tax assets at December 31, 2017 amounted to €21 million, of which €10 million related to Holding Companies & Other (Edenred SA), €2 million related to Singapore and €1 million related to the United Kingdom.

At December 31, 2017, unrecognized deferred tax assets corresponded to tax losses in an amount of €22 million, including €4 million expiring between Y+1 and Y+4, €3 million expiring Y+5 and beyond and €15 million without a time limit.

At December 31, 2016, unrecognized deferred tax assets amounted to €23 million.

NOTE 8 EQUITY

Note on the negative value of Group retained earnings

At December 31, 2017, total equity attributable to owners of the parent amounted to a negative €1,437 million. This negative value is mainly due to the legacy of the financial statements established for Edenred's demerger from the Accor Group in July 2010.

In these financial statements, equity represented a negative €1,137 million at December 31, 2008, a negative €1,187 million at December 31, 2009 and a negative €1,044 million at December 31, 2010. This was due to the recognition at historical cost of assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction.

None of the legal restructuring operations, whether consisting of asset contributions or sales by Accor in favor of Edenred, qualify as business combinations under IFRS 3. Whatever the legal method used to create the Edenred Group, the transactions would not have changed Edenred's scope as defined in the consolidated financial statements. Consequently, the contributions were analyzed as an internal restructuring of Edenred without any effect on Edenred's consolidated financial statements, to the extent that all of the contributed entities were already included in the scope of the consolidated financial statements. Similarly, the legal sale transactions between Accor and Edenred did not constitute acquisitions for Edenred, because all of the sold entities were already included in the scope of Edenred's combined financial statements prior to the legal sale transactions. However, in Edenred's financial statements, the sales led to an outflow of cash to the shareholder, Accor, without any benefit being received in return. The cash outflow therefore had to be recognized when it occurred as a distribution of reserves by Edenred, giving rise to a reduction in equity.

8.1 Equity

Issued capital

At December 31, 2017, the Company's capital was made up of 235,403,240 shares with a par value of €2 (two) each, all fully paid up.

These 235,403,240 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

Change in capital in number of shares

	DECEMBER 2017	DECEMBER 2016
At January 1	233,679,845	230,816,848
Capital increase linked to dividend payments	1,722,895	2,862,997
Shares issued on conversion of performance share rights	526,798	501,513
Shares issued on exercise of stock options	963,836	309,017
Share cancellation	(1,490,134)	(810,530)
At December 31	**235,403,240**	**233,679,845**

Treasury shares

Edenred shares held by the Group are recorded as a deduction from consolidated equity at cost. Capital gains/losses on disposal of Edenred shares are recognized directly in equity and do not affect profit for the financial year.

(in number of shares)	DECEMBER 2017	DECEMBER 2016
Shares at beginning of period	**1,805,374**	**3,008,056**
PURCHASES OF SHARES		
Share buy-back agreements	1,099,268	-
Liquidity contracts *	(46,116)	(180,712)
SALES OF SHARES		
Disposals	-	-
Purchase option exercise, bonus shares and capital allocations	(171,135)	(211,440)
Share cancellation	(1,490,134)	(810,530)
SHARES AT END OF PERIOD	**1,197,257**	**1,805,374**

* *See below for details on amounts purchased and sold.*

Edenred SA shares held by the Company are measured at cost and recorded as a deduction from equity under "Treasury shares".

At December 31, 2017, a total of 1,197,257 shares were held in treasury: no shares were purchased during the period under the liquidity contract. At December 31, 2016, a total of 1,805,374 shares were held in treasury.

		2017				2016			
ENTITY TO WHOM THE CUSTODY OF THE LIQUIDITY CONTRACT *		SOLD		PURCHASED		SOLD		PURCHASED	
HAS BEEN ASSIGNED	PERIOD	NO.	TOTAL €M	NO.	TOTAL €M	NO.	TOTAL €M	NO.	TOTAL €M
Oddo Corporate Finance	**Nov. 2014- Sept. 23, 2016**	-	-	-	-	2,722,165	48	2,472,165	43
Exane BNP Paribas	**Since Oct. 3, 2016**	2,475,252	55	2,429,136	54	1,020,186	20	1,089,474	22

* *In accordance with the code of ethics published by the Association française des marchés financiers (AMAFI) on March 8, 2011 and recognized by France's financial markets regulator Autorité des marchés financiers (AMF) on March 21, 2011.*

The funds allocated to the liquidity contract but not invested in Edenred shares represent liquid assets and are classified as cash and cash equivalents.

Dividends

2017 dividend

At the Edenred Shareholders Meeting called to approve the financial statements for the year ended December 31, 2017, the Board of Directors recommended paying a dividend of €0.85 per share, representing a total pay-out of €199 million.

Subject to approval by the Shareholders Meeting, this dividend will be granted during the first half of 2018. The dividend was not recognized under liabilities in the financial statements for the year ended December 31, 2017 as these financial statements were presented before appropriation of profit.

8.2 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing net profit (attributable to owners of the parent) by the weighted average number of shares outstanding during the year (adjusted to exclude shares held in treasury during the year).

Diluted earnings per share

Diluted earnings per share are calculated based on the average number of outstanding shares, as adjusted to include the weighted average number of shares that would result from the exercise, during the year, of existing stock options and any other dilutive instruments.
Diluted earnings per share are based on the average number of outstanding shares adjusted to take into account the effect of the potential ordinary shares.

Earnings per share attributable to owners of the parent

At December 31, 2017, the Company's share capital was made up of 235,403,240 ordinary shares.

At December 31, 2017, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

(in shares)	DECEMBER 2017	DECEMBER 2016
SHARE CAPITAL AT END OF PERIOD	235,403,240	233,679,845
Number of outstanding shares at beginning of period	**231,874,471**	**227,808,792**
Number of shares issued for dividend payments	1,722,895	2,862,997
Number of shares issued on conversion of performance share plans	526,798	501,513
Number of shares issued on conversion of stock-option plans	963,836	309,017
Number of shares canceled	(1,490,134)	(810,530)
Issued shares at period-end excluding treasury shares	**1,723,395**	**2,862,997**
Treasury shares not related to the liquidity contract	562,001	1,021,970
Treasury shares under the liquidity contract	46,116	180,712
Treasury shares	**608,117**	**1,202,682**
NUMBER OF OUTSTANDING SHARES AT END OF PERIOD	234,205,983	231,874,471
Adjustment to calculate weighted average number of issued shares	(774,621)	(1,290,695)
Adjustment to calculate weighted average number of treasury shares	(367,614)	(470,720)
Total weighted average adjustment	**(1,142,235)**	**(1,761,415)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**233,063,748**	**230,113,056**

In addition, 875,665 stock options (number outstanding at December 31, 2017) and 3,928,276 performance shares were granted to employees between 2012 and 2016. Conversion of all of these potential shares would increase the number of shares outstanding to 236,678,412.

Based on the above number of potential shares and the average Edenred share price calculated:

- from January 1, 2017 to December 31, 2017 for Plans 3, 4, 5, 6, 7 and 8 (€22.04); and
- from March 8, 2017 to December 31, 2017 for Plan 9 (€23.22).

The diluted weighted average number of shares outstanding at December 31, 2017 was 235,791,869.

	DECEMBER 2017	DECEMBER 2016
Net profit attributable to owners of the parent *(in € millions)*	**247**	**180**
Weighted average number of issued shares *(in thousands)*	234,629	232,389
Weighted average number of treasury shares *(in thousands)*	(1,565)	(2,276)
Number of shares used to calculate basic earnings per share *(in thousands)*	**233,064**	**230,113**
BASIC EARNINGS PER SHARE *(IN €)*	**1.06**	**0.78**
Number of shares resulting from the exercise of stock options *(in thousands)*	387	301
Number of shares resulting from performance share grants *(in thousands)*	2,341	2,327
Number of shares used to calculate diluted earnings per share *(in thousands)*	**235,792**	**232,741**
DILUTED EARNINGS PER SHARE *(IN €)*	**1.05**	**0.77**

8.3 Non-controlling interests

(in € millions)	
At December 31, 2015	**12**
Net profit from non-controlling interests for the period	12
Dividends paid to non-controlling interests	(4)
Capital increase	-
Currency translation adjustment	6
Changes in consolidation scope	43
At December 31, 2016	**69**
Net profit from non-controlling interests for the period	36
Dividends paid to non-controlling interests	(17)
Capital increase	-
Currency translation adjustment	(10)
Changes in consolidation scope	72
At December 31, 2017	**150**

Changes in consolidation scope between 2016 and 2017 primarily concerned the acquisition of UTA (see Note 2 "Acquisitions, development projects and disposals in 2017").

NOTE 9 EMPLOYEE BENEFITS

9.1 Share-based payments

Stock option plans

The fair value of the options is recognized on a straight-line basis over the vesting period for the relevant plan. The cost is included in employee benefit expense, with a corresponding adjustment to equity. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to equity.

IFRS 2 – Share-based Payment applies to the stock option plans set up by the Board of Directors on August 6, 2010, March 11, 2011 and February 27, 2012. These plans do not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the end of the vesting period.

The fair value of services received as consideration for the stock options is measured by reference to the fair value of the options at the grant date. The fair value of the options is determined using the Black & Scholes option pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees: it corresponds to the date on which the Board of Directors approved the plan.

The main characteristics of the current stock option plans at December 31, 2017 are summarized in the table below:

	PLAN 1	PLAN 2	PLAN 3
Date of Shareholders' Meeting authorization	May 10, 2010	May 10, 2010	May 10, 2010
Date granted by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Duration of the plan	8 years	8 years	8 years
Start date of the exercise period	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date of the exercise period	August 6, 2018	March 11, 2019	February 27, 2020
Expected life of the options	0.6 years	1.2 years	2.2 years
Exercise price	€13.69	€18.81	€19.03
Number of grantees at the grant date	455	58	18
Number of options at the plan launch	4,235,500	611,700	382,800
Number of options remaining at December 31, 2017	**446,115**	**232,350**	**197,200**

The fair value of the options at the grant date was determined using the Black & Scholes option-pricing model. The main data and assumptions used for the fair value calculations are as follows:

	PLAN 1	PLAN 2	PLAN 3
Date granted by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
DATA AT THE GRANT DATE			
Number of options at the plan launch	4,235,500	611,700	382,800
Edenred share price	€13.45	€20.04	€20.36
Exercise price	€13.69	€18.81	€19.03
Duration of the plan	8 years	8 years	8 years
Expected volatility	27.20%	28.8%	26.5%
Risk-free interest rate	1.79%	2.73%	1.72%
Expected dividend yield	2.55%	2.43%	2.81%
OPTION FAIR VALUE	**€2.62**	**€5.07**	**€4.25**
PLAN FAIR VALUE	**€11.1 MILLION**	**€3.1 MILLION**	**€1.6 MILLION**

Maturity of stock options

The Group has decided to base the assumed exercise dates of stock options on observed exercise dates under previous plans in the Accor Group. The schedule applied is as follows:

- 35% of options exercised after four years;
- 20% of options exercised after five years;
- 35% of options exercised after six years;
- 5% of options exercised after seven years;
- 5% of options exercised after eight years.

Maturities of stock options correspond to the options' expected lives.

Share price volatility

Edenred's volatility assumptions are based on the period covered by its liquidity contract.

However, as the options have an eight-year life, the Edenred Group also calculated the historical volatility over eight years for three companies operating in the same business segment. Average volatility for these companies was consistent with the rate used by the Edenred Group.

Risk-free interest rate

The risk-free interest rate is the implied yield available on zero-coupon issues by the French government at the grant date.

Movements in 2017 of stock option subscription plans in effect on December 31, 2017 are detailed below:

	DECEMBER 2017		DECEMBER 2016	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
OPTIONS OUTSTANDING AT BEGINNING OF PERIOD	**1,830,251**	**€15.98**	**2,144,618**	**€15.79**
Options granted	-	-	-	-
Options canceled or expired	-	-	-	-
Options exercised	(963,836)	€15.73	(315,117)	€14.67
Correction from previous year	9,250	-	750	-
OPTIONS OUTSTANDING AT END OF PERIOD	**875,665**	**€16.25**	**1,830,251**	**€15.98**
OPTIONS EXERCISABLE AT END OF PERIOD	**875,665**	**€16.25**	**1,830,251**	**€15.98**

The weighted average exercise price was €16.25 in 2017 and €15.98 in 2016.

(in € millions)	2012	2013	2014	2015	2016	2017
Expense recognized * in respect of share-based payments granted to the Edenred employees	3.70	1.10	1.20	0.50	0.10	-

* *With a corresponding adjustment to equity.*

Performance share plans

IFRS 2 – Share-based Payment also applies to the performance share plans set up by the Board of Directors on February 27, 2012, February 18, 2013, February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016 and March 8, 2017.

The recognition principles are the same as those applied to stock option plans.

The number of performance shares is reviewed annually based on changes in the probability of the performance objectives being met.

Main characteristics

Edenred's Board of Directors, at its meetings of February 27, 2012, February 18, 2013, February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016 and March 8, 2017, carried out the conditional attribution of performance shares.

The duration of the 2012-to-2015 plans is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be sold. The duration of the 2016 and 2017 plans is three years for all beneficiaries.

Performance shares vest when the performance conditions are fulfilled. However, if the grantee is no longer employed by the Group on the vesting date, depending on the reason for his or her departure the performance share rights may be forfeited or the number of rights may be reduced proportionately to his or her actual period of service since the grant date. Shares definitively acquired cannot exceed 100% of the initial amount granted.

Depending on the actual percentage of fulfillment of each of the plan's three performance conditions, this proportion will be reduced or increased, by up to 1.25 times the initial grant for the objective concerned, without the total amount exceeding 100% of the initial amount granted.

The performance objectives are as follows:

PLAN 3		PLAN 4	
PLAN OF FEBRUARY 27, 2012		PLAN OF FEBRUARY 18, 2013	
867,575 SHARES		845,900 SHARES	
WEIGHT	CONDITIONS	WEIGHT	CONDITIONS
50% of the shares granted for the 2011 and 2012 plans	Like-for-like growth in business volume for the years 2012, 2013 and 2014.	80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).
50% of the shares granted for the 2011 and 2012 plans	Like-for-like growth in funds from operations for the years 2012, 2013 and 2014.	20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.
The performance objectives were met for Plan 3.		The performance objectives were partially met for Plan 4.	

PLAN 5		PLAN 6		PLAN 7		PLAN 8		PLAN 9	
PLAN OF FEBRUARY 17, 2014		PLAN OF FEBRUARY 20, 2015		PLAN OF DECEMBER 9, 2015		PLAN OF MAY 4, 2016		PLAN OF MARCH 08, 2017	
824,000 SHARES		800,000 SHARES		137,363 SHARES		990,080 SHARES		794,985 SHARES	
WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	WEIGHT	CONDITIONS
80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).	80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO).
20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.	20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.
The performance objectives were partially met for Plan 5.		The performance objectives were partially met for Plan 6.		The performance objectives were partially met for Plan 7.		The performance objectives are still being assessed for Plan 8.		The performance objectives are still being assessed for Plan 9.	

Fair value of performance share plans

The fair value of performance shares corresponds to the share price on the day of the granting, net of the expected dividend payment during the vesting period. Note that for Plans 1 to 7 and for French tax residents, the two-year lock-up period led to a valuation of an illiquidity risk based on the interest rate for a loan to an employee, equal to the interest rate applied by a credit institution to a private client with average financial capacities.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity.

	2013	2014	2015	2016	2017
Fair value of benefits for French tax residents	19.72	14.12	16.08	17.00	18.38
Fair value of benefits for non-residents	19.18	14.58	15.91	17.00	18.38
Expense recognized * *(in € millions)*	9.80	13.40	11.20	8.92	12.36

* *With a corresponding adjustment to equity.*

9.2 Provisions for pensions and other post-employment benefits

IAS 19 (revised):

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future fixed pay levels, retirement age, mortality, staff turnover and discount rates. These assumptions take into account the macroeconomic situation and other specific circumstances in each country where the Group operates.

The fair value of the plan assets intended to hedge retirement obligation and other long-term employee benefits is used in order to evaluate the amount of the liability related to them. Pension and other retirement benefit obligations recognized in the balance sheet correspond to the discounted present value of the defined-benefit obligation less the fair value of plan assets.

Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent future economic benefits available for the Group, for instance in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined-benefit obligation is recognized in the balance sheet under "Non-current provisions".

For defined-benefit plans, current and past service costs are recognized in operating expenses.

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity.

However, actuarial gains and losses related to current employees' long-term benefits, particularly long-service awards and loyalty bonuses, are recognized immediately in net financial expense.

Group employees receive three kinds of benefits:

1) **Short-term benefits**: paid vacation, paid sick leave and profit-shares.

2) **Long-term benefits**: long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses.

3) **Post-employment benefits**:

   a. Defined-contribution plans: Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. Contributions to these plans are recognized immediately as an expense. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined-contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined-contribution pension schemes in other countries.

   Contributions to these plans are recognized in the period to which they relate.

   b. Defined-benefit plans (end-of-career compensation, pension funds): For defined-benefits plans, the Group assesses its obligation in accordance with IAS 19 (revised) – Employee Benefits. These plans are characterized by the employer's obligation toward employees. If they are not entirely pre-funded, a provision must be set aside.

For Edenred, the main post-employment defined-benefit plans concern:

- Defined-benefit pension plans, for which the benefits are calculated as follows:
  - lump-sum payments made to employees on retirement, determined by reference to the employee's years of service and final fixed pay;
  - calculation based on factors defined by the Finance and Human Resources Departments each year;
  - related obligation covered by a provision in the balance sheet.

  These plans mainly concern:
  - Holding Companies & Other (55.6% of the total projected benefit obligation in 2017 versus 45.2% in 2016);
  - United Kingdom (14.2% of the total projected benefit obligation in 2017 versus 24.9% in 2016, after deducting plan assets);
  - France (12.4% of the total projected benefit obligation in 2017 versus 13.1% in 2016);
  - Belgium (1.8% of the total projected benefit obligation in 2017 versus 2.9% in 2016, after deducting plan assets).
- Length-of-service awards in Italy (7.6% of the obligation at December 31, 2017):
  - lump-sum payments made to employees on retirement, resignation or dismissal, determined by reference to the employee's years of service and final fixed pay;
  - related obligation covered by a provision in the balance sheet.
- The Edenred Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly in the classes of assets held in insurers' general portfolios managed according to conservative investment strategies.

Actuarial assumptions

Actuarial valuations are based on a certain number of long-term factors defined by the Group, which are reviewed each year.

2017	FRANCE	REST OF EUROPE UK	BELGIUM	ITALY	GLOBAL OPERATIONS
Rate of future fixed pay increases	2.8%	N/A	2.8%	1.5%	3%-4%
Discount rate	1.5%	2.6%	1.5%	1.5%	1,5%

2016	FRANCE	REST OF EUROPE UK	BELGIUM	ITALY	GLOBAL OPERATIONS
Rate of future fixed pay increases	2.8%	N/A	2.8%	2.0%	2.8%
Discount rate	1.3%	2.8%	1.3%	1.3%	1.3%

Funded status of post-employment defined-benefit plans and long-term employee benefits

To improve legibility, Edenred has decided to present only non-zero and/or significant aggregates.

At December, 31 2017

(in € millions)	DEFINED-BENEFIT PENSION PLANS	OTHER DEFINED-BENEFIT PLANS *	TOTAL
Present value of funded obligation	22	-	22
Fair value of plan assets	(18)	-	(18)
Surplus (Deficit)	**4**	**-**	**4**
Present value of unfunded obligation	-	22	22
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**4**	**-**	**26**

* *Including length-of-service awards and loyalty bonuses.*

At December, 31 2016

(in € millions)	DEFINED-BENEFIT PENSION PLANS	OTHER DEFINED-BENEFIT PLANS *	TOTAL
Present value of funded obligation	24	-	24
Fair value of plan assets	(17)	-	(17)
Surplus (Deficit)	**7**	**-**	**7**
Present value of unfunded obligation	-	20	20
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**7**	**20**	**27**

* *Including length-of-service awards and loyalty bonuses.*

Change in funded status of post-employment defined-benefit plans by region

	PENSION PLANS									
	2017									
		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING COMPANIES & OTHERS	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2017**	TOTAL 2016
PROJECTED BENEFIT OBLIGATION AT BEGINNING OF PERIOD	3	17	6	2	11	2	42	2	44	42
Service costs	0	-	0	-	1	0	2	0	2	2
Interest costs	0	0	0	0	0	0	1	0	1	1
Past service costs (plan amendments)	0	-	-	-	-	(0)	0	(0)	0	(1)
Acquisitions (disposals)	-	-	-	-	-	-	-	-	-	-
Benefits paid	(0)	(0)	(0)	-	-	(0)	(0)	(0)	(0)	(1)
Actuarial (gains) losses	(0)	(2)	(0)	(0)	1	0	(1)	(0)	(1)	3
Currency translation adjustment	-	(1)	-	-	-	(0)	(1)	(0)	(1)	(2)
Total other	-	-	-	-	-	0	0	-	0	-
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD	**3**	**15**	**6**	**2**	**14**	**2**	**42**	**2**	**44**	**44**

* *The impact on actuarial gains and losses is mainly due to experience adjustments resulting from the change in governance.*

		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING COMPANIES & OTHERS	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2017**	TOTAL 2016
FAIR VALUE OF PLAN ASSETS AT BEGINNING OF PERIOD	-	10	5	-	-	1	17	-	17	18
Financial income	-	1	0	-	-	0	1	-	1	1
Actual return on plan assets	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	0	0	-	-	-	1	-	1	0
Benefits paid	-	(0)	(0)	-	-	-	(0)	-	(0)	-
Currency translation adjustment	-	(0)	-	-	-	(0)	(0)	-	(0)	(2)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**-**	**11**	**6**	**-**	**-**	**1**	**18**	**-**	**18**	**17**

		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING COMPANIES & OTHERS	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2017**	TOTAL 2016
Plan deficit at beginning of period *	3	6	1	2	11	2	25	2	27	24
Provision at end of period	3	4	-	2	14	1	24	2	26	27
PLAN DEFICIT AT END OF PERIOD	**3**	**4**	**-**	**2**	**14**	**1**	**24**	**2**	**26**	**27**

* *Including length-of-service awards and loyalty bonuses.*

		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING COMPANIES & OTHERS	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2017**	TOTAL 2016
SERVICE COSTS	0	-	0	-	1	0	2	0	2	3
Past service costs on acquired rights										
Net interest income	0	0	0	(0)	0	(0)	1	0	1	(1)
Amortization of actuarial gains and losses	-	-	-	-	-	-	-	-	-	-
COST FOR THE PERIOD	**0**	**0**	**0**	**(0)**	**1**	**0**	**3**	**0**	**3**	**2**
Actuarial gains and losses recognized in equity	**(0)**	**(2)**	**(0)**	**(0)**	**1**	**(0)**	**(2)**	**(0)**	**(2)**	**3**

Charges in pension liabilities (including loyalty bonuses) between January 1, 2016 and December 31, 2017

(in € millions)	AMOUNT
Liability at January 1, 2014	**24**
Cost for the year	2
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	3
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
Liability at December 31, 2014	**27**
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	(2)
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
Liability at December 31, 2015	**26**

Actuarial gains and losses arising from changes in assumptions and experience adjustments

(in € millions)	**DECEMBER 2017**	DECEMBER 2016
Actuarial (gains) and losses – experience adjustments	1	(2)
Actuarial (gains) and losses – changes in demographical assumptions	(0)	-
Actuarial (gains) and losses – changes in financial assumptions	(3)	5
ACTUARIAL (GAINS) LOSSES	**(2)**	**3**

Sensitivity analysis

At December 31, 2017, a 0.5 point increase (decrease) in the discount rate would lead to a roughly €3 million decrease (increase) in the projected benefit obligation.

NOTE 10 OTHER PROVISIONS AND OBLIGATIONS

10.1 Other income and expenses

To make the consolidated financial statements easier to read, certain specific items of income and expense are reported under "Other income and expenses" in accordance with the guidelines issued by France's financial markets regulator (AMF recommendation 2016 financial statements – DOC-2016-09 – paragraph 1.4.3). This item is used only for income and expenses:

- related to a major event that occurred during the reporting period;
- whose impact, if it were not presented separately from that of other transactions, would distort the understanding of the Group's underlying performance by users of the financial statements.

Other income and expenses can be analyzed as follows:

(in € millions)	DECEMBER 2017	DECEMBER 2016
Movements in restructuring provisions	3	(5)
Restructuring and reorganization costs	(7)	(14)
Restructuring costs	**(4)**	**(19)**
Impairment of goodwill	(11)	-
Impairment of intangible assets	(8)	(15)
Total impairment losses	**(19)**	**(15)**
Capital gains and losses	19	(0)
Provision movements	-	(10)
Non-recurring gains (losses)	(3)	18
Other	**16**	**8**
TOTAL OTHER INCOME AND EXPENSES	**(7)**	**(26)**

Restructuring costs

Restructuring costs in 2017 correspond mainly to costs relating to the reorganization of several subsidiaries.

Restructuring costs in 2016 correspond to all the costs incurred in connection with Group restructuring operations as part of the implementation of the Fast Forward strategic plan presented by the Group on October 19, 2016.

Impairment of assets

Impairment losses are recorded in this section in accordance with IAS 36 – Impairment of Assets.

In 2017, impairment losses mainly concerned:

- impairment of goodwill relating to Edenred Japan for €7 million and India for €4 million;
- impairment of an internally developed IT platform for €7 million.

In 2016, impairment losses mainly concerned the impairment of an internally developed IT platform for €7 million and retirements of intangible assets for €8 million.

Other

Other items break down as follows:

- in 2017, mainly the €19 million gain on remeasurement at fair value of Edenred's initial investment in UTA, following the acquisition of an additional interest in the sub-group;
- in 2016, mainly the €6 million expense for development fees related to acquisitions during, the estimated €22 million gain from arbitration of the ICSID dispute (see Note 10.3), the €3 million expense for consulting fees and other non-recurring costs in subsidiaries.

10.2 Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.
Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it.

Provisions for losses due to voucher theft are calculated for reported thefts based on a percentage of the stolen vouchers' aggregate face value corresponding to the Group's best estimate of the proportion of those vouchers that will be cashed in.

Movements in non-current provisions between January 1, 2017 and December 31, 2017 can be analyzed as follows:

(in € millions)	DECEMBER 2016	IMPACT ON EQUITY	ADDITIONS	REVERSALS OF USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2017
• Provisions for pensions and loyalty bonuses	27	(2)	3	(1)	(0)	(1)	0	26
• Provisions for claims and litigation and other contingencies *	15	-	1	(4)	(0)	(2)	6	16
TOTAL NON-CURRENT PROVISIONS	**42**	**(2)**	**4**	**(5)**	**(0)**	**(3)**	**6**	**42**

* *Including provision for non-current tax litigation.*

Between 2016 and 2015, movements were as follows:

(in € millions)	DECEMBER 2015	IMPACT ON EQUITY	ADDITIONS	REVERSALS OF USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2016
• Provisions for pensions and loyalty bonuses	24	3	3	(1)	(1)	(0)	(0)	27
• Provisions for claims and litigation and other contingencies *	10	-	3	(1)	(0)	2	0	15
TOTAL NON-CURRENT PROVISIONS	**34**	**3**	**6**	**(2)**	**(1)**	**2**	**0**	**42**

* *Including provision for non-current tax litigation.*

Movements in current provisions between January 1, 2017 and December 31, 2017 can be analyzed as follows:

(in € millions)	DECEMBER 2016	IMPACT ON EQUITY	ADDITIONS	REVERSALS OF USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2017
• Provisions for tax litigation	1	-	0	-	-	(0)	-	1
• Restructuring provisions	7	-	0	(4)	(1)	(0)	(0)	2
• Provisions for claims and litigation and other contingencies	27	-	5	(3)	0	(0)	10	39
TOTAL CURRENT PROVISIONS	**35**	**-**	**5**	**(7)**	**(1)**	**(0)**	**10**	**42**

Between 2016 and 2015, movements were as follows:

(in € millions)	DECEMBER 2015	IMPACT ON EQUITY	ADDITIONS	REVERSALS OF USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2016
• Provisions for tax litigation	1	-	0	-	-	0	0	1
• Restructuring provisions	1	-	7	(0)	(0)	0	-	7
• Provisions for claims and litigation and other contingencies	20	-	13	(4)	(1)	0	(1)	27
TOTAL CURRENT PROVISIONS	**22**	**-**	**20**	**(4)**	**(1)**	**0**	**(1)**	**35**

Taken individually, there is no significant litigation, with the exception of those presented in Note 10.3 "Claims and litigation".

10.3 Claims and litigation

Tax litigation in France

Edenred France – Fine for failure to produce a statement tracking capital gains subject to tax deferral

Following a tax audit of Accor Services France (now Edenred France) for the 2003 and 2004 fiscal years, the tax authorities notified the Company of a penalty for failure to produce a statement tracking capital gains subject to tax deferral as well as VAT-related penalties.

A collection procedure was initiated and the penalties, which totaled €21.8 million, were paid by the Company in April 2008. This amount was recognized as a loss in the financial statements for the year ended December 31, 2008.

On December 10, 2009, the Company applied to the Montreuil Administrative Court for recourse on the matter.

The Montreuil Administrative Court rejected Edenred France's recourse in a decision handed down on December 2, 2010.

The Company appealed the decision on February 16, 2011 before the Versailles Administrative Court of Appeal.

On March 6, 2014, the Versailles Administrative Court of Appeal rendered a decision partially granting the Company's motion. The Court ordered an abatement of the VAT-related penalties for a principal amount of €2.3 million but maintained that the Company was responsible for paying the fine for failure to produce the statement tracking capital gains subject to tax deferral.

The Company was therefore reimbursed the sum of €3.1 million, including €0.7 million in late payment interest, which was recognized as income after the abandonment of the tax authorities' appeal. The Company has also formed an appeal before the Council of State against the Administrative Court's decision to maintain the fine for failure to produce the statement tracking capital gains subject to tax deferral.

The Council of State rejected Edenred France's appeal in a decision handed down on December 4, 2017.

This marks the end of the proceedings.

However, the decision has no impact on the Company's financial statements because the fine had been provided for and paid in a prior year.

Edenred SA tax audit

Edenred SA is currently the subject of a tax audit covering the period 2014 to 2016.

In December 2017, the tax authorities notified the Company of a proposed reassessment of the tax paid in 2014, on the grounds that the brand royalties billed to the Brazilian subsidiaries were understated and were not on arm's length terms.

The amounts involved for 2014 represent approximately €9 million, including a royalty uplift, late interest for the period to December 31, 2017 and penalties.

Based on the opinion of its tax advisers, the Company believes that it has solid arguments in its defense. Therefore, the Company has not set aside a related provision.

Dispute with Kering (formerly PPR, which has been substituted for Fnac in the procedure) and Conforama

Edenred France (to which the rights of Accentiv' Kadéos were transferred) is involved in a dispute with Fnac and Conforama, two members of its gift solution acceptance and distribution network. The litigation concerns the breach by both companies of some of their contractual obligations, particularly the exclusive distribution of the Kadéos card applicable until December 31, 2011. Fnac and Conforama created their own single-brand card which they distribute through their respective networks.

The two remaining steps in the dispute are the summary procedure and the proceedings on the merits.

In the summary procedure, Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeal on December 1, 2010, and then from the Court of Cassation on November 15, 2011, requiring Fnac to stop distributing its single-brand card immediately. A similar order was issued against Conforama on December 3, 2010. The total amount of the penalties is €11.7 million.

In a decision handed down on March 14, 2016, the Paris Commercial Court ordered Kering and Conforama to pay Edenred France an additional €6.6 million for damages sustained as well as €100,000 as compensation for the lawsuit brought by Kering and Conforama, which was considered to represent an abuse of process.

Kering and Conforama have appealed the decision before the Paris Court of Appeal which is expected to hear the case in the fall of 2018.

As legal proceedings are still ongoing, the cash received amounting to €11.7 million and the additional €6.6 million received have been booked in income with a provision for impairment, pending the final decision not open to appeal.

As Edenred France believes that Kering's and Conforama's claims are without merit, no contingency provision has been set aside in the Group's financial statements.

Competition disputes (France)

On October 9, 2015, the French company Octoplus filed a complaint with the French Competition Authority against several French companies in the paperless meal voucher sector, including Edenred France. The Competition Authority's board met on April 5, 2016 and on July 7, 2016 to hear all the parties concerned as well as the investigation departments. On October 6, 2016, the Competition Authority decided to pursue its investigations without passing provisional measures against Edenred France. This decision in no way prejudges the Authority's final decision on the merits of the case. The Competition Authority's review is still in progress. Therefore, the Company has not set aside a related provision.

Futureo dispute

Edenred France was a 38% minority shareholder of Aqoba SA, which in turn controlled Aqoba EP, a payment institution licensed by France's banking supervisor, Autorité de Contrôle Prudentiel et de Résolution.

Aqoba SA and Aqoba EP were placed in compulsory liquidation in June 2014, leading to the termination of Aqoba EP's contract for the supply of payment services to Futureo.

On December 24, 2014, Futureo was also placed in compulsory liquidation. The liquidator brought suit against Edenred France and another shareholder of Aqoba SA before the Nanterre Commercial Court, alleging that they were responsible for Futureo's bankruptcy. Futureo's former Chief Executive Officer joined the suit. Together, Futureo's liquidator and the former Chief Executive Officer estimate their losses at around €15.6 million. The Court has yet to set a date to hear the parties' conclusions. The Company has not set aside a related provision.

ICSID dispute

Pursuant to a change in the Hungarian regulatory and tax framework related to the issue conditions of meal and food vouchers, the Company filed a request in August 2013 for arbitration against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the Arbitral Court in November 2015, and on December 13, 2016, the Court sentenced the Hungarian government to pay to Edenred approximately €23 million, excluding interest (5% per year starting on January 1, 2012, which represents approximately €6 million). This decision represents an important step in the settlement of the dispute.

As the procedure has been closed, at December 31, 2016, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the completion of the arbitral award, an estimate considered as reasonable of income and a related receivable for a net amount of €22 million were booked in "Other income and expenses" in the Group financial statements for the period ended December 31, 2016.

This amount was received in March 2017. On April 11, 2017, the Hungarian government filed an action for annulment of the Arbitral Court's decision, claiming that the Court had clearly exceeded its powers and the decision was groundless. The procedure related to this action is expected to last until the end of 2018 but this does not affect the Group's assessment of the risk at December 31, 2017.

Tax litigation in Brazil

Municipal tax – Ticket Serviços

In December 2011, the municipality of São Paulo notified the Brazilian company Ticket Serviços of a reassessment of municipal tax (ISS – *Imposto Sobre Serviços*) for the period from April to December 2006, even though the company had already paid this tax to the municipality of Alphaville.

For this period, the principal amount of the reassessment was 7.7 million reais (€1.9 million), plus 69.1 million reais (€17.4 million) in penalties and interest at December 31, 2017.

In November 2012, the municipality notified the company, on the same basis, of the amounts related to the period from January 2007 to March 2009.

For this second period, the principal amount of the reassessment was 28.1 million reais (€7.1 million), plus 250.4 million reais (€63.0 million) in penalties and interest at December 31, 2017. The company's motion before the Brazilian courts was denied in the first trial and an appeal was filed.

In addition to the reassessments mentioned above, the company may be required to pay for the government's legal fees and the court fees for a total of 35.7 million reais (€9.0 million).

The administrative chamber of appeal ruled against the company on September 23, 2014. The company appealed the decision.

On August 11, 2015, the appeal lodged by the company was denied, thereby putting an end to the administrative phase of the dispute.

On November 10, 2015, the company filed a motion with the Court of Justice of the State of São Paulo for cancellation of the reassessments.

Based on the opinion of its tax advisers, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set up a related provision.

The motion included a request to defer the payment of the disputed amount, which was granted by a decision handed down on November 12, 2015. The tax authorities appealed this decision, but the appeal was denied. The State of São Paulo appealed to the Supreme Court of Justice.

At the Court's request, the company provided a guarantee issued by Swiss Re.

A first instance decision is expected during the first half of 2018.

Based on the opinion of its tax advisers, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

Municipal tax – Accentiv

In December 2015 and May 2016, the municipality of São Paulo notified the Brazilian company Accentiv of a reassessment of municipal tax (ISS – *Imposto Sobre Serviços*) for the period from January 2010 to September 2015, challenging the calculation method used for the tax base.

The administrative court found in favor of the company.

The matter is now closed.

No provision had been recorded for this tax risk and the court's decision therefore had no impact on the financial statements.

Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was 81.7 million reais (€20.6 million), plus 193.6 million reais (€48.7 million) in penalties and interest at December 31, 2017.

During 2016, the administration issued two new reassessments, in line with the previous reassessment, for the following periods:

- for 2011, the principal amount of the reassessment was 24.5 million reais (€6.2 million), plus 60.1 million reais (€15.1 million) in penalties and interest at December 31, 2017;
- for 2012, the reassessment was 16.3 million reais (€4.1 million), plus 37.9 million reais (€9.5 million) in penalties and interest at December 31, 2017.

The tax authorities disallowed the tax deductibility of the goodwill amortization recognized on the buyout of the minority interest in Ticket Serviços. Ticket Serviços initiated proceedings before the administrative courts. The motion was denied by the higher court. The company was officially notified of this decision on August 14, 2015 and filed a request for clarification.

The request was rejected by the courts of first instance.

The company now plans to file a request with the Court of Justice to have the reassessments canceled and an application will also be made for a stay of payment of the contested amount.

Based on the opinion of its tax advisers, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

Slovak competition litigation

Following an investigation in August 2014 of Slovakia's five voucher issuers, including Edenred Slovakia, by the country's competition authorities, the Slovak Competition Authority notified Edenred of an €850,000 fine, which was confirmed by the Administrative Court of Appeal in June 2017. All the other issuers were notified of similar decisions, including Vasa which had been acquired by Edenred SA in the meantime and was merged with Edenred Slovakia in January 2018. Edenred appealed the decision of the Administrative Court of Appeal before the civil courts. The procedure is in progress and is expected to last at least until the end of 2018 or longer. The amount of the fine was recognized in the Slovak entity's financial statements in 2017.

Turkish competition litigation

In February 2010, the Turkish competition authorities conducted an investigation into Edenred Turkey and Sodexo Turkey to examine the behavior of these two entities on their market between 2007 and 2010. In July of the same year, this investigation resulted in a decision to close the case without further action by the competition authorities. After examining the application of another market participant seeking the annulment of that decision, the High Court of Justice ruled that the competition authorities had to conduct a full investigation of six market participants in Turkey, including Edenred, on the basis of their respective behavior on the service voucher market between 2007 and 2010. The procedure is expected to last between 12 and 18 months. No contingency provision was booked in the Group's financial statements in 2017.

Moreover, in the normal course of its business, the Group is subject to various existing, pending or future lawsuits, disputes and legal proceedings. To the Company's knowledge, as of the date of this document, there are no lawsuits threatening the Company and/or any of its subsidiaries that could have a material impact on the Group's business, results or financial position.

NOTE 11 ADDITIONAL INFORMATION

11.1 Additional information about jointly controlled entities

Not applicable.

11.2 Related-party transactions

For the purpose of applying IAS 24, the Group has identified the following related parties:

- all members of the Executive Committee and of the Board of Directors, and the members of their direct families;
- all companies in which a member of the Executive Committee holds material voting rights;

Companies accounted for by the equity method

Relations between the parent company and its associates are presented on a dedicated line in the consolidated income statement and statement of financial position.

Members of the Executive Committee

Transactions with members of the Executive Committee are disclosed in full in Note 11.3.

Members of the Board of Directors

The only compensation paid to the members of the Board of Directors are the attendance fees. The amount of attendance fees paid to the members of the Board of Directors in respect of 2017 totaled €0.6 million. The Chief Executive Officer does not receive any attendance fees; his compensation is disclosed in Note 11.3.

11.3 Compensation paid to key management staff

(in € millions)	DECEMBER 2017	DECEMBER 2016
Short-term benefits	11	11
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	3
Share-based payments	5	6
TOTAL COMPENSATION	**16**	**20**

11.4 Statutory Auditors' fees

The table below shows the total fees billed by the Statutory Auditors that were recognized in the income statement in respect of the two periods presented:

	DELOITTE & ASSOCIÉS				ERNST & YOUNG			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
(in € millions)	**December 2017**	December 2016	**December 2017**	December 2016	**December 2017**	December 2016	**December 2017**	December 2016
FEES PAID TO THE STATUTORY AUDITORS FOR CERTIFYING THE FINANCIAL STATEMENTS								
• Issuer	(1)	(0.5)	0	25%	(0)	(0.3)	0	21%
• Fully consolidated subsidiaries	(1.3)	(1.5)	0.5	72%	(1.1)	(0.9)	0.6	68%
SUB-TOTAL	(1.8)	(2.0)	0.8	97%	(1.5)	(1.2)	0.8	89%
FEES PAID TO THE STATUTORY AUDITORS FOR OTHER SERVICES *								
• Issuer	(0.1)	(0.1)	0.0	0.0	(0.1)	-	0.1	-
• Fully consolidated subsidiaries	(0.5)	(0.0)	0.2	0.0	(0.2)	(0.1)	0.1	0.1
SUB-TOTAL	(0.6)	(0.1)	0.2	0.0	(0.3)	(0.1)	0.2	0.1
TOTAL	**(2.4)**	**(2.1)**	**1.0**	**1.0**	**(1.8)**	**(1.3)**	**1.0**	**1.0**

* *In 2017, these fees mainly concern tax and payroll compliance engagements, as well as buy-side due diligence.*

11.5 Off-balance sheet commitments

Off-balance sheet commitments given

Off-balance sheet commitments amounted to €252 million at December 31, 2017, versus €187 million a year earlier.

At December 31, 2017, off-balance sheet commitments broke down as follows:

	DECEMBER 2017				
(in € millions)	<1 YEAR	>1 YEAR <5 YEARS	>5 YEARS	TOTAL	DECEMBER 2016
Voucher sale guarantees given to the public sector	25	47	6	78	50
Bank bonds issued in Brazil	8	0	6	14	15
Bail bond issued within the framework of tax litigation on municipal tax in Brazil (ISS)	0	0	92	92	89
Capital commitments given to the Partech VI investment fund	5	5	0	10	11
Purchase commitments	0	0	0	0	0
Bid bond issued in Venezuela	0	0	0	0	0
SUB-TOTAL	38	52	103	193	165
Other *	22	33	4	59	22
TOTAL OFF-BALANCE SHEET COMMITMENTS GIVEN	**60**	**85**	**107**	**252**	**187**

* *Mainly comprising rental commitments and deposits.*

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

Off-balance sheet commitments received

Off-balance sheet commitments received from third parties at December 31, 2017 amounted to €5 million. They consisted mainly in guarantees received from clients in Brazil in exchange for post-payment facilities granted by *Repom* for the same amount.

11.6 Exchange rates

			2017		2016	
			CLOSING RATE DEC. 31, 2017	AVERAGE RATE	CLOSING RATE DEC. 31, 2016	AVERAGE RATE
ISO CODE	CURRENCY	COUNTRY	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS	Peso	Argentina	22.33	18.74	16.74	16.33
BRL	Real	Brazil	3.97	3.60	3.43	3.86
USD	Dollar	United States	1.20	1.13	1.05	1.11
MXN	Peso	Mexico	23.66	21.33	21.77	20.65
RON	Leu	Romania	4.66	4.57	4.54	4.49
GBP	Pound Sterling	United Kingdom	0.89	0.88	0.86	0.82
SEK	Krona	Sweden	9.84	9.64	9.55	9.47
CZK	Krona	Czech Republic	25.54	26.33	27.02	27.03
TRY	Lira	Turkey	4.55	4.12	3.71	3.34
VEF *	Bolivar	Venezuela	4,006.64	2,410.43	709.32	545.09

* *See Note 3.1 "Change of the bolivar fuerte exchange rate in 2016 and 2017".*

NOTE 12 LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2017

	COMPANIES	COUNTRIES		METHOD	INTERESTS HELD *(IN%)*
FRANCE					
	Conecs	France		EQ	25
	Edenred Corporate Paiement France	France		Glob.	100
	Edenred France	France		Glob.	100
	Edenred Paiement	France		Glob.	100
	Fair Fuel	France	New In Scope	EQ	23.53
	Fleet Pro	France		Glob.	67.6
	Fuel Card A	France	New In Scope	Glob.	100
	La Compagnie des Cartes Carburants	France		Glob.	69.2
	Proweb CE	France		Glob.	71.38
	PWCE Participations	France		Glob.	71.38
	Servicarte	France		Glob.	100
	UTA France S.a.r.l.	France	New In Scope (Subgroup UTA)	Glob.	66
EUROPE EXCLUDING FRANCE					
	Edenred Austria	Austria		Glob.	100
	UTA Austria	Austria	New In Scope (Subgroup UTA)	Glob.	66
	Edenred Belgium	Belgium		Glob.	100
	Luncheck	Belgium		Glob.	99.99
	Award Services	Belgium		Glob.	100
	Edenred Bulgaria	Bulgarie		Glob.	50
	UTA Czech	Czech Republic	New In Scope (Subgroup UTA)	Glob.	66
	Edenred CZ	Czech Republic		Glob.	100
	Edenred Production Center	Czech Republic	New In Scope	Glob.	100
	Nikosax A/S	Denmark	New In Scope (Subgroup UTA)	Glob.	66
	Edenred Finland	Finland		Glob.	100
	Ages Maut System Gmbh &Co KG	Germany	New In Scope (Subgroup UTA)	EQ	10.96
	Ages International Gmbh & Co KG	Germany	New In Scope (Subgroup UTA)	EQ	10.96
	Edenred Deutschland	Germany		Glob.	100
	Edenred Incentive & Rewards	Germany		Glob.	100
	Edenred Vouchers	Germany		Glob.	100
	Edenred Tankkarten *	Germany		Glob.	100
	Union Tank Eckstein Gmbh & Co. KG	Germany	New In Scope (Subgroup UTA)	Glob.	66
	Itemion KG	Germany	New In Scope (Subgroup UTA)	Glob.	66
	UTA GmbH	Germany	New In Scope (Subgroup UTA)	Glob.	66
	Itemion Verwaltungs GmbH	Germany	New In Scope (Subgroup UTA)	Glob.	66
	Mercedes Service Card GmbH & Co KG	Germany	New In Scope (Subgroup UTA)	EQ	32.34
	Mercedes Service Card Beteiligungs GmbH	Germany	New In Scope (Subgroup UTA)	EQ	32.34

COMPANIES	COUNTRIES		METHOD	INTERESTS HELD *(IN%)*
Vouchers Services	Greece		Glob.	51
UTA Magyarország Kft.	Hungary	New In Scope (Subgroup UTA)	Glob.	66
Nikosax HU	Hungary	New In Scope (Subgroup UTA)	Glob.	66
Edenred Magyarország	Hungary		Glob.	100
UTA Italia	Italy	New In Scope (Subgroup UTA)	Glob.	66
Edenred Italia	Italy		Glob.	100
Edenred Italia Financiera S.r.l	Italy		Glob.	100
Edenred Luxembourg	Luxembourg		Glob.	100
Cube RE	Luxembourg		Glob.	100
Daripod Holding S.a.r.l *	Luxembourg		Glob.	50
Edenred MD S.r.l	Moldova	New In Scope	Glob.	100
UTA Nederland B.V.	Netherlands	New In Scope (Subgroup UTA)	Glob.	66
Edenred Nederland	Netherlands		Glob.	100
Nikosax PL	Poland	New In Scope (Subgroup UTA)	Glob.	66
UTA Polska	Poland	New In Scope (Subgroup UTA)	EQ	33
Edenred Polska	Poland		Glob.	99.995
Edenred Portugal	Portugal		Glob.	50
One Card	Portugal	New In Scope	Glob.	48.44
UTA Romania Services	Romania	New In Scope (Subgroup UTA)	Glob.	66
Edenred Romania	Romania		Glob.	94.83
Daripodarki	Russia		Glob.	50
Edenred Slovakia	Slovakia		Glob.	100
Vaša Slovenko	Slovakia	New In Scope	Glob.	100
UTA España	Spain	New In Scope (Subgroup UTA)	Glob.	66
Nikosax España	Spain	New In Scope	Glob.	66
Edenred España	Spain		Glob.	100
Edenred Sweden	Sweden		Glob.	100
Delicard Group AB	Sweden		Glob.	100
UTA Tank AG	Switzerland	New In Scope (Subgroup UTA)	Glob.	66
UTA Freight UK Ltd	United Kingdom	New In Scope (Subgroup UTA)	Glob.	66
Edenred UK	United Kingdom		Glob.	100
Edenred Incentives & Motivation	United Kingdom		Glob.	100
Edenred Travel	United Kingdom		Glob.	100
Edenred Employee Benefits	United Kingdom		Glob.	100
Cleanway	United Kingdom		Glob.	100
Luncheon Vouchers Catering Education Trust	United Kingdom		Glob.	100
ChildCare Vouchers	United Kingdom		Glob.	100
Prepay Technologies Cleanway	United Kingdom		Glob.	70.45
Edenred Corporate Payment UK	United Kingdom	New In Scope	Glob.	100

	COMPANIES	COUNTRIES		METHOD	INTERESTS HELD *(IN%)*
LATIN AMERICA					
	Edenred Argentina	Argentina		Glob.	100
	Soporte Servicios *	Argentina		Glob.	100
	GLOG Servicos De Gestao de distribuicao	Brazil		Glob.	99.99
	Ticket Serviços	Brazil		Glob.	100
	Ticketseg	Brazil		Glob.	100
	Edenred Brasil Participações *	Brazil		Glob.	100
	Accentiv' Serviços Tecnologica Da informaçao	Brazil		Glob.	100
	Ticket Serviços Participações *	Brazil		Glob.	100
	Ticket Log	Brazil		Glob.	65
	B2B Comercio Electronico de Paces	Brazil		Glob.	36
	Repom S.A	Brazil		Glob.	40.3
	Topazio Cartoes	Brazil	New In Scope	Glob.	48.47
	Edenred Chile	Chile		Glob.	74.35
	Servicios Empresariales de Colombia S.A.	Colombia		Glob.	100
	Big Pass	Colombia		Glob.	100
	Nectar Holdings	Costa Rica	New In Scope	EQ	30
	Operadora de Programas de Abasto Multiple SA de CV	Mexico		Glob.	100
	Edenred Mexico	Mexico		Glob.	100
	Sinergel	Mexico		Glob.	100
	Vales y Monederos Electronicos Puntoclave	Mexico		Glob.	100
	Merchant Services de Mexico S.A. de C.V.	Mexico		Glob.	100
	Servicios Y Soluciones Empresariales Ticket Edenred	Mexico		Glob.	100
	Servicios Edenred	Mexico		Glob.	100
	Sedesa	Mexico		EQ	20
	Nectar Technology	Nicaragua	New In Scope	Glob.	51
	Edenred Panama	Panama		Glob.	100
	Edenred Peru	Peru		Glob.	67
	Westwell Group *	Uruguay		Glob.	100
	Luncheon Tickets	Uruguay		Glob.	100
	Uniticket	Uruguay		Glob.	100
	Cestaticket Services	Venezuela		Glob.	57
	Inversiones Quattro Venezuela	Venezuela		Glob.	100
	Inversiones Cinq Venezuela	Venezuela		Glob.	100
	Inversiones Huit Venezuela	Venezuela		Glob.	100
	Inversiones Neuf Venezuela	Venezuela		Glob.	100
	Inversiones Dix Venezuela	Venezuela		Glob.	100
	Inversiones Onze 2040	Venezuela		Glob.	100

	COMPANIES	COUNTRIES	METHOD	INTERESTS HELD *(IN%)*
	Inversiones Douze Venezuela	Venezuela	Glob.	100
	Inversiones Quatorze	Venezuela	Glob.	100
	Inversiones Quinze 1090	Venezuela	Glob.	100
	Inversiones Seize 30	Venezuela	Glob.	100
	Cestaticket Services	Venezuela	Glob.	57
REST OF THE WORLD				
	Beijing Surfgold Technology	China	Glob.	100
	Accentiv' Shangai Company	China	Glob.	100
	Edenred India	India	Glob.	100
	Surfgold.com India	India	Glob.	100
	SRI Ganesh Hospitality Services Private Ltd *	India	Glob.	100
	Edenred Japan	Japan	Glob.	100
	Edenred SAL	Lebanon	Glob.	80
	Cardtrend System Sdn Bhd	Malaisya	Glob.	100
	Edenred Morocco	Morocco	Glob.	83.67
	Edenred PTE	Singapore	Glob.	100
	Edenred PTE Ltd. Taïwan Branch	Taïwan	Glob.	100
	Edenred Kurumsal Cozumler	Turkey	Glob.	100
	Network Servisleri	Turkey	Glob.	50
	Accentiv Hediye Ve Danismanlik Hizmetleri	Turkey	Glob.	100
	Edenred Ödeme Hizmetleri	Turkey	Glob.	100
	C3 Card International	United Arab Emirates	Glob.	50
	C3 Card FZ LLC	United Arab Emirates	Glob.	50
	C3 Edenred LLC	United Arab Emirates	Glob.	24.5
	Edenred North America	United States	Glob.	100
	Edenred Commuter Benefits Solution	United States	Glob.	100
	NutriSavings LLC	United States	Glob.	100
	Edenred Vietnam	Vietnam	Glob.	95
WORLD STRUCTURES				
	ASM *	France	Glob.	100
	Saminvest *	France	Glob.	100
	GABC *	France	Glob.	100
	Veninvest Quattro *	France	Glob.	100
	Veninvest Cinq *	France	Glob.	100
	Veninvest Huit *	France	Glob.	100
	Veninvest Neuf *	France	Glob.	100
	Veninvest Onze *	France	Glob.	100
	Veninvest Douze *	France	Glob.	100
	Veninvest Quatorze *	France	Glob.	100
	Veninvest Quinze *	France	Glob.	100
	Veninvest Seize *	France	Glob.	100

Glob: Full Consolidation Method.
EQ: Equity Method.
* *Holding.*

NOTE 13 UPDATE ON ACCOUNTING STANDARDS

13.1 Main expected impacts of applying IFRS 15 (Revenue from contracts with customers)

IFRS 15 will be applicable from January 1, 2018. The Group has chosen to adopt the full retrospective approach to applying the new standard. This approach consists of restating the 2017 comparative information presented in the 2018 financial statements in accordance with IFRS 15 and recognizing the transition impact in opening equity at January 1, 2017. The restatement will permit direct comparisons between 2018 and 2017 data.

The main expected impact of applying IFRS 15 will be to defer the recognition date for a portion of revenue from Employee Benefits and Incentive & Rewards business due to the new standard's definition of performance obligations and the point at which revenue is recognized.

As the delay will give rise to a recurring temporary difference, the Group does not expect the application of IFRS 15 to have a material impact on opening equity at January 1, 2017 (less than 6% of total equity) or on 2017 revenue and operating profit (less than 1% of annual revenue and 2% of operating profit).

The impact on revenue for each quarter of 2017 may be proportionately greater than the full-year impact (although still not material) due to the seasonal nature of the business.

Details of the restated amounts will be provided in the first-quarter 2018 revenue release.

13.2 Main expected impacts of applying IFRS 9 (Financial instruments)

IFRS 9 will be applicable from January 1, 2018. The Group has chosen to apply the new standard retrospectively from January 1, 2018, without restating 2017 comparative information. The transition impact will therefore be recognized in opening equity at January 1, 2018. The Group has decided to apply the hedge accounting provisions of IFRS 9.

The main expected impacts of applying the new standard concern:

- provisions for impairment of financial assets (especially commercial receivables);
- the March 2015 debt swap.

Concerning provisions for impairment of financial assets, application of IFRS 9 will lead to provisions for impairment being recognized as soon as the instruments are originated.

The analyses in the process of being finalized have not revealed any material impact of applying IFRS 9 on the classification and measurement of financial assets or on the hedge accounting method currently applied.

13.3 Standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2017

Standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2017 came into effect on that date.

STANDARD	NAME	SUMMARY	POTENTIAL IMPACT ON EDENRED'S FINANCIAL STATEMENTS
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	The amendment clarifies how to determine taxable profits of future periods	No material impact
IAS 7	Disclosure Initiative	The amendments state that changes in liabilities arising on financing activities must be disclosed separately from changes in other assets and liabilities, whether they are linked to cash flows or not	Edenred's statement of cash flows contains a section on financing activities
IFRS 12	Annual Improvements 2014-2016 Cycle	The amendment relates to whether the disclosure requirements in IFRS 12 apply to an entity's interests in other entities when those interests are classified as held for sale or discontinued operations in accordance with IFRS 5 – Non-Current Assets Held for Sale or Discontinued Operations.	Not applicable

The application of these standards had no material impact on the periods presented.

13.4 Standards, amendments and interpretations optional for reporting periods beginning on or after January 1, 2017

Edenred has not chosen to early adopt the following standards, amendments and interpretations, which were adopted by the European Union as of December 31, 2017 and are applicable for annual periods beginning on or after January 1, 2017:

STANDARD	TYPE	NAME	EU APPLICATION DATE	SUMMARY	POTENTIAL IMPACT ON EDENRED'S FINANCIAL STATEMENTS
IFRS 9	New standard	Financial Instruments	See below	IFRS 9 finalizes the first of three steps in the IASB project on financial instruments, replacing IAS 39 – Financial Instruments: Recognition and Measurement	No material impact expected
IFRS 14	New standard	Regulatory Deferral Accounts	Not applicable **	IFRS 14 aims to improve the comparability of financial information for entities who provide rate-regulated goods or services	Since the Group already applies IFRS standards, it is not in the scope of IFRS 14
IFRS 15	New standard	Revenue From Contracts With Customers	January 1, 2018	IFRS 15 introduces a single model for recognizing revenue from contracts with customers	The Group has started analyzing the standard in order to define an action plan to address the requirements and challenges (see below for more details)
IFRS 16	New standard	Leases	January 1, 2019	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases	The standard and potential impacts are under analysis
IFRS 2	Amendment	Classification and Measurement of Share-based Payment Transactions	January 1, 2018	The aim of the amendment is to clarify the classification of share-based payment transactions with a net settlement feature for withholding tax obligations	No material impact expected
IFRS Annual Improvements	Amendment	2014-2016 Cycle	January 1, 2018	Two standards are within the scope: 1) IFRS 1 – First-Time Adoption of International Financial Reporting Standards: Deletion of Short-Term Exemptions for First-Time Adopters 2) IAS 28 – Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value	The potential impacts are under analysis

NOTE 14 GLOSSARY

14.1 Operating revenue

Operating revenue corresponds to revenue from (i) the voucher business managed by Edenred and (ii) value-added services such as incentive programs, human services and event-related services. It corresponds to the amount billed to the client company and is recognized on delivery of the solutions.

14.2 Financial revenue

Financial revenue is interest generated by investing cash over the period between:

- the issue date and the reimbursement date for prepaid vouchers; and
- the loading date and the redeeming date for prepaid cards.

The interest represents a component of operating revenue and as such is included in the determination of revenue.

14.3 EBIT

This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating and financial) less operating expenses, depreciation, amortization (mainly intangible assets, internally generated or acquired assets) and non-operating provisions. It is used as the benchmark for determining senior management and other executive compensation as it reflects the economic performance of the business.

EBIT excludes the share of net profit from equity-accounted companies and excludes the other income and expenses booked in the "Operating profit including share of net profit from equity-accounted companies".

14.4 Consolidated statements of cash flows

The statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- funds from operations before other income and expenses (FFO);
- cash received and paid in relation to other income and expenses;
- changes in working capital;
- changes in restricted cash.

Cash flows from investing activities include:

- recurring expenditure to maintain in a good state of repair or to replace operating assets held at January 1 of each year and required for normal operations;
- development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- proceeds from disposals of assets.

Cash flows from financing activities include:

- changes in equity;
- changes in debt;
- dividend payments;
- purchases/sales of treasury shares;
- acquisition of non-controlling interests.

14.5 Like-for-like growth

Like-for-like growth corresponds to organic growth, that is, growth at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Changes in activity (like-for-like or organic growth) represent changes in amounts between the current period and the comparative period, adjusted for currency effects and for the impact of acquisitions and/or disposals.

The impact of acquisitions is eliminated from the amount reported for the current period and changes in activity are calculated in relation to this adjusted amount for the current period.

The impact of disposals is eliminated from the amount reported for the comparative period and changes in activity are calculated in relation to this adjusted amount for the comparative period.

The changes in activity thus calculated are translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

4.3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Edenred Shareholders' Meeting

1. OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Edenred for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2017 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 and Risk Committee.

2. 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 those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independance

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

3. 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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of shares and loans and advances to subsidiaries and affiliates

Risk identified

As of December 31, 2017, shares in subsidiaries and affiliates (including loans and advances) amount to €3,967 million (net value), or 87% of total assets. These shares are initially booked at their acquisition cost or contribution cost and are, as the case may be, impaired to their recoverable amount which is the higher value between the market value and the value in use.

As stated in the Note 1.2 of the financial statements:

- The market value is the amount which could have been obtained from the sale of the asset at the closing date and with normal market conditions;
- The value in use is based on management judgment and use of assumptions. It is determined according to a multi-criteria analysis taking into account, in particular, the share of shareholders' equity of the company or other criteria for assessment, such as economic circumstances in affected countries, application of earnings before interest tax depreciation and amortization (EBITDA) multiples or current and projected profitability of the subsidiary concerned by the use of an enterprise value from projected cash flows, long-term growth and discount rates.

In this context, due to the value in use sensitivity to the change in above assumptions, we considered the correct valuation of shares and loans and advances to subsidiaries and affiliates to be a key audit matter.

Our response

To assess the estimated value of shares and loans and advances to subsidiaries and affiliates are appropriate, our procedures mainly consisted in:

- assessing the principles and methods to determine the value in use (shares in shareholders' equity, EBITDA multiples, projected cash flows);
- reviewing that the adopted shareholders' equity is consistent with the data by entity;
- reviewing the adopted EBITDA multiples and their documentation compared to available market data;
- assessing, with our experts in valuation, that the adopted long-term growth and discount rates are appropriate for the valuations based on future cash flows compared to the macro-economic data available at the closing date;
- supporting, through interviews with Management, the main data and assumptions on which are based the operating estimates underlying the cash flows used in the valuation models, notably by comparing the estimates and the projections of prior periods with the actuals figures.

We also considered that Note 1.2 to the financial statements gives appropriate disclosure.

4. VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the Management Report and in the Other Documents Provided to the Shareholders with respect to the 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 management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-31 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Edenred by the Shareholders' Meeting of Friday, April 9, 2010 for DELOITTE & ASSOCIÉS and Wednesday, May 4, 2016 for ERNST & YOUNG Audit

As of December 31, 2017, DELOITTE & ASSOCIÉS was in its 8th year of uninterrupted engagement and ERNST & YOUNG Audit in its 2nd year.

6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

7. STATUTORY AUDITORS' RESPONSIBILITIES FOR 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 from 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 of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk 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, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-sur-Seine, March 12, 2018
The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIÉS**
Philippe DIU	Patrick E. SUISSA

4.4 PARENT COMPANY FINANCIAL STATEMENTS AND NOTES

4.4.1 BALANCE SHEET AT DECEMBER 31, 2017

Assets

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
FIXED ASSETS			
Intangible assets			
Licenses, trademarks and rights of use	(2-3)	1	1
Other intangible assets	(2-3)	14	14
Total intangible assets		*15*	*15*
Property and equipment			
Machinery and equipment		-	-
Other property and equipment	(2-3)	1	1
Assets under construction		-	-
Total property and equipment		*1*	*1*
Investments			
Shares in subsidiaries and affiliates	(2-6-7-17-24)	2,346	2,382
Loans and advances to subsidiaries and affiliates	(2-5-7-16-17)	1,621	1,712
Other investments	(2)	51	51
Total investments		**4,018**	**4,145**
TOTAL FIXED ASSETS		4,034	4,161
CURRENT ASSETS			
Inventories		**-**	**-**
Prepayments to suppliers		-	-
Receivables			
Trade receivables	(4-7-16-17)	26	10
Other receivables	(4-7-16)	119	147
Cash and cash equivalents			
Marketable securities	(8)	283	137
Cash		6	203
TOTAL CURRENT ASSETS		434	497
ACCRUALS AND OTHER ASSETS			
Prepaid expenses	(9-16)	2	1
Deferred charges	(9)	27	29
Bond redemption premiums	(9)	10	5
Conversion differences	(10)	49	48
TOTAL ACCRUALS AND OTHER ASSETS		88	83
TOTAL ASSETS		**4,556**	**4,741**

Liabilities and shareholders' equity

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
SHAREHOLDERS' EQUITY			
Issued capital		471	467
Additional paid-in capital		697	682
Legal reserve		47	46
Untaxed reserves		-	-
Other reserves		-	-
Retained earnings		215	153
Net profit for the year		5	207
Untaxed provisions		2	2
TOTAL SHAREHOLDERS' EQUITY	(13)	1,437	1,557
PROVISIONS			
Provisions for contingencies	(7)	32	26
Provisions for charges	(7)	24	20
TOTAL PROVISIONS		56	46
LIABILITIES			
Bonds	(15)	1,728	1,743
Bank borrowings	(15)	59	1
Other borrowings	(15-17)	1,225	1,349
Trade payables	(15)	13	9
Accrued taxes and payroll costs	(15)	13	10
Due to suppliers of fixed assets	(15)	-	-
Other liabilities	(15)	1	1
TOTAL LIABILITIES	(15)	3,039	3,113
ACCRUALS AND OTHER LIABILITIES			
Deferred income	(15)	-	-
Conversion differences	(10)	24	25
TOTAL ACCRUALS AND OTHER LIABILITIES		24	25
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,556**	**4,741**

4.4.2 INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
OPERATING REVENUE			
Sales of goods and services		51	30
Net revenue	**(18)**	**51**	**30**
Own work capitalized		6	7
Reversals of depreciation, amortization and provisions and expense transfers		15	13
Other income		36	32
TOTAL OPERATING INCOME		108	82
OPERATING EXPENSES			
Purchases of goods for resale		-	-
Purchases of raw materials and supplies		-	-
Other purchases and external charges		55	46
Taxes other than on income		4	4
Wages and salaries		22	21
Payroll taxes		17	13
Depreciation, amortization and provision expense			
Depreciation and amortization of fixed assets	(3)	4	4
Additions to provisions for impairment of fixed assets	(7)		-
Additions to provisions for impairment of current assets	(7)	4	5
Additions to provisions for contingencies and charges	(7)	12	12
Other expenses	(7)	1	1
TOTAL OPERATING EXPENSES		119	106
OPERATING LOSS		**(11)**	**(24)**
FINANCIAL INCOME	(20)		
Income from investments in subsidiaries and affiliates	(17)	76	224
Income from investment securities and long-term loans		-	-
Other interest income	(17)	14	10
Financial provision reversals and expense transfers		16	47
Foreign exchange gains		-	4
TOTAL FINANCIAL INCOME	(20)	106	285
FINANCIAL EXPENSES			
Additions to financial amortization and provisions		56	11
Interest expense	(17)	57	58
Foreign exchange losses		-	3
TOTAL FINANCIAL EXPENSES	(20)	113	72
NET FINANCIAL INCOME (LOSS)		**(7)**	**213**
RECURRING PROFIT (LOSS) BEFORE TAX		(18)	190
NON-RECURRING INCOME			
Non-recurring income on revenue transactions		-	-
Non-recurring income on capital transactions		3	31
Non-recurring provision reversals and expense transfers		12	4
TOTAL NON-RECURRING INCOME		15	35
NON-RECURRING EXPENSES			
Non-recurring expenses on revenue transactions		-	-
Non-recurring expenses on capital transactions		9	6
Non-recurring additions to depreciation, amortization and provisions		12	14

(in € millions)	NOTES	DECEMBER 2017	DECEMBER 2016
TOTAL NON-RECURRING EXPENSES		21	20
NET NON-RECURRING INCOME (EXPENSE)	(21)	**(6)**	**15**
Income tax expense	(22)	29	2
TOTAL INCOME		258	404
TOTAL EXPENSES		253	198
NET PROFIT		**5**	**207**

The financial statements are presented in euro millions.

The notes below relate to the balance sheet as of December 31, 2017, which shows total assets of €4,556 million, and to the 2017 income statement, which shows a net profit for the year of €5 million before appropriation of profit for the year.

The financial statements cover the 12-month period from January 1 to December 31, 2017.

Edenred SA's individual financial statements are included in the consolidated financial statements of the Edenred Group. Edenred SA is the consolidating entity for the Edenred Group.

The preparation of financial statements requires the use of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments used by management in the preparation of these financial statements relate to the valuation and useful lives of intangible assets and investments, as well as the amount of provisions for claims, litigation and contingencies and the assumptions underlying the calculation of pension obligations.

The main assumptions applied by the Company are presented in the relevant notes to the financial statements.

Significant events

Payment of the dividend

At the Annual Shareholders Meeting on May 4, 2017, Edenred shareholders approved the payment of a 2016 dividend of €0.62 per share, with the option of reinvesting 50% of the dividend in new shares.

The reinvestment period, which ran from May 12, 2017 to June 2, 2017, led to the issue of 1,722,895 new shares of Edenred common stock, representing 0.74% of the share capital, which were settled and began trading on the Euronext Paris stock market on June 15, 2017.

The new shares carry dividend rights from January 1, 2017 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprises 235,402,740 shares.

The total dividend amounts to €144 million: dividends paid in cash amount to €109 million (this corresponds to 50% of the 2016 dividend paid in cash for €72 million and €37 million paid to shareholders who decided not to reinvest) and dividends paid in new shares of Edenred common stock amount to €35 million.

The total cash dividend, in an amount of €109 million, was paid on June 15, 2017.

Financing transaction

On March 30, 2017, Edenred placed a bond issue of €500 million worth of 10-year 1.875% bonds.

The proceeds from the issue contributed mainly to repaying the €510 million 3.625% bond issue due in October 2017.

The bond issue extended the average maturity of Edenred's debt to 6.0 years from 4.4 years at December 31, 2016, and reduced its average cost of debt to 1.8% versus 2.5% at December 31, 2016.

Edenred has a well-balanced debt profile, with no major repayment obligations until 2025.

At December 31, 2017, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2022. This facility will be used for general corporate purposes.

On July 6, 2017, the maturity of the €700 million syndicated credit facility expiring on July 21, 2021 was extended by one year, in line with the option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until July 2022.

As of December 31, 2017, gross debt amounts to €1,725 million.

Exceptional tax benefit corresponding to the claims for refunds of the 3% tax paid on distributed earnings

From 2015 to 2017, Edenred SA filed claims with the French tax authorities aimed at obtaining a refund of the 3% tax paid in the years 2013 to 2017 on dividends distributed to shareholders, representing a total claim of €21 million before interest.

Following a decision handed down on October 6, 2017, France's Conseil Constitutionnel (constitutional council) ruled that the 3% tax was unconstitutional. The Company therefore recognized an exceptional net tax benefit of €21 million in its 2017 financial statements. This amount corresponds to tax claims plus late interest (€24 million) on the one hand and the 3% tax paid for 2017 (€3 million) on the other.

Tax audit

Edenred SA is currently the subject of a tax audit covering the period 2014 to 2016.

In December 2017, the tax authorities notified the Company of a proposed reassessment of the tax paid in 2014, on the grounds that the brand royalties billed to the Brazilian subsidiaries were understated and were not on arm's length terms. The amounts involved for 2014 represent approximately €10 million, including a royalty uplift, late interest for the period to December 31, 2017 and penalties. Based on the opinion of its tax advisers, the Company believes that it has solid arguments in its defense. Therefore, the Company has not set aside a related provision.

4.4.3 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with ANC Regulation 2016-07. There have been no changes in the accounting methods used for the periods presented compared with the previous year.

The main accounting policies used are as follows:

1.1 Intangible assets, property and equipment

Intangible assets, property and equipment are stated at cost (including incidental expenses) or contributed value.

They are amortized or depreciated on a straight-line basis over their estimated useful lives, as follows:

- software is amortized over two to five years;
- licenses are amortized over three to five years;
- office and computer equipment are depreciated over three to ten years.

Software development costs are recognized as intangible assets in accordance with the recommended method (PCG, Article 361-1). They are amortized over their period of use, ranging from five to ten years, depending on the number of Group units that use the application.

Complementary depreciation and amortization due to the application of the fiscal declining balance method is accounted for by way of derogation as a non-recurring expense.

1.2 Investments

Shares in subsidiaries and affiliates are stated at cost or contributed value. Transaction costs on these assets are recorded in the income statement.

At each year-end, the Company determines whether there are any indications that the investments are impaired. The main indications are:

- below-forecast performances;
- a steep fall in revenue and profit.

If there is any indication of a loss of value, the asset is impaired in order to align its acquisition cost or its contributed value with the actual value. The actual value is the highest value between market value and value in use. The market value corresponds to the amount that could be obtained for the sale of the asset at the closing date in normal market conditions.

Value in use is determined by analyzing multiple criteria, taking into account in particular the Company's share of the investee's net assets or other assessment criteria, such as the economic environment in the country, the application of EBITDA multiples, or the investee's current and forecast profitability using enterprise value obtained by projecting future cash flows, less net debt for the investee.

Where appropriate, an impairment loss is recorded for the shares and then for receivables linked to investments, loans and advances to the investee and, when necessary, a provision for contingencies is also recorded to cover the Company's share of the investee's negative net worth. Impairment losses may be reversed in subsequent periods if the investee's financial position improves. The carrying amount of the investee's share should be limited to its acquisition cost or contributed value. In the event of a partial sale of a portfolio of securities carrying the same rights, the acquisition cost of the retained securities is estimated by the weighted average cost method or by the FIFO method, which presumes that the retained securities were acquired after those that were sold.

In accordance with the French Regulation ANC 2015-06 published on November 29, 2015, technical losses on mergers are booked in the balance sheet under "Other investments" and receive the same treatment for valuation and amortization described above.

1.3 Receivables

Receivables are stated at their nominal value. They are impaired when it is likely that their carrying amount will not be recovered in full.

1.4 Marketable securities

Marketable securities are booked at their acquisition cost. When there is an indication of loss of value, impairment is recorded as necessary based on the market value at the end of the period.

1.5 Revenue

Revenue corresponds to fees invoiced to subsidiaries under the Master Services Agreement. Other service revenues correspond to fees invoiced to subsidiaries for the secondment of staff, IT services and loan guarantees.

1.6 Other income

Other income corresponds to brand license fees invoiced to subsidiaries.

1.7 Provisions for retirement

Managers and employees are paid a length-of-service award on retirement and various long-service awards during their career with the Company.

A provision is recorded for the Company's liability for these awards, based on the vested rights of managers and employees at the balance sheet date, in accordance with ANC Recommendation 2013-02.

The provision is determined using the projected unit credit method and includes payroll taxes.

Actuarial gains and losses on retirement benefit obligations are recognized directly in the income statement.

1.8 Debt

Debt issuance costs are initially recognized in deferred charges and are amortized over the lifespan of the debt using the effective interest method. Bond issue premiums are also amortized over the lifespan of the debt.

If all or part of the debt is repaid early, the issue costs and premiums are amortized on an accelerated basis.

1.9 Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate prevailing on the transaction date.

Foreign currency receivables, payables and cash balances are converted at the year-end rate.

Conversion differences are recognized in assets or liabilities.

A provision is recorded for unrealized conversion losses that are not hedged.

1.10 Currency risks

Currency risks that arise when converting euro cash reserves into foreign currencies, in order to meet part of the financing needs of foreign subsidiaries, are hedged by swaps with the same maturities as the loans to subsidiaries. Unrealized exchange gains and losses are recorded in the balance sheet under "Conversion differences".

1.11 Stock option plans and performance share plans

Stock option plans

In application of France's *Plan Comptable Général* statutory chart of accounts, the Company recognizes a liability to cover the amount of probable outflow of economic resources when obligations under the plan will be satisfied by allocating existing shares. No liability is recognized as newly issued shares are allocated under these plans.

Performance share plans

Since 2013, Edenred SA has been buying back on the market the number of shares to be allocated to employees who are French tax residents under each share grant plan. A provision for the cost of the plans was recorded in the financial statements for the year ended December 31, 2017.

1.12 Non-recurring income and expenses

This item corresponds mainly to:

- restructuring costs, *i.e.*, costs arising on restructuring operations initiated by the Company;
- gains and losses on disposals of fixed assets, and non-operating provisions, gains and losses.

Non-recurring items are not directly related to the Company's ordinary operations.

1.13 Income tax

Edenred SA pays taxes under the Group relief system introduced in the French Act of December 31, 1987. Under certain circumstances, it allows the tax losses of tax group members to be set off against the taxable profits of other members. The applicable tax rules are set out in Articles 223 A *et seq*. of the French General Tax Code (*Code général des impôts*).

Under this system, each tax group member records the tax that it would have paid if it had been taxed on a stand-alone basis. The benefit or expense arising from applying the Group relief system is recorded in full in the accounts of Edenred SA.

NOTE 2 FIXED ASSETS AT DECEMBER 31, 2017

ITEMS

(in € millions)	COST AT JANUARY 1, 2017	ACQUISITIONS, CREATIONS AND INTER-ITEM TRANSFERS	RETIREMENTS, DISPOSALS AND INTER-ITEM TRANSFERS	OTHER	COST AT DECEMBER 31, 2017
INTANGIBLE ASSETS					
Trademarks and rights of use	0				-
Licenses, purchased software	17	1	-	-	18
Other intangible assets [(1)]	20	7		-	27
Intangible assets in process [(1)]	3	2	(3)	-	2
TOTAL INTANGIBLE ASSETS	40	10	(3)	-	47
PROPERTY AND EQUIPMENT					
Machinery and equipment	-				-
Other property and equipment	4			-	4
Assets under construction	-			-	-
Prepayments	-			-	-
TOTAL PROPERTY AND EQUIPMENT	4	-	-	-	4
INVESTMENTS					
Shares in subsidiaries and affiliates [(2)]	2,507	5	(3)	-	2,509
Loans and advances to subsidiaries and affiliates [(3)]	1,714	140	(233)	-	1,621
Other investment securities [(4)]	18	3	(3)	-	18
Other loans	-			-	-
Other investments [(5)]	36	34	(31)	-	39
TOTAL INVESTMENTS	4,275	182	(270)	-	4,187
TOTAL FIXED ASSETS	**4,319**	**192**	**(273)**	**-**	**4,238**

(1) The €6 million difference in these two items is attributable to the implementation of Cloud technology and to the development of Group applications.
(2) See Note 6 for details.
(3) See Note 5 for details.
(4) Related to investments in the following funds: Partech VI, Partech II, Partech International Ventures VII and Partech Africa.
(5) Movements for the period reflect (i) the purchase of Edenred SA's own shares for €34 million, and (ii) the exercise of options awarded under the 2010, 2011 and 2012 plans for a negative €31 million.
At the period-end, the Company held 144,432 of its own shares (not including shares assigned to the liquidity contract or to specific share-based payment plans).
The balance of this item mainly comprises merger losses for €35 million and own shares for €3 million.

NOTE 3 AMORTIZATION AND DEPRECIATION

ITEMS

(in € millions)	COST AT JANUARY 1, 2017	INCREASES	DECREASES	COST AT DECEMBER 31, 2017
INTANGIBLE ASSETS				
Trademarks and rights of use	-			-
Licenses, purchased software	16.4	1.0	-	17.4
Other intangible assets	5.0	2.2	-	7.2
TOTAL AMORTIZATION	21.4	3.2	-	24.6
PROPERTY AND EQUIPMENT				
Machinery and equipment				-
Other property and equipment	3.0	0.4	-	3.4
TOTAL DEPRECIATION	3.0	0.4	-	3.4
TOTAL AMORTIZATION AND DEPRECIATION	**24.4**	**3.6**	**-**	**28.0**

NOTE 4 RECEIVABLES AT DECEMBER 31, 2017

(in € millions)	COST AT DECEMBER 31, 2017	COST AT DECEMBER 31, 2016
PREPAYMENTS TO SUPPLIERS		
Trade receivables	**26**	**10**
Other receivables	**120**	**156**
o/w supplier-related receivables	-	-
o/w recoverable VAT and other taxes	31	5
o/w current accounts with subsidiaries	87	119
o/w other	2	32
TOTAL	**146**	**166**

NOTE 5 LOANS AND ADVANCES TO SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2017

(in € millions)	COST AT JANUARY 1, 2017	INCREASES	DECREASES	OTHER	COST AT DECEMBER 31, 2017
Edenred España	65	-	(22)	-	43
Edenred Belgium	664	-	(102)	-	562
Edenred France	467	-	-	-	467
Edenred Italia	295	-	(101)	-	194
Edenred South Africa	3	-	(3)	-	-
Edenred Tankkarten	168	137	-	-	305
PWC Participation	45	-	(3)	-	42
C3 Card	-	-	-	-	-
Daripodarki	4	-	(1)	-	3
Surgold	-	3	-	-	3
Global Reward	3	-	(1)	-	2
TOTAL	**1,714**	**140**	**(233)**	**-**	**1,621**

NOTE 6 CHANGE IN INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

	AT DECEMBER 31, 2016			BUSINESS ACQUISITIONS AND PURCHASES OF NEWLY ISSUED SHARES, MERGERS		RETIREMENTS, DISPOSALS AND INTER-ITEM TRANSFERS		AT DECEMBER 31, 2017			
COMPANY	NUMBER OF SHARES	AMOUNT *(in € millions)*	% INTEREST	NUMBER OF SHARES	AMOUNT *(in € millions)*	NUMBER OF SHARES	AMOUNT *(in € millions)*	NUMBER OF SHARES	AMOUNT *(in € millions)*	% INTEREST	PROVISIONS *(in € millions)*
Servicarte SAS	39,998	3	100.00%					39,998	3	100.00%	3
Edenred France SAS	29,060,432	642	100.00%					29,060,432	642	100.00%	
Veninvest Quattro	219,654	7	100.00%			-		219,654	7	100.00%	6
Veninvest Cinq	738,131	7	100.00%			(708,085)		30,046	7	100.00%	7
Veninvest Huit	678,947	7	100.00%			(446,788)		232,159	7	100.00%	7
GABC	203	1	100.00%			-		203	1	100.00%	
LCCC	831	1	44.32%					831	1	44.32%	
ASM	19,141,709	306	100.00%					19,141,709	306	100.00%	
Saminvest	12,000	277	60.00%					12,000	277	60.00%	
Veninvest Neuf	559,366	6	100.00%			(474,081)		85,285	6	100.00%	6
Edenred Corporate Payment	500,000	5	100.00%	-	-	-		500,000	5	100.00%	
Veninvest Onze	112,259	5	100.00%			-		112,259	5	100.00%	5
Veninvest Douze	945,388	9	100.00%			(680,333)		265,055	9	100.00%	8
Veninvest Quinze	15,504	5	100.00%			-		15,504	5	100.00%	5
Veninvest Seize	189,308	12	100.00%			-		189,308	12	100.00%	12
Veninvest Quatorze	456,953	5	100.00%					456,953	5	100.00%	4
Zen Chef	12,176	2	15.27%					12,176	2	15.27%	
Edenred Austria GmbH	15,677	2	100.00%					15,677	2	100.00%	
Edenred Belgium	3,538,030	893	100.00%		-			3,538,030	893	100.00%	
Edenred Portugal SA	101,477,601	7	50.00%					101,477,601	7	50.00%	
Edenred Deutschland GmbH (Germany)	16,662,810	27	100.00%					16,662,810	27	100.00%	
Edenred Espana SA (Spain)	90,526	53	99.99%					90,526	53	99.99%	
Edenred Bulgaria AD	16,960	1	50.00%					16,960	1	50.00%	
Westwell Group SA (Uruguay)	1,864,040	2	100.00%					1,864,040	2	100.00%	
Edenred Finland OY	101	7	33.56%					101	7	33.56%	
Edenred Peru SA	603,000	1	67.00%					603,000	1	67.00%	1
Edenred Panama SA	1,250,000	1	100.00%					1,250,000	1	100.00%	1
Edenred Maroc (Morocco)	66,933	3	83.67%	-	-	-		66,933	3	83.67%	2
Edenred India PVT Ltd	23,358,174	14	94.90%					23,358,174	14	94.90%	9
Edenred Singapore Pte Ltd	38,592,589	37	100.00%					38,592,589	37	100.00%	13
Edenred s.a.l (Lebanon)	2,599,997	1	80.00%					2,599,997	1	80.00%	1
Surgold India PVT LVD	21,589,860	11	100.00%					21,589,860	11	100.00%	7
Accentiv' Shanghai Company (China)	650,000	1	100.00%					650,000	1	100.00%	
Edenred Colombia SA	2,435,968	3	97.12%	99,500				2,535,468	3	97.12%	3

	AT DECEMBER 31, 2016			BUSINESS ACQUISITIONS AND PURCHASES OF NEWLY ISSUED SHARES, MERGERS		RETIREMENTS, DISPOSALS AND INTER-ITEM TRANSFERS		AT DECEMBER 31, 2017			
COMPANY	NUMBER OF SHARES	AMOUNT *(in € millions)*	% INTEREST	NUMBER OF SHARES	AMOUNT *(in € millions)*	NUMBER OF SHARES	AMOUNT *(in € millions)*	NUMBER OF SHARES	AMOUNT *(in € millions)*	% INTEREST	PROVISIONS *(in € millions)*
Cestaticket Services C.A. (Venezuela)	3,420,000	16	57.00%					3,420,000	16	57.00%	15
Inversiones Dix Venezuela SA	3,885,514	21	100.00%		-			3,885,514	21	100.00%	21
Big Pass (Colombia)	151,444	13	100.00%					151,444	13	100.00%	4
Edenred Brasil Participacoes SA (Brazil)	425,085	20	8.46%	-	-			425,085	20	8.46%	
Edenred Suisse SA (Switzerland)	2,500	3	100.00%			(2,500)	(3)	-	-	100.00%	-
Edenred Japan CO Ltd	10,100	30	100.00%					10,100	30	100.00%	11
Edenred Polska SP ZO.O (Poland)	18,183	4	5.00%	279,290	4			297,473	8	81.86%	5
Savingstar	1,098,443	4	6.88%					1,098,443	4	6.88%	4
Izicard	48,800	1	41.27%	7,035				55,835	1	41.27%	
Launchpad	4,366	1	13.16%	-				4,366	1	13.16%	
Edenred Partners Capital	50,510	3	10.00%					50,510	3	10.00%	
Edenred Italia SRL (Italy)	101,300	17	1.70%					101,300	17	1.70%	
Edenred UK Group Limited	227,692	3	1.70%					227,692	3	1.70%	
Edenred Sweden AB	1,696	1	1.70%					1,696	1	1.70%	
Edenred Romania SRL	11,411	5	1.70%					11,411	5	1.70%	2
Edenred CZ	230	1	1.70%					230	1	1.70%	
Other Investments [1]	1,823,774	2		27,890	1	(15,945)		1,835,719	3		1
TOTAL	**278,776,173**	**2,507**		**413,715**	**5**	**(2,327,732)**	**(3)**	**276,862,156**	**2,509**		**163**

(1) None of the investments included under this heading represents more than €1 million.

NOTE 7 PROVISIONS AND ASSET IMPAIRMENTS AT DECEMBER 31, 2017

ITEMS *(in € millions)*	AT JANUARY 1, 2017	INCREASES	DECREASES		AT DECEMBER 31, 2017
			SURPLUS PROVISIONS	UTILIZED PROVISIONS	
UNTAXED PROVISIONS					
Excess tax depreciation	2	-			2
TOTAL UNTAXED PROVISIONS	2	-	-	-	2
PROVISIONS FOR CONTINGENCIES					
Claims and litigation	-				-
Foreign exchange losses [1]	23	1			24
Other [2]	3	7	-	(2)	8
TOTAL PROVISIONS FOR CONTINGENCIES	26	8	-	(2)	32
PROVISIONS FOR CHARGES [3]					
Pensions and other post-retirement benefit obligations	12	2	-		14
Taxes	-				-
Other	8	10	(4)	(4)	10
TOTAL PROVISIONS FOR CHARGES	**20**	**12**	**(4)**	**(4)**	**24**
TOTAL PROVISIONS	46	20	(4)	(6)	56
IMPAIRMENTS					
Intangible assets	6	3			9
Property and equipment	-				-
Investments * [4]	130	53	(13)	(3)	167
Trade receivables	-				-
Other receivables * [2]	8	-	(7)		1
TOTAL IMPAIRMENTS	144	56	(20)	(3)	177
TOTAL PROVISIONS AND IMPAIRMENTS	**192**	**76**	**(24)**	**(9)**	**235**

INCOME STATEMENT IMPACT OF MOVEMENTS IN PROVISIONS	INCREASES	DECREASES
Operating income and expenses	12	(10)
Financial income and expenses	54	(16)
Non-recurring income and expenses	10	(7)
Movements with no income-statement impact		
TOTAL	**76**	**(33)**

* *Raised in accordance with the methods described in Note 1.2.*

(1) *The provision for foreign exchange losses is mainly due to the devaluation of the bolivar fuerte.*

(2) *Following a change in the Hungarian regulatory and tax framework related to the issue conditions of meal and food vouchers, the Company filed a request in August 2013 for arbitration against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the Arbitral Court in November 2015, and on December 13, 2016, the Court sentenced the Hungarian Government to pay Edenred approximately €23 million, excluding interest (5% per year starting on January 1, 2012, which represents approximately €6 million). This decision represents an important step in the settlement of the dispute. This amount was received in March 2017. The €7 million provision for the receivable recognized in 2016 was subsequently reversed. On April 11, 2017, the Hungarian government filed an action for annulment of the Arbitral Court's decision, claiming that the Court had clearly exceeded its powers and the decision was groundless. The procedure related to this action is expected to last until the end of 2018. A €7 million provision for contingencies was recognized in 2017.*

(3) *The final position of provisions for charges comprises (i) €14 million in provisions for post-employment benefit obligations, and (ii) €10 million in provisions for the buyback of performance shares granted to employees residing in France for tax purposes. The €12 million increase mainly corresponds to the provisions for the buyback of performance shares for €10 million. The €8 million decrease is due to (i) the reversal of the expired 2014 plan in February 2017, and (ii) the reversal of the 2016 plan's final balance for revaluation at December 31, 2017.*

(4) *The final balance of provisions for asset impairment is mainly composed of share impairments. The most significant of these relate to the following subsidiaries: Inversiones 10 Venezuela (€21 million), Cestaticket (€15 million), Surfgold Singapore (€13 million), Veninvest Seize Venezuela (€12 million) and Barclays Voucher (€11 million).*

Movements during the year were as follows:

- *€53 million in impairment losses on shares in subsidiaries and affiliates, including €15 million related to Cestaticket in Venezuela, €11 million related to Barclays Voucher and €5 million related to Edenred India.*
- *€16 million in reversals of provisions for impairment losses on shares in subsidiaries and affiliates, including €12 million related to Surgold Singapore and €2 million in reversals of provisions for loan impairments related to Edenred South Africa.*

	AT DECEMBER 31, 2017
Discount rate	1.5%
Mortality tables	TGH -TGF05
Rate of future fixed pay increases	1.75%
Retirement age	65
Voluntary or compulsory retirement	Voluntary
Payroll tax rate	46%

	AT DECEMBER 31, 2017
Provisions for pensions and other post-retirement benefit obligations at December 31, 2016	11.5
Service cost	1.3
Interest cost	0.2
Benefit payments for the period	-
Actuarial (gains) losses	1.2
Plan amendments	-
Provisions for pensions and other post-retirement benefit obligations at December 31, 2017	14.2

NOTE 8 MARKETABLE SECURITIES PORTFOLIO

(in € millions)	COST AT DECEMBER 31, 2017	COST AT DECEMBER 31, 2016
Term deposits	245	95
Term accounts	15	
Retail certificates of deposit	5	5
Money market funds – Liquidity contract	0,6	6
Edenred SA shares	17	31
Accrued interest		
TOTAL	**283**	**137**

Term deposits, accounts and retail certificates of deposit are classified as held-to-maturity investments.

Edenred SA has diversified its investment instruments for available cash in an environment of low interest rates in the eurozone, through Negotiable EUropean Commercial Paper (NEU CP).

The €17 million in Edenred SA's own shares relates to shares acquired as part of stock option plans for employees who are French tax residents.

No impairments were recorded on these shares because they are specifically intended for allocation to employees.

A provision for contingencies related to the share buyback plan was recorded as of December 31, 2017 (see Note 7).

NOTE 9 ACCRUALS AND OTHER ASSETS AT DECEMBER 31, 2017

(in € millions)	AT JANUARY 1, 2017, NET	INCREASES	DECREASES	AT DECEMBER 31, 2017, NET
DEFERRED CHARGES				
Debt issuance costs	-			-
Bond issuance costs (1)	29	2	(4)	27
TOTAL	**29**	**2**	**(4)**	**27**
BOND ISSUE PREMIUMS				
Issue premiums (2)	5	6	(1)	10
TOTAL	**5**	**6**	**(1)**	**10**
PREPAID EXPENSES				
IT maintenance fees – Insurance premiums – Other fees	1			1
TOTAL	**1**	**-**	**-**	**1**

(1) The increase is due to issue fees on (i) the €500 million bond issue carried out on March 30, 2017, and (ii) the new €700 million syndicated credit facility approved on July 21, 2017. The decrease corresponds to the amortization of loan issue fees over the period.

(2) The increase relates to the new issue premium of March 31, 2017.

NOTE 10 CONVERSION DIFFERENCES

(in € millions)	AT DECEMBER 31, 2017	AT DECEMBER 31, 2016
ASSETS		
Decrease in receivables (1)	46	45
Increase in payables (2)	3	3
TOTAL	**49**	**48**
LIABILITIES		
Increase in receivables (2)	14	12
Decrease in payables (2)	10	13
TOTAL	**24**	**25**

(1) Translation differences on currency swaps and bank balances following the devaluation of the bolivar fuerte.

(2) Translation differences on loans and borrowings with foreign subsidiaries, bank balances and currency swaps.

NOTE 11 ACCRUED INCOME

ACCRUED INCOME IS INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

(in € millions)	AT DECEMBER 31, 2017	AT DECEMBER 31, 2016
Loans and advances to subsidiaries and affiliates	-	-
Trade receivables	2	1
Other receivables	1	2
Marketable securities	-	-
Cash	2	2
TOTAL	**5**	**5**

NOTE 12 ACCRUED EXPENSES

ACCRUED EXPENSES ARE INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

(in € millions)	AT DECEMBER 31, 2017	AT DECEMBER 31, 2016
Bonds	3	8
Bank borrowings	1	1
Other borrowings	5	6
Trade payables	10	7
Accrued taxes and payroll costs	11	8
Other liabilities	1	1
TOTAL	**31**	**31**

NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY

Items (in € millions)	AT DECEMBER 31, 2016	APPROPRIATION OF NET PROFIT, DISTRIBUTIONS [(2)]	SHARES ISSUED (CANCELED)	OTHER	2017 NET PROFIT	AT DECEMBER 31, 2017
Number of shares outstanding [(1)]	**233,679,845**		**1,723,395**			**235,403,240**
Share capital	467		4			471
Additional paid-in capital	682		15			697
Legal reserve	46	1				47
Untaxed reserves	-					-
Other reserves	-					-
Retained earnings	153	62				215
Net profit for the year	207	(207)			5	5
Untaxed provisions	2			-		2
TOTAL SHAREHOLDERS' EQUITY	**1,557**	**(144)**	**19**	**-**	**5**	**1,437**

(1) Par value of €2.
At December 31, 2017, Edenred SA held 1,197,257 of its own shares, representing 0.51% of the number of shares making up the share capital at December 31, 2017, following a liquidity contract and shares allocated to specific plans (see Note 8).
(2) Dividends for €144 million were paid as of June 15, 2017.

NOTE 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

STOCK OPTION PLANS	2010 PLAN	2011 PLAN	2012 PLAN
Grant date	August 6, 2010	March 11, 2011	February 27, 2012
Vesting date	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date	August 6, 2018	March 11, 2019	February 27, 2020
Exercise price *(in €)*	13.69	18.81	19.03
IFRS 2 fair value *(in €)*	2.62	5.07	4.25
Vesting conditions	Continued presence within the Group as of August 6, 2014 (except under the specific circumstances provided for in the plan rules)	Continued presence within the Group as of March 11, 2015 (except under the specific circumstances provided for in the plan rules)	Continued presence within the Group as of February 27, 2016 (except under the specific circumstances provided for in the plan rules)
Number of options granted at the plan launch	4,235,500	611,700	382,800
Number of options canceled since the plan launch	426,000	10,350	12,000
Number of options exercised since the plan launch	3,363,385	369,000	173,600
Number of options outstanding at December 31, 2017	446,115	232,350	197,200

PERFORMANCE SHARE PLANS	2013 PLAN	2014 PLAN	2015 PLAN	2015 PLAN (CEO)	2016 PLAN	2017 PLAN
Grant date	February 18, 2013	February 17, 2014	February 20, 2015	December 9, 2015	May 4, 2016	March 8, 2017
Vesting date	February 19, 2016 (1)	February 18, 2017 (2)	February 21, 2018 (3)	December 12, 2018	May 4, 2019 (4)	March 8, 2020 (5)
IFRS 2 fair value for French tax residents *(in €)*	19.72	14.12	16.08	8.19	15.04	18.38
IFRS 2 fair value for non French tax residents *(in €)*	19.18	14.58	15.91	-	15.04	18.38
Vesting conditions	40% FFO 2013-2015, 40% issue volume 2013-2015, 20% performance vs. TSR 2013-2015	40% FFO 2014-2016, 40% issue volume 2014-2016, 20% performance vs. TSR 2014-2016	40% FFO 2015-2017, 40% issue volume 2015-2017, 20% performance vs. TSR 2015-2017	37.5% FFO 2015-2017, 37.5% issue volume 2015-2017, 25% performance vs. TSR 2015-2017	37.5% FFO 2016-2018, 37.5% issue volume 2016-2018, 25% performance vs. TSR 2016-2018	37.5% FFO 2017-2019, 37.5% issue volume 2017-2019, 25% performance vs. TSR 2017-2019
Number of performance shares granted at the plan launch	845,900	824,000	800,000	137,363	990,080	794,985
Number of performance shares vested at December 31	211,940	171,735	-	-	-	-
Number of performance shares canceled since the plan launch	251,990	245,859	199,084	-	59,377	22,000
Number of performance shares outstanding at December 31, 2017	381,970	406,406	600,916	137,363	930,703	772,985

(1) Delivery of the shares on February 19, 2016 for French tax residents and February 19, 2018 for non-residents.
(2) Delivery of the shares on February 18, 2017 for French tax residents and February 18, 2019 for non-residents.
(3) Delivery of the shares on February 21, 2018 for French tax residents and February 21, 2020 for non-residents.
(4) Delivery of the shares on May 4, 2019 for all beneficiaries, French tax residents and non-residents alike.
(5) Delivery of the shares on May 8, 2020 for all beneficiaries, French tax residents and non-residents alike.

NOTE 15 MATURITIES OF DEBT AND PAYABLES AT DECEMBER 31, 2017

(in € millions)	TOTAL	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS
DEBT				
Bonds [1] [3]	1,728	3	588	1,137
Bank borrowings [1] [3]	59	59		
Other borrowings [2] [3]	1,225	1,126	99	
OPERATING PAYABLES				
Trade payables [3]	13	13		
OTHER PAYABLES				
Accrued taxes and payroll costs [3]	13	13		
Due to suppliers of fixed assets	-			
Other liabilities [3]	1	1		
Deferred income [3]	-			
TOTAL	**3,039**	**1,215**	**687**	**1,137**

(1) Bonds issued in 2012, 2013, 2015 and 2016 and in 2017 for the new €500 million bond issue carried out on March 30.
(2) Current account advances and loans with subsidiaries.
(3) Breakdown by currency (in € millions):

DEBT BY CURRENCY	
EUR	2,626
GBP	199
MXN	95
CZK	63
JPY	17
SEK	6
HUF	15
USD	9
RON	9
TOTAL	**3,039**

NOTE 16 MATURITIES OF RECEIVABLES AT DECEMBER 31, 2017

(in € millions)	TOTAL	DUE WITHIN 1 YEAR	DUE BEYOND 1 YEAR
RECEIVABLES INCLUDED IN FIXED ASSETS			
Loans and advances to subsidiaries and affiliates	1,621	11	1,610
Other loans	-		
Other investments	56		56
RECEIVABLES INCLUDED IN CURRENT ASSETS			
Trade receivables	26	19	7
Other receivables	120	117	3
Prepaid expenses	2	2	
TOTAL	**1,825**	**149**	**1,676**

RECEIVABLES BY CURRENCY	
EUR	1,808
PLN	7
SGD	4
RUB	3
HKD	2
Other currencies	1
TOTAL	**1,825**

NOTE 17 RELATED-PARTY TRANSACTIONS (1)

(in € millions)	2017	2016
ASSETS		
Shares in subsidiaries and affiliates	2,501	2,500
Loans and advances to subsidiaries and affiliates	1,621	1,714
Other investment securities	3	3
Trade receivables	26	10
Other receivables	86	119
LIABILITIES		
Other borrowings	1,223	1,347
Trade payables	3	4
INCOME AND EXPENSES		
Income from investments in subsidiaries and affiliates	76	224
Other financial income	2	1
Financial expenses	24	24

(1) Companies that are fully consolidated in the Edenred Group consolidated financial statements are deemed to be related parties.

NOTE 18 BREAKDOWN OF NET REVENUE

(in € millions)	2017	2016
France	11	7
TOTAL FRANCE	11	7
International	40	23
TOTAL INTERNATIONAL	40	23
TOTAL NET REVENUE	**51**	**30**

NOTE 19 MANAGEMENT COMPENSATION AND EMPLOYEE INFORMATION

Compensation paid to members of the Company's administrative and supervisory bodies

(in € millions)	2017	2016
Members of the Executive Committee (excluding payroll taxes) and the Board of Directors (1)	8	8
Number of employees		
EMPLOYEE CATEGORY		
Managers	172	166
Supervisors	4	5
Administrative staff (interns)	7	6
Apprentices	2	5
TOTAL	**185**	**182**

(1) See section 3 "Corporate Governance Report".

The Company has a total of 184 employees, including 8 seconded to subsidiaries.

The French tax credit for competitiveness (CICE) has been recognized for a total amount of €43,000; it corresponds to eligible compensation for the 2017 calendar year. In accordance with the recommendation issued by the French National Accounting Board, this amount has been recorded as a credit in account "649 – Personal costs". Gains from the CICE specific to the Company for this period are reduced from operating expenses and are set off from the Company's income tax for the period.

This tax credit has been used to finance a new hire, with the creation of a position.

NOTE 20 NET FINANCIAL INCOME (LOSS)

(in € millions)	2017	2016
Income from investments in subsidiaries and affiliates	**76**	**224**
Dividends received from subsidiaries	45	188
Interest received on intra-group loans and receivables	31	36
Other interest income	**14**	**10**
Interest income on current accounts	2	1
Interest income on interest rate and currency swaps	8	6
Other interest income	4	3
Reversals of provisions for financial items	**16**	**47**
Reversals of provisions for impairment of shares in subsidiaries and affiliates	14	44
Reversals of provisions for impairment of other receivables	2	1
Reversals of provisions for contingencies and charges	-	2
Foreign exchange gains	**-**	**4**
Financial income	106	285
Interet expense	**(57)**	**(58)**
Interest paid on bonds	(46)	(42)
Interest paid on bank borrowings		
Interest paid on other borrowings	13	8
Interest paid on current accounts	(3)	(4)
Interest paid on loans from subsidiaries	(21)	(20)
Amortization and provisions – financial assets	**(56)**	**(11)**
Additions to provisions for impairment of shares in subsidiaries and affiliates	(54)	(10)
Additions to provisions for impairment of loans	-	
Additions to provisions for impairment of current assets	-	
Amortization of bond issue premiums	(1)	(1)
Additions to provisions for contingencies and charges	(1)	
Foreign exchange losses	**-**	**(3)**
FINANCIAL EXPENSES	(113)	(72)
NET FINANCIAL INCOME (LOSS)	**(7)**	**213**

NOTE 21 NON-RECURRING ITEMS

In 2017, total non-recurring items represented a net expense of €6 million before tax, breaking down as follows:

(in € millions)	2017	2016
Gains (losses) on disposals of capital transactions	-	(1)
Gains (losses) on disposals and liquidations of investments	(1)	(1)
Other non-recurring gains	-	32
Other non-recurring charges	(2)	(1)
Non-recurring additions to financial provisions	-	
Non-recurring additions to provisions for contingencies and charges	(11)	(14)
Additions to provisions for risks related to subsidiaries		
Non-recurring reversals of provisions for contingencies and charges	8	-
Reversals of provisions for risks related to subsidiaries		
NET NON-RECURRING INCOME (EXPENSE)	**(6)**	**15**

NOTE 22 INCOME TAX AND CONSOLIDATION

A. Income tax expense of Edenred SA

The Company recorded a tax loss of €16 million on a stand-alone basis in 2017 (*i.e.*, excluding the contribution of companies in the Edenred SA tax group).

(in € millions)	2017	2016
Tax on recurring profit	(6)	(7)
Tax on non-recurring items	2	10
Income tax expense [(1)]	29	2

(1) This includes the claim for the additional contribution to the 3% income tax in respect of amounts distributed and paid between 2013 and 2017, for a total of €21 million, €7.5 millions of tax grouping surplus, and €0.5 million of tax relief related to a tax audit.

Potential deferred taxes arising from deductible and taxable temporary differences, including tax loss carry-forwards, represented a net asset of €66 million at December 31, 2017.

B. Tax group members

Edenred SA and its eligible French subsidiaries were elected for the Group relief system governed by Article 223A of the French General Tax Code on March 18, 2011. The election applies as of the tax year beginning January 1, 2011.

A group relief agreement between Edenred SA and the other members of the tax group was also signed in 2011.

The tax group members in 2017 were:

- Saminvest
- ASM
- Edenred France
- Veninvest Quatro
- Veninvest Cinq
- Veninvest Huit
- Servicarte
- Veninvest Neuf
- Edenred Corporate Payment
- Veninvest Onze
- Veninvest Douze
- Veninvest Quatorze
- Veninvest Quinze
- Veninvest Seize
- GABC
- Edenred Payment

C. Group relief benefit

In 2017, Group relief of €7.5 million was recorded in Edenred SA's financial statements.

The Group's tax expense for the year amounted to €0.5 million, to which have been allocated tax credits related to withholding tax.

D. Consolidation

Edenred SA is the consolidating entity of the Edenred Group.

NOTE 23 OFF-BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

Other off-balance sheet commitments

Off-balance sheet commitments given at December 31, 2017 break down as follows:

AT DECEMBER 31

(in € millions)	WITHIN 1 YEAR	1 TO 5 YEARS	BEYOND 5 YEARS	AT DECEMBER 31, 2017	AT DECEMBER 31, 2016
TOTAL RENOVATION COMMITMENTS					
Guarantees given (1)	22	2	16	40	21
Guarantees for bank borrowings (2)	78	-		78	92
TOTAL GUARANTEE COMMITMENTS	**100**	**2**	**16**	**118**	**113**

(1) Related to guarantees given to banks on behalf of subsidiaries for €30 million and capital commitments given for €10 million to the Partech International VI, Partech VII, Partech II and Partech Africa investment funds.

(2) Linked to guarantees for bank loans given on behalf of subsidiaries.

Hedging instruments

Currency hedges

The following tables analyze the notional amount of currency hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at December 31, 2017:

(in € millions)	AT DECEMBER 31, 2017 NOTIONAL AMOUNT	EXPIRING 2018
FORWARD SALES AND CURRENCY SWAPS		
SGD	3	-
USD	1	-
RUB	3	-
HKD	2	-
FORWARD SALES	**9**	**-**
FORWARD PURCHASES AND CURRENCY SWAPS		
GBP	198	-
MXN	70	-
CZK	50	-
JPY	19	-
HUF	14	-
RON	9	-
SEK	6	
USD	2	-
FORWARD PURCHASES	**368**	**-**
TOTAL CURRENCY HEDGES	**377**	**-**

For each currency, the notional amount corresponds to the euro equivalent of the amount of currency sold or purchased forward. The fair value corresponds to the difference between the amount of currency sold (purchased) in the foreign currency and the amount of currency purchased (sold) in the exchanged currency (applying the closing rate).

All the currency instruments listed above are used for hedging purposes. They are designated and documented fair value hedges of intra-group loans and borrowings that qualify for hedge accounting.

At December 31, 2017, currency instruments had a positive fair value of €6 million.

Interest rate hedges

The following table analyzes the notional amount of interest rate hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at December 31, 2017:

AT DECEMBER 31 *(in € millions)*	2017 NOTIONAL AMOUNT	2018	2019	BEYOND
Interest rate swaps where Edenred is the fixed rate borrower				50
EUR Euribor/Fixed rate	50			
Interest rate swaps where Edenred is the variable rate borrower		-		1,382
EUR Euribor/Fixed rate	1,382			

The notional amount corresponds to the amount covered by the interest rate hedge. The fair value represents the amount that would be receivable or payable if the positions were unwound on the market.

All the interest rate instruments listed above are used for hedging purposes.

At December 31, 2017, interest rate instruments had a positive fair value of €6 million.

NOTE 24 MAIN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2017

		(in thousands of local currency units)			CARRYING AMOUNT OF SHARES		
SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL	RESERVES	% INTEREST	GROSS	NET	*Provisions*
A – SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT IN EXCESS OF 1% OF EDENRED SA'S CAPITAL							
1 – Subsidiaries (at least 50% owned by Edenred SA)							
a) French subsidiaries							
EDENRED France 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	464,967	81,044	100.00%	641,997	641,997	
VENINVEST QUATTRO 166-180 Bld Gabriel Péri 92240 Malakoff	EUR	2,197	(1,680)	100.00%	6,444	521	5,923
VENINVEST CINQ 166-180 Bld Gabriel Péri 92240 Malakoff	EUR	300	-	100.00%	7,381	-	7,381
VENINVEST HUIT 166 -180 Bld Gabriel Péri 92240 Malakoff	EUR	2,322	-	100.00%	6,789	547	6,242
ASM 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	306,267	2,041	100.00%	306,267	306,267	
SAMINVEST 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	3,060	306	60.00%	276,760	276,760	
VENINVEST NEUF 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	853		100.00%	5,594	119	5,475
EDENRED CORPORATE PAYMENT 166-180 Bld Gabriel Péri 92240 Malakoff	EUR	5,000	(23)	100.00%	5,000	5,000	
VENINVEST ONZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	1,123	(5)	100.00%	5,485	283	5,202
VENINVEST DOUZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	2,651	-	100.00%	9,454	1,000	8,454
VENINVEST SEIZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	1,893	(643)	100.00%	12,388	164	12,224
b) Foreign subsidiaries							
EDENRED BELGIUM Av Herrmann Debroux 44 1160 Bruxelles	EUR	36,608	294,376	100.00%	893,415	893,415	
EDENRED Portugal SA Edificio Adamastor, Torre B Av D.Joao II 1990-077 Lisboa	EUR	2,030	6,016	50.00%	6,765	6,765	
EDENRED DEUTSCHLAND GmbH (Germany)	EUR	1,520	17,116	100.00%	26,651	26,651	-
EDENRED ESPANA SA (Spain)	EUR	11,544	26,309	100.00%	53,141	53,141	
EDENRED INDIA PVT LTD (1)	INR	246,131	286,351	94.90%	14,001	4,949	9,052

(IN € THOUSANDS)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED NET REVENUE (LOCAL CURRENCY)	LAST REPORTED NET REVENUE	LAST REPORTED PROFIT (LOSS) (LOCAL CURRENCY)	LAST REPORTED PROFIT *(LOSS)*	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	**AVERAGE 2017 EXCHANGE RATE**
466,742		144,946	144,946	40,634	40,634		1.00000
		-	-	(4)	(4)	-	1.00000
		-	-	(319)	(319)	-	1.00000
		-	-	(1,741)	(1,741)	-	1.00000
		-	-	511	511	15,724	1.00000
		-	-	59,429	59,429	955	1.00000
		-	-	(700)	(700)	-	1.00000
		-	-	(661)	(661)	-	1.00000
		-	-	(800)	(800)	-	1.00000
		-	-	(1,616)	(1,616)	-	1.00000
		-	-	(1,051)	(1,051)	-	1.00000
562,458		42,397	42,397	124,046	124,046		1.00000
	-	7,378	7,378	(200)	(200)	-	1.00000
		14,783	14,783	(2,223)	(2,223)	-	1.00000
42,718		17,229	17,229	8,248	8,248	15,478	1.00000
		306,158	4,166	(6,989)	(95)	-	73.49080

		(in thousands of local currency units)			CARRYING AMOUNT OF SHARES		
SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL	RESERVES	% INTEREST	GROSS	NET	*Provisions*
EDENRED SINGAPORE Pte Ltd	SGD	48,000	(33,119)	100.00%	36,335	23,336	12,999
SURGOLD INDIA PVT LTD (1)	INR	215,899	(68,431)	100.00%	10,437	3,479	6,958
CESTATICKET SERVICES C.A. (Venezuela)	VEF	6,000	120,907	57.00%	16,309	1,438	14,871
INVERSIONES DIX VENEZUELA SA	VEF	2,331,308	127,851	100.00%	21,202	244	20,958
BIG PASS (Colombia)	COP	1,514,440	2,367,745	100.00%	12,759	8,563	4,196
EDENRED JAPAN CO LTD 10F, Hulic Kandabashi bldg, Tokyo	JPY	100,000	314,329	100.00%	29,624	18,389	11,235
EDENRED POLSKA Sp Zo.o. (Poland)	PLN	18,171	(1,176)	81.86%	8,169	3,730	4,439
2 – Affiliates (10% to 50% owned by Edenred SA)							
a) French companies							
b) Foreign companies							
3 – Other investments (less than 10% owned by Edenred SA)							
a) French companies							
b) Foreign companies							
EDENRED Italia SRL Via GB Pirelli 19 Milano Italia (Italy)	EUR	5,959	111,034	1.70%	16,717	16,717	-
EDENRED BRESIL PARTICIPACOES SA Av. Das Nacoes Unidas, 7815 Sao Paulo Brazil	BRL	872,477	802,633	8.46%	20,130	20,130	
EDENRED FINLAND OY Elimaenkatu15 00510 Helsinki	EUR	6,536	(4,034)	33.55%	6,502	6,502	
B – INVESTMENTS WITH A CARRYING AMOUNT OF LESS THAN 1% OF EDENRED SA'S CAPITAL							
a) French subsidiaries							
SERVICARTE 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	610	(1,135)	100.00%	2,799	52	2,747
EDENRED FUEL CARD 166-180 bld Gabriel Peri 92240 Malakoff	EUR	5	-	100.00%	5	5	
OMEGA 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	5	-	100.00%	5	5	
GABC 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	20	2	100.00%	760	760	
LCCC 32 Ter BLD Ornano 93200 Saint Denis	EUR	188	27	44.32%	1,141	1,141	
VENINVEST QUINZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	155	(5)	100.00%	4,570	158	4,412
VENINVEST QUATORZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	4,570	(505)	100.00%	4,570	915	3,655
ACTIVITIZ 4 bis rue Saint Saveur 75002 PARIS [1]	EUR	49	84	9.89%	250	-	250

(IN € THOUSANDS)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED NET REVENUE (LOCAL CURRENCY)	LAST REPORTED NET REVENUE	LAST REPORTED PROFIT (LOSS) (LOCAL CURRENCY)	LAST REPORTED PROFIT *(LOSS)*	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	**AVERAGE 2017 EXCHANGE RATE**
3,548		14,230	9,133	(3,825)	(2,455)	-	1.55810
	-	3,173,281	43,179	26,300	358	-	73.49080
		5,908,190	2,451	1,820,210	755	738	2,410.42520
		-	-	20,598	9	-	2,410.42520
		11,273,053	3,381	311,110	93	-	3,334.28910
		544,674	4,301	(36,447)	(288)	-	126.64130
		14,063	3,304	(4,497)	(1,057)	-	4.25630
193,641		1,150,449	1,150,449	65,971	65,971	135	1.00000
	-	-	-	310,443	86,136	8,918	3.60410
		13,787	13,787	1,342	1,342	-	1.00000
		12,693	12,693	(119)	(119)	-	1.00000
		18,964	18,964	14	14	-	1.00000
		-	-	(1)	(1)	-	1.00000
		-	-	316	316	193	1.00000
		191,454	191,454	1,705	1,705	568	1.00000
		-	-	(4)	(4)	-	1.00000
		-	-	(2,938)	(2,938)	-	1.00000
		1,836	1,836	165	165	-	1.00000

SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL (in thousands of local currency units)	RESERVES (in thousands of local currency units)	% INTEREST	GROSS (CARRYING AMOUNT OF SHARES)	NET (CARRYING AMOUNT OF SHARES)	Provisions
LUCKY CART SAS	EUR	389	(150)	13.04%	475	475	-
TIM TALENT	EUR	2	792	24.99%	354	354	-
ZEN CHEF (3)	EUR	1	4,714	15.27%	2,400	2,400	-
ADD WORKING (2)	EUR			15.14%	137	137	-
b) Foreign companies							
EDENRED AUSTRIA GmbH Am Euro Platz 1, A-1120 Wien (Austria)	EUR	1,600	110	100.00%	1,589	1,589	
EDENRED NORTH AMERICA INC	USD	15,616	24,726	100.00%	333	333	
EDENRED BULGARIA AD 137 Tzarigradsko Shausse Blvd Sofia 1784, Bulgaria	BGN	2,841	206	50.00%	1,272	1,272	-
WESTWELL GROUP SA José Enrique Rodo 2123, Montevideo Uruguay	USD	1,864	88	100.00%	2,209	2,209	
EDENRED PERU SA	PEN	940	(449)	67.00%	1,729	25	1,704
EDENRED PANAMA SA	PAB	1,250	(1,438)	100.00%	1,024	-	1,024
EDENRED MAROC SAS 110 BD Zerktouni Casablanca (Morocco)	MAD	8,000	(7,149)	83.67%	2,521	509	2,012
EDENRED s.a.l SID EL BAUCHRIEH BEIRUT (Lebanon)	LBP	3,250,000	(3,962,588)	80.00%	1,559	274	1,285
ACCENTIV' SHANGHAI COMPANY (China)	CNY	7,041	(9,994)	100.00%	650	650	
EDENRED COLOMBIA S.A.S Calle 72# 10-07 Edificio Liberty Piso 2 Bogota Colombia	COP	260,768	215,015	97.12%	3,454	64	3,390
EDENRED MD SRL	MDL	21		100.00%	1	1	
SAVINGSTAR	USD	32,459	(34,846)	6.88%	3,887	-	3,887
IZICARD (1)	EUR	600	675	39.68%	819	553	266
LAUNCHPAD	GBP	0	1,072	13.16%	1,060	1,060	
EDENRED PARTNERS CAPITAL	GBP	5	308	10.00%	2,677	2,677	
EDENRED MAGYARORSZAG KFT (Hungary)	HUF	89,000	168,998	1.69%	373	201	172
VOUCHERS SERVICES SA 33 Avenue Galatsiou 11141 Athens Greece	EUR	500	167	1.70%	0	0	
EDENRED UK GROUP LIMITED 50 Vauxhall Bridge Road, London SW1V 2RS UK	GBP	13,394	51,077	1.70%	3,117	3,117	
EDENRED SWEDEN Liljeholmsstranden 3 105 40 Stockholm	SEK	9,974	10,529	1.70%	897	897	-
LUNCHEON TICKETS SA José Enrique Rodo 2123, Montevideo Uruguay	UYU	5,236	4,443	1.74%	231	231	
EDENRED ROMANIA SRL CAL.Serban Voda nr.133 Bucarest	RON	52,355	9,424	1.70%	4,348	2,552	1,796
EDENRED SLOVAKIA	EUR	664	10,096	1.70%	479	479	
EDENRED KURUMSAL COZ.A.S (Turkey)	TRY	2,980	12,860	1.70%	55	55	
G LOG SERVICOS DE GESTAO DE DISTRIBUICAO LTDA (Brazil)	BRL	10	1,460	1.70%	1	1	

(IN € THOUSANDS)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED NET REVENUE (LOCAL CURRENCY)	LAST REPORTED NET REVENUE	LAST REPORTED PROFIT (LOSS) (LOCAL CURRENCY)	LAST REPORTED PROFIT *(LOSS)*	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	**AVERAGE 2017 EXCHANGE RATE**
		891	891	(2,098)	(2,098)	-	1.00000
		943	943	(529)	(529)	-	1.00000
		1,896	1,896	(1,688)	(1,688)	-	1.00000
	-	1,071	1,071	101	101	-	1.00000
	-	1,149	1,018	(1,277)	(1,131)	-	1.12920
	-	3,470	1,774	479	245	-	1.95580
	-	-	-	2,848	2,522	1,405	1.12920
	-	-	-	(591)	(161)	-	3.68100
	-	-	-	-	-	-	1.12920
	-	3,351	306	(511)	(47)	-	10.94480
139	-	1,235,442	724	27,113	16	-	1,706.24480
	-	28,977	3,800	(2,214)	(290)	-	7.62580
	-	-	-	(784,799)	(235)	-	3,334.28910
				(744)	(36)	-	20.78400
		7,517	6,657	(2,837)	(2,512)	-	1.12920
	-	71	71	(357)	(357)	-	1.00000
		1,637	1,868	(1,137)	(1,298)	-	0.87620
		163	186	(181)	(207)	64	0.87620
	-	1,149,137	3,716	29,856	97	-	309.27040
	-	10,507	10,507	4,131	4,131	50	1.00000
	-	14,560	16,617	11,196	12,778	163	0.87620
	-	101,513	10,534	16,374	1,699	15	9.63670
	-	364,705	11,271	170,609	5,273	87	32.35700
		107,433	23,516	40,594	8,885	89	4.56860
	-	9,912	9,912	2,245	2,245	41	1.00000
	-	50,429	12,237	32,040	7,775	88	4.12110
	-	4,503	1,249	628	174		3.60410

SUBSIDIARIES AND AFFILIATES	CURRENCY	*(in thousands of local currency units)* SHARE CAPITAL	RESERVES	% INTEREST	CARRYING AMOUNT OF SHARES GROSS	NET	*Provisions*
TICKETSEG – CORRETORA DE SEGUROS S/A (Brazil)	BRL	2,526	230	0.43%	8	8	
ACCENTIV SERVICOS TECNOLOGIA DA INFORMACOA S/A	BRL	61,124	(11,882)	0.31%	387	32	355
EDENRED CZ S.R.O Na Porici 5, Praha 1, Czech Republic	CZK	13,500	204,306	1.70%	725	725	
3 – Other investments (less than 10% owned by Edenred SA)							
A – SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT IN EXCESS OF 1% OF EDENRED SA'S CAPITAL							
a) French subsidiaries (aggregate)					1,283,559	1,232,658	50,901
b) Foreign subsidiaries (aggregate)					1,172,157	1,087,449	84,708
B – INVESTMENTS WITH A CARRYING AMOUNT OF LESS THAN 1% OF EDENRED SA'S CAPITAL							
a) French subsidiaries (aggregate)					17,466	6,402	11,064
b) Foreign subsidiaries (aggregate)					35,406	19,515	15,891
TOTAL (NOTE 24)					**2,508,588**	**2,346,024**	**162,564**

(1) Balance sheet as of March 31, 2017.
(2) Balance sheet not established at December 31, 2017.
(3) Balance sheet as of December 31, 2016.

(IN € THOUSANDS)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED NET REVENUE (LOCAL CURRENCY)	LAST REPORTED NET REVENUE	LAST REPORTED PROFIT (LOSS) (LOCAL CURRENCY)	LAST REPORTED PROFIT *(LOSS)*	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	**AVERAGE 2017 EXCHANGE RATE**
	-	1,238	343	1,099	305	1	3.60410
	-	26,582	7,375	(31,448)	(8,726)	-	3.60410
	-	561,048	21,311	120,898	4,592	146	26.32700
466,742	-					16,679	
802,365	-					25,269	
-	-					761	
139	-					2,149	
1,269,246	**-**					**44,858**	

NOTE 25 FIVE-YEAR FINANCIAL SUMMARY

DESCRIPTION *(in € millions)*	2017	2016	2015	2014	2013
1 – CAPITAL AT DECEMBER 31					
Issued capital	471	467	462	458	452
Number of shares in issue [(1)]	235,403,240	233,679,845	230,816,848	228,811,546	225,897,396
Number of convertible bonds					
2 – RESULTS OF OPERATIONS					
Net revenue	51	30	30	29	31
Profit before tax, depreciation, amortization and provision expense	(4)	225	156	64	356
Income tax	29	2	(1)	5	8
Net profit	5	207	137	41	414
Total dividend [(2)]	199	144	191	191	185
3 – PER SHARE DATA *(IN €)*					
Earnings (loss) per share after tax, before depreciation, amortization and provision expense	(0.02)	0.96	0.68	0.28	1.58
Earnings per share	0.02	0.89	0.59	0.18	1.83
Dividend per share	0.85	0.62	0.84	0.84	0.83
4 – EMPLOYEE INFORMATION					
Number of employees [(3)]	185	171	195	179	174
Total payroll	(22)	(21)	(22)	(19)	(29)
Total benefits	(17)	(14)	(17)	(15)	(11)

(1) At December 15, 2017 for the purposes of preparing financial flow statements related to the capital at the 2017 closing.
(2) Recommended in respect of 2017, based on 234,205,983 shares carrying dividend rights at December 31, 2017.
(3) Average number of employees in 2017.

5

ANNUAL SHAREHOLDERS MEETING

5.1 PRESENTATION OF PROPOSED RESOLUTIONS

5.1.1 APPROVAL OF THE FINANCIAL STATEMENTS, APPROPRIATION OF PROFIT AND DIVIDEND PAYMENT

The purpose of the **first resolution** is to approve the parent company financial statements of Edenred SA for the year ended December 31, 2017, which show net profit of €5,291,840. In application of Article 223 *quater* of the French General Tax Code (*Code général des impôts*), the shareholders are also invited to approve the aggregate amount of costs and expenses referred to in Article 39, paragraph 4 of said Code, which amounted to €200,788 for 2017, and the tax paid thereon, which was €69,131.

The purpose of the **second resolution** is to approve the consolidated financial statements of the Edenred Group for the year ended December 31, 2017, which show consolidated net profit of €283 million as well as the transactions reflected in the financial statements or described in the Management Report.

The **third resolution** concerns the appropriation of profit and payment of a dividend. The Board of Directors recommends appropriating distributable earnings as follows:

- legal reserve: €264,592, which increases the total to €47,000,561;
- retained earnings: €5,027,248, which increases the total to €220,245,388;
- dividends: €199,075,086 (based on 234,205,983 shares carrying dividend rights at December 31, 2017).

Shareholders are invited to set the 2017 dividend at €0.85 per share.

Dividends per share for the previous three years were as follows:

- 2014: €0.84;
- 2015: €0.84;
- 2016: €0.62.

The **fourth resolution** provides for the option of payment in new Company shares. Under this option, shareholders can choose to receive their 2017 dividend in Edenred shares, as follows:

- €0.85 per share in cash only; or
- €0.85 per share in new Edenred shares.

The option of payment in shares allows the Company to increase its equity capital while preserving its cash reserves. Shareholders that choose to reinvest their dividends help to finance Edenred's future investments, which in turn will contribute to driving future earnings growth.

The new shares allocated to shareholders that choose to reinvest part of their dividends will be issued at a price equal to 90% of the average opening price quoted for Edenred shares during the 20 trading days preceding the Annual Shareholders Meeting of May 3, 2018, rounded up to the nearest euro cent. They will carry the same rights as existing shares, including rights to all dividends distributed after their issue date. If the amount of dividends for which the reinvestment option is exercised does not correspond to a whole number of shares, the shareholder will receive the lower whole number of shares and the balance in cash.

The dividend reinvestment option will be exercisable between May 14, 2018 and the close of business on May 25, 2018. Shareholders that do not exercise the option by May 25, 2018 will receive the total dividend in cash. For shareholders that do not opt to reinvest their dividend, the cash dividend will be paid as from June 08, 2018. For shareholders that opt to reinvest their dividend, the shares will be delivered as from the same date, *i.e.*, June 08, 2017.

5.1.2 RATIFICATION AND RE-ELECTION OF DIRECTORS

In the **fifth resolution**, shareholders are invited to ratify the Board of Directors' decision of June 8, 2017 to coopt Dominique D'Hinnin as director for the remainder of Nadra Moussalem's term, expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2019.

Dominique D'Hinnin, 57, is a French citizen and a graduate of École Normale Supérieure and École Nationale d'Administration. He began his career in 1986 with France's Inspection des Finances before joining Lagardère as Chief Internal Auditor in 1990. In 1993, he became Executive Vice-President, Finance of Hachette Livre and in 1994 Executive Vice-President of Grolier Inc. (Connecticut, USA). In 1998, he was appointed Executive Vice-President, Finance of the Lagardère Group, where he also held the position of Co-Managing Partner between 2009 and 2016. On July 24, 2017, he was appointed Chairman of the Audit and Risks Committee by the Board of Directors based on the recommendation of the Compensation and Appointments Committee.

In the **sixth, seventh, eighth and ninth resolutions**, shareholders are invited to re-elect Bertrand Dumazy, Gabriele Galateri di Genola, Maëlle Gavet and Jean-Romain Lhomme as directors for the four-year term specified in the bylaws.

The attendance rates [1] at Board meetings of the directors standing for re-election are as follows:

- Bertrand Dumazy, a French citizen: 100%;
- Gabriele Galateri di Genola, an Italian citizen, independent director: 100%;
- Maëlle Gavet, a French citizen, independent director: 71% [2];
- Jean-Romain Lhomme, a French citizen, independent director: 86%.

Provided they are re-elected, the Board plans to confirm:

- Bertrand Dumazy's appointment as Chairman of the Board and Chief Executive Officer;
- Gabriele Galateri di Genola's appointment as member of the Compensation and Appointments Committee; and
- Jean-Romain Lhomme's appointment as member of the Audit and Risks Committee.

Detailed information about Bertrand Dumazy, Gabriele Galateri di Genola, Maëlle Gavet and Jean-Romain Lhomme is provided in the Board of Directors' Corporate Governance Report, which can be found in section 3.1.1, pages 112.

5.1.3 APPROVAL OF THE COMPENSATION POLICY FOR THE EXECUTIVE DIRECTOR AND COMPENSATION DUE OR AWARDED TO HIM FOR 2017

The Say-on-Pay provision introduced in 2013 in the AFEP-MEDEF Corporate Governance Code, to which the Company refers, recommended that the compensation awarded to the Executive Director be submitted to a vote by the shareholders. At the end of 2016, these arrangements were amended by the Sapin II Act on transparency, anti-corruption and business reform and codified in Article L.225-37-2 of the French Commercial Code (*Code de commerce*). The new Say-on-Pay arrangements now require executive compensation to be submitted to two binding votes (*ex ante* vote and *ex post* vote) by the shareholders, on the following basis:

- An annual *ex ante* vote on the principles and criteria for setting, allocating and awarding fixed, variable and exceptional components comprising the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer. In accordance with the provisions of Article L.225-37-2 of the French Commercial Code, the purpose of the **tenth resolution** is to enable shareholders to express an *ex ante* vote on the compensation policy for the Chairman and Chief Executive Officer. Full details of the executive compensation policy, the process for determining this policy and the components thereof are provided in the Board of Directors' Corporate Governance Report, which can be found in section 3.2.1 "Compensation of the Chairman and Chief Executive Officer", page 135 of the 2017 Registration Document.
- An *ex post* vote on the implementation of the compensation policy approved at the previous Annual Shareholders Meeting, consisting of voting on the amounts of fixed, variable and exceptional components of the total compensation and benefits package paid to Bertrand Dumazy in respect of the previous year. This binding *ex post* vote is the subject of the **eleventh resolution**.

Accordingly, the following components of the compensation due or awarded to the Executive Director in respect of the previous year are submitted to the approval of the shareholders:

- fixed pay;
- annual performance bonus and any long-term incentive, together with details of the related targets;
- any exceptional bonuses;
- stock options, performance shares and any other deferred compensation;
- signing bonus or termination benefits;
- supplementary pension plans;
- other benefits.

(1) The attendance rate for each director was calculated based on the seven Board meetings held during 2017. Of the seven meetings, five were scheduled in accordance with the procedure described in section 3.1.1.5 while two were called at very short notice, preventing some directors from attending, particularly Sylvia Coutinho, who works in Brazil, and Maëlle Gavet, who works in the United States. These two Board meetings lasted 45 minutes on average.

(2) The Board would like to point out that Maëlle Gavet's attendance rate since she became a director on May 13, 2014 is 84%.

COMPENSATION DUE OR AWARDED TO BERTRAND DUMAZY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FOR 2017, SUBMITTED TO AN ADVISORY VOTE BY SHAREHOLDERS

COMPENSATION DUE OR AWARDED FOR 2017

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Fixed pay	€750,000	Gross annual fixed pay of €750,000 approved by the Board of Directors on February 22, 2017 based on the recommendation of the Compensation and Appointments Committee.
Annual bonus	€1,346,600	***General principle:*** The bonus may range from 0% to 120% of Bertrand Dumazy's annual fixed pay and may be increased to a maximum of 180% if the financial and operational targets are exceeded, as follows: • a bonus of up to 65% of annual fixed pay based on financial targets, including 50% based on EBIT and 15% based on earnings per share. In the event that the financial *targets are exceeded*, as approved by the Board of Directors, the bonus may reach 105% of annual fixed pay; • a bonus of up to 30% of annual fixed pay based on three operational targets related to the Group's strategy, each representing 10% of annual fixed pay. The targets relate to the Group's transformation rate, Fleet and Mobility solutions business volume and sales via digital channels. In the event that the operational targets are exceeded, as approved by the Board of Directors, the bonus may reach 50% of annual fixed pay; • a bonus of up to 25% of annual fixed pay based on managerial targets related to the Group's strategy, such as implementation of the Fast Forward strategic plan, and particularly the accelerated development of the Fleet and Mobility solutions and Corporate Payment businesses. ***2017:*** Bertrand Dumazy's 2017 bonus was determined during the Board meeting held on February 19, 2018, based on the recommendation of the Compensation and Appointments Committee and after the relevant financial performance data had been validated by the Audit & Risks Committee, as follows: • the bonus based on financial targets amounted to 104.6% of annual fixed pay; • the bonus based on operational targets amounted to 50% of annual fixed pay; • the bonus based on managerial targets amounted to 25% of annual fixed pay. This makes a total of 1,346,600 euros.
Deferred compensation	€0	Bertrand Dumazy was not awarded any deferred compensation.
Long-term incentive	€0	Bertrand Dumazy was not awarded any long-term incentive.
Exceptional bonus	€0	Bertrand Dumazy was not awarded any exceptional bonus.
Directors' fees	€0	Bertrand Dumazy does not receive any directors' fees.
Stock options and/or performance shares	61,355 performance share rights awarded, valued at €1,125,000	On May 8, 2016, the Board of Directors used the authorization granted at the Annual Shareholders Meeting of May 4, 2016 to award Bertrand Dumazy 61,355 performance shares. The vesting of performance shares will be granted based on an attendance condition and the reaching of performance conditions for each of the following objectives and assessed over three consecutive financial years: • 37.5% if the target for like-for-like business volume growth is met; • 37.5% if the target for like-for-like growth in funds from operations (FFO) is met; • 25% if the stock market performance target is met, corresponding to Edenred's total shareholder return (*TSR*) compared with the average TSR for companies included in the SBF 120 index. The Chairman and Chief Executive Officer must hold 15% of the performance shares granted for as long as he remains in office. Executive Directors are banned by the Company from hedging the related equity risk until the end of the lock-up period for shares set by the Board of Directors. No stock options were granted to Bertrand Dumazy during 2017.
Signing bonus	€0	Bertrand Dumazy did not receive a signing bonus during the year.
Other benefits	€3,648	Bertrand Dumazy is entitled to a company car.

COMPENSATION DUE OR AWARDED FOR 2017 WHICH WILL BE OR HAS ALREADY BEEN PUT TO THE VOTE AT THE SHAREHOLDERS MEETING IN ACCORDANCE WITH THE PROCEDURE GOVERNING RELATED-PARTY AGREEMENTS AND COMMITMENTS

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Termination benefits	No benefits due or paid	Termination benefits would be payable to Bertrand Dumazy should he be forced to stand down for any reason whatsoever. This compensation would not exceed two years' total gross annual compensation * and would be subject to performance criteria assessed over a three-year period. For further details, see page 138 of the 2017 Registration Document. In accordance with the procedure governing related-party agreements and commitments, this commitment was authorized by the Board of Directors on February 10, 2016 and approved by the Annual Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-appointment, this commitment was re-authorized by the Board of Directors on February 19, 2018, and will be submitted to shareholders for approval at the Annual Shareholders Meeting, in a separate resolution.
Non-compete indemnity	n/a	Bertrand Dumazy has not signed a non-compete clause.
Supplementary pension plan	No benefits due or paid	Bertrand Dumazy participates in the Edenred defined contribution and defined benefit pension plans on the same basis as other senior executives of the Company. Under the defined benefit plan, the Company is committed to paying an annuity to plan participants when they retire, provided that they are still on the Company's payroll at that date and the performance criteria related to the achievement of targets for the calculation of variable compensation are met. For further details, see page 139 of the 2017 Registration Document. Edenred's annual contribution to the defined contribution plan on Bertrand Dumazy's behalf represented 2.32% of his gross annual compensation for 2017, i.e., €17,456. Benefits paid under the two plans may not represent a replacement rate of more than 30% of the final gross annual compensation. The overall replacement rate represented by all benefits paid under compulsory plans and Edenred supplementary pension plans is capped at 35% of the average reference compensation for the highest paid years out of Bertrand Dumazy's last ten years before retirement. In accordance with the procedure governing related-party agreements and commitments, these commitments were authorized by the Board of Directors on September 10, 2015 and February 10, 2016, and approved by the Annual Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-appointment, these commitments were re-authorized by the Board of Directors on February 19, 2018, and will be submitted to shareholders for approval at the Annual Shareholders Meeting, in a separate resolution.
Death/disability and health insurance plan	No benefits due or paid	Bertrand Dumazy is covered by the death/disability and health insurance plan set up for employees, which has been extended to include the Executive Director. Premiums paid by the Company for this extended cover in 2017 amounted to €5,537. In accordance with the procedure governing related-party agreements and commitments, this commitment was authorized by the Board of Directors on September 10, 2015 and approved by the Annual Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-appointment, this commitment was re-authorized by the Board of Directors on February 19, 2018, and will be submitted to shareholders for approval at the Annual Shareholders Meeting, in a separate resolution.
Unemployment insurance	No benefits due or paid	In 2017, Bertrand Dumazy was covered under an insurance plan set up with Association GSC, entitling him to unemployment benefits equal to 70% of his contractual income for a period of up to 24 months. The annual cost of the plan billed to Edenred in 2017 was €31,245. In accordance with the procedure governing related-party agreements and commitments, this new commitment was authorized by the Board of Directors on December 15, 2016 and approved by the Annual Shareholders Meeting of May 4, 2017. Following Bertrand Dumazy's re-appointment, this commitment was re-authorized by the Board of Directors on February 19, 2018, and will be submitted to shareholders for approval at the Annual Shareholders Meeting, in a separate resolution.

* *Gross annual compensation corresponds to fixed pay and bonus, excluding any exceptional bonuses.*

5.1.4 RELATED-PARTY AGREEMENTS AND COMMITMENTS

Following the proposed re-election of Bertrand Dumazy, Chairman and Chief Executive Officer, as director under the sixth resolution and subject to its approval at this Annual Shareholders Meeting, in the **twelfth to sixteenth resolutions**, shareholders are invited to renew their approval of the various related-party agreements and commitments governed by Article L.225-38 of the French Commercial Code entered into with Bertrand Dumazy at the time of his appointment as Chairman and Chief Executive Officer and authorized by the Board of Directors in 2015 and 2016. These agreements and commitments concern his eligibility for termination benefits, private unemployment insurance, the death/disability and health insurance plan open to employees and the Company's supplementary pension plans.

Full details of these benefits are provided in the Say-on-Pay tables above and in the section on compensation components attributed to Bertrand Dumazy in the Board of Directors' Corporate Governance Report in section 3.2.2, page 137. They comply with the compensation policy for the Chairman and Chief Executive Officer described in section 3.2.1 of said report.

These benefits are the subject of a specific point in the Statutory Auditors' special report, which can be found on page 297 of the 2017 Registration Document.

5.1.5 RE-APPOINTMENT OF A PRINCIPAL STATUTORY AUDITOR AND DECISION NOT TO RE-APPOINT AN ALTERNATE STATUTORY AUDITOR

Deloitte & Associés was appointed principal Statutory Auditor on March 15, 2010 and re-appointed at the Annual Shareholders Meeting held on May 15, 2012 for a term of six years. Its term of office is therefore due to expire at the close of the Annual Shareholders Meeting to be held on May 3, 2018. The Audit and Risks Committee has reviewed the position of the Statutory Auditors in detail. In view of the quality and effectiveness of Deloitte & Associés' contribution to Edenred and its in-depth knowledge of the Group, the Audit and Risks Committee has recommended its re-appointment as principal Statutory Auditor. In the **seventeenth resolution**, therefore, shareholders are invited to re-appoint Deloitte & Associés as principal Statutory Auditor for a term of six years, in accordance with the law, ending at the close of the Annual Shareholders Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023.

The appointment of BEAS as alternate Statutory Auditor is due to expire at the close of the Shareholders Meeting to be held on May 3, 2018. As permitted by the Sapin II Act amending Article L.823-1 paragraph 2 of the French Commercial Code, in the **eighteenth resolution**, shareholders are invited not to renew the appointment of BEAS as alternate Statutory Auditor.

5.1.6 AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

5.1.6.1 Authorization to trade in the Company's shares

The purpose of the **nineteenth resolution** is to authorize the Board of Directors to trade in Edenred shares on the Company's behalf, subject to compliance with the applicable laws. This authorization is being sought for a period of 18 months from the date of this Shareholders Meeting. It will supersede the authorization granted by the Annual Shareholders Meeting of May 4, 2017 in its thirteenth resolution.

The authorization could be used for the following purposes:

- canceling all or some of the shares acquired as part of a capital reduction or any other resolution to the same effect that supersedes said resolution while this authorization is still valid;
- implementing a stock option plan or similar plan;
- allocating shares to employees in settlement of amounts due under the statutory profit-sharing scheme or selling shares to employees through any employee savings, stock ownership or similar plan;
- granting shares under plans governed by Articles L.225-197-1 *et seq.* of the French Commercial Code;
- fulfilling any obligations associated with stock option plans or other allocations of shares to employees or Executive Directors of the Company or any related company;
- purchasing shares for remittance in payment, exchange or otherwise, in connection with external growth transactions;
- allocating shares on conversion, redemption, exchange or exercise of securities with rights to the Company's shares;
- making a market and ensuring the liquidity of the Company's shares under a liquidity contract entered into with an independent investment services provider that complies with the Code of Conduct recognized by the French financial markets regulator, Autorité des marchés financiers (AMF);

- implementing any market practices authorized by the AMF as part of a share buyback program and, more generally, carrying out any transactions in relation to such programs that are authorized under the laws and regulations in force.

The Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this authorization as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period.

The maximum purchase price is set at €35 per share.

Pursuant to Article L.225-210 of the French Commercial Code, the number of shares held by Edenred at any moment in time cannot exceed 10% of its share capital on that date.

On December 31, 2017, Edenred held 1,197,257 of its own shares, equivalent to 0.51% of the Group's total share capital. The maximum number of its own shares that it could potentially buy back would therefore be equivalent to 9.49% of Edenred's share capital on December 31, 2017, *i.e.*, 22,343,067 Edenred shares, equivalent to a maximum purchase value of €782,007,345.

The authorizations to the same effect granted by the shareholders on May 4, 2016 and May 4, 2017 were used by the Board of Directors during 2017 to buy back 3,528,404 shares (including purchases made as part of the liquidity contract) at an average share price of €22.32, equivalent to a total of €78,913,165. The total amount of transaction fees excluding tax was €0.07 million.

5.1.6.2 Authorization to reduce the share capital by canceling shares

In the **twentieth resolution**, the Board of Directors is seeking authorization to reduce the Company's share capital, on one or several occasions, by canceling all or some of the shares bought back or held by the Company, provided that the number of shares canceled in any 24-month period does not exceed 10% of the total shares outstanding.

This authorization would be valid for a period of 18 months and is the subject of a special report by the Statutory Auditors. It will supersede the authorization granted by the Annual Shareholders Meeting of May 4, 2017 in its fourteenth resolution.

The authorizations to the same effect granted by the shareholders on May 4, 2016 and May 4, 2017 were used by the Board of Directors during 2017 as follows:

- 535,298 shares were canceled on February 22, 2017 to offset stock dilution following the share issue as a result of (i) the exercise of options awarded under the stock option plans of August 6, 2010, March 11, 2011, and February 27, 2012 and in anticipation of (ii) the free share plan of February 27, 2012 for beneficiaries who are not French tax residents;
- 720,326 shares were canceled on July 24, 2017 to offset stock dilution following the share issue as a result of the exercise of options awarded under the stock option plans of August 6, 2010, March 11, 2011 and February 27, 2012;
- 234,510 shares were canceled on December 20, 2017 to offset stock dilution following the share issue as a result of the exercise of options awarded under the stock option plans of August 6, 2010, March 11, 2011 and February 27, 2012.

Over the past 24 months, Edenred has canceled 2,300,664 shares representing 0.98% of the share capital on December 31, 2017.

This authorization would be valid for a period of 18 months from the Shareholders Meeting.

5.1.6.3 Authorizations to issue shares and/or other securities with or without preferential subscription rights for existing shareholders

Shareholders are being invited to renew the authorizations given to the Board of Directors at the Annual Shareholders Meeting of May 4, 2016, which are due to expire on July 4, 2018. Under these authorizations, the Board would have full powers to decide to carry out rights issues or financial market transactions, giving it the necessary flexibility to swiftly raise the financial resources required to implement the Group's growth strategy. If these resolutions are adopted, the Board will be authorized to issue shares and/or securities carrying immediate or deferred rights to shares in France or abroad, with or without preferential subscription rights for existing shareholders, based on the opportunities offered by the financial markets and in the best interests of the Company and its shareholders.

Their adoption would result in the cancellation, as of the date of this Shareholders Meeting, of all previous shareholder authorizations to the same effect.

The **twenty-first resolution** authorizes the Board of Directors to issue shares and/or securities carrying rights to shares with preferential subscription rights for existing shareholders.

The aggregate par value of shares issued under this authorization would be capped at €155,366,138 (representing 33% of the share capital as of December 31, 2017), not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares. The amount of €155,366,138 corresponds to the blanket ceiling on the aggregate amount of share issues that could be carried out pursuant to the twenty-second (public offering without preferential subscription rights), twenty-third (private placement without preferential subscription rights), twenty-fourth (increase of the number of shares issued), twenty-fifth (payment for contributed assets), twenty-sixth (capitalization of reserves), twenty-seventh (employee share issues) and twenty-eighth (award of performance shares) resolutions. This blanket ceiling is in addition to any specific ceiling that may be set in each resolution.

The aggregate nominal value of debt securities that could be issued under the authorization would be capped at €1,553,661,380 or the equivalent in foreign currencies. This amount corresponds to the blanket ceiling on the aggregate nominal value of debt securities that could be issued pursuant to the twenty-second and twenty-third resolutions.

The **twenty-second** and **twenty-third resolutions** authorize the Board of Directors to issue shares and/or securities carrying rights to shares without preferential subscription rights for existing shareholders.

To be able to react quickly to any opportunity arising in the financial markets in France and abroad, the Board of Directors may swiftly arrange issues that can be placed with investors interested in certain types of financial instruments. To be able to do so, the Board needs to be in a position to offer the securities to investors without waiting for shareholders to exercise their preferential rights. In the case of a public offer, the Board of Directors would have the option of offering shareholders a priority right to subscribe for the securities that would be exercisable during the period and on the basis to be decided by the Board in accordance with the applicable laws and regulations.

The Board of Directors and the Statutory Auditors would issue reports in connection with any such issues, which would be made available to shareholders in accordance with the legal requirements.

The aggregate par value of shares issued under these authorizations would be capped at €23,540,324 (representing 5% of the share capital as of December 31, 2017), not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares. The €23,540,324 ceiling is a blanket sub-ceiling applicable to issues carried out under the twenty-second, twenty-third, twenty-fourth and twenty-fifth resolutions.

The aggregate nominal value of bonds or other debt securities carrying rights to shares that could be issued under each of these authorizations would be capped at €235,403,240 or the equivalent in foreign currencies.

The previous authorizations to issue shares and/or other securities with or without preferential subscription rights granted by shareholders on May 4, 2016 were not used during 2016 or 2017.

These authorizations, which are described in a special report drawn up by the Statutory Auditors, are being sought for a period of 26 months from the date of this Shareholders Meeting and would supersede the previous authorizations granted by shareholders for the same purpose.

The Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of these delegations of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period.

The purpose of the **twenty-fourth resolution** is to authorize the Board of Directors to increase by up to 15% the amount of any issues carried out with or without preferential subscription rights that are oversubscribed. Use of this authorization could not result in the blanket ceilings set in the twenty-first resolution of this Shareholders Meeting being exceeded, or the specific ceilings set in the resolution used for the original issue.

The previous authorization for the same purpose granted by shareholders on May 4, 2016 was not used during 2016 or 2017.

This authorization is being sought for a period of 26 months from the date of this Shareholders Meeting and would supersede the previous authorization granted by shareholders for the same purpose. The Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period.

In the **twenty-fifth resolution**, shareholders are invited to renew the authorization granted to the Board of Directors to issue shares and/or other securities in payment for contributed assets. The aggregate amount of these issues would not result in the Company's capital being increased by more than 10%. This procedure is governed by the rules relating to contributed assets, particularly the requirement to have the assets valued by a contribution auditor. Note that the aggregate par value of shares issued under this authorization would be deducted from the €23,540,324 blanket sub-ceiling referred to above and from the blanket ceiling set in the twenty-first resolution.

The previous authorization for the same purpose granted by shareholders on May 4, 2016 was not used during 2016 or 2017.

This authorization, which is described in a special report drawn up by the Statutory Auditors, is being sought for a period of 26 months from the date of this Shareholders Meeting and would supersede the previous authorization. The Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period.

5.1.6.4 Authorization to increase the capital by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts

The purpose of the **twenty-sixth resolution** is to renew the authorization given to the Board of Directors to increase the share capital by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts.

The Board of Directors would be able to use this authorization in conjunction with a share issue for cash carried out under the twenty-first, twenty-second or twenty-third resolutions. It could be implemented by issuing free shares or by raising the par value of existing shares. Share issues carried out pursuant to this authorization would be deducted from the €155,366,138 blanket ceiling set in the twenty-first resolution.

The previous authorization for the same purpose granted by shareholders on May 4, 2016 was not used during 2016 or 2017.

This authorization is being sought for a period of 26 months from the date of this Shareholders Meeting and would supersede the previous authorization. The Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period.

5.1.6.5 Employee rights issue

The purpose of the **twenty-seventh resolution** is to renew the authorization previously granted to the Board of Directors to issue shares and/or securities carrying rights to shares to employees who are members of an Edenred Group employee stock ownership plan and to grant free shares or securities carrying rights to shares to employees.

The total number of shares that could be issued under this authorization would be limited to the equivalent of 2% of the Company's capital as of the date of this Shareholders Meeting, unchanged from the maximum amount authorized by the Shareholders Meeting of May 4, 2016.

Share issues carried out pursuant to this authorization would be deducted from the €155,366,138 blanket ceiling set in the twenty-first resolution.

This authorization is being sought for a period of 26 months from the date of this Shareholders Meeting and would supersede the previous authorization. At December 31, 2017, shares or other securities allocated to employees pursuant to an authorization to carry out an employee rights issue represented 0.04% of the Company's capital.

5.1.6.6 Authorization to grant performance shares without pre-emptive subscription rights for existing shareholders

The purpose of the **twenty-eighth resolution** is to authorize the Board of Directors to grant performance shares on one or several occasions to Executive Directors and/or Company employees and/or Group employees pursuant to the provisions of Articles L.225-129 *et seq.* and Articles L.225-197-1 *et seq.* of the French Commercial Code.

The number of performance share rights granted during the 26-month authorization period would not exceed 1.5% of the capital and the aggregate par value of the shares concerned by the rights would be deducted from the blanket ceiling set in the twenty-first resolution of the Shareholders Meeting and from the sub-ceiling for share issues without preferential subscription rights set in the twenty-second resolution.

At the Board of Directors' discretion, grantees may be awarded existing shares bought back for this purpose or newly issued shares. If grantees are awarded newly issued shares, the authorization will automatically entail the waiver by shareholders, in favor of the grantees, of their preferential right to subscribe for the said shares as well as their right to the portion of retained earnings, profit or additional paid-in capital that will be transferred to the capital account to pay up the vested shares, as and when the shares vest.

No more than 0.1% of the total capital on the allocation date may be granted to the Executive Director for the fiscal year. Based on the recommendation of the Compensation and Appointments Committee, the Board of Directors will select the grantees. Any performance shares granted must be awarded on the basis of continued presence within the Group and individual/group performance. This criteria apply to Executive Directors and Company/Group employees.

The shares would only vest at the end of at least a three-year vesting period after which, if the conditions laid out by the Board of Directors are met, the grantee becomes a shareholder. This authorization is valid for a period of twenty-six months and supersedes the unused portion of the authorization granted to the Board of Directors at the Shareholders Meeting held on May 4, 2016. The granting of this authorization would enable the Board of Directors to introduce performance share plans for the Group's top managers in France and abroad and to pursue its policy of giving them a stake in the Group's performance and development. This would help to (i) ensure that managers actively support the Group's long-term strategy and targets, (ii) retain key Human Resources, and (iii) align managers' interests with those of our shareholders.

The performance share plans to be introduced on the basis of this authorization would entail shares being granted based on an attendance condition and the reaching of performance conditions for each of the following objectives and assessed over three consecutive financial years:

- 37.5% if the target for like-for-like operating EBIT growth is met;
- 37.5% if the target for like-for-like growth in funds from operations (FFO) is met; and
- 25% if the stock market performance target is met, corresponding to Edenred's total shareholder return (TSR) compared with the average TSR for companies included in the SBF 120 index.

The two operating performance targets above are specific to the Group's business and correspond to the like-for-like operating EBIT growth and FFO growth objectives announced to the market when the Group strategy was presented (see section 1, page 22). The purpose of the stock market performance criterion is to align management and shareholder interests, and raise managers' awareness of the specific challenges faced by a listed company. The Board of Directors will set the performance ranges (lower and upper limits) for each criterion based on the recommendation of the Compensation and Appointments Committee.

Pursuant to the terms of the plans, the criteria assessed over three consecutive fiscal years starting from the launch of each plan are as follows:

LIKE-FOR-LIKE GROWTH IN OPERATING EBIT	
Like-for-like growth in operating EBIT of less than 7% per year	0%
Like-for-like growth in operating EBIT of equal to or more than 7% but less than 9% per year	75%
Like-for-like growth in operating EBIT of equal to or more than 9% but less than 10% per year	100%
Like-for-like growth in operating EBIT of equal to or more than 10% but less than 12% per year	125%
Like-for-like growth in operating EBIT of equal to or more than 12% per year	150%
LIKE-FOR-LIKE GROWTH IN FFO	
Like-for-like growth in FFO of less than 8% per year	0%
Like-for-like growth in FFO equal to or more than 8% but less than 10% per year	75%
Like-for-like growth in FFO equal to or more than 10% but less than 12% per year	100%
Like-for-like growth in FFO equal to or more than 12% but less than 14% per year	125%
Like-for-like growth in FFO equal to or more than 14% per year	150%
EDENRED'S TSR COMPARED WITH THAT OF SBF 120 COMPANIES (BY SEXTILE)	
Sixth sextile (101 to 120)	0%
Fifth sextile (81 to 100)	50%
Fourth sextile (61 to 80)	75%
Third sextile (41 to 60)	100%
Second sextile (21 to 40)	125%
First sextile (1 to 20)	150%

Edenred's TSR measures the total return for shareholders, taking into account share price appreciation and the dividends paid to shareholders.

To calculate Edenred's TSR, the share price increase is adjusted to include the dividends paid during the period on a prorated basis. This methodology is used to calculate the TSR of all SBF 120 companies taking into account the companies' weighting in the index. Edenred's TSR is then ranked against the TSR of SBF 120 companies.

The level of achievement of the performance targets will be assessed based on the information provided by Edenred's Finance Department.

The Board of Directors will confirm these performance assessments after consulting the Compensation and Appointments Committee.

The Board's assessment will be final and will not be subject to any right of appeal. Each grantee will be personally informed of the level of achievement of the performance criteria, according to the procedure provided for in the plan rules. The number of shares that vest based on the level of achievement of the performance criteria may not exceed 100% of the rights initially granted by the Board of Directors for each plan.

5.1.7 AMENDMENT OF ARTICLE 12 OF THE BYLAWS TO DETERMINE THE ARRANGEMENTS FOR APPOINTING THE EMPLOYEE-REPRESENTATIVE DIRECTORS

In accordance with Article L.225-27-1 of the French Commercial Code, the Board of Directors is proposing to amend Article 12 of Edenred's bylaws to determine the arrangements for appointing the employee-representative directors.

In the **twenty-ninth resolution**, shareholders are invited to proceed with the appointment of the employee-representative directors designated by the Works Council. After the information and consultation process, Edenred's Works Council issued a favorable opinion on the proposed arrangements on January 8, 2018. As Edenred has fewer than 12 directors, a single employee-representative director will be appointed no later than six months after the approval of the amendment to Article 12 of Edenred's bylaws at this Annual Shareholders Meeting. The employee-representative director will have the same status, rights and responsibilities as the other directors.

5.1.8 AUTHORIZATIONS TO CARRY OUT FORMALITIES

The purpose of the **thirtieth resolution** is to authorize the bearer of an original, extract or copy of the minutes of this Annual Shareholders Meeting to carry out any and all filing and other formalities required by law.

5.2 RESOLUTIONS OF THE ANNUAL SHAREHOLDERS MEETING

ORDINARY RESOLUTIONS

FIRST RESOLUTION
APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the parent company financial statements for the year ended December 31, 2017 as well as the Corporate Governance Report of the Board of Directors, the Management Report of the Board of Directors and the Statutory Auditors' Reports, approves the financial statements for the year ended December 31, 2017, as well as the transactions reflected in these financial statements or summarized in these reports and which show net profit of €5,291,840.49.

In application of the provisions of Article 223 *quater* of France's General Tax Code (*Code général des impôts*), the Shareholders Meeting approves the total amount of non-deductible expenses and charges referred to in paragraph 4 of Article 39 of the French General Tax Code, which amounted to €200,788 in the course of the past financial year, and the tax burden borne due to the said expenses and charges, which amounted to €69,131.

SECOND RESOLUTION
APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the Corporate Governance Report of the Board of Directors, the Board of Directors' report on management of the Group included in the Management Report in accordance with Article L.233-26 of the French Commercial Code (*Code de commerce*), and the Statutory Auditors' Reports on the consolidated financial statements, approves the consolidated financial statements for the year ended December 31, 2017, as well as the transactions reflected in these financial statements or summarized in the Group Management Report, and which show a consolidated net profit of €283 million.

THIRD RESOLUTION
APPROPRIATION OF PROFIT FOR THE YEAR ENDED DECEMBER 31, 2017 AND SETTING OF THE DIVIDEND

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, notes that net profit for the year ended December 31, 2017 amounted to €5,291,840.49.

In line with the Board of Directors' recommendation, the shareholders decide to appropriate this amount as follows:

Profit	€5,291,840.49
Allocation to the legal reserve	€264,592.02
Balance	€5,027,248.47
Retained earnings brought forward from prior year	€215,218,139.01
Profit available for distribution	€220,245,387.48
Dividends paid	€199,075,085.55
Balance allocated to retained earnings	€21,170,301.93

The dividend has been set at €0.85 per share entitled to the dividend in respect of the year ended December 31, 2017. The dividend will be paid on or after June 08, 2018, with an ex-dividend date of May 14, 2018. It is specified that the dividend corresponding to the treasury shares or share which have been the subject of a cancellation on the date of payment will be allocated to retained earnings.

The Shareholders Meeting decides that if the number of shares actually conferring entitlement to a dividend on the ex-dividend date is lower or higher than 234,205,983, the amount allocated to this dividend distribution will be adjusted and the amount allocated to retained earnings modified accordingly.

Dividends paid to individuals domiciled for tax purposes in France are subject to a single flat-rate deduction of 30%, which includes (i) income tax at a flat rate of 12.8%, and (ii) social security levies (*including the CSG wealth tax, the CRDS social security debt reduction tax, social security contributions, additional social security contributions and the solidarity* *tax*) at a rate of 17.2%. However, they may choose to pay tax at their marginal rate of income tax. In this case, the dividend of €0.85 per share will be eligible for the 40% allowance under Article 158.3-2 of the French General Tax Code for individuals domiciled for tax purposes in France. This choice must be made explicitly each year and is irrevocable. It applies to all income, net gains, profits and receivables that fall within the scope of application of the single flat-rate deduction for a given year (*i.e., mainly interest, dividends and capital gains on transferable securities*).

Individuals who are part of a tax household whose reference taxable income for the year before last is less than €50,000 (single taxpayer) or €75,000 (taxpayers subject to joint taxation) may apply for a waiver of the compulsory withholding tax provided for in Article 117 *quater* of the French General Tax Code. The application for the withholding to be waived must be submitted by the taxpayer no later than November 30 of the year preceding the one in which the dividend is paid.

In accordance with Article 243 *bis* of the French General Tax Code, it is recalled that the dividend payments for the last three financial years were as follows:

YEAR	PAYOUT DATE	DIVIDEND ELIGIBLE FOR THE 40% ALLOWANCE PROVIDED FOR IN ARTICLE 158 OF THE FRENCH GENERAL TAX CODE	DIVIDEND NOT ELIGIBLE FOR THE 40% ALLOWANCE
Year ended December 31, 2016	June 15, 2017	€144,104,866, representing a dividend per share of €0.62	N/A
Year ended December 31, 2015	June 15, 2016	€191,975,172, representing a dividend per share of €0.84	N/A
Year ended December 31, 2014	June 8, 2015	€190,363,851, representing a dividend per share of €0.84	N/A

FOURTH RESOLUTION
OPTION FOR PAYMENT OF THE DIVIDEND IN NEW SHARES

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors and noting that the capital is fully paid up, decides, in accordance with Article L.232-18 *et seq.* of the French Commercial Code and Article 26 of the bylaws, to offer each shareholder the option of payment in new Company shares for the totality of the dividend discussed in the third resolution to which they are entitled. Each shareholder may opt for payment of the dividend in cash or in new Company shares pursuant to this resolution.

Should this option be taken up, the new shares will be issued at a price equal to 90% of the average opening price on the regulated market of Euronext Paris during the twenty trading days preceding the date of this Shareholders Meeting less the net amount of the dividend covered by the third resolution and rounded up to the nearest euro cent. The issued shares will bear rights as of January 1, 2018 and will rank *pari passu* with other shares comprising the capital of the Company.

Shareholders may opt for payment of the dividend in cash or in new shares between May 14, 2018 and the close of business on May 25,, 2018 by sending their request to the financial intermediaries authorized to pay the said dividend or, for shareholders registered with the Company, to its agent (Société Générale, Département des titres et bourse, CS 30812, 44308 Nantes Cedex 3, France). Shareholders who have not exercised their options by May 25, 2018 inclusive, will be paid in cash only.

Shareholders who have not opted for the payment of the dividend in shares will be paid on or after June 08, 2018 after expiry of the option period. Shareholders who have opted for payment of the dividend in shares will be issued the shares as of the same date.

If the amount of dividends for which the option is exercised does not correspond to a whole number of shares, the shareholder will receive the lower whole number of shares, and a balancing payment made by the Company and corresponding to the difference between the dividend amount for which the option is exercised and the subscription price of the shares received.

The Shareholders Meeting grants all powers to the Board of Directors, with the possibility of sub-delegating to the Chairman of the Board under the conditions provided for by law, to ensure implementation of the payment of the dividend in new shares, while specifying the mode of application and implementation, to record the number of new shares issued pursuant to this resolution and make any necessary changes to the bylaws relating to the share capital and to the number of shares comprising the share capital and, more generally, to do all that is useful or necessary.

FIFTH RESOLUTION
RATIFICATION OF THE COOPTION OF DOMINIQUE D'HINNIN AS DIRECTOR

The Shareholders Meeting, voting under the quorum and majority requirements for Ordinary General Meetings, having considered the report of the Board of Directors, ratifies the cooption decided by the Board of Directors in its meeting of June 8, 2017, of Dominique D'Hinnin as director to replace Nadra Moussalem, who resigned, for his remaining term of office, *i.e.*, until the end of the Shareholders Meeting called to approve the financial statements for the year ended December 31, 2019.

SIXTH RESOLUTION
RE-ELECTION OF BERTRAND DUMAZY

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors, re-elects Bertrand Dumazy, whose current term of office expires at the end of this Shareholders Meeting, as a director for a term of four years. His new term of office will expire at the close of the Shareholders Meeting called to approve the financial statements for the year ending December 31, 2021.

SEVENTH RESOLUTION
RE-ELECTION OF GABRIELE GALATERI DI GENOLA

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors, re-elects Gabriele Galateri di Genola, whose current term of office expires at the end of this Shareholders Meeting, as a director for a term of four years. His new term of office will expire at the close of the Shareholders Meeting called to approve the financial statements for the year ending December 31, 2021.

EIGHTH RESOLUTION
RE-ELECTION OF MAËLLE GAVET

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors, re-elects Maëlle Gavet, whose current term of office expires at the end of this Shareholders Meeting, as a director for a term of four years. Her new term of office will expire at the close of the Shareholders Meeting called to approve the financial statements for the year ending December 31, 2021.

NINTH RESOLUTION
RE-ELECTION OF JEAN-ROMAIN LHOMME

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors, re-elects Jean-Romain Lhomme, whose current term of office expires at the end of this Shareholders Meeting, as a director for a term of four years. His new term of office will expire at the close of the Shareholders Meeting called to approve the financial statements for the year ending December 31, 2021.

TENTH RESOLUTION
APPROVAL OF THE PRINCIPLES AND CRITERIA FOR SETTING, ALLOCATING AND AWARDING FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND ATTRIBUTABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, in accordance with Article L.225-37-2 of the French Commercial Code, approves the principles and criteria for setting, allocating and awarding fixed, variable and exceptional components comprising the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer, as set out in chapter 3 of the Corporate Governance Report of the Board of Directors pursuant to the last paragraph of Article L.225-37 of the French Commercial Code.

ELEVENTH RESOLUTION
APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO BERTRAND DUMAZY AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2017

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, in accordance with Article L.225-100 of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, in 2017, as set out in chapter 3 of the Corporate Governance Report of the Board of Directors pursuant to the last paragraph of Article L.225-37 of the French Commercial Code.

TWELFTH RESOLUTION
APPROVAL OF A RELATED-PARTY AGREEMENT ON THE ALLOCATION OF TERMINATION BENEFITS TO BERTRAND DUMAZY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the special report of the Statutory Auditors on the agreements and commitments covered in Articles L.225-38 *et seq.* of the French Commercial Code and noted the conclusions of this report, approves, in accordance with Article L.225-42-1 of the French Commercial Code and under the conditions of Article L.225-40 of the said Code, the commitment given to Bertrand Dumazy relating to the award of termination benefits.

This decision is subject to the approval, at this Annual Shareholders Meeting, of the sixth resolution on the re-election of Bertrand Dumazy as director.

THIRTEENTH RESOLUTION
APPROVAL OF A RELATED-PARTY AGREEMENT ON A PRIVATE UNEMPLOYMENT INSURANCE PLAN FOR BERTRAND DUMAZY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the special report of the Statutory Auditors on the agreements and commitments covered in Articles L.225-38 *et seq.* of the French Commercial Code and noted the conclusions of this report, approves, in accordance with Article L.225-42-1 of the French Commercial Code and under the conditions of Article L.225-40 of the said Code, the commitment given to Bertrand Dumazy relating to the subscription of a private unemployment insurance plan.

This decision is subject to the approval, at this Annual Shareholders Meeting, of the sixth resolution on the re-election of Bertrand Dumazy as director.

FOURTEENTH RESOLUTION
APPROVAL OF A RELATED-PARTY AGREEMENT ALLOWING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER TO BENEFIT FROM THE DEATH/DISABILITY AND HEALTH INSURANCE PLAN OPEN TO EMPLOYEES OF THE COMPANY

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the special report of the Statutory Auditors on the agreements and commitments covered in Articles L.225-38 *et seq.* of the French Commercial Code and noted the conclusions of this report, approves, in accordance with Article L.225-42-1 of the French Commercial Code and under the conditions of Article L.225-40 of the said Commercial Code, the commitment given to Bertrand Dumazy relating to the extension to the Chairman and Chief Executive Officer of the death/disability and health insurance plan applicable to employees of the Company.

This decision is subject to the approval, at this Annual Shareholders Meeting, of the sixth resolution on the re-election of Bertrand Dumazy as director.

FIFTEENTH RESOLUTION
APPROVAL OF A RELATED-PARTY AGREEMENT ALLOWING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER TO BENEFIT FROM THE COMPANY'S SUPPLEMENTARY PENSION PLANS ON THE SAME TERMS AS EMPLOYEES

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the special report of the Statutory Auditors on the agreements and commitments covered in Articles L.225-38 *et seq.* of the French Commercial Code and noted the conclusions of this report, approves, in accordance with Article L.225-42-1 of the French Commercial Code and under the conditions of Article L.225-40 of the said Code, the commitment given to Bertrand Dumazy relating to the participation of the Chairman and Chief Executive Officer in the supplementary pension plans in force in the Company.

This decision is subject to the approval, at this Annual Shareholders Meeting, of the sixth resolution on the re-election of Bertrand Dumazy as director.

SIXTEENTH RESOLUTION
STATUTORY AUDITORS' SPECIAL REPORT: APPROVAL OF THE RELATED-PARTY AGREEMENTS AND COMMITMENTS COVERED IN ARTICLES L.225-38 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the special report of the Statutory Auditors on the agreements and commitments subject to the provisions of Articles L.225-38 *et seq.* of the French Commercial Code, approves this report in all of its provisions as well as the new agreements mentioned therein, approved by the Board of Directors during the year ended December 31, 2017.

SEVENTEENTH RESOLUTION
RE-APPOINTMENT OF A PRINCIPAL STATUTORY AUDITOR

At the proposal of the Board of Directors based on the recommendation of the Audit and Risks Committee, the Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, approves the re-appointment of Deloitte & Associés, whose registered office is located at 185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France, as principal Statutory Auditor for a term of six years. This term of office will expire at the end of the Shareholders Meeting called to approve the financial statements for the year ended December 31, 2023.

EIGHTEENTH RESOLUTION
DECISION NOT TO RE-APPOINT AN ALTERNATE STATUTORY AUDITOR

At the proposal of the Board of Directors based on the recommendation of the Audit and Risks Committee, the Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, approves the decision not to re-appoint BEAS, whose registered office is located at 185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France, as alternate Statutory Auditor. The current appointment will therefore end as of the date of this meeting.

NINETEENTH RESOLUTION
AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO TRADE IN THE COMPANY'S SHARES

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the report of the Board of Directors, authorizes the Board of Directors, with the right to sub-delegate as provided for by law, to purchase, have purchased or sell shares in the Company pursuant to the provisions of Articles L.225-209 *et seq.* of the French Commercial Code, European Regulation no. 594/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and the General Regulations of the French financial markets regulator, Autorité des marchés financiers (AMF), in particular with a view to the following:

- canceling all or part of the shares acquired as part of a capital reduction, subject to adoption by the Extraordinary Shareholders Meeting of the twentieth resolution below or any resolution to the same effect that should supersede said resolution while this authorization is still valid;
- implementing any Company stock option plan under the provisions of Articles L.225-177 *et seq.* of the French Commercial Code or any similar plan;
- allocating shares to employees in settlement of amounts due under the statutory profit-sharing scheme or selling shares to employees through any employee savings, stock ownership or similar plan, pursuant to Articles L.3332-1 *et seq.* of the French Labor Code;
- granting shares under plans governed by the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code;
- in a general manner, fulfilling any obligations associated with stock option plans or other allocations of shares to employees or Executive Directors of the Company or any related company;
- allocating shares upon the exercise of rights attached to securities conferring entitlement, through redemption, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of shares in the Company;
- making a market and ensuring the liquidity of Edenred shares under a liquidity contract entered into with an independent investment services provider that complies with the Code of Conduct recognized by the AMF.

This program is also intended to allow the Company to trade in Company shares for any other purpose authorized or that may be authorized by the law or regulations in force. In such cases, the Company will inform its shareholders through a press release.

Shares may be bought back, sold or otherwise transferred at any time except when a third party has submitted a public bid for the Company's securities, in accordance with the applicable regulations.

The maximum purchase price is set at €35 per share (or the corresponding value of this amount on the same date in any other currency), it being specified that the maximum price is only applicable to acquisitions decided after the date of this Shareholders Meeting and not to transactions concluded under an authorization granted by a previous Shareholders Meeting providing for acquisitions of shares subsequent to the date of this Shareholders Meeting.

In the event of a transaction affecting the Company's capital or shareholders' equity, the Shareholders Meeting delegates to the Board of Directors, the authority to adjust the maximum price in order to take into account the impact of said transactions on the value of the share.

Pursuant to Article L.225-209 of the French Commercial Code, the Shareholders Meeting decides that purchases of the Company's shares may involve a number of shares, such that:

- the number of shares bought back by the Company during the share buyback program does not exceed 10% of the shares comprising the capital of the Company, *i.e.*, as an indication, 23,540,324 shares at December 31, 2017, it being specified that (i) the maximum number of shares acquired to be retained and subsequently allocated as part of a merger, demerger or asset transfer may not exceed 5% of its share capital and (ii) when the shares are purchased to favor liquidity under the conditions defined by the General Regulations of the AMF, the number of shares used for the calculation of the 10% limit indicated in the first paragraph corresponds to the number of shares purchased less the number of shares sold during the term of the authorization;
- the number of shares that the Company may hold at any given time may not exceed 10% of the shares comprising the capital of the Company.

The Shareholders Meeting decides that (i) the purchase, sale or transfer of shares may be carried out and paid for by any means, under the conditions and limits provided for in the regulations in force on the date of the transactions in question, on one or more occasions, on regulated markets, multilateral trading systems, with systematic internalizers or concluded over the counter, including by acquisition or sale of blocks, by public bid or exchange offer, or by use of options, derivative financial instruments (but excluding the sale of put options) traded on regulated markets, multilateral trading systems, with systematic internalizers or concluded over the counter or by allotment of shares following the issuance of securities giving rights to shares in the Company by conversion, exchange, redemption, exercise of warrants or otherwise, either directly or indirectly *via* an investment service provider or otherwise, and that (ii) the maximum amount of capital that can be transferred in the form of blocks of shares may equal the total of the share buyback program.

The total amount allocated to the above share buyback program may not exceed €823,911,340, based on the maximum unit purchase price of €35 authorized above.

The Shareholders Meeting grants all powers to the Board of Directors with the right to sub-delegate as provided for by law, to implement this authorization, particularly for the placing of any orders on or off the market, concluding all agreements particularly with a view to registering the purchase and sale of shares, carrying out all formalities and declarations to all organizations, preparing all documents and press releases related to the above transactions, and generally doing whatever is necessary.

The Shareholders Meeting terminates, with immediate effect, the authorization granted by the Combined Shareholders Meeting of May 4, 2017 in its thirteenth resolution and decides that this present authorization is granted for a period of eighteen (18) months as of the date of this Shareholders Meeting.

EXTRAORDINARY RESOLUTIONS

TWENTIETH RESOLUTION
AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S SHARE CAPITAL BY CANCELING SHARES

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and acting in accordance with Articles L.225-209 *et seq.* of the French Commercial Code:

1. authorizes the Board of Directors to reduce the Company's share capital, on one or several occasions, by canceling all or some of the shares bought back or held by the Company, provided that the number of shares canceled in any 24-month period does not exceed 10% of the total shares outstanding, as part of any share buyback programs authorized by the nineteenth resolution or before the date of this Shareholders Meeting;
2. grants all powers to the Board of Directors, with the right to sub-delegate as provided for by law, to:
   - proceed with this or these capital reductions,
   - set the final amount, define the relevant methods and record the completion,
   - charge the difference between the book value of the canceled shares and their nominal value against any available reserves and premiums,
   - proceed with the corresponding modification of the bylaws, carry out all formalities, all procedures and declarations with any agencies and, more generally, do whatever is necessary, and
   - generally do everything necessary to implement the present authorization, amend, as a consequence, the bylaws and carry out all formalities,

   all in accordance with the legal provisions in force when using this authorization.

This authorization is granted for a period of eighteen (18) months from the date of this Shareholders Meeting. It supersedes, with immediate effect, the authorization given in the fourteenth resolution of the Annual Shareholders Meeting of May 4, 2017.

TWENTY-FIRST RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH SHARE CAPITAL INCREASES BY ISSUING, WITH PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES AND/ OR ANY SECURITIES CONFERRING IMMEDIATE OR FUTURE ACCESS TO SHARES IN THE COMPANY OR SUBSIDIARIES

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the French Commercial Code, in particular Articles L.225-129-2, L.225-132, L.225-133, L.225-134 and L.228-91 to L.228-94:

1. delegates to the Board of Directors, with the right to sub-delegate as provided for by law, its authority to decide to increase the share capital on one or more occasions, in France, abroad or on the international market, in the proportions and at the times it deems appropriate, in euros or any other currency or monetary unit established by reference to several currencies, with preferential subscription rights of shareholders, by issuing (i) ordinary shares in the Company (excluding preference shares) or (ii) securities issued for payment or free, governed by Articles L.228-91 *et seq.* of the French Commercial Code, giving access by any means, immediately or in the future, to the capital of the Company (new or existing shares) or any company in which it owns directly or indirectly

more than half of the capital (a "Subsidiary") or existing shares in any company in which it does not own directly or indirectly more than half of the capital, and/or entitling holders to the allotment of debt securities of the Company, any Subsidiary or any company referred to above or (iii) any securities, compound or not, giving access, by any means, immediately or in the future, to new shares in the Company or in any Subsidiary, provided that the subscription of shares and other securities may be made either in cash or by offsetting receivables;

2. notes that the securities giving access or that may give access, immediately or in the future, to new shares in a Subsidiary issued pursuant to this delegation of authority may only be issued subject to the approval of the Extraordinary Shareholders Meeting of the Subsidiary issuing shares;
3. decides to set the following limits on the amounts of issuances authorized in the event of use by the Board of Directors of this delegation of authority:
   - the aggregate par value of shares issued or likely to be issued under this delegation immediately or in the future is capped at €155,366,138, it being specified that (i) this amount represents blanket ceiling on the aggregate par value share issues to be carried out pursuant to this delegation of authority and those granted under the twenty-second, twenty-third, twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh and twenty-eighth resolutions referred to hereinafter and that the aggregate par value of share issues carried out under these resolutions will count towards this blanket ceiling, and (ii) this ceiling will be raised, where applicable, by the par value of any additional shares to be issued in respect of adjustments in order to safeguard, in accordance with laws and regulations and, where applicable, contractual provisions providing for other adjustment cases, the rights of holders of securities or other rights giving access to capital,
   - the aggregate nominal amount of debt securities giving access to the capital of the Company may not exceed the ceiling of €1,553,661,380 or the equivalent of this amount in the event of issuance in other currencies or units of account, it being specified that this amount represents the blanket ceiling on the aggregate nominal value of debt securities of the Company that may be issued under this resolution and the delegations of authority and authorizations conferred by the twenty-second and twenty-third resolutions referred to hereinafter, the aggregate nominal value of debt securities issued under these resolutions will count towards this ceiling. This ceiling is separate and distinct from the amount of securities representing debt conferring entitlement to the allocation of debt securities and the amount of debt securities whose issuance is decided upon or authorized by the Board of Directors pursuant to Articles L.228-36-A and L.228-40 of the French Commercial Code;
4. decides that the Board of Directors may also make use of this delegation of authority in the case of a share capital increase reserved for a subsidiary or lower-tier subsidiary of the Company in accordance with Article L.225-138 of the French Commercial Code and cancel preferential subscription rights for this purpose;
5. decides that the Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period;
6. in the event of use of this delegation by the Board of Directors:
   - decides that shareholders may exercise their preferential subscription rights to the shares to which they are entitled as of right, under the conditions provided for by law, and notes that the Board of Directors may give the shareholders the right to subscribe for shares in excess of those to which they are entitled as of right, in proportion to their subscription rights and for the amount of their requests,
   - decides that if the subscriptions as of right and, where applicable, those for excess shares have not covered the entire issuance of shares or securities as defined above, the Board of Directors may use the different options provided by law, in the order it will determine, including offering the public all or part of the shares or, in the case of securities giving access to the capital, securities which are not subscribed, on the French market and/or abroad and/or on the international market,
   - decides that issuances of warrants for the Company stock may be made by a subscription offer under the conditions described above, but also by free allocation to holders of existing shares,
   - decides that in the event of free allocation of autonomous stock warrants, the Board of Directors may decide that fractional allotment rights will not be negotiable and that the corresponding securities will be sold,
   - acknowledges that this delegation automatically entails, in favor of holders of securities giving access to the capital of the Company, the waiver by shareholders of their preferential subscription right to shares to which the securities to be issued pursuant to this delegation may confer entitlement;
7. decides that the Board of Directors shall have all powers, with the right to sub-delegate as provided for by law, to implement this delegation of authority, particularly to:
   - decide to increase the capital (and, where applicable, postpone such increase) and determine the securities to be issued,
   - decide the amount of any capital increase, the price of any issue and the amount of the premium that may, where appropriate, be requested upon issuance,
   - determine the dates and terms of any capital increase, the nature and characteristics of the securities to be created; decide, furthermore, in the case of bonds or other debt securities, their subordinated nature or otherwise (and, if applicable, their subordination ranking, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (particularly the fixed or variable interest rate or zero coupon or indexed) and provide for, where appropriate, mandatory or optional cases of suspension or non-payment of interest, stipulate their term (fixed or indefinite), the possibility of reducing or increasing the amount of securities and the other terms of issuance (including whether to grant them

guarantees or sureties) and amortization (including redemption by delivery of assets of the Company); amend, during the life of the securities concerned, the terms specified above, in compliance with applicable formalities,

- determine the method of payment for shares or securities giving access to the capital to be issued immediately or in the future,
- determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares or securities giving access to the capital, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and repayment rights, including repayment in assets such as other securities of the Company, as well as any other terms and conditions applicable to such issues,
- set the conditions under which the Company will, if appropriate, benefit from the right to buy back or exchange on the stock exchange, at any time or during specified periods, securities issued or to be issued immediately or in the future in order to cancel them or otherwise, in consideration of the legal provisions,
- allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
- at its sole initiative, offset the capital increase expenses against the amount of the related premiums and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each capital increase,
- determine and make all adjustments to take into account the impact of transactions on the capital of the Company, particularly in the event of a change in the par value of shares, a capital increase by incorporation of reserves, the free allocation of shares, a stock split or reverse stock split, distribution of reserves or any other assets, amortization of capital or any other transaction affecting shareholders' equity, and set the terms according to which, if appropriate, the rights of holders of securities giving access to the capital will be safeguarded,
- record the capital increase(s) resulting from the use of this authorization and amend the bylaws to reflect the new capital,
- generally, enter into any agreements particularly to ensure the successful completion of the planned issuances, take all measures and complete all formalities required for the issuance, listing and financial servicing of the securities issued under this delegation and the exercise of the rights attached thereto, or any formalities resulting from capital increases;

8. sets at 26 months, from the date of this Shareholders Meeting, the term of validity of this delegation and notes that it supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-second resolution.

TWENTY-SECOND RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH CAPITAL INCREASES THROUGH THE ISSUANCE, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS THROUGH A PUBLIC OFFER, OF SHARES OR SECURITIES GIVING IMMEDIATE OR FUTURE RIGHTS TO SHARES IN THE COMPANY OR SUBSIDIARIES, INCLUDING WITH THE EFFECT OF REMUNERATING SECURITIES CONTRIBUTED IN THE CONTEXT OF A PUBLIC OFFERING

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the French Commercial Code, in particular Articles L.225-127, L.225-128, L.225129, L.225-129-2, L.225-135, L.225-136, L.225-148, L.228-91 to L.228-94:

1. delegates to the Board of Directors, with the right to sub-delegate as provided for by law, its authority to decide to increase the share capital on one or more occasions, in the amounts and at the times it deems appropriate, on the French market and/or foreign markets and/or the international market, through a public offering, either in euros or any other currency or monetary unit established by reference to several currencies, through the issuance, without preferential rights for shareholders, (i) of ordinary shares (excluding performance shares) or (ii) securities issued for payment or free, governed by Articles L.225-149 *et seq.* and L.228-91 *et seq.* of the French Commercial Code, giving access by any means, immediately or in the future, to the capital of the Company or any Subsidiary (whether new or existing shares) or existing shares in any company in which it does not own directly or indirectly more than half of the capital, and/or entitling holders to the allotment of debt securities of the Company, any Subsidiary or any company referred to above or (iii) any securities, compound or not, giving access, by any means, immediately or in the future, to new shares to be issued by the Company or any Subsidiary, it being specified that the subscription of shares and other securities may be made either in cash or by offsetting receivables;
2. notes that the securities giving access or that may give access, immediately or in the future, to new shares in a Subsidiary issued pursuant to this delegation of authority may only be issued subject to the approval of the Extraordinary Shareholders Meeting of the Subsidiary issuing shares;
3. notes that the public offer(s) undertaken pursuant to this delegation of authority may be carried out jointly or simultaneously with one or more private placements governed by Article L.411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) as provided for in the twenty-third resolution referred to hereinafter;

4. decides to set the following limits on the amounts of issuances authorized in the event of use by the Board of Directors of this delegation:
   - the aggregate par value of shares that may be made immediately or in the future under this delegation is capped at €23,540,324 it being specified that (i) this amount will count towards the amount of the blanket ceiling provided for in paragraph 3 of the twenty-first resolution above, (ii) this amount will constitute the blanket ceiling on the aggregate par value of share issues to be carried out without preferential subscription rights pursuant to this delegation and those granted under the twenty-third, twenty-fifth, twenty-seventh and twenty-eighth resolutions or when used in conjunction with an initial issuance made pursuant to the twenty-third, twenty-fifth, twenty-seventh or twenty-eighth resolutions referred to hereinafter, subject to approval by the Shareholders Meeting, and (iii) this ceiling will be raised, where applicable, by the par value of additional shares which may be issued in respect of adjustments in order to safeguard, in accordance with laws and regulations and, where applicable, contractual provisions providing for other adjustment cases, the rights of holders of securities or other rights giving access to the capital,
   - the aggregate nominal value of debt securities giving access to the capital of the Company may not exceed the ceiling of €235,403,240 or the equivalent value of this amount, it being specified that (i) this amount will count towards the blanket ceiling set for securities representing debt securities, in paragraph 3 of the twenty-first resolution above and (ii) this ceiling is common to the twenty-second and twenty-third resolutions.

     This ceiling is separate and distinct from the amount of securities representing debt conferring entitlement to the allocation of debt securities and the amount of debt securities whose issuance is decided upon or authorized by the Board of Directors pursuant to Articles L.228-36-A and L.228-40 of the French Commercial Code;
5. decides to cancel the preferential subscription rights of shareholders to securities covered by this resolution, while giving the Board of Directors, pursuant to Article L.225-135, paragraph 5 of the French Commercial Code, the option to grant shareholders, for a period and on terms to be set in accordance with applicable legal and regulatory provisions and for all or part of an issuance performed, a priority subscription period not giving rise to the creation of negotiable rights and which must be exercised in proportion to the number of shares owned by each shareholder and may be supplemented by an application for subscription of excess securities, it being stipulated that the non-subscribed securities shall be the subject of a public offering in France and/or abroad and/or on the international market;
6. decides that the Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period;
7. acknowledges that this delegation automatically entails, in favor of holders of securities giving access to the capital of the Company, the waiver by shareholders of their preferential subscription right to shares to which the securities to be issued pursuant to this delegation may confer entitlement;
8. decides that, in accordance with Article L.225-136 of the French Commercial Code:
   - the issue price of shares issued directly will be at least the minimum amount provided for in the laws and regulations in force at the time of use of this delegation,
   - the issue price of securities carrying rights to shares will be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share;
9. decides that if the subscriptions of shareholders and the public do not absorb the entire issuance of securities, the Board of Directors may use, in the order it shall determine, one and/or the other of the following options:
   - limit the issuance to the amount of subscriptions in accordance with the law in force at the time of use of this delegation,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice;
10. decides that the Board of Directors will have all powers, with the right to sub-delegate as provided for by law, to implement this delegation of authority, particularly to decide to increase the capital (and, where applicable, postpone such increase) and determine the securities to be issued; and in particular to:
    - determine the amount of any capital increase, the price of any issue and any premium which may be requested at the date of issue; determine the timing and terms of the capital increase, including the nature and characteristics of the securities to be issued; decide, in the event of issuance of debt securities, on their subordinated nature or otherwise (and, if applicable, their subordination ranking, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (particularly fixed or variable interest rate or zero coupon or indexed) and determine, if necessary, the cases in which interest payments must or may be canceled or suspended, stipulate their term (fixed or indefinite), whether the nominal amount of the securities may be reduced or increased and other terms of issue (including whether to grant them guarantees or sureties) and amortization (including the possibility of redemption by delivery of Company assets); amend, during the life of the securities concerned, the procedures specified above, in compliance with applicable formalities,
    - determine the method of payment for shares or securities giving access to the capital to be issued immediately or in the future,
    - set, where appropriate, the terms and conditions for exercising rights attached to shares and securities that give access to the Company's capital and, in particular, set the date (which may be retroactive) from which dividend rights will be attached to the new shares, set the terms and conditions for exercising rights of conversion, exchange and repayment, as the case may be, including through repayment in the Company's assets such as securities already issued by the Company, as well as all other terms and conditions of each capital increase,
    - set the conditions under which the Company will, if appropriate, benefit from the right to buyback or exchange on the stock exchange, at any time or during specified periods, securities issued or to be issued immediately or in the future in order to cancel them or otherwise, in consideration of the legal provisions,

- allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
- if the securities are issued in payment for another issuer's securities tendered to a public offer with an exchange component, (i) draw up the list of securities tendered to the offer, (ii) set the terms and conditions of the issue, the exchange ratio and, if applicable, the amount of the cash component, and (iii) determine the issue terms and conditions in connection with a paper offer, a paper offer with a cash alternative or a cash offer with a paper alternative, a cash and paper offer, a paper offer with a secondary cash offer or a cash offer with a secondary paper offer or any other form of public offer that complies with the applicable laws and regulations,
- at its sole initiative, offset the capital increase expenses against the amount of the related premiums and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each capital increase,
- determine and make all adjustments to take into account the impact of transactions on the capital of the Company, particularly modification of the nominal amount, share capital increase by incorporation of reserves, free allocation of shares, a stock split or reverse stock split, distribution of reserves or any other assets, amortization of capital or any other transaction affecting shareholders' equity, and set the terms according to which, if appropriate, the rights of holders of securities giving access to the capital will be safeguarded,
- record the completion of each increase in capital and make the corresponding amendments to the bylaws,
- generally, enter into any agreements to ensure the successful completion of the planned issuances, take all measures and decisions and complete all formalities required for the issuance, listing and financial servicing of the securities issued under this delegation and the exercise of the rights attached thereto, or any formalities resulting from capital increases;

11. sets at 26 months, from the date of this Shareholders Meeting, the term of validity of this delegation and notes that it supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-third resolution.

TWENTY-THIRD RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH SHARE CAPITAL INCREASES BY ISSUING, BY WAY OF PRIVATE PLACEMENT WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES AND/OR ANY SECURITIES CONFERRING IMMEDIATE OR FUTURE ACCESS TO SHARES IN THE COMPANY OR SUBSIDIARIES

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the French Commercial Code, in particular Articles L.225129 to L.225-129-6, L.225-135, L.225-136, L.225-148, L.228-91 to L.228-94 and section II.2 of Article L.411-2 of the French Monetary and Financial Code:

1. delegates to the Board of Directors its authority to decide to increase the share capital through an offering referred to in section II.2 of Article L.411-2 of the French Monetary and Financial Code, aimed at qualified investors or a restricted circle of investors, on one or more occasions, in such amounts and at such times as it deems appropriate, in France and internationally, in euros or foreign currencies or units of account set by reference to several currencies, (i) by issues of ordinary shares (excluding preference shares), (ii) securities of the Company giving access, by any means, immediately or in the future, to the capital of the Company or any Subsidiary (whether new or existing shares) or existing shares in any company in which it does not own directly or indirectly more than half of the capital, and/or entitling holders to the allotment of debt securities of the Company, any Subsidiary or any company referred to above or (iii) any securities, compound or not, giving access, by any means, immediately or in the future, to new shares to be issued by the Company or any Subsidiary, it being specified that the subscription may be made either in cash or by offsetting liquid and payable debt;
2. notes that the securities giving access or that may give access, immediately or in the future, to new shares in a Subsidiary issued pursuant to this delegation of authority may only be issued subject to the approval of the Extraordinary Shareholders Meeting of the Subsidiary issuing shares;
3. notes that the private placements governed by Article L.411-2 II of the French Monetary and Financial Code decided pursuant to this delegation of authority may be carried out jointly or simultaneously with one or more public offers as provided for in the twenty-second resolution referred to hereabove;
4. decides to set the following limits on the amounts of issuances authorized in the event of use by the Board of Directors of this delegation:
   - the aggregate par value of shares likely to be issued under this delegation immediately or in the future is capped at €23,540,324, it being specified that: (i) this amount will count towards the amount of the ceiling on the par value of shares to be issued without preferential subscription rights provided for in paragraph 4 of the twenty-second resolution above as well as the blanket ceiling provided for in paragraph 3 of the twenty-first resolution above, (ii) in any event, share issues carried out pursuant to this resolution may not exceed 10%

of the share capital per year, and (iii) this ceiling will be raised, where applicable, by the aggregate par value of shares which may be issued in respect of adjustments in order to safeguard, in accordance with the laws and regulations and, where applicable, contractual provisions providing for other adjustment cases, the rights of holders of securities and other rights giving access to the capital,

- the aggregate nominal value of debt securities giving access to the capital of the Company may not exceed the ceiling of €235,403,240 or a value corresponding to this amount, it being specified that this amount will count toward the ceiling for securities representing debt securities in paragraph 3 of the twenty-second resolution above, it further being specified that this ceiling is common to the twenty-second and twenty-third resolutions. This ceiling is separate and distinct from the amount of securities representing debt conferring entitlement to the allocation of debt securities and the amount of debt securities whose issuance is decided upon or authorized by the Board of Directors pursuant to Articles L.228-36-A and L.228-40 of the French Commercial Code;

5. decides that these capital increases may result from the exercise of a right of attribution, by conversion, exchange, redemption, presentation of a warrant, or otherwise, arising out of any securities issued by any company in which the Company holds, directly or indirectly, more than half of the capital, and with the agreement of the latter;
6. decides to eliminate the preferential subscription right of shareholders to the securities to be issued under this resolution;
7. decides that if subscriptions of qualified investors do not absorb the entire issuance of securities, the Board of Directors may use, in the order it shall determine, either or both of the following options:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice,
   - offer all or some of the unsubscribed securities for subscription by the public;
8. notes and decides as necessary that this delegation automatically entails, in favor of holders of securities giving access to shares in the Company that may be issued, waiving of the shareholders' preferential right to subscribe to new shares to which these securities confer entitlement;
9. acknowledges that pursuant to Article L.225-136 of the French Commercial Code:
   - the issue price of the shares issued directly under this authorization will be at least equal to the minimum price provided for in the applicable regulations on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date less a maximum 5% discount), as adjusted for any difference in cum-dividend dates,
   - the issue price of securities carrying rights to shares will be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
   - the number of shares to be issued on conversion, exchange, redemption or exercise of securities carrying rights to shares issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;
10. decides that the Board of Directors may not, without prior authorization from the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the offer period;
11. decides that the Board of Directors shall have all powers, with the right to sub-delegate as provided for by law, to implement this delegation, in particular to:
    - decide to increase the capital (and, where applicable, postpone such increase) and determine the securities to be issued,
    - decide the amount of any capital increase, the issue price and the amount of the premium that may, where appropriate, be requested upon issuance,
    - determine the dates and terms of the capital increase, the nature and characteristics of the securities to be created; decide, furthermore, in the case of bonds or other debt securities, their subordinated nature or otherwise (and, if applicable, their subordination ranking, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (particularly the fixed or variable interest rate or zero coupon or indexed) and provide for, where appropriate, mandatory or optional cases of suspension or non-payment of interest, stipulate their term (fixed or indefinite), the possibility of reducing or increasing the amount of securities and the other terms of issuance (including whether to grant them guarantees or sureties) and amortization (including redemption by delivery of assets of the Company); amend, during the life of the securities concerned, the terms specified above, in compliance with applicable formalities,
    - determine the method of payment for shares or securities giving access to the capital to be issued immediately or in the future,
    - decide, if necessary, the terms of exercise of the rights attached to the shares or securities giving access to the capital to be issued and, in particular, set the date, even retroactively, from which the new shares will bear rights, determine the arrangements for exercising the rights, if appropriate, of conversion, exchange or redemption, including by delivery of Company assets such as securities already issued by the Company, and all other terms and conditions for carrying out the capital increase,
    - set the conditions under which the Company will, if appropriate, benefit from the right to buyback or exchange on the stock exchange, at any time or during specified periods, securities issued or to be issued immediately or in the future in order to cancel them or otherwise, in consideration of the legal provisions,
    - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,

- at its sole initiative, offset the capital increase expenses against the amount of the related premiums and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each capital increase,
- determine and make all adjustments to take into account the impact of transactions on the capital of the Company, particularly in the event of a change in the nominal value of shares, a capital increase by incorporation of reserves, the free allocation of shares, a stock split or reverse stock split, distribution of reserves or any other assets, amortization of capital or any other transaction affecting shareholders' equity, and set the terms according to which, if appropriate, the rights of holders of securities giving access to the capital will be safeguarded,
- record the capital increase(s) resulting from the use of this authorization and amend the bylaws to reflect the new capital,
- generally, enter into any agreements, particularly to ensure the successful completion of the planned issuances, take all measures and decisions and complete all formalities required for the issuance, listing and financial servicing of the securities issued under this delegation and the exercise of the rights attached thereto, or any formalities resulting from capital increases;

12. sets at 26 months, from the date of this Shareholders Meeting, the term of validity of this delegation and notes that it supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-fourth resolution.

TWENTY-FOURTH RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH INCREASING THE NUMBER OF SHARES TO BE ISSUED IN THE EVENT OF A CAPITAL INCREASE WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Article L.225-135-1 of the French Commercial Code:

1. delegates to the Board of Directors, with the right to sub-delegate as provided for by law, its authority to increase, within the blanket ceilings set by the twenty-first resolution of this Shareholders Meeting and the specific ceilings of the resolution used for the initial issuance, the number of shares to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights for shareholders at the same price as that applied for the initial issuance, within the terms and limits stipulated by the regulations applicable on the date of issuance (currently within 30 days of the closing of the subscription and within the limit of 15% of the initial issuance), particularly in order to grant an over-allotment option in accordance with market practice;

2. sets at 26 months, from the date of this Shareholders Meeting, the term of validity of this delegation and notes that it supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-fifth resolution;

3. decides that the Board of Directors may not, without prior authorization by the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the period.

TWENTY-FIFTH RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH CAPITAL INCREASES BY ISSUING SHARES OR OTHER SECURITIES GIVING ACCESS, IMMEDIATELY OR IN THE FUTURE, TO SHARES IN THE COMPANY OR SUBSIDIARIES WITH A VIEW TO REMUNERATING CONTRIBUTIONS IN KIND MADE TO THE COMPANY, EXCEPT IN THE EVENT OF A PUBLIC EXCHANGE OFFER LAUNCHED BY THE COMPANY

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with Articles L.225-129 *et seq.* of the French Commercial Code, particularly Article L.225-147, paragraph 6 of the said Code:

1. delegates to the Board of Directors, with the right to sub-delegate as provided for by law, the authority to issue (i) ordinary shares in the Company (excluding preference shares), (ii) securities of the Company giving access by any means, immediately or in the future, to the capital of the Company (new or existing shares) or (iii) any securities, compound or not, giving access, by any means, immediately or in the future, to new shares in the Company. The subscription of shares or securities may be made either in cash or by offsetting receivables in payment for assets contributed to the Company and consist of equity or securities giving access to the capital, when the provisions of Article L.225-148 of the French Commercial Code are not applicable;

2. decides that the aggregate par value of shares likely to be issued immediately or in the future on the basis of this delegation may not exceed 10% of the share capital at the time of issuance, it being specified that:

- this amount will count towards (i) the amount of the blanket ceiling provided in paragraph 3 of the twenty-first resolution above and (ii) the amount of the ceiling for all capital increases to be carried out without preferential subscription rights provided for in paragraph 4 of the twenty-second resolution, it being specified that these amounts above will be raised, where applicable, by the aggregate par value of additional shares which may be issued in respect of adjustments in order to safeguard, in accordance with laws and regulations and, where applicable, contractual provisions providing for other adjustment cases, the rights of holders of securities or other rights giving access to capital,
- the aggregate nominal value of debt securities of the Company to be issued under this delegation may not exceed and will count toward the blanket ceiling for debt securities provided for in paragraph 4 of the twenty-first resolution above;

3. decides that the Board of Directors will have all necessary powers, in particular to approve the assessment of contributions and the granting of special benefits, to reduce, if the contributors so consent, the valuation of contributions or the remuneration of special benefits and, concerning said contributions, record their completion, offset all costs, charges and duties against premiums, increase the share capital and amend the bylaws accordingly;
4. states that in accordance with the law, the Board of Directors will rule, if use is made of this delegation, on the report of one or more contribution auditors, referred to in Article L.225-147 of the French Commercial Code;
5. decides that this delegation is granted for a period of 26 months from this Shareholders Meeting and supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-sixth resolution;
6. decides that the Board of Directors may not, without prior authorization by the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the bid period.

TWENTY-SIXTH RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH CAPITAL INCREASES BY INCORPORATION OF RESERVES, PROFITS, PREMIUMS OR OTHER

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors, and in accordance with Articles L.225-129, L.225-129-2 and L.225-130 of the French Commercial Code:

1. delegates to the Board of Directors its authority to decide on increases in the share capital on one or more occasions, in the proportions and at the times it deems appropriate, by incorporation of reserves, profits, premiums or other elements whose capitalization is allowed by law and the bylaws and in the form of the free issuance of new shares or the increase in the par value of existing shares, or by combining the two transactions;
2. decides that the aggregate par value of shares increases likely to be issued under this delegation may not exceed €155,366,138, it being specified that this ceiling:
   - is set without taking into account the par value of ordinary shares that may be issued in respect of adjustments made to safeguard, in accordance with legislative and regulatory provisions and, where applicable, contractual provisions providing for other cases of adjustment, the rights of holders of securities or other rights giving access to the capital,
   - will count toward the amount of the blanket ceiling of the capital increase set in paragraph 3 of the twenty-first resolution above;
3. decides that the Board of Directors shall have all powers, with the right to sub-delegate as provided for by law, in order to implement this delegation, in particular to:
   - define all the terms and conditions of the authorized transactions, decide the amount and nature of the reserves and premiums to be capitalized, determine the number of new shares to be issued or the amount by which the par value of existing shares comprising the share capital will be increased, set the date, even retroactively, from which the new shares will bear rights or the date on which the increase in the par value will take effect and proceed, if necessary, with all offsetting against the issuance premium(s) including the costs incurred by the implementation of issuances,
   - decide in accordance with the provisions of Article L.225-130 of the French Commercial Code, that fractional rights will not be negotiable and that the corresponding shares will be sold, with the proceeds from the sale being allocated to the rights holders as provided for by the law and regulations,
   - take all necessary measures and conclude all agreements to ensure the successful completion of the planned transactions and generally do whatever is necessary to accomplish all acts and formalities in order to make the capital increase(s) that may be made under this delegation definitive and proceed with the corresponding amendment of the bylaws;
4. decides that this delegation is granted for a period of 26 months from this Shareholders Meeting and supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-seventh resolution;
5. decides that the Board of Directors may not, without prior authorization by the Shareholders Meeting, make use of this delegation of authority as of the submission by a third party of a public bid for the Company's securities and through until the end of the bid period.

TWENTY-SEVENTH RESOLUTION
DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO ISSUE, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES OR SECURITIES GIVING ACCESS TO THE SHARE CAPITAL RESERVED FOR EMPLOYEES WHO ARE PART OF A COMPANY SAVINGS PLAN

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors, under the provisions of Articles L.3332-18 *et seq.* of the French Labor Code (*Code du travail*) relating to employee share ownership and Articles L.225-129, L.225-129-2 to L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial Code:

1. delegates to the Board of Directors the authority to issue, on one or more occasions, shares and/or securities giving access to the capital, to the benefit of employees of the Company and of French or foreign companies to which it is related within the meaning of Article L.225-180 of the French Commercial Code, which are included in the same scope of consolidation or combination of accounts in accordance with Article L.3344-1 of the French Labor Code, provided that these employees are members of an Edenred Group Company Savings Plan;
2. authorizes the Board of Directors, as part of this or these capital increases, to grant free of charge shares or other securities giving access to the capital, within the limits laid down in Article L.3332-21 of the French Labor Code;
3. decides that the total number of shares issued or liable to be issued pursuant to this resolution will not exceed 2% of the share capital of the Company as recorded at the end of this meeting; it being specified that the aggregate value of shares issued under this delegation will be deducted from the amount of the blanket ceilings provided for in paragraph 3 of the twenty-first resolution and from the blanket ceilings provided for in paragraph 4 of the twenty-second resolution above;
4. decides that the issue price of the new shares may neither be higher than the average listed price for the Company share during the 20 trading days preceding the day of the decision setting the opening date for subscriptions or lower than this average less the maximum discount provided for by the regulations on the date of the decision and that the characteristics of the other securities will be determined under the conditions stipulated in the regulations in force;
5. decides to cancel, in favor of said members, the preferential subscription right of shareholders to the shares or securities that may be issued under this delegation and to waive any right to the shares that may be granted on the basis of this resolution;
6. grants all powers to the Board of Directors with the right to sub-delegate, under the conditions provided for by law, particularly with the effect of:
   - drawing up the list of companies whose employees will be entitled to subscribe for the shares and/or other securities,
   - deciding that the securities may be acquired either directly or through a corporate mutual fund,
   - allowing employees a specified period of time to pay up their securities,
   - setting the terms and conditions of access to the Company Savings Plan or voluntary employee partnership savings plan, by establishing or amending the regulations,
   - setting the opening and closing dates of the subscription and the issue price of securities,
   - determining the number of new shares to be issued,
   - recording the completion of each capital increase,
   - carrying out any and all transactions and formalities, directly or through a duly authorized representative,
   - amending the Company's bylaws to reflect the new capital, carrying out all formalities and, generally, taking all appropriate measures and do whatever is necessary to comply with the applicable laws and regulations;
7. decides that this delegation is granted for a period of 26 months from this Shareholders Meeting and notes that it supersedes, as of that same date, the delegation granted by the Shareholders Meeting of May 4, 2016 in its twenty-eighth resolution.

TWENTY-EIGHT RESOLUTION
AUTHORIZATION FOR THE BOARD OF DIRECTORS TO PROCEED WITH THE FREE ALLOCATION OF PERFORMANCE SHARES, EXISTING OR TO BE ISSUED, TO EMPLOYEES AND EXECUTIVE DIRECTORS OF THE COMPANY AND GROUP COMPANIES

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with Articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code:

1. authorizes the Board of Directors to proceed with, on one or more occasions, the free allocation of ordinary shares, existing and/or to be issued, in the Company, to employees and/or Executive Directors (eligible within the meaning of Article L.225-197-1 II, paragraph 1 of the French Commercial Code) of the Company and companies or groups linked to it in accordance with the conditions stipulated in Article L.225-197-2 of the French Commercial Code, or certain categories of them;
2. decides that the allocations made under this authorization may not involve a number of existing or new shares representing more than 1.5% of the share capital of the Company as recorded at the date of the decision to allocate them made by the Board of Directors, it being specified that this number does not take into account any adjustments that may be made to safeguard the rights of beneficiaries in the event of financial transactions or operations concerning the capital or equity of the Company, in accordance with the legal and regulatory provisions and, where applicable, contractual provisions providing for other adjustment cases;
3. decides that the allocations made under this authorization will benefit, in the conditions provided for by law, the Executive Directors of the Company, provided that the final allocation of shares is subject to compliance with a condition of presence and the achievement of one or more specified performance condition(s) set by the Board of Directors upon the decision to allocate them and that their number does not represent in the course of a fiscal year a higher percentage than 0.1% of the share capital of the Company as recorded at the date of the decision to allocate them made by the Board of Directors (subject to any adjustments mentioned in the preceding paragraph), this sub-ceiling will count towards the blanket ceiling of 1.5% of the aforementioned share capital, it being specified that the aggregate par value of shares issued pursuant to this delegation shall count toward the blanket ceiling set in paragraph 3 of the twenty-first resolution and the blanket ceiling set in paragraph 4 of the twenty-second resolution above;
4. decides that: (i) the allocation of shares to beneficiaries will be definitive after a vesting period whose duration will be set by the Board of Directors, it being understood that this period may not be less than three years; and (ii) the duration of the lock-up period will be, if appropriate, set by the Board of Directors;
5. expressly makes the final allocation of shares pursuant to this authorization, including for the Executive Directors, conditional upon compliance with a condition of presence and the achievement of one or more performance conditions specified by the Board of Directors upon the decision to allocate them and assessed over at least three consecutive years;
6. notes that this authorization automatically entails the waiver by shareholders of their preferential subscription rights over the ordinary shares issued pursuant to this authorization;
7. grants all powers, within the limits set above, to the Board of Directors with the right to sub-delegate as provided for by law, in order to implement this authorization and in particular to:
   - determine whether the free shares to be allocated are shares to be issued or already existing shares,
   - set, within the legal limits, the dates on which shares will be allocated,
   - determine the identity of the beneficiaries, or the category or categories of beneficiaries of the share allocations and the number of shares allocated to each of them,
   - determine the share allocation criteria, the conditions and procedures for allocating such shares and in particular the vesting period and, if appropriate, the lock-up period for the shares so allocated, the condition of presence or the performance condition(s), pursuant to this authorization,
   - set the date, even retroactively, when the new shares to be issued bear rights,
   - provide for the possibility of temporarily suspending the allocation rights as provided for by law and the applicable regulations,
   - register the shares allocated in a registered account in the name of their owner at the end of the vesting period, stating, where appropriate, the lock-up and duration thereof, and cancel the share lock-up period in any circumstances in which this resolution or the applicable regulations allow cancellation of the said period,
   - decide, as regards the Executive Directors, either that the shares may not be sold by the interested parties before the termination of their duties, or define the number of shares that they must keep in registered form until the termination of their duties,
   - provide for the option of proceeding, if deemed necessary, with adjustments to the number of free shares allocated in order to safeguard the rights of beneficiaries, depending on any transactions involving the capital or equity of the Company which occurred during the vesting period, as referred to in Article L.225-181, paragraph 2 of the French Commercial Code, under the conditions it will determine,
   - charge, if applicable, against the reserves, profits or share premiums, the sums necessary for payment of such shares, record the completion of each capital increase made pursuant to this authorization, amend the bylaws and, in general, carry out all necessary acts and formalities,
   - more generally, enter into any agreements, draw up all documents, carry out all formalities and make all declarations to all organizations and do all that is otherwise necessary;
8. grants this authorization for a period of 26 months from the date of this Shareholders Meeting. This authorization supersedes, as of that same date, the authorization granted by the Shareholders Meeting of May 4, 2016 in its twenty-ninth resolution.

TWENTY-NINTH RESOLUTION
AMENDMENT OF ARTICLE 12 OF THE BYLAWS TO DETERMINE THE ARRANGEMENTS FOR APPOINTING THE EMPLOYEE-REPRESENTATIVE DIRECTORS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L.225-27-1 OF THE FRENCH COMMERCIAL CODE

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Board of Directors and the opinion issued by the Works Council, resolves to amend Article 12 of the bylaws as follows: (the additions to Article 12 are shown in bold text).

Proposed new version: "Article 12 – Management of the Company

The Company is managed by a Board of Directors composed of a minimum of three members and a maximum of eighteen, subject to the dispensations provided for by law, including in the event of a merger.

No individual exceeding the age of 75 may be appointed as director. If a director **elected by the Ordinary Shareholders Meeting** exceeds the age limit of 75, the latter, at the first Shareholders Meeting following its birthday will be deemed to have automatically resigned.

The number of directors **elected by the Ordinary Shareholders Meeting** who are over 70 years of age may not represent more than a third of the directors in office.

If the above mentioned proportion is exceeded as a result of a director **elected by the Ordinary Shareholders Meeting** turning over 70, the eldest director is deemed to have automatically resigned from office at that date.

These provisions also apply to the permanent representatives of any legal entity that has been appointed director.

Directors, **including employee-representative directors**, are appointed under legal conditions by the Ordinary Shareholders Meeting for a four-year term. They are re-eligible.

However, the Ordinary Shareholders Meeting can exceptionally appoint one or several directors for a term of less than four years. This is only for the periodic renewal of the Board of Directors by turnover, so that such renewal applies to a different part of its members each time.

In the event of a vacancy of one or several seats of directors **elected by the Ordinary Shareholders Meeting**, the Board of Directors can carry out pursuant to legal conditions, provisional appointments that will be subject to the ratification of the Ordinary Shareholders Meeting pursuant to the conditions provided for by law.

Failing ratification, the deliberations taken and the deeds completed beforehand remain valid.

The director appointed pursuant to such conditions to replace another remains in office for the duration of its predecessor's remaining term of office.

As long as the Company's shares are admitted to trading on a regulated market, each director, **with the exception of the employee-representative directors**, must hold 500 of the Company's registered shares.

As the Company falls within the scope of application of Article L.225-27-1 of the French Commercial Code, the Board of Directors includes one or two employee-representative directors. Pursuant to the provisions of said Article, when the Board of Directors has twelve or fewer members, calculated in accordance with the provisions of Article L.225-27-1-II of the French Commercial Code, the Works Council designates one employee-representative director.

If the number of directors elected in accordance with the provisions of Article L.225-18 of the French Commercial Code rises above twelve and for as long as it remains above twelve, a second employee-representative director shall be appointed. If the number of directors elected in accordance with the provisions of Article L.225-18 of the French Commercial Code falls to twelve or below, this change shall have no effect on the terms of office of the employee-representative directors, who shall remain in office until the end of their current term.

The employee-representative director(s) are not included for the purpose of determining the maximum number of directors provided for in the French Commercial Code or for the purposes of applying the first paragraph of Article L.225-18-1 of the said Code. The employee-representative director(s) shall stand down before the end of their term under the conditions provided for by law and this Article of the bylaws, and in particular in the event of the termination of their employment contract, with the exception of an intra-group transfer.

If the conditions for the application of Article L.225-27-1 of the French Commercial Code are no longer met at the end of a fiscal year, the employee-representative director(s) shall stand down at the close of the meeting at which the Board of Directors places on record the fact that the Company no longer meets the conditions for the application of said Article.

If, for any reason, a seat as employee-representative director becomes vacant, the vacancy shall be filled in accordance with the terms provided for in Article L.225-34 of the French Commercial Code. The Board of Directors may continue to conduct business validly until the vacancy of the employee-representative director(s) has been filled. In addition to the provisions of the second paragraph of Article L.225-29 of the French Commercial Code, it is specified insofar as necessary that, if no employee-representative director has been designated by the Works Council in accordance with the law and this Article of the bylaws, decisions made by the Board of Directors shall nonetheless remain valid. Subject to the stipulations of this Article of the bylaws and the provisions of the law, the employee-representative directors shall have the same status, rights and responsibilities as the other directors."

ORDINARY RESOLUTION

THIRTIETH RESOLUTION
AUTHORIZATIONS TO CARRY OUT FORMALITIES

The Shareholders Meeting authorizes the bearer of an original, extract or copy of the minutes of this Shareholders Meeting to carry out any and all filing and other formalities required by law.

5.3 STATUTORY AUDITORS' SPECIAL REPORTS

5.3.1 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

Combined Shareholders' Meeting of May 3, 2018

(20th resolution)

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

To the Shareholders,

In our capacity as Statutory Auditors of Edenred and pursuant to the provisions of Article L. 225-209 of the French Commercial Code *(Code de commerce)* concerning capital share decreases by cancellation of shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers to the Board of Directors, during a period of 18 months starting from the Shareholders' Meeting of May 3, 2018, to cancel, on one or more occasions, and up to a maximum of 10% of the share capital in any twenty-four month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of Article L. 225-209 of the French Commercial Code.

We performed the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease.

Paris-La Défense and Neuilly-sur-Seine, March 12, 2018
The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIÉS**
Philippe DIU	Patrick E. SUISSA

5.3.2 STATUTORY AUDITORS' REPORT ISSUE OF SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL RESERVED FOR THE EMPLOYEES WHO PARTICIPATE IN A SAVINGS PLAN OF THE COMPANY

Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

(27th resolution)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with article L. 228-92 and L. 225-135 et seq. of the French Commercial Code *(Code de commerce)*, we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital with cancellation of preferential subscription rights reserved for the employees of your company and group companies in accordance with article L. 225-180 of the French Commercial Code and which are included in the consolidation or combination perimeter of financial statements in accordance with article L. 3344-1 of the Labour Code *(Code du travail)* if they participate in a savings plan of the Edenred Group, an operation upon which you are called to vote.

The total shares number issued or to be issued, immediately or in the future, according to this authorization, that could result from this issue is a maximum of 2% of the share capital of your company, as found on this annual general meeting, given that the total nominal amount of increase capital to be realized, immediately or in the future, in compliance with this resolution, shall be deducted from the overall ceiling set in paragraph 3 of the resolution twenty-first and from the overall ceiling set in the paragraph 4 of the resolution twenty-second of this annual general meeting.

This issue is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial Code *(Code de commerce)* and L. 3332-18 etc. of the French Labour Code *(Code du travail)*.

Your board of directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the marketable securities to be issued. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code *(Code de commerce)*. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* for this type of engagement. These procedures consisted in verifying the information provided in the board of directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the board of directors' report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code *(Code de commerce)*, we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization.

Paris-La Défense and Neuilly-sur-Seine, March 13, 2018
The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS	**ERNST & YOUNG Audit**
Patrick E. SUISSA	Philippe DIU

5.3.3 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR VARIOUS SECURITIES WITH AND/OR WITHOUT WAIVER OF THE PRE-EMPTIVE SUBSCRIPTION RIGHT

Combined General Meeting of May 3, 2018

(21st, 22nd, 23rd, 24th and 25th resolutions)

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

To the Shareholders,

In our capacity as Statutory Auditors of Edenred (the "Company") and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code *(Code de Commerce)*, we hereby report to you on the proposed delegations to the Board of Directors for the various issues of shares and/or securities, transactions on which you are asked to vote.

Your Board of Directors proposes that, having considered its report:

- you delegate it the authority, for a period of twenty-six months from the date of this Shareholders' Meeting, to decide the following transaction, set the final terms and conditions of thereof and, if necessary, waive your pre-emptive subscription right:
  - issue, with retention of the pre-emptive subscription right (21st resolution), (i) ordinary shares of the Company or (ii) securities that are equity securities of the Company conferring, by any means, immediate or future entitlement to other equity securities, whether existing or to be issued, of the Company or any company in which the Company directly or indirectly holds more than half of the share capital (a "Subsidiary") or to existing equity securities of any company in which Edenred does not directly or indirectly hold more than half of the share capital, and/or conferring entitlement to debt securities of the Company, any Subsidiary or any company stipulated above, or (iii) any securities, whether hybrid or not, conferring, by any means, immediate or future entitlement to equity securities to be issued by the Company or any Subsidiary,
  - issue, with waiver of the pre-emptive subscription right through a public offering (22nd resolution), (i) ordinary shares of the Company or (ii) securities that are equity securities of the Company conferring, by any means, immediate or future entitlement to other equity securities, whether existing or to be issued, of the Company or any Subsidiary or to existing equity securities of any company in which the Company does not directly or indirectly hold more than half of the share capital, and/or conferring entitlement to debt securities of the Company, any Subsidiary or any company stipulated above, or (iii) any securities, whether hybrid or not, conferring, by any means, immediate or future entitlement to equity securities to be issued by the Company or any Subsidiary, it being specified that such securities may be issued as consideration for the securities which would be contributed to the Company in the context of a public exchange offer of securities meeting the requirements of Article L. 225-148 of the French Commercial Code,

- issue, with waiver of the pre-emptive subscription right through public offerings governed by Section II of Article L. 411-2 of the French Monetary and Financial Code *(Code Monétaire et Financier)* and placed with qualified investors or a restricted circle of investors without exceeding the annual limit of 10% of the share capital (23rd resolution), (i) ordinary shares of the Company or (ii) securities that are equity securities of the Company conferring, by any means, immediate or future entitlement to other equity securities, whether existing or to be issued, of the Company or any Subsidiary or to existing equity securities of any company in which the Company does not directly or indirectly hold more than half of the share capital, and/or conferring entitlement to debt securities of the Company, any Subsidiary or any company stipulated above, or (iii) any securities, whether hybrid or not, conferring, by any means, immediate or future entitlement to equity securities to be issued by the Company or any Subsidiary;
- you delegate it the necessary authority, for a period of twenty-six months from the date of this Shareholders' Meeting, to issue (i) ordinary shares of the Company or (ii) securities that are equity securities of the Company conferring, by any means, immediate or future entitlement to other equity securities, whether existing or to be issued, of the Company or (iii) any securities, whether hybrid or not, conferring, by any means, immediate or future entitlement to equity securities to be issued by the Company, in consideration for contributions-in-kind to the Company and comprising equity securities or securities conferring entitlement to share capital of other companies within the limit of 10% of the share capital on the issue date (25th resolution).

According to the 21st resolution, the nominal amount of any share capital increases which may be performed immediately and/or in future may not exceed €155.366.138 pursuant to the 21st, 22nd, 23rd, 24th, 25th, 26th, 27th and 28th resolutions, it being specified that the nominal amount of these capital increases may not exceed €23.540.324 according to the 22nd resolution and pursuant to the 22nd, 23rd, 25th, 27th and 28th resolutions.

According to the 21st resolution, the nominal amount of any debt securities conferring entitlement to the Company's share capital, which may be issued, may not exceed €1.553.661.380 pursuant to the 21st, 22nd and 23rd resolutions, it being specified that the nominal amount of these securities may not exceed €235.403.240 according to the 22nd resolution and pursuant to the 22nd and 23rd resolutions.

These ceilings take into account the additional number of new securities to be issued in the context of the implementation of the delegations stipulated in the 21st, 22nd and 23rd resolutions, under the terms and conditions of Article L. 225-135-1 of the French Commercial Code, should you adopt the 24th resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data derived from the financial statements, on the proposed waiver of the pre-emptive subscription right and on certain other information pertaining to these transactions, as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the conditions in which the issue price of the equity securities to be issued was determined.

Subject to the subsequent review of the terms and conditions of the issues that may be decided, we have no comments on the methods, as presented in the Board of Directors' report, used to determine the issue price of the equity securities to be issued, pursuant to the 22nd and 23rd resolutions.

In addition, as this report does not specify the conditions governing the determination of the issue price for the equity securities to be issued in connection with the implementation of the 21st and 25th resolutions, we cannot express an opinion on the components used to calculate the issue price.

As the final terms and conditions under which the shares shall be issued has not been determined, we express no opinion thereon and, likewise, on the proposed waiver of the pre-emptive subscription right on which you are asked to vote under the 22nd and 23rd resolutions.

Pursuant to Article R. 225-116 of the French Commercial Code, we shall issue a supplementary report, if applicable, when these delegations are utilized by your Board of Directors, should it issue securities that are equity securities conferring entitlement to other equity securities or debt securities, equity securities conferring entitlement to equity securities to be issued, and ordinary shares with waiver of the pre-emptive subscription right.

Paris-La Défense and Neuilly-sur-Seine, March 12, 2018
The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIÉS**
Philippe DIU	Patrick E. SUISSA

5.3.4 STATUTORY AUDITORS' REPORT ON THE FREE ALLOCATION OF EXISTING SHARES OR SHARES TO BE ISSUED

Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

(28th resolution)

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

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with article L. 225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed free allocation of existing shares or shares to be issued, reserved for employees and/or eligible directors (in compliance with article L. 225-197-1 II paragraph 1 of the French Commercial Code) and/or directors of your company and group companies (under the conditions provided under article L. 225-197-2 of the French Commercial Code), or certain categories among them, an operation upon which you are called to vote.

The total number of free shares to be issued under this authorization that could result from this issue is a maximum of 1.5% of your company share capital, as found on the decision date of their allocation by the board of directors, given that (i) the nominal amount of any capital increase realized pursuant to this delegation of authority shall be deducted from the overall ceiling set in paragraph 3 of the resolution twenty-first and from the overall ceiling set in the paragraph 4 of the resolution twenty-second of this annual general meeting and (ii) the shares number to be issued to directors that could result from this issue is a maximum of, in the course of a financial year, 0.1% of your company share capital, as found on the decision date of their allocation by the board of directors.

Your board of directors proposes that on the basis of its report it be authorized for a period of twenty-six months to allocate, for free, existing shares or shares to be issued.

It is the responsibility of the board of directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations

We have no matters to report as to the information provided in the board of directors's report relating to the proposed free allocation of shares.

Paris-La Défense and Neuilly-sur-Seine, March 13, 2018
The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Patrick E. SUISSA	Philippe DIU

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ADDITIONAL INFORMATION

6.1 INVESTOR RELATIONS AND DOCUMENTS AVAILABLE TO THE PUBLIC

In addition to the Annual Shareholders Meeting and the events organized to present the annual results, Edenred keeps both individual and institutional shareholders informed of the latest developments on a highly responsive on a regular basis. This information is tailored to the specific needs of different types of shareholders and financial analysts while constantly complying with the principle of equal access to information.

The Company's press releases and historical financial information are available on the Edenred website (www.edenred.com in the "Investors/Shareholders" section) and the website of the Autorité des marchés financiers (www.amf-france.org). Copies may also be obtained from the Company's headquarters, 166-180, boulevard Gabriel Péri – 92240 Malakoff, France. The bylaws and the minutes of Shareholders Meetings, the financial statements of the Company and the Group, the Statutory Auditors' Reports and all other corporate documents are available for consultation in paper format at the Company's headquarters.

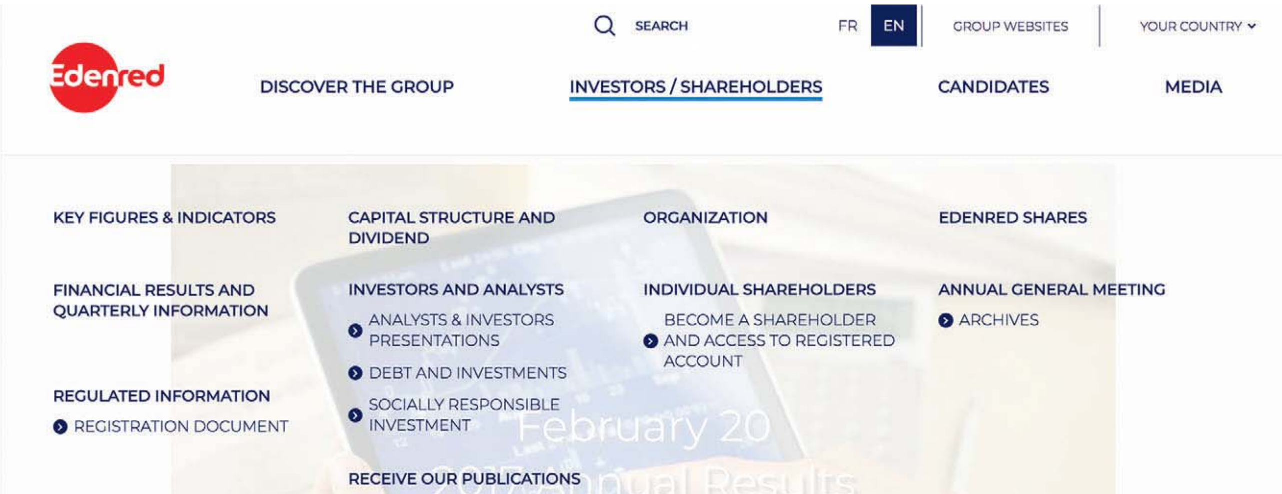
MEETINGS WITH INVESTORS

In 2017, Edenred met some 800 representatives of 375 financial institutions, held 19 roadshows in Europe, the United States and Canada, and participated in 11 investor conferences in France, the United Kingdom, the United States and Spain.

The Group also met with individual shareholders at shareholder events in Clermont-Ferrand, Dijon and Grenoble, France, during the year. The Financial Communications team held four breakfasts with shareholders at the Company's headquarters, including two financial events and two theme-based events with the Executive Committee members. An event was also organized at one of our partner restaurants.

INVESTOR AND SHAREHOLDER PUBLICATIONS

Since October 19, 2016, the Edenred website has been optimized for viewing on smartphones and tablets through responsive design. All of the Group's financial news and publications are available in the "Investors/Shareholders" section, which is organized into ten topics:



Statutory documents are available for consultation at Edenred SA's administrative headquarters, 166-180, boulevard Gabriel Péri – 92240 Malakoff, France.

Regulatory filings are issued electronically through a professional disclosure service that complies with the criteria set out in the Autorité des marchés financiers' General Regulations. The filings are also available on the corporate website.

CONTACTS

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Phone: +33 1 74 31 86 26

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Individual shareholders

Élisabeth Pascal
Regulated Information Distribution and Shareholder Relations manager
E-mail: relations.actionnaires@edenred.com

6.2 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE ACCOUNTS

6.2.1 PERSONS RESPONSIBLE

6.2.1.1 Person responsible for the Registration Document

Bertrand Dumazy, Chairman and Chief Executive Officer of Edenred.

6.2.1.2 Statement by the person responsible for the Registration Document

"I hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Edenred and the consolidated companies, and (ii) the Management Report presented in section 2, represents a fair view of the business, results and financial position of Edenred and its consolidated companies and provides a description of the main risks and uncertainties to which they are exposed.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have examined the information about the financial position and the accounts contained in the Registration Document and have read the whole of the document."

Bertrand Dumazy

Chairman and Chief Executive Officer of Edenred

Malakoff, March 16, 2018

6.2.2 STATUTORY AUDITORS

Statutory Auditors

Deloitte & Associés

Patrick E. Suissa
185, avenue Charles de Gaulle
BP 136
92203 Neuilly-sur-Seine Cedex, France
Appointed for six years at the May 15, 2012 Annual Shareholders Meeting.

Ernst & Young Audit

Philippe Diu
La Défense 1
1-2, place des Saisons
92400 Courbevoie, France
Appointed for six years at the May 4, 2016 Annual Shareholders Meeting.

Alternate auditors

BEAS

195, avenue Charles de Gaulle
92200 Neuilly-sur-Seine, France
Appointed on the same basis and for the same period as Deloitte & Associés.

Auditex

La Défense 1
1-2, place des Saisons
92400 Courbevoie, France
Appointed on the same basis and for the same period as Ernst & Young Audit.

6.3 FEES PAID TO THE STATUTORY AUDITORS

The table of fees paid by the Group for 2016 and 2017 is available section 4, Note 11.4 page 222.

6.4 INFORMATION ON HOLDINGS

Information relating to the undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses is provided in the notes to the consolidated financial statements (see Note 12 "List of consolidated companies at December 31, 2017" to the 2017 financial statements, page 224).

6.5 THIRD-PARTY INFORMATION

Not applicable.

6.6 INFORMATION INCORPORATED BY REFERENCE

In accordance with Article 28 of European Commission Regulation (EC) 809/2004, the Registration Document incorporates by reference the following information:

2016 Registration Document

The 2016 Registration Document was filed on March 17, 2017 with the Autorité des marchés financiers (D.17-0176 registration). It concerns:

- the consolidated financial statements and corresponding Statutory Auditors' Report presented on pages 158 to 236 of Edenred's 2016 Registration Document;
- the financial review presented on pages 38 to 52 of Edenred's 2016 Registration Document;
- sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Registration Document.

2015 Registration Document

The 2015 Registration Document was filed on March 25, 2016 with the Autorité des marchés financiers (D.16-0209 registration). It concerns:

- the consolidated financial statements and corresponding Statutory Auditors' Report presented on pages 164 to 240 of Edenred's 2015 Registration Document;
- the financial review presented on pages 37 to 52 of Edenred's 2015 Registration Document;
- sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Registration Document.

6.7 REGULATORY FILINGS

The following information was published or announced by Edenred during the past twelve months (between February 28, 2017 and February 28, 2018):

- disclosure of number of shares and voting rights at February 28, 2017;
- press release announcing the launch of a new accounts payable management solution in Europe;
- press release dated March 16, 2017 announcing the dividend recommended for 2016 at the Annual Shareholders Meeting on May 4, 2017;
- press release dated March 20, 2017 announcing the publication of the 2016 Registration Document;
- 2016 Annual Financial Report, published as part of the Registration Document on March 20, 2017;
- fees paid to the Statutory Auditors for 2016, disclosed in the Registration Document on March 20, 2017;
- report on corporate governance and internal control, published in the 2016 Registration Document on March 20, 2017;
- description of the share buyback program, published in the 2016 Registration Document on March 20, 2017;
- press release dated March 22, 2017 announcing the successful €500 million bond issue;
- press release dated March 29, 2017 announcing a change to the financial calendar;
- disclosure of number of shares and voting rights as of March 31, 2017;
- press release dated April 12, 2017 announcing that proxy documents for the May 4, 2017 Annual Shareholders Meeting had been made available to shareholders;
- press release dated April 18, 2017 announcing first-quarter 2017 revenue;
- disclosure of number of shares and voting rights as of April 30, 2017;
- press release dated May 5, 2017 on the May 4, 2017 Annual Shareholders Meeting;
- press release dated May 5, 2017 on the payment of the dividend;
- press release dated May 31, 2017 announcing the launch of Apple Pay for Expendia Smart card beneficiaries in Italy;
- disclosure of number of shares and voting rights as of May 31, 2017;
- press release dated June 13, 2017 on the results of the 2016 dividend reinvestment plan;
- press release dated June 13, 2017 announcing the appointment of Dominique D'Hinnin to Edenred's Board of Directors;
- press release dated June 14, 2017 announcing the unveiling of Edenred's new global identity;
- press release dated June 22, 2017 announcing appointments at Edenred;
- disclosure of number of shares and voting rights as of June 30, 2017;
- press release concerning liquidity contract transactions in the six months ended June 30, 2017;
- press release dated July 6, 2017 announcing the alliance of Edenred and ProwebCE with the vente-privee group;
- press release dated July 20, 2017 announcing that IATA had chosen Edenred to develop its IATA EASYPAY system in more than 70 countries;
- press release dated July 25, 2017 announcing the Group's first-half 2017 results and second-quarter revenue;
- press release dated July 25, 2017 announcing the publication of the 2016 half-year Financial Report;
- disclosure of number of shares and voting rights as of July 31, 2017;
- disclosure of number of shares and voting rights as of August 31, 2017;
- disclosure of number of shares and voting rights as of September 30, 2017;
- press release dated October 13, 2017 announcing third-quarter revenue;
- press release dated October 16, 2017 announcing the acquisition of Vasa Slovensko, Slovakia's number three player in meal vouchers;
- press release dated October 19, 2017 announcing the FOOD survey;
- disclosure of number of shares and voting rights as of October 31, 2017;
- press release dated November 14, 2017 announcing the launch of Android Pay in Spain, enabling employees to pay for their meals directly with their smartphones;
- disclosure of number of shares and voting rights as of November 30, 2017;
- press release dated December 1, 2017 honoring Edenred's financial communications;
- disclosure of number of shares and voting rights as of December 31, 2017;
- press release concerning liquidity contract transactions in the six months ended December 31, 2017;
- press release dated January 12, 2018 announcing Edenred's sales expansion in six new countries in Eastern Europe, particularly *via* the acquisition of Timex Card, a fuel card distributor in Poland, and the increase of Edenred's stake in UTA to 83%;
- disclosure of number of shares and voting rights as of January 31, 2018;
- press release dated January 18, 2018 announcing Edenred's partnership with Partech Ventures to explore the African market;
- press release announcing a partnership between Edenred and Foncia to optimize fund collection, in February 15, 2018;
- press release dated February 20, 2018 announcing 2017 annual results and fourth-quarter revenue;

6.8 CROSS-REFERENCE TABLES

The table below provides cross references between the pages in the Registration Document and the key information required under Annex I of European Commission Regulation (EC) 809/2004 dated April 29, 2004.

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1.2	Statement by the person responsible for the Registration Document	6.2.1 Persons responsible	303
2	**Statutory Auditors**		
2.1	Name and address of the issuer's Statutory Auditors	6.2.2 Statutory Auditors	303
2.2	Names of Statutory Auditors who resigned, were removed or were not re-appointed during the period	None	
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3.1	Selected historical financial information	1.4 Selected three-year financial information	25
3.2	Selected financial information for interim periods and comparative data from the same period in the prior financial year	None	
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5.1.4	*Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, and the address and telephone number of its registered office*	2.1.1 The Company	36
		1.8 Regulatory environment	30
5.1.5	*Important events in the development of the issuer's business*	4.2 Note 3 Significant events 4.2 Note 2 Acquisitions, development projects and disposals	167 165
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5.2.2	*Description of the principal investments that are in progress*	1.2.2 Strategic plan for sustainable and profitable growth	20
5.2.3	*Information concerning the issuer's principal future investments on which it has already made firm commitments*	1.2.2 Strategic plan for sustainable and profitable growth	20
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NO.	KEY INFORMATION REQUIRED UNDER ANNEX 1 OF EUROPEAN COMMISSION REGULATION 809/2004	REGISTRATION DOCUMENT SECTION(S)	PAGE(S)
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8.2	Environmental issues that may affect the utilization of tangible fixed assets	None	
9	**Operating and financial review**		
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12	**Trend information**		
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NO.	KEY INFORMATION REQUIRED UNDER ANNEX 1 OF EUROPEAN COMMISSION REGULATION 809/2004	REGISTRATION DOCUMENT SECTION(S)	PAGE(S)
13	**Profit forecasts or estimates**	**None**	
14	**Administrative, management and supervisory bodies and senior management**		
14.1	Information about the principal activities of the following persons, and statement that they have not been convicted of any fraudulent offences: • members of the administrative, management or supervisory bodies; and • any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	3.1.1 Membership of the Board of Directors	113
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18.2	Different voting rights	2.1.2.1 Ownership of shares and voting rights	36
18.3	Statement of whether the issuer is directly or indirectly owned or controlled and description of the measures in place to ensure that such control is not abused	None	

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		4.2 Note 11.2 Related-party transactions	221
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20.4.3	*Where financial data in the Registration Document are not extracted from the issuer's audited financial statements, statement of the source of the data and statement that the data are unaudited*	None	
20.5	Age of latest financial information	4.2 Note 1.5 Basis of preparation of the financial statements	164
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21.1.4	*Convertible securities, exchangeable securities or securities with warrants*	None	
21.1.5	*Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital*	None	
21.1.6	*Information about any capital of any member of the Group which is under option or agreed to be put under option*	None	
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6.9 CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The Registration Document contains all of the information required to be included in the Annual Financial Report governed by Article L.451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

6.10 CROSS-REFERENCE TABLE FOR SOCIAL, SOCIETAL AND ENVIRONMENTAL DATA

Cross-reference table between French Decree 2012-557 of April 24, 2012 and the information provided in the Registration Document.

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2	**Organization of working hours**	**2.4.1.1 Key figures**	**79**
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6.11 GRI CROSS-REFERENCE TABLE

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