Edenred

2018 Registration document

Contents

The information required in the Annual Financial Report is identified in the Contents table by the AFR pictogram AFR
The disclosure of non-financial information is identified in the Contents table by the DNFI DPEF

2018

Registration document

including the Annual Financial Report

Edenred, the global leader in payment solutions for the working world, connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants across 45 countries. Thanks to its global technology platform, the Group managed 2.5 billion transactions in 2018, primarily carried out via mobile applications, online platforms and cards, and representing more than €28 billion in business volume.

Edenred's 8,500 staff are driven by a commitment to improving employees' quality of life, increasing companies' efficiency and boosting merchants' revenues.

€28 billion
in business volume, of which 80% digital

1.5 billion
meals served per year using Edenred solutions

2.8 million
Edenred fuel cards and toll solutions

830,000
corporate clients

47 million
employees using our solutions

1.7 million
partner merchants

45
countries

8,500
employees

€1.4 billion
in Total revenue

This Registration Document was filed with the Autorité des marchés financiers (AMF) on March 28, 2019 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.

www.edenred.com

Message
from the Chairman and CEO

Bertrand Dumazy
Chairman and Chief Executive Officer of the Edenred Group

Edenred's capacity to generate profitable and sustainable growth is attributable above all to our business excellence, geared toward systematically optimizing each performance lever.

To the shareholders,

As you will see in this latest edition of the Registration Document, 2018 was another record year for Edenred, thanks to the successful execution of the Fast Forward strategic plan launched in 2016. We delivered double-digit organic growth in each of our business lines and in all the regions where we operate. This performance was only made possible by the commitment of our 8,500 employees to making Edenred the everyday companion for the working world. It also reflects the strength of our network, which connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants across 45 countries.

Edenred's capacity to generate profitable and sustainable growth is attributable above all to our business excellence, geared toward systematically optimizing each performance lever. In all of our markets, which are still relatively untapped, our sales teams are working to win over and retain clients, including an increasing number of small and medium-sized enterprises, a segment that offers great opportunities.

At the same time, having made innovation a major focus of our growth strategy, we now boast leading digital positions in our growth three business lines. With 80% of business volume digitized thanks to our global technology platform, the way is now clear for endless innovations, including in mobile payment and in app-to-app payment, which is

At the same time, having made innovation a major focus of our growth strategy, we now boast leading digital positions in our growth three business lines.

already available in 12 countries, two years after the launch of the Apple Pay service for Ticket Restaurant in France. On top of the success of our new products in Europe and Latin America, such as Ticket Welfare, an employee benefits solution developed in Italy, or the Empresarial expense management offering initially brought out in Mexico and now available in three new countries, we are expanding our business model through the creation of additional services to improve our existing solutions. Edenred fuel cards, for example, now come with vehicle maintenance services, interoperable toll tags and simple solutions for claiming back VAT.

Edenred the everyday companion for the working world

Our financial model generates large amounts of cash, allowing us to step up the pace of growth even further through a policy of targeted acquisitions and partnerships, all while maintaining our sound financial position and carefully managing our debt. 2018 was a particularly abundant year for deals across all of the Group's business lines: we consolidated our position as the world leader in Employee Benefits with the acquisition of Efectibono in Peru and the signing of an exclusive distribution partnership with Itaú Unibanco, Brazil's largest privately owned bank; we continued to expand our multi-brand and multi-service network in Fleet & Mobility Solutions in Europe through the acquisition of Timex Card in Eastern Europe and TRFC, the United Kingdom's fourth-largest player in the sector; and we acquired CSI, entering the vast corporate payment market in the United States, which is undergoing a digital transition.

At the same time, the Group is committed to paying at least 80% of net profit, Group share in dividends. At the Shareholders Meeting of May 14, 2019, shareholders will be asked to approve the payment of a dividend of €0.86 per share, representing a payout ratio of 80%.

Lastly, 2018 marked the launch of our new sustainable development policy, based on three components: People, Planet, Progress. Broken down into quantified commitments for 2022 and 2030, it is backed up by an action plan dedicated to improving our stakeholders' quality of life, preserving the environment by reducing our consumption of resources and our waste, and creating value responsibly by maintaining high ethical standards.

Ideally positioned on under-penetrated markets, benefiting from strong fundamentals for future growth, we are tackling 2019 with confidence. We expect to meet our annual organic growth targets once again this year in our three key indicators[1], namely operating revenue (above 7%), operating EBIT (above 9%) and funds from operations before other income and expenses (above 10%).

One of 2019's major events[2] will be the Investor Day on October 23, where we will give a progress report on the Group's strategy and our ability to generate profitable and sustainable growth in the coming years.

Thank you for your trust and loyalty.

(1) See the glossary on the following page.

(2) The 2019 calendar is presented in section 1.4.2.

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 comprises total issue volume of Employee Benefits, Incentive & Rewards solutions, Public Social Programs and Corporate Payment Services, plus the transaction volume of Fleet & Mobility Solutions and other solutions.

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 corresponds to EBIT before other revenue;
- other revenue (formerly financial revenue).

EBIT is presented in Note 14.3 to the concolidated financial, page 249.

EBITDA

This aggregate corresponds to total revenue (operating revenue and other operating income) less operating expenses (excluding depreciation, amortization and provisions).

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, page 71.

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 2.3.1.4, page 71.

See also the consolidated statement of cash flows in section 4, part 1.4.

GROUP REVENUE

Total Group revenue includes:

- operating revenue generated directly by services; and
- other revenue (formerly 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.

Other revenue is the 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.

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".

OPERATING EBIT

This aggregate corresponds to EBIT adjusted for other revenue.

ORGANIC GROWTH

Organic growth corresponds to like-for-like growth, that is, 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.

The impact of acquisitions is eliminated from the amount reported for the current period. The impact of disposals is eliminated from the amount reported for the comparative period. The sum of these two amounts is known as the impact of changes in the scope of consolidation or the scope effect.

The calculation of changes in activity is translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

The currency effect is the difference between the amount for the reported period translated at the exchange rate for the reported period and the amount for the reported period translated at the exchange rate applicable in the comparative period.

OTHER INCOME AND EXPENSES

See Note 10.1 to the consolidated financial statements, page 235.

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.

TAKE-UP RATE

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

TRANSACTION VOLUME

Transaction volume represents the 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.

TAKE-UP RATE

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

1

Presentation of the group and its business model

1.1 Corporate profile

1.1.1 A business model at the center of a unique ecosystem

Edenred, the global leader in payment solutions for the working world, connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants. Thanks to its global technology platform, the Group managed 2.5 billion transactions in 2018, primarily carried out via mobile applications, online platforms and cards, and representing more than €28 billion in business volume. Edenred's 8,500 staff are driven by a commitment to improving employees' quality of life, increasing companies' efficiency and boosting merchants' revenues across 45 countries.

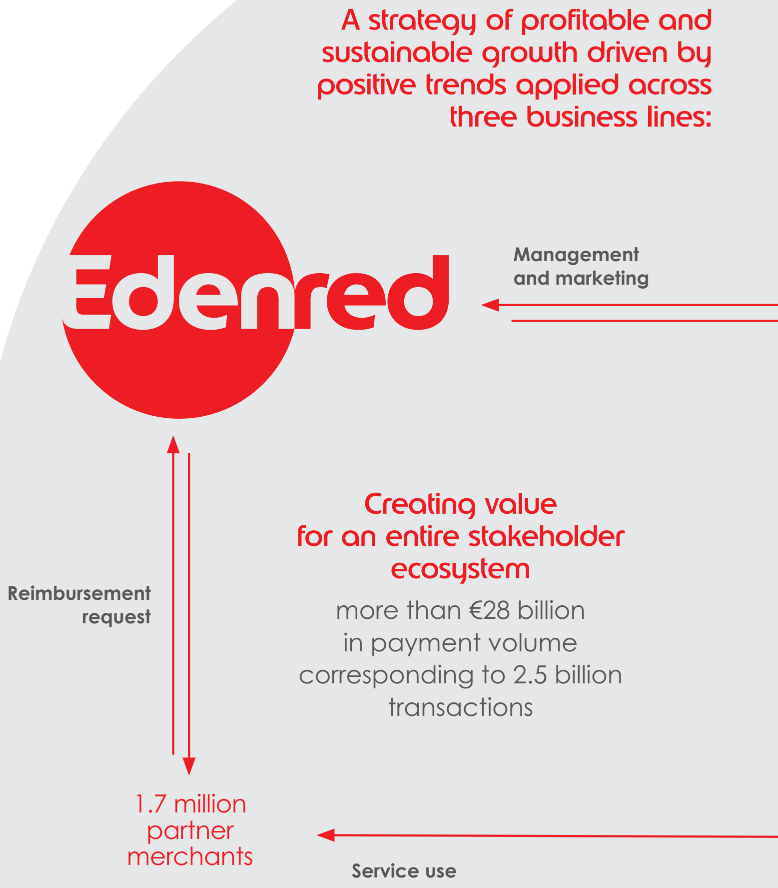
OUR RESOURCES

Human
- 8,500 employees who share a strong corporate culture and a core set of values
- A multicultural, multilocal organization spanning 45 countries

Strategic and operational
- A broad network that connects companies, employee users and partner merchants
- Targeted investments and acquisitions to enrich the Group's ecosystem
- Innovative partnerships to develop new offers

Technological
- A world-class fintech
- A global technology platform for authorizing, managing, tracing and securing payment flows

Financial
- A company delivering profitable and sustainable growth
- A highly cash-generative business model, with €435 million in free cash flow in 2018
- A solid financial position and carefully managed debt position: "Strong Investment Grade" credit rating (BBB+)



1

Growth trends in the working world

Increasing share of the services sector

Formalization of the economy

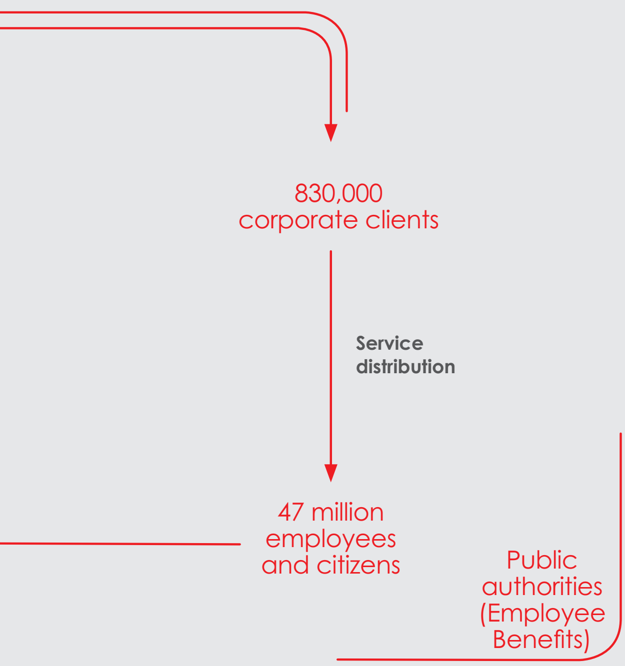
Control of business expenses

Increased employee mobility

Greater need for employee motivation and retention

Search for better work-life balance

- Employee Benefits
- Fleet & Mobility Solutions
- Complementary Solutions:
  - Corporate Payment Services
  - Incentive & Rewards Solutions
  - Public Social Programs



OUR RESULTS AND IMPACT

Edenred employees
- €426 million in compensation paid to employees (including employer payroll taxes)
- 83% of employees given training
- 35% growth in the number of employees between 2016 and 2019

Group, investors and shareholders
- €1.38 billion in total revenue, representing average annual growth of 9% since 2016
- €461 million in EBIT, representing an average annual increase of 15% since 2016
- 37% increase in total yield (reinvested dividends) for shareholders in 2018 (105% increase since 2016)

Partner merchants
- €28 billion in revenue delivered to merchants
- Greater loyalty and visibility

Corporate clients
- Increased performance and attractiveness
- Optimization of costs related to business expenses

Employees and citizens
- Improved purchasing power and well-being
- More than 1.5 billion meals paid for using Edenred solutions
- 2.8 million Edenred fuel and toll cards

Communities and the environment
- 8% decrease in greenhouse gas emissions
- 16% of solutions produced in eco-designed formats
- 6.4 million employee users and partner merchants sensitized to sustainable and healthy food
- More than 1,000 days of volunteering

Public authorities
- Increased efficiency and traceability
- Formalization of the economy: job creation and social security contributions and tax payments

Analysis of Edenred's stakeholder flows

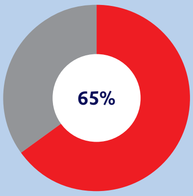
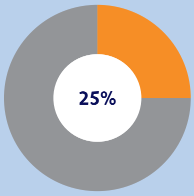
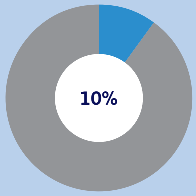
The table below sets out the Group's financial flows by priority stakeholder category in 2018. It illustrates the Group's economic impact, both directly on jobs and indirectly on its host country economies. Furthermore, as explained in section 2.4, Edenred's operations add economic value to the local 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)*	1,378	(426)	(375)	(200)	(19)	(160)	(330)	(0.82)

**In addition, Edenred employees spent more than 1,000 work days on volunteer initiatives in 2018.*

1.1.2 Business lines

Edenred's offer is built around three business lines:

	EMPLOYEE BENEFITS	FLEET & MOBILITY SOLUTIONS	COMPLEMENTARY SOLUTIONS
In % of 2018 operating revenue*	 65%	 25%	 10%
Value-proposition	Enhance the well-being of employee users with prepaid solutions	Strengthen the efficiency of companies in the management of their expenses and car fleet	Offer Corporate Payment Services to corporate clients, enhance motivation of workforce and allocate public funding to targeted citizens
Solutions	Food, meal, well-being, home help, culture and other benefits.	Fuel cards, toll and maintenance, corporate & corporate expenses solutions, etc.	Corporate Payments, Incentive & Rewards, Public-Social Programs.
Brands	Ticket Alimentación Edenred; Ticket Restaurant Edenred; Ticket Welfare Edenred	Ticket Car Edenred; Empresarial Edenred; UTA an Edenred company; Ticket Log	Kadéos Edenred; Corporate Payment Edenred; Compliments Edenred; Ticket Service Edenred; Ticket CESU Edenred

* % of the Group's 2018 operating revenue.

1.1.3 A global leader in promising markets

1.1.3.1 Favorable socio-demographic trends

Edenred operates in several 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 increasing 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 employee demand for more 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;
- **Complementary Solutions** enable Edenred to offer a comprehensive range of solutions to companies and local authorities, particularly the **Corporate Payment Services** that help companies transfer and receive funds more efficiently and securely. **Incentive & 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 combat informal employment and tighten control over the distribution of assistance, while also increasing the purchasing power of their constituents.

1.1.3.2 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 its issuance, authorization and reimbursement platform for payments.

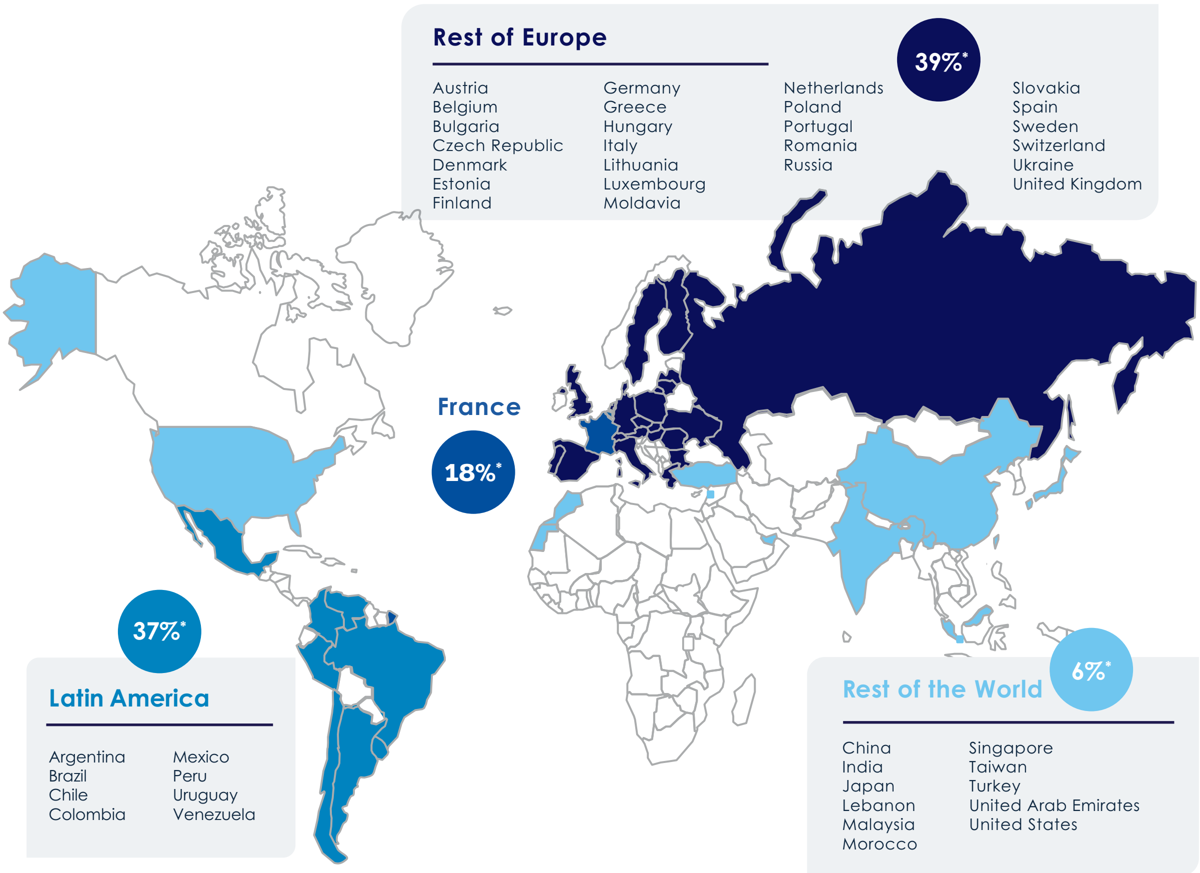
In this way, Edenred has integrated payment expertise into its vast ecosystem, which connects 47 million employee users, 1.7 million partner merchants and 830,000 corporate clients, with an unrivaled positioning in the three core markets described above, namely:

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

1.1.3.3 A global leader with a multi-local 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. Drawing on its expertise in the management of payment flows in the working world, the Group has also expanded since the 1990s 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.

EDENRED, A GLOBAL LEADER WITH OPERATIONS IN 45 COUNTRIES



* *Breakdown of the Group's business by region, as a % of 2018 operating revenue.*

Main host countries

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

- Employee Benefits (79% of local operating revenue in 2018): *Ticket Restaurant®*, *Kadéos*, *Ticket CESU*;
- Fleet & Mobility Solutions (9% of local operating revenue in 2018): *Ticket Clean Way*, *Ticket Travel Pro*, *Ticket Fleet Pro*, *La Compagnie des Cartes Carburant*;
- Complementary Solutions (12% of local operating revenue in 2018): Corporate Payment Services, *Kadéos*, *Ticket CESU*, *Ticket Service*.

In 2018, operating revenue totaled €240 million for the year.

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

- Employee Benefits (56% of local operating revenue in 2018): *Ticket Restaurante*, *Ticket Alimentação*, *Ticket Transporte*, *Ticket Cultura*;
- Fleet & Mobility Solutions (42% of local operating revenue in 2018): *Ticket Log*, *Repom*;
- Complementary Solutions (2% of local operating revenue in 2018): *Accentiv'Mimetica*.

In 2018, operating revenue totaled €356 million for the year.

Competitive environment

In each host market, Edenred generally has between four and eight competitors that vary between its business lines and may be local, regional or global. In the Employee Benefits market, Edenred competes in most of its host regions with global players Sodexo and Groupe Up, as well as with regional and local providers such as Alelo in Brazil. In the Fleet & Mobility Solutions market, Edenred's competitors are FleetCor and WEX, two North American companies with operations worldwide, as well as large regional players such as DKV in Europe, and numerous local operators. In Complementary Solutions, the Incentive & Rewards market is extremely competitive in all countries, and the fast-growing Corporate Payment Services market is characterized by a multitude of local and regional players competing for business alongside multinationals like FleetCor and WEX.

Across the **payment** value chain, Edenred may interact, and sometimes even partner, with such key stakeholders as banks, merchant acquirers[1], 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 notably thanks to a partnership with venture capital firm Partech International and the expertise of its in-house venture capital fund, Edenred Capital Partners.

PEER GROUP TABLE

COMPANY	BUSINESS	COUNTRY	CURRENCY
Adyen	Payment systems	Netherlands	Euro (€)
DCC	Fuel cards	Ireland	Pound Sterling (£)
Experian	Corporate services	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	Payment systems	Germany	Euro (€)
Worldline	Payment systems	France	Euro (€)

1.1.4 An attractive financial profile

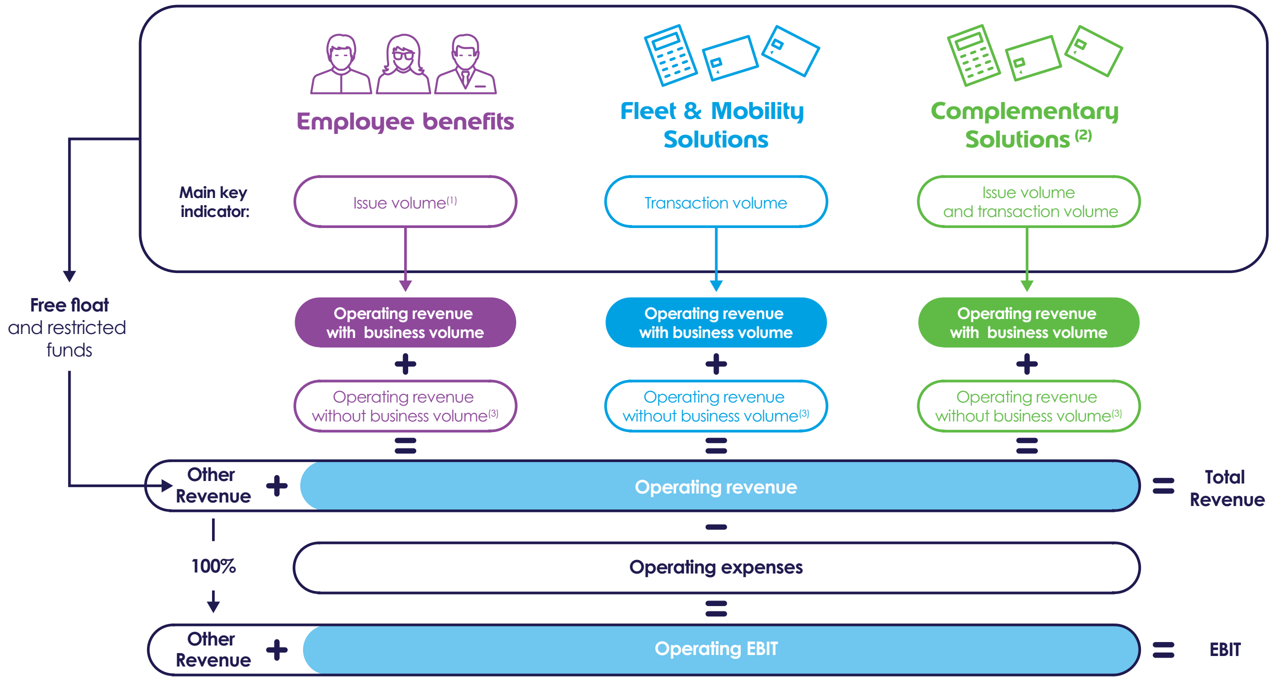
1.1.4.1 Edenred's business model

Edenred's business model, which generates significant cash flows, allows it to combine the characteristics of a growth company boasting substantial development capacity with those of a group that has a very solid financial position, ensuring a generous policy of regular, non-negligible shareholder returns, as presented in section 1.2.3. The Group enjoys major operating leverage, low capital intensity and a structurally negative working capital requirement, since a large proportion of Edenred solutions are prepaid.

The Group's financial model is set out in the diagram below:

- **Total revenue**, which came to €1.38 billion in 2018, is made up of operating revenue and other revenue (formerly financial revenue);
- the most relevant indicator for measuring the Group's performance is **operating revenue, part of which relates to the business volume managed by Edenred**;
- **EBIT**, equal to **operating profit before other income and expenses,** is comprised of **operating EBIT** plus **other revenue**. It stood at €461 million for 2018.

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



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

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

(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.

Employee Benefits generate **operating revenue**, mainly through commissions related to issue volume, received from both corporate clients and partner merchants. Operating revenue also includes the revenue generated from employee users, in particular thanks to the monetization of value-added services. In addition, a more marginal source of revenue comes from the gains on lost or expired vouchers.

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 **other revenue** (formerly known as financial revenue).

Fleet & Mobility Solutions

In this business line, **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 vehicle maintenance, tolls, car washing, combined transportation, parking fees and VAT reimbursement).

Some Fleet & Mobility Solutions are preloaded, so that the investment of the resulting float generates **other 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

Operating revenue from Complementary Solutions is primarily derived from the commissions paid by clients (companies, local authorities and public institutions) and partner merchants, in Incentive & Rewards solutions and Public Social Programs. It also includes the revenue generated from employee users and gains on lost or expired vouchers.

Over the past two years, Edenred has developed new Corporate Payment Services, which also generate operating revenue both with and without business volume (monthly subscriptions, commissions per transaction, commissions per amount spent, etc.).

A business model generating strong cash flows

The Edenred business model generates significant cash flows, lifting funds from operations before other income and expenses (FFO) to €400 million in 2018, representing like-for-like growth of 17.0%.

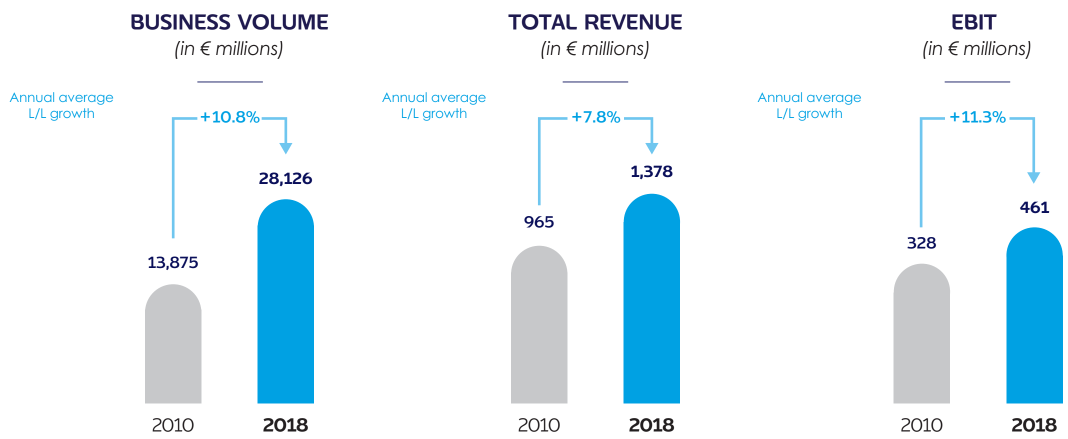
Thanks to its strong free cash flow generation (€435 million in 2018), Edenred has reduced its net debt. At end-2018, net debt amounted to €659 million, versus €696 million at end-2017, even as the Group dedicated €196 million to targeted acquisitions and allocated a total net amount of €165 million to dividend distribution, minority interests and the share buyback programs during the year.

The ratio of net debt to EBITDA stood at 1.2, an improvement of 0.2 of a point from 2017.

1.1.4.2 Solid financial performance

1.1.4.2.1 Financial performance since 2010

The Group reported solid financial performance[1] between 2010 and 2018.



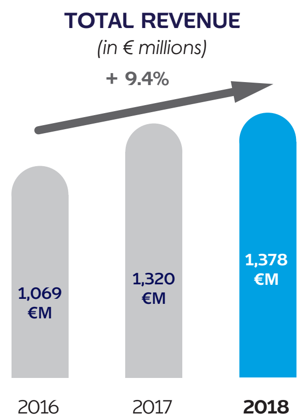
(1) Averages calculated using non-restated growth rates. Absolute values for 2010 are not restated.

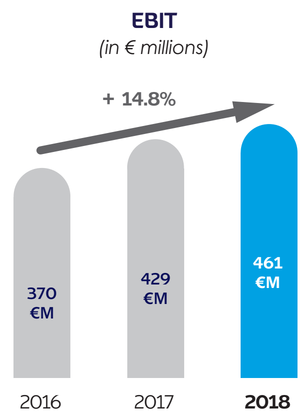
1.1.4.2.2 Selected three-year financial information

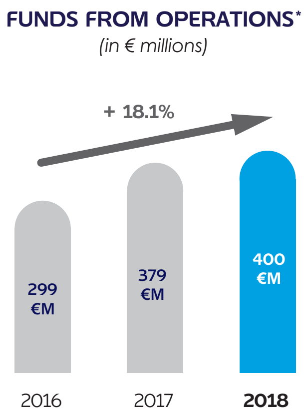
KEY INDICATORS *(IN € MILLIONS)*(1)	2018	2017 RESTATED(2)	2016
Total revenue	1,378	1,320	1,139
• of which operating revenue	1,327	1,253	1,073
• of which other revenue	51	67	66
Funds from operations before other income and expenses (FFO)	400	379*	299
EBIT	461	429	370
• of which operating EBIT	410	362	304
• of which other revenue	51	67	66
NET PROFIT, GROUP SHARE	**254**	**241**	**180**

(1) For definitions, see the glossary at the beginning of this document.
(2) 2017 figures adjusted to reflect the changes in accounting methods described in section 4, Note 1 to the consolidated financial statements.

ANNUAL AVERAGE LIKE-FOR-LIKE GROWTH OVER THE PAST THREE YEARS(1)







* *Before other income and expenses.*

(1) Averages calculated using non-restated growth rates. Absolute values for 2016 are not restated.

1

1.2 Strategy

1.2.1 Fast Forward, a strategic plan for profitable and sustainable 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 profitable and sustainable growth. The next Investor Day is scheduled to take place on October 23, 2019.

The plan leverages the Group's unique expertise in creating and managing value-added solutions within B2B2C 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 solutions, particularly in the field of Corporate Payment Services.

These ecosystems have structurally solid fundamentals and the Group's aim is to continue unlocking the strong growth potential they offer. To achieve this, Edenred has three main avenues:

1.2.1.1 Seizing growth opportunities offered by the increased digitalization of Employee Benefits to develop new services and strengthen Edenred's leading position

2018 OPERATING REVENUE

€854 million

11.7% like-for-like growth

65% of total operating revenue

Description of the offering

Now available in more than 35 countries, Employee Benefits deliver advantages to every stakeholder. 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 employee users, the additional purchasing power contributes to improving quality of life. For employers, these solutions help to retain employees and enhance their well-being.

- 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*** allows users to pay for groceries in neighborhood stores and supermarkets. 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 its flagship programs, 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:

- human services solutions with the ***Ticket CESU*** in France;
- solutions that enable the purchase of staples like food and fuel, such as the ***Ticket Plus Card*** launched in Germany in 2013;
- 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;
- solutions that encourage purchases of environmentally friendly products, such as the ***Ticket EcoCheque*** offered in Belgium;
- solutions for cultural goods and services, such as ***Ticket Kadéos Culture*** in France and ***Ticket Cultura*** in Brazil.

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

Employee Benefits are based on some form of tax exemption for the employer, the employee, or both.

Growth strategy

The global Employee Benefits market represents more than €45 billion in issue volume and offers significant growth potential through several avenues: expansion in the potential market and an increased 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.

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

- further penetrate the small and medium-sized enterprise (SME) client segment. With this in mind, Edenred forged exclusive and wide-reaching distribution partnerships in 2018, with such service providers as Itaú Unibanco in Brazil and CM-CIC in France, to speed up its growth *via* these new distribution channels, particularly in 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. Edenred expects that more than 80% of its Employee Benefits solutions will be digital by 2020.

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. Going beyond its objective to migrate from paper to digital solutions, Edenred uses its leading-edge technology platform to offer services that are totally in tune with the expectations of digital natives:

- a pioneer in mobile payment, Edenred has already launched 19 programs in 12 countries in Europe and Latin America (Apple Pay, Android Pay, Samsung Pay and proprietary solutions). At end-2018, more than 15 million Edenred transactions had been carried out using a mobile payment solution, with a particularly high adoption rate among employee users;
- in France, Edenred has also responded to new eating habits by offering app-to-app payment solutions that enable employees to order a meal online and pay for it directly from their Ticket Restaurant account. Already implemented in France with partners such as Uber Eats and Deliveroo, the system will be rolled out in four other countries during 2019.

1.2.1.2 Becoming a global leader in the Fleet & Mobility Solutions market

2018 OPERATING REVENUE

€336 million

16.8% like-for-like growth

25% of total operating revenue

Description of the offering

Edenred's Fleet & Mobility Solutions are designed to help companies more effectively manage vehicle fleets and business travel, by reducing the associated costs, providing greater control over the outlays and enhancing traceability, while also 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.

The leader in this segment in Latin America and second in multi-brand solutions in Europe, Edenred offers 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 increased its stake in UTA to 83% in the first half of 2018. UTA fuel cards can be used 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 close to 40% 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.
- **Cardtrend in Asia**: Malaysia-based Cardtrend manages white-label fuel card programs on behalf of the leading oil & gas companies operating in Southeast Asia.

Corporate expense management

Edenred designs and markets simple integrated solutions that enable companies to manage employee business expenses more efficiently, transparently and cost effectively. Notable examples include:

- ***Empresarial* in Latin America**, 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.

Growth strategy

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

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

Fleet & Mobility Solutions accounted for one-quarter of the Group's operating revenue in 2018.

- Thanks to 40 years of organic growth in these operations in Latin America, as well as the integration of Embratec in Brazil in 2016, Edenred is now the market leader in this region.

Edenred's strategic approach in Latin America consists – in the fleet management segment – in enhancing its initial fuel card solution for light and heavy vehicles by adding related services, such as vehicle maintenance, car washing, tolls and other services for drivers of trucks and passenger cars.

In the expense management segment, Edenred is drawing on the success of the Empresarial solution developed in Mexico to replicate it in several other Latin American countries, such as Argentina, Chile and Brazil, using the same web platform.

- In Europe, Edenred recently entered the fleet management market *via* the gradual acquisition of a controlling interest in UTA between 2015 and 2017. Now 83% owned by Edenred, UTA is the second-largest issuer of multi-brand pan-European solutions. UTA initially developed a portfolio of services for heavy vehicles.

UTA's large existing acceptance network represents an important strategic base for Edenred to pursue its geographic expansion in Europe. Sales teams have been strengthened in each country to ensure direct distribution to corporate clients. The Group is also increasing the appeal of UTA solutions via the gradual deployment of additional services linked to the fuel card. Some of these are specific to the region, such as the interoperable European toll solution and automated VAT recovery.

Edenred's growth strategy in Europe also includes the expansion of its portfolio of solutions for light vehicle fleets. The implementation of this strategy was initiated in France in 2015, with the acquisition of La Compagnie des Cartes Carburant (LCCC). Since then, Edenred has been capitalizing on UTA's acceptance network and LCCC's expertise to roll out these solutions in other European countries. As a result, the Group successfully launched light vehicle fleet solutions in 2018 in Italy and Germany.

In 2018, Edenred continued to consolidate its position as a global provider of fleet and mobility solutions in line with its Fast Forward strategy:

- The Group pursued its geographic expansion during the year, adding six new countries in Eastern Europe, notably *via* the acquisition **by UTA** of Polish fuel car distributor **Timex Card;**
- Edenred also signed the acquisition, *via* UTA, of the **Road Account client portfolio**, which will enable the Group to expand its client base on the fast-growing European toll market and creates new outlets for additional services;
- Edenred also entered the UK market, one of the largest in Europe, by acquiring **The Right Fuelcard Company (TRFC)**, the number four fuel card program manager in the United Kingdom.

The Group managed close to 7 billion liters of fuel in 2018, versus 6.6 billion in 2017, and is targeting an annual volume of more than 9 billion liters by 2020.

1.2.1.3 Capitalizing on the Group's technological expertise and know-how to develop value-added solutions for emerging B2B transactional ecosystems such as Corporate Payment Services

2018 OPERATING REVENUE

€137 million

14.8% like-for-like growth

10% of total operating revenue

Description of the offering:

Incentive & Rewards solutions

Edenred offers a wide range of solutions that companies can use to motivate sales teams, incentivize distribution networks and retain consumers. These solutions are based on the same model as employee benefits and include the rewards programs marketed under the ***Ticket Compliments*** and ***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 Services

Aware of the importance of more efficiently managing corporate fund flows, Edenred is capitalizing on its expertise in payment solutions to develop new Corporate Payment Services 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 payment 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.

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 Services is a huge, untapped and fast-growing market.

Growth strategy

The Corporate Payment Services market represents a particularly attractive opportunity for Edenred which, with its digital payment technology platform, has a strategic asset for developing tailored 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, the platform benefits from extensive expertise in network management and the implementation of payment instruments.

Edenred has therefore been working for the past two years toward its goal of becoming a major player in Corporate Payment Services:

- Edenred entered the market in 2017, thanks to its technological expertise.
- As a result, Edenred now operates virtual card-based payment systems in sectors as diverse as the hospitality industry, online retail, construction and personal assistance services.

In 2017, the Group was selected through 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 of the solution between 2017 and 2020, the agreement provided for Edenred to manage all payments in an ecosystem comprising 10,000 agencies in more than 70 countries worldwide. The IATA has since extended the contract, giving Edenred responsibility for more than 115 countries.

In 2018, France's leading real estate management company **Foncia** chose Edenred to develop a digital payment method for collecting fees and rental income for its 1.6 million condominium owner and tenant customers, resulting in the identified wire transfer.

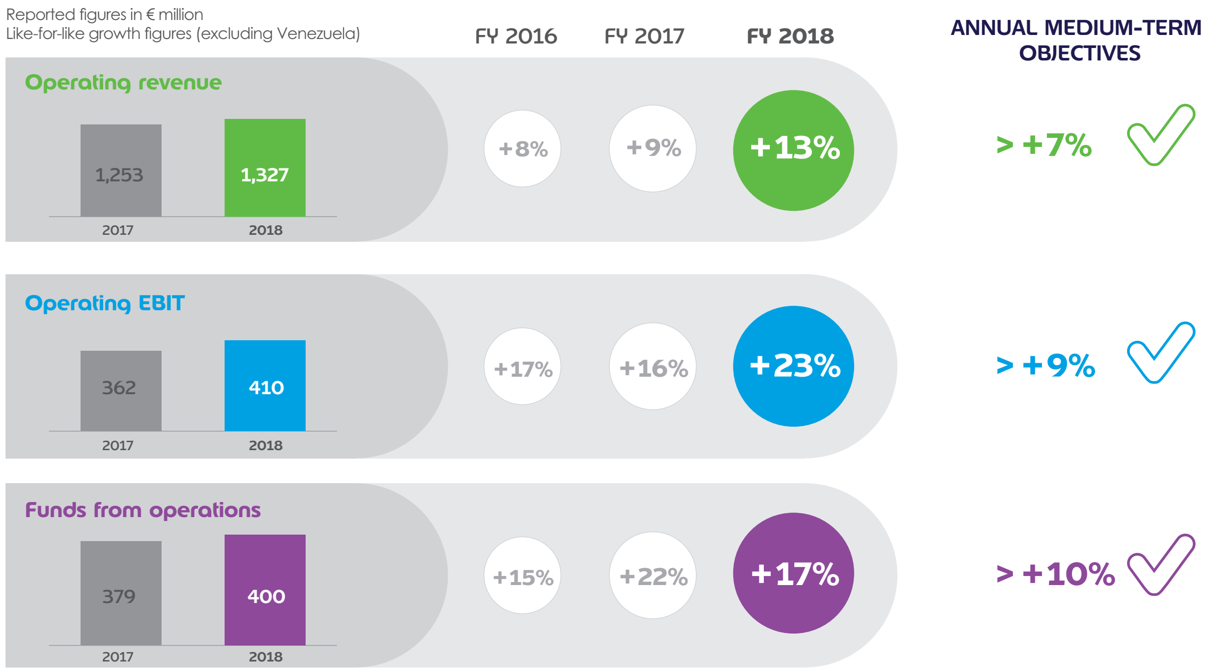
More recently, Edenred decided to enter the North American market by acquiring **Corporate Spending Innovations (CSI)**, one of the leading providers of automated corporate payment software. A leader in corporate payment solutions in the North American market, CSI works with a portfolio of more than 800 corporate clients to facilitate payments to their 475,000 vendors. In 2018, the well-established and profitable fintech managed payment volumes of around $11 billion and processed some 900,000 transactions. Its goal is to generate annual revenue growth of around 20% in the coming years.

1.2.2 Group financial targets

1.2.2.1 Financial targets reflecting the Fast Forward strategic plan

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.

1.2.2.2 2019 objectives

Having successfully implemented an effective, systematic approach to optimize its business levers and position as an innovative digital leader, Edenred is tackling the new year with confidence and confirms the Fast Forward strategy's medium-term targets for 2019, 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%.

In 2019, the Group expects to see sustained strong business growth in all regions and all business lines.

Operating in under-penetrated markets, Edenred will continue to strive for constant innovation, fueling the shift to digital and launching new products and services that meet growing needs in the working world.

During the year, the Group will also begin to reap rewards from the integration and ramp-up of acquisitions and partnerships finalized in 2018, with employee engagement platforms and indirect distribution channels to accelerate growth in Employee Benefits, and an expansion of the multi-brand offering in Fleet & Mobility Solutions in Europe. After entering the North American Corporate Payment market, which is undergoing a digital transition, the Group confirms its ambition of achieving around 20% annual growth in CSI's operating revenue.

Leveraging its global technology platform, business excellence and digital innovation capabilities to improve the experience of employees, corporate clients and partner merchants, Edenred is pushing ahead with its strategy of generating profitable and sustainable growth.

1.2.3 Financial strategy

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.

1.2.3.1 External growth strategy

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. To ensure profitable and sustainable growth while also maintaining its solid Investment Grade rating, Edenred has defined a selective acquisition strategy, by business line, which complies with its strategic and financial criteria. Edenred is currently rated BBB+ by Standard & Poor's.

- In Employee Benefits, Edenred regularly carries out targeted acquisitions that consolidate its global leadership position in local markets. Recent acquisitions, such as Efectibono in Peru and Vasa Slovensko in Slovakia, have demonstrated the significant commercial and technological synergies that these transactions can generate after a successful migration to the Edenred platform.
- In Fleet & Mobility Solutions, Edenred continues to pursue the development of its portfolio in regions where opportunities arise. As a result, the Group is now the market leader in Latin America, following a major acquisition in Brazil in 2016. In Europe, the Group gradually increased its stake in UTA, the second-largest issuer of multi-brand pan-European solutions, between 2015 and 2018 and now holds 83% of the company's share capital. The Group has boosted UTA's business in Europe by leveraging its expertise in managing fuel card solutions in Latin America and its own commercial presence in Europe. It has also carried out acquisitions designed to enhance UTA's offering in Europe, such as the acquisition of UK-based TRFC, the number four distributor of fuel cards in one of the largest markets in Europe, and the Road Account acquisition in Germany's toll solutions market.
- In its third business line, Complementary Solutions, Edenred also intends to develop its Corporate Payment Services portfolio by further enhancing its expertise and conquering new growth markets. In late 2018, Edenred made a major move in this regard by acquiring Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America. By acquiring this well-established, fast-growing and profitable fintech, Edenred is now well positioned to seize the multiple opportunities offered by the North American market in this segment, which is experiencing fast-paced digitization.

1.2.3.2 Dividend policy

At the same time, Edenred is committed to paying at least 80% of its net profit, Group share in dividends. At the Annual Shareholders Meeting of May 14, 2019, shareholders will be asked to approve the payment of a dividend of €0.86 per share in respect of 2018, representing the payout of 80% of net profit, Group share for the year. Subject to approval by the Shareholders Meeting of May 14, 2019, shareholders may opt to receive the dividend 100% in cash or 100% in shares at a 10% discount.

Dividends in the past three years:

	2018	2017	2016
Last closing price	32.11	24.18	18.84
Dividend in €	0.86*	0.85	0.62
Dividend yield at December 31	2.68%	3.52%	3.29%

* *To be proposed at the Shareholders Meeting of May 14, 2019.*

1.3 Highlights of the year

- Edenred pursued its geographic expansion in Fleet & Mobility Solutions, notably *via* the acquisition of Polish fuel card distributor Timex Card, and increased its stake in UTA to 83% (press release of January 12, 2018).
- Edenred joined forces with Partech Ventures to explore the African market (press release of January 18, 2018).
- France's leading real estate management company Foncia chose Edenred to develop a digital payment method to optimize fund collection (press release of February 15, 2018).
- Edenred Capital Partners invested in Candex, an innovative corporate payment solution (press release of April 5, 2018).
- Edenred now holds almost all of the capital of ProwebCE, the French leader in solutions for works councils (press release of April 27, 2018).
- Edenred Capital Partners supported UK-based talent management start-up Beamery in a $28 million new funding round (press release of June 25, 2018).
- Edenred announced an exclusive partnership with Itaú Unibanco, Brazil's largest privately owned bank, to boost its growth in the Brazilian employee benefits market (press release of September 5, 2018).
- The Edenred Group, *via* its venture capital structure, Edenred Capital Partners, took part in the funding round for Swiss-based startup Beekeeper, specialized in Human Resources management and communication with "mobile" employees (press release of September 12, 2018).
- Uber Eats launched payment by Ticket Restaurant card in France in partnership with Edenred (press release of September 28, 2018).
- Crédit Mutuel teamed up with Edenred to offer its French clients the Ticket Restaurant card, enabling Edenred to step up its growth on the French market (press release of October 8, 2018).
- Edenred consolidated its position on the European toll market (press release of October 18, 2018).
- Edenred signed an agreement to acquire Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America (press release of November 8, 2018).
- Edenred entered the UK Fleet & Mobility Solutions market, one of the largest in Europe, by acquiring The Right Fuelcard Company (TRFC), the number four fuel card program manager in the United Kingdom (press release of November 27, 2018).
- Edenred announced the success of its €500 million 7-year 1.875% bond issue due March 6, 2026 (press release of November 29, 2018).

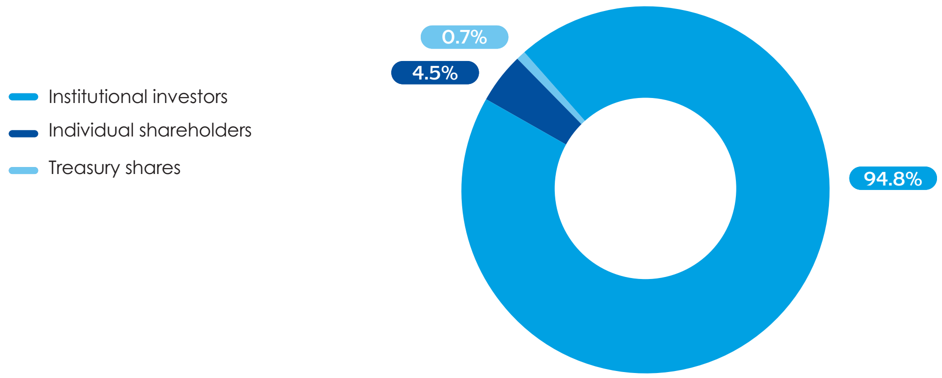
2019 highlights

- Edenred completed the acquisition of CSI and that of TRFC, initiated in November 2018 (press release of January 9, 2019).
- Edenred expanded its Employee Benefits offering in Belgium (press release of January 31, 2019).
- Edenred launches its Corporate Payment Services offer in Africa with Jumia Travel (press release of February 19, 2019).

1.4 Shareholder information

1.4.1 Ownership structure

THE COMPANY'S OWNERSHIP STRUCTURE IS AS FOLLOWS



For more information, see section 2.1 pages 31 and 32.

The free float represents 99.3% of outstanding shares.

1.4.2 Financial calendar

First-quarter 2019 revenue	April 18, 2019
Annual Shareholders Meeting	May 14, 2019
First-half 2019 results	July 23, 2019
Third-quarter 2019 revenue	October 18, 2019
Investor Day	October 23, 2019

1

1.5 Milestones

1.5.1 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 & 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.

1.5.2 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

- January 2017: Edenred lifted its stake in UTA to 51% by exercising a call option on 17% of the 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%;
- January 2018: Edenred increased its stake in UTA to 83%;
- November 2018: Edenred acquired Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America;
- November 2018: Edenred acquired The Right Fuelcard Company (TRFC), the number four fuel card program manager in the United Kingdom;
- January 2019: Edenred signed an agreement for the dual acquisition of Merits & Benefits and Ekivita, market leaders in employee engagement platforms in Belgium.

Joint ventures and alliances over the past three years

- May 2016: Edenred completed the merger of Embratec (35%) and Edenred (65%) in a joint venture, Ticket Log;
- January 2018: Edenred joined forces with Partech Ventures, its partner since 2011, to explore the African market;
- February 2018: Foncia chose Edenred to develop a digital payment method for collecting funds by wire transfer;
- September 2018: Edenred signed an exclusive partnership agreement pursuant to which its Employee Benefits solutions will be distributed in Brazil by Itaú Unibanco, the country's largest privately owned bank;
- October 2018: Edenred forged a partnership with Crédit Mutuel, whose customer advisors (and those of its subsidiary CIC) will market the Ticket Restaurant Card to their clients.

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 & Rewards solutions).

For more information about acquisitions, development projects and disposals in 2018, see section 4, Note 2 to the consolidated financial statements, page 186.

1.6 The management team

Edenred's management team comprises the Chairman and Chief Executive Officer, the Board of Directors and the Executive Committee. For more on the Group's governance, see section 3.

1.6.1 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*
Former Chairman of RATP and Honorary Chairman of La Poste Group

Anne Bouverot*
Director of companies

Sylvia Coutinho*
Country Head of UBS Group Brazil

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

Bertrand Dumazy
Chairman and Chief Executive Officer of Edenred SA

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

Maëlle Gavet*
Chief Operating Officer of Compass

Françoise Gri*
Chief Executive Officer of Françoise Gri Conseil (1)

Jean-Bernard HAMEL
Senior Vice President, Treasury and Financing of Edenred (2)

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

Bertrand Meheut*
Director of companies

Philippe Citerne
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) Françoise Gri is also Lead Independent Director and Vice-Chairman of the Board of Directors.

(2) Edenred employee-representative director

1.6.2 The Executive Committee

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

Bertrand Dumazy
Chairman and Chief Executive Officer of Edenred

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

Patrick Bataillard
Executive Vice President, Finance

Gilles Coccoli
Chief Operating Officer, Americas

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

Philippe Dufour
Executive Vice President, Alternative Investments

Antoine Dumurgier
Chief Operating Officer, Fleet & Mobility Solutions

Arnaud Erulin
Chief Operating Officer, Europe, Middle East and Africa

Diego Frutos
Chief Operating Officer, Hispanic and North America

Graziella Gavezotti
Chief Operating Officer, Southern Europe and Africa

Laurent Pellet
Chief Operating Officer, Asia-Pacific

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

Dave Ubachs
Executive Vice President, Digital and IT

1.7 Regulatory environment

1.7.1 Income tax and payroll tax rules

1.7.1.1 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. To ensure the effectiveness of this incentive system, 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. They 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 70, and Note 4.5 to the consolidated financial statements, page 196).

The Fleet & Mobility Solutions business line is not affected by the existence of these kinds of exemptions.

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

1.7.1.2 Regime applicable in France

Rules governing the allocation and use of meal vouchers

The allocation of meal vouchers by an employer is governed by a set of rules that include the following:

- the vouchers may only be allocated to company employees (including interns, subject to conditions);
- all employees of the company must be allocated vouchers with the same face value. However, an employer can choose to allocate meal vouchers only 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 use of meal vouchers by employees is also governed by a set of rules that include the following:

- employee users may use the vouchers to pay for their restaurant meal or the purchase of a ready-meal, dairy products or fruit and vegetables 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 made by the employer for the employees concerned.

The only merchants that can accept meal vouchers are those accredited by France's Commission Nationale des Titres Restaurant (CNTR).

Income tax and payroll tax benefits for the employer

Meal vouchers are financed jointly by the employer (or in some cases the works council or other similar body) and the employee. The employer's contribution (plus – for the calculation of the ceilings below – any contribution by the works council or other similar body) cannot represent less than 50% or more than 60% of the vouchers' face value. The employer's contribution is exempt from social security contributions provided that it does not exceed a certain amount 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 €5.52 per voucher in 2019, versus €5.43 in 2018.

The employer is free to contribute more than this amount, provided that the 50% and 60% minimum and maximum limits mentioned above are adhered to. In this case, the fraction of the contribution in excess of the exemption ceiling is 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 is not subject to personal income tax.

1.7.1.3 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.

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.

1.7.2 Other regulations

1.7.2.1 Within the European Union

All employee benefits are excluded from the scope of European directive 2009/110/EC of September 16, 2009 (the "E-Money directive") and directive (EU) 2015/2366 of November 25, 2015 (the "Payment Services directive"). The E-Money directive emphasizes 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." It states that this may include "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 is confirmed in the Payment Services directive, which provides a regulatory framework for payment services in the European Union. It 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 & Rewards, Fleet & Mobility Solutions and Corporate Payment Services portfolios contain some programs involving the issuance of e-money and/or the supply of payment services, 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. Thanks to these three e-money issuers, Edenred can offer solutions, through its European subsidiaries, 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 or payment services concerns the obligation to protect the funds received in exchange for the issue of e-money or for the purpose of making a payment. These funds are reported in the balance sheet under "Restricted cash" (see section 2.3.1.4,page 70, and Note 4.6 to the consolidated financial statements, page 197).

1.7.2.2 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".

Since 2014, the Central Bank in Brazil 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 were subject to regulations implemented by the Central Bank. However, circular no. 3,886 issued on March 26, 2018 recognized the specific nature of food and meal vouchers and excluded them from the Central Bank's scope of supervision. Edenred's other operations in Brazil, including the issuance and distribution of fuel cards, remain within the Central Bank's scope. The registration applications for companies affected by these regulations were still being reviewed by the Central Bank on December 31, 2018.

1.8 Contractual relationships

1.8.1 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.

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.

1.8.2 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.

1.8.3 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 favors the use of public or private cloud-based IT solutions, from providers hailed by the market for the quality of their services and long-term viability. The Group has notably 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).

1.9 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*®[1] 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.

1.10 Real estate

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

(1) Edenred does not own the Ticket Restaurant® trademark in Portugal.

2

Management report

The Management Report is prepared in accordance with the provisions of Articles L.225-100, I paragraph 2 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, in the 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, 2019 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, 2018, the Company's capital was made up of 239,266,350 shares representing a total of 244,676,355 voting rights, of which 243,309,143 were exercisable.

At December 31, 2018, the Company had 2,777 registered shareholders representing 3.15% of the total number of shares and 4.74% of exercisable voting rights.

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

	AT NOVEMBER 30, 2018 [4]			AT NOVEMBER 30, 2017 [5]			AT NOVEMBER 30, 2016 [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	0	0	0	25,848,944	11.05%	16.85%
The Capital Group Companies, Inc.	35,870,512	14.98%	14.65%	46,392,499	19.69%	19.23%	46,392,499	19.83%	18.03%
Select Equity Group LP	12,273,163	5.13%	5.01%	12,120,013	5.14%	5.02%	-	-	-
BlackRock Inc. [2]	11,842,313	4.95%	4.84%						
Other institutional investors	166,967,537	69.73%	68.19%	164,388,703	69.76%	68.14%	147,350,814	62.99%	57.27%
Individual shareholders	10,844,303	4.53%	6.65%	11,294,171	4.79%	7.01%	12,302,127	5.26%	7.05%
Edenred (treasury shares) [3]	1,627,484	0.68%	0.66%	1,441,864	0.61%	0.60%	2,045,792	0.87%	0.80%
TOTAL	**239,411,300**	**100%**	**100%**	**235,637,250**	**100%**	**100%**	**233,940,176**	**100%**	**100%**

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

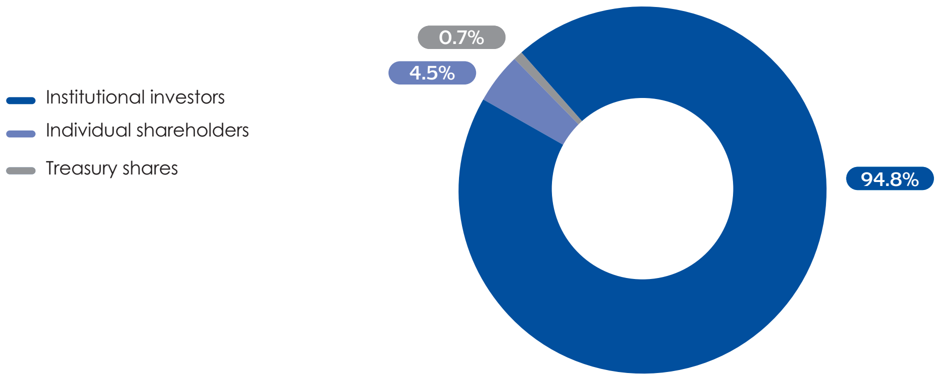
(1) On January 20, 2017, ColDay (Colony Capital) disclosed that it had sold its interest in Edenred (AMF reference no. 217C0254).

(2) On January 29, 2019, BlackRock Inc. disclosed that it held 12,007,528 shares, representing 5.02% of the capital and 4.91% of the voting rights (AMF reference no. 219C0185).

(3) At December 31, 2018, the Company held 1,367,212 shares, representing 0.57% of the total number of shares making up the Company's capital. The voting rights associated with shares held in treasury are not exercisable.

(4) Date of the most recent shareholder survey.

THE COMPANY'S OWNERSHIP STRUCTURE IS AS FOLLOWS:



The free float represents 99.3% 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
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 Group	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 Group	January 11, 2018	218C0083	Increase	12,120,013	5.13%	12,120,013	5.01%
Select Equity Group	January 11, 2018	218C0083	Increase	13,440,431	5.71%	13,440,431	5.58%
The Capital Group Companies, Inc.	February 19, 2018	218C0447	Decrease	36,094,936	15.32%	36,094,936	14.97%
JP Morgan Securities plc	May 11, 2018	218C0862	Increase	12,867,741	5.46%	12,867,741	5.33%
JP Morgan Securities plc	May 18, 2018	218C0894	Decrease	9,587,863	4.07%	9,587,863	3.97%
Select Equity Group	May 25, 2018	218C0929	Decrease	11,713,884	4.97%	11,713,884	4.85%
The Capital Group Companies, Inc.	July 10, 2018	218C1245	Decrease	35,870,512	14.96%	35,870,512	14.62%
BlackRock Inc.	October 26, 2018	218C1733	Increase	12,022,374	5.02%	12,022,374	4.91%
Select Equity Group	November 22, 2018	218C1870	Increase	12,017,103	5.02%	12,017,103	4.91%
Select Equity Group	December 5, 2018	218C1938	Decrease	11,876,104	4.96%	12,017,103	4.85%
Select Equity Group (1)	December 6, 2018	218C1946	Increase	12,273,163	5.13%	12,017,103	5.01%
BlackRock Inc.	January 11, 2019	219C0082	Decrease	11,958,048	4.99%	11,958,048	4.89%
BlackRock Inc.	January 11, 2019	219C0069	Increase	12,177,060	5.09%	11,958,048	4.98%
BlackRock Inc.	January 14, 2019	219C0101	Increase	12,003,899	5.02%	12,003,899	4.91%
BlackRock Inc.	January 17, 2019	219C0120	Decrease	11,950,369	4.99%	12,003,899	4.88%
BlackRock Inc.	January 23, 2019	219C0150	Increase	11,975,340	5.01%	12,003,899	4.89%
BlackRock Inc.	January 24, 2019	219C0156	Decrease	11,882,076	4.97%	11,882,076	4.86%
BlackRock Inc.	January 29, 2019	219C0185	Increase	12,007,528	5.02%	11,882,076	4.91%
BlackRock Inc.	February 1, 2019	219C0200	Decrease	11,839,929	4.95%	11,839,929	4.84%
BlackRock Inc.	February 5, 2019	219C0214	Increase	12,076,982	5.05%	12,076,982	4.94%
BlackRock Inc. (2)	February 7, 2019	219C0226	Increase	12,283,498	5.13%	12,283,498	5.02%

(1) On December 6, 2018, Select Equity regularized its position of May 25, 2018 (11,713,884 shares) and disclosed that, as of December 5, 2018, it held 12,273,163 shares, representing 5.13% of the capital and 5.01% of the voting rights (AMF reference no. 218C1946).

(2) On February 7, 2019, Blackrock Inc. regularized its position of October 26, 2018 (12,022,374 shares) and disclosed that, as of February 5, it held 12,283,498 shares representing, 5.13% of the capital and 5.02% of the voting rights (AMF reference no. 219C0226).

Shareholders' pacts

None.

Voting rights of the main shareholders

As of December 31, 2018, 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 "Rights attached to the Company's shares", page 159).

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 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, 2018	281,600	523,550	3,747,350
Cumulative number of options canceled or forfeited	12,000	10,350	488 150
Options outstanding at the year-end	89,200	77,800	0
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.

2018

No stock options were granted to Group employees or Executive Directors in 2018. The Board of Directors was not granted any authorizations by the Shareholders Meeting for the issue of stock options.

In 2018, 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)	86,340 36,900 47,000	13.69 18.81 19.03
TOTAL	**170,240**	

Information on free 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, May 4, 2016 and May 3, 2018, the Board of Directors' meetings of February 12, 2013, February 11, 2014, February 11, 2015, December 9, 2015, May 4, 2016, February 23, 2017, February 19, 2018 and February 20, 2019 defined the terms and conditions of performance share plans for certain Group employees and/or 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

	2019 PLAN	2018 PLAN	2017 PLAN	2016 PLAN	2015 PLAN (CEO)	2015 PLAN	2014 PLAN	2013 PLAN
Grant date	Feb. 27 2019 (1)	Feb. 21, 2018 (2)	Mar. 8, 2017 (3)	May 4, 2016	Dec. 9, 2015	Feb. 20, 2015 (4)	Feb. 17, 2014 (5)	Feb. 18, 2013 (6)
Total number of performance shares awarded, of which shares awarded to:	597 220	685,706	794,985	990,080	137,363	800,000	824,000	845,900
Jacques Stern (7)						64,000	66,000	50,000
Bertrand Dumazy	53 870	81,616	61,355	149,600	137,363			
Vesting date (8)	Feb. 28,2022	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
End of lock-up period (9)	-	-	-	-	Dec. 10, 2020	Feb. 21, 2020	Feb. 18, 2019	Feb. 19, 2018
Performance conditions	Like-for-like operating EBIT growth and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TS	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
Number of vested shares at Dec. 31, 2018	0	0	0	0	125,916	176,420	171,735	593,910
Cumulative number of canceled and forfeited performance shares	0	20,830	52,233	77,941	11,447	241,650	245,859	251,990
Performance shares outstanding at Dec. 31, 2018	597 220	664,876	742,752	912,139	0	381,930	406,406	0
TOTAL	**597 220**	**685,706**	**794,985**	**990,080**	**137,363**	**800,000**	**824,000**	**845,900**

* *Before other income and expenses.*
** *Total shareholder return.*
(1) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 20, 2019
(2) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 19, 2018.
(3) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2017.
(4) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 11, 2015.
(5) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 11, 2014.
(6) Decision of the Chairman and Chief Executive Officer pursuant to the Board authorization of February 12, 2013.
(7) Jacques Stern resigned from office on July 31, 2015.
(8) Three-year vesting period for French tax residents and non-residents subject to the French social security system and five-year vesting period for tax residents of other countries who are not subject to the French social security system.
(9 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.

2018

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 granted 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.

The Shareholders Meeting of May 3, 2018 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-first resolution of the Shareholders Meeting of May 3, 2018 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 granted in the fiscal year.

Pursuant to the authorization given by the Shareholders Meeting of May 3, 2018, the Board of Directors decided to set up a performance share plan in February 2019 for some 325 beneficiaries including the Executive Director, awarding 597 220 shares representing 0.25% dilution.

Under the May 3, 2018 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 operating EBIT 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 like-for-like growth in operating EBIT and FFO, which are the key indicators related to the Group's strategy (see section 1, page 19 of the 2018 Registration Document). 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 OPERATING EBIT (OP. EBIT) GROWTH	
Like-for-like op. EBIT growth of less than 7%	0%
Like-for-like op. EBIT growth of equal to or more than 8% but less than 9%	75%
Like-for-like op. EBIT growth of equal to or more than 9% but less than 10%	100%
Like-for-like op. EBIT growth of equal to or more than 10% but less than 12%	125%
Like-for-like op. EBIT 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 by decision of the Board of Directors on February 23, 2017 and 81,616 performance share rights by decision of the Board of Directors on February 19, 2018. Pursuant to the authorization given by the Shareholders Meeting of May 3, 2018 in its twenty-eighth resolution, Bertrand Dumazy was awarded 53 870 performance share rights by decision of the Board of Directors on February 20, 2019.

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	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
	2019 plan (no. 11) Date: Feb. 27, 2019	53 870	1,815,000	Feb. 28, 2022	Feb. 28, 2022	Like-for-like operating EBIT growth and funds from operations* (FFO) and Edenred TSR vs. SBF 120 TSR
TOTAL		**135,486**	**3,795,000**			

* *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 shares held by the Executive Director that vested

PERFORMANCE SHARES HELD BY THE EXECUTIVE DIRECTOR THAT VESTED DURING THE YEAR	PLAN NO. AND DATE	NUMBER OF PERFORMANCE SHARES THAT VESTED DURING THE YEAR	PERFORMANCE CONDITIONS
Bertrand Dumazy	2015 plan (CEO) Dec. 9, 2015	125,916	Like-for-like growth in issue volume and funds from operations (FFO) and Edenred TSR vs. SBF 120 TSR

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)	174,900	4,243,074
Performance shares that vested during the year for the ten employees other than the Executive Directors who received the largest number of vested shares (aggregate information)	125,038	2,140,811

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, 2017 and May 3, 2018 were used by the Company in 2018, enabling it to implement a share buyback program.

At December 31, 2018, the Company held 1,367,212 shares directly or indirectly, representing 0.57% of the total number of shares making up the Company's share capital.

(a) Transactions carried out excluding the liquidity contract

During 2018, the Company:

- bought back 1,151,715 Edenred shares for cancellation at an average price of €25.40 per share for a total spend of €29.247 million. This transaction was carried out by investment services providers acting independently under the Company's share buyback program;
- bought back 508,752 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 302,336 shares to be delivered under the performance share plans of February 20, 2015 and December 9, 2015 reserved for certain employees and Executive Directors who are French tax residents;
- canceled 1,028,985 Edenred shares totaling €25,292,745 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 18, 2013 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 complied with the AMAFI Code of Conduct as approved by the AMF on March 21, 2011.

During 2018, under the liquidity contract, the Company:

- purchased 2,004,701 shares at an average price of €29.62 per share, for a total outlay of €59,382,241; and
- sold 2,003,489 shares at an average price of €29.61 per share, for total proceeds of €59,314,779.

At December 31, 2018, the Company held 24,384 shares under this liquidity contract, acquired at an average price of €31.69 per share, for a total of €0.7 million or 0.16% of the capital.

In addition, the Company's balance sheet at December 31, 2018 included €6,528 million in marketable securities held under the liquidity contract.

Details of Edenred's share buyback program are available in section 3.3.5 of the Board of Director's Corporate Governance Report.

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

TYPE OF AUTHORIZATION	MAXIMUM NOMINAL AMOUNT AUTHORIZED	DURATION	UTILIZATION IN 2018
Share buyback program			
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
Shareholders Meeting of May 3, 2018 (19th resolution)	Up to the equivalent of 10% of the capital at the completion date Total amount: 823,911,340 Maximum purchase price: €35	18 months	Purchase for allocation to performance share plans: 1,500,064 shares Purchase for cancellation: 0 share Purchase under the Exane BNP liquidity contract: 2,004,701 shares
Cancellation of shares			
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 Cancellation of 382,470 shares as decided by the Board of Directors on February 19, 2018
Shareholders Meeting of May 3, 2018 (20th resolution)	Up to the equivalent of 10% of the capital at the cancellation date for each 24-month period	18 months	Cancellation of 501,565 shares as decided by the Board of Directors on July 23, 2018 Cancellation of 144,950 shares as decided by the Board of Directors on December 18, 2018

The Annual Shareholders Meeting of May 14, 2019 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 2018

The number of shares and percentage of capital held by the Company at December 31, 2018 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 24 months	2,300,664
Number of Edenred shares held in treasury at December 31, 2018, of which:	1,367,212
• shares held following buyback for cancellation	267,162
• shares held for allocation under performance share plans	1,075,666
• shares held under the liquidity contract with BNP	24,384
Percentage of capital held by the Company directly and indirectly at December 31, 2018	0.57%
Book value of treasury shares	€32,638 million
Market value of treasury shares at December 31, 2018	€28,950 million

The total amount of buyback transaction fees excluding tax was €75,332 in 2018.

The Company held no open long or short positions in derivatives at December 31, 2018.

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:

					Share price *(in €)*			
Year	Shares outstanding at December 31	Dividend per share *(in €)*	Total dividend paid *(in €)*	Paid on	High	Low	Year-end	Yield based on year-end price
2017	235,403,240	0.85	199,677,661	June 8, 2018	25.00	18.53	24.18	3.52%
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%

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 14, 2019, the Board of Directors will recommend setting the 2018 dividend at €0.86 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) 12.8% 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 general 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

As of January 1, 2018, dividends distributed to individual shareholders domiciled in France for tax purposes are subject to a single flat-rate tax (the "flat tax") of 12.8%, save where said persons have expressly and irrevocably elected to pay tax at their marginal rate of income tax.

Dividends are initially subject to a mandatory withholding tax in the year of payment, at a rate aligned with that of the flat tax, namely 12.8% (21% previously). The following year, the tax withheld at source is offset against the income tax due (applying the flat tax or, by choice, the marginal rate of income tax) and any excess tax withheld is reimbursed.

The flat tax is applied at a rate of 12.8%, or an aggregate rate of 30% taking into account social security contributions of 17.2%. It is levied on gross income, with no deductions for expenses or charges. Taxpayers paying the flat tax are not eligible for the 40% allowance, which nevertheless continues to apply for those persons who have elected to pay tax on the dividends at their marginal rate of income tax. In addition to qualifying for the 40% allowance, opting for the latter solution also allows taxpayers to deduct expenses incurred to receive or hold dividends.

Where received by persons domiciled for tax purposes in France, dividends are subject to CSG wealth tax at a rate of 9.9% for all income generated as of January 1, 2018 (the rate was previously 8.2%), CRDS social security debt reduction tax at a rate of 0.5%, social security contributions (4.5%), the additional social security contribution (0.3%), and the solidarity tax (2%), or an aggregate rate of 17.2%.

For income generated in 2018, 6.8% of the CSG wealth tax payable on dividends taxed under the marginal rate of income tax method is deductible from taxable income in the year of payment (5.1% previously). However, taxpayers paying the flat tax do not have this option. The other social security levies are not deductible at all.

Withholding tax does not apply to dividends received on shares held in a French PEA personal equity plan.

2.1.4 Market for Edenred securities

2.1.4.1 Edenred share performance in 2018

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 2018, the shares closed at €32.11, giving the Company a market capitalization of €7.7 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
2018				
January	25.24	26.70	23.74	12,341,700
February	26.49	29.15	24.30	17,718,536
March	28.39	29.20	27.31	13,750,536
April	28.42	29.41	27.25	14,411,763
May	28.13	29.37	25.76	15,673,063
June	26.90	27.98	25.21	17,611,187
July	29.36	34.41	26.49	16,022,148
August	34.74	35.95	31.90	11,609,010
September	33.20	34.58	32.53	11,956,120
October	31.96	33.91	30.13	17,058,976
November	33.08	34.92	31.62	11,648,427
December	32.21	34.49	30.74	10,834,104
2019				
January	35.14	37.05	31.44	9,995,219
February	37.49	40.67	35.55	9,202,449

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 2018 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 €)*
Antoine Dumurgier *Member of the Executive Committee*	February 21, 2018	Vesting of free shares	15,861	
	February 21, 2018	Sale of shares	378	10,663
	February 21, 2018	Sale of shares	5,400	151,906
	February 21, 2018	Sale of shares	3,200	90,176
	February 23, 2018	Exercise of stock options	5,400	101,574
Gilles Coccoli *Member of the Executive Committee*	February 22, 2018	Sale of shares	8,000	224,960
	May 21, 2018	Sale of shares	9,200	259,900
	September 6, 2018	Sale of shares	10,000	332,500
	September 6, 2018	Sale of shares	571	18,997
	October 29, 2018	Exercise of stock options	4,000	76,120
	October 29, 2018	Sale of shares	4,000	134,120
Dominique D'Hinnin *Member of the Board of Directors*	June 8, 2018	Subscription of shares	11	273
Philippe Dufour *Member of the Executive Committee*	January 19, 2018	Exercise of stock options	6,188	84,713
	February 21, 2018	Vesting of free shares	7,464	
	September 19, 2018	Exercise of stock options	1,000	18,810
	October 1, 2018	Exercise of stock options	20,000	376,200
Bertrand Dumazy *Chairman and Chief Executive Officer*	June 8, 2018	Subscription of shares	11	273
	December 10, 2018	Vesting of free shares	125,916	
Arnaud Erulin *Member of the Executive Committee*	January 19, 2018	Exercise of stock options	24,000	456,720
	January 19, 2018	Sale of shares	24,000	627,360
	January 19, 2018	Sale of shares	1,080	28,305
	February 21, 2018	Vesting of free shares	20,060	
	February 22, 2018	Sale of shares	16,000	456,640
	March 13, 2018	Sale of shares	15,750	457,537
Diego Frutos *Member of the Executive Committee*	February 23, 2018	Vesting of free shares	6,000	
	June 8, 2018	Subscription of shares	178	4,428
	August 9, 2018	Sale of shares	178	6,290
Graziella Gavezotti *Member of the Executive Committee*	February 19, 2018	Vesting of free shares	15,200	
	February 22, 2018	Sale of shares	15,200	429,249
Laurent Pellet *Member of the Executive Committee*	February 19, 2018	Vesting of free shares	15,200	
	February 21, 2018	Sale of shares	215	6,011
	February 21, 2018	Sale of shares	4,000	111,840
	February 21, 2018	Sale of shares	6,000	167,640
	February 21, 2018	Sale of shares	10,000	274,000
	February 21, 2018	Exercise of stock options	10,000	190,300
	February 22, 2018	Sale of shares	10,000	282,200
	February 23, 2018	Sale of shares	15,200	438,216
Philippe Relland-Bernard *Member of the Executive Committee*	February 21, 2018	Vesting of free shares	13,995	
	February 21, 2018	Sale of shares	3,800	106,566
	June 8, 2018	Subscription of shares	496	12,340
	June 13, 2018	Sale of shares	496	13,481

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 main risks together with the measures for managing these risks are described in section 2.2.1, below.

Legal and arbitration proceedings are described in section 2.2.2, page 57.

Measures for transferring risk are described in section 2.2.3, page 57.

Internal control and risk management procedures are described in section 2.2.4, page 58.

2.2.1 Risks and measures to manage the risks

The risks and threats to the Group's business are reviewed regularly, under the supervision of the Audit and Risks Committee. In 2018, the Group conducted a risk mapping exercise under the supervision of the Audit and Risks Committee. Expert opinion and comparable external studies were used to gain an overview of virtually all of the subsidiaries and the expertise available in the Group's functional divisions. Nearly 200 risks were identified and assessed based on a number of criteria, including, likelihood of occurrence, financial impact and reputational impact for the purpose of evaluating "gross" risk criticality (*i.e.*, "net" of existing risk control procedures) together with the effectiveness of risk control procedures in evaluating "net" risk criticality.

The following seven risk categories emerged from this latest mapping process (classified according to "net" criticality of the main risks within each category):

- financial risks: currency, interest rate, commodity, counterparty and liquidity risk;
- legal risks: risks associated with changes in laws and regulations, regulatory compliance, business ethics and brand protection;
- information systems and cybercrime risks;
- country economic and related competitive environment risks;
- risks associated with the Group's strategy;
- operational risks, including risks associated with service interruption;
- risks linked to security and the expertise of Group employees.

Environmental and climate-related risks, which are included in a specific analysis of non-financial risks, are also presented in this section.

2.2.1.1 Financial risks

The main financial risks to which the Group is exposed are as follows:

- currency risk, described in section 2.2.1.1.1;
- interest rate risk, described in section 2.2.1.1.2;
- commodity risk, described in section 2.2.1.1.3;
- customer (credit risk) and financial institution counterparty risk, described in section 2.2.1.1.4;
- financing and liquidity risk, described in section 2.2.1.1.5.

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 6.6, page 213).

The Group's financial 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 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). Group 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.

2.2.1.1.1 Currency risks

Exchange gains and losses recognized in the 2018 income statement are presented in the notes to the consolidated financial statements (see Note 6.1 "Net financial expense", page 208).

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 6.6, paragraphs "Foreign exchange risk: currency analysis", "Currency hedges" and "Sensitivity to exchange rates", page 215).

Risk

The Group is exposed to currency risks on the translation into euros in the consolidated financial statements of business volumes, revenue, EBIT and balance sheet items for each country outside the euro zone. 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 and Mexican pesos. A significant proportion of the Group's business volume is generated in countries where the functional currency is different from the Group's reporting currency (the euro).

However, the Group's operating profit is only exposed to limited currency risk, because each subsidiary's revenues and expenses are paid in local currency.

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.

Measures to manage the risk

Group policy consists of investing the cash generated by an activity in the currency of the country that manages said activity. This avoids having to manage the liquidity risk associated with currency fluctuations and reduces currency risk exposure.

This foreign currency translation risk is not hedged.

However, 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 2.2.1.1 "Preliminary comment".

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

At December 31, 2018, the notional amounts of cash flow hedges of currency risks were limited. These hedges concerned forecast capital flows for less than twelve months.

2.2.1.1.2 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 IFRS 9 – Financial Instruments.

Consolidated debt includes both fixed and variable rate borrowings, with 93% of the gross 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, 2018, 18% of total debt was at fixed rates of interest and 82% at variable rates, after taking into account the effect of hedges (see Note 6.6 "Financial instruments and market risk management", paragraph 1 "Hedging impact", page 214).

Interest rate fluctuations have a direct impact on interest revenue, and mainly concern the Group's other revenue. The float amounted to €2,385 million at December 31, 2018, of which €1,991 million (gross) reported as cash and cash equivalents and other marketable securities (see Note 6.3 to the consolidated financial statements "Cash and cash equivalents and other marketable securities", page 209), and €1,402 million reported as restricted cash (see Note 4.6 "Change in Restricted cash", page 197).

The average interest rate was 1.8% at December 31, 2018 and 2.5% at December 31, 2017.

A 100-basis point change in interest rates would have an impact of €15 million on interest income in 2018, 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, 2018.

Instruments with maturities of more than one year represented 30% of the total at December 31, 2018 versus 28% at December 31, 2017.

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 Vice-President, Finance. The related financing strategy is implemented by the Group Treasury and Financing Department.

The most commonly used hedging instruments are interest rate swaps, caps and floors. They are contracted with leading banks with strong ratings 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.

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, 2018, the notional amounts of interest rate hedges were €1,988 million on debt, for €2,489 million of debt and €359 million on financial assets.

These instruments are described in the notes to the consolidated financial statements (see Note 6.6 "Financial instruments and market risk management", paragraphs "Financial instruments" and "Derivative financial instruments", page 219).

The impact of a 100-basis point change in interest rates on debt of €2,696 million at December 31, 2018, is presented in the notes to the consolidated financial statements (see Note 6.6 "Financial instruments and market risk management", paragraph "Interest rate risk sensitivity", page 214).

2.2.1.1.3 Commodity risk

Risk

Part of Edenred's business model is sensitive to fluctuations in fuel prices in the different countries in which it provides Fleet & Mobility Solutions, which generate 25% of the Group's operating revenue. These solutions include fuel cards used to pay for gasoline and Edenred's commission is sometimes partly dependent on fuel prices. This link varies both by country and by solution and depends notably on tax rates applicable locally.

Measures to manage the risk

In Fleet & Mobility Solutions, Edenred is aiming to develop a large portfolio of non-fuel-based value-added services, driven either by organic growth or acquisitions. For example, UTA, in which Edenred has held a majority stake since 2017, has a highly diversified revenue model based around integrated toll, parking, and vehicle maintenance payment solutions. The Group has also refined its pricing strategy – country by country, and solution by solution – to reduce revenue exposure to fuel price fluctuations.

2.2.1.1.4 Customer (credit risk) and financial institution counterparty risk

- **Customer counterparty risk (credit risk)**

Risk

Customer counterparty risk – or credit risk – essentially concerns the risk of customers being unable to honor amounts that they owe to the Group. This could apply to post-payment facilities where invoicing is based on the volume consumed and not the issue volume (in Fleet & Mobility Solutions, for example), as well as to payment terms extended to prepaid voucher and card customers where invoicing is based on the issue volume.

The significant proportion of business generated by – generally prepaid – complementary solutions, employee benefits and incentives and rewards, limits the Group's exposure to credit risk. However, the increasing importance of Fleet & Mobility and Corporate Payment Services tends to increase credit risk exposure.

Edenred's exposure to a major customer default remains relatively low. Statistical dispersion of the business is high, with no one customer billed in 2018 representing a significant share of revenue, and trade receivables corresponding to several hundreds of thousands of accounts.

Measures to manage the risk

Many subsidiaries have set up dedicated teams to manage this risk, and use external databases to assess the financial health of prospects or customers.

Some country organizations have chosen to implement risk transfer solutions, notably in the form of credit insurance, especially for post-payment facilities or in markets where there is a strong demand for longer payment periods.

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.

- **Financial institution counterparty risk**

Risk

The Group is exposed to banking counterparty risk, especially with regard to funds invested. 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 to the consolidated financial statements (see Note 6.6 "Financial instruments and market risk management", paragraph "Credit and counterparty risk", page 218).

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. Under this system, the subsidiaries' available cash is transferred to Edenred SA 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.

2.2.1.1.5 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 quality of the Group's credit is assessed by rating agencies, such as Standard & Poor's, and reflects its 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.

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 6.6 "Financial instruments and market risk management", paragraph "Liquidity risk", page 217).

Managing debt entails raising new financing to replace existing borrowings on their due date and to fund growth in acquisitions.

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 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 6.4 "Debt and other financial liabilities", paragraphs "Debt", "Credit facility" and "Maturity analysis", page 210). At December 31, 2018, Edenred had €700 million in unused revolving credit facility, expiring at the end of July 2023.

In addition, 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 43% at December 31, 2018 (see section 2.3.1.5 "Key ratios and indicators", page 72).

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, September 27, 2017 and May 9, 2018. None of the contracts relating to bond, private placement or bank borrowings contains clauses relating to the Company's rating (triggering early repayment for instance). Each bond issue, for a total amount of €1,975 million was assigned a specific rating at the time of issue in line with standard market practice.

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 term 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 6.3 "Cash and cash equivalents and other marketable securities", page 209).

2.2.1.2 Legal risks

2.2.1.2.1 Risks associated with changes in laws and regulations

The Group has identified the following two main risks associated with changes in laws and regulations:

- changes in the laws and regulations applicable to solutions that qualify for a specific payroll tax or income tax regime, *i.e.*, removal or loss of attractiveness of said payroll tax or income tax regime;
- changes in laws and regulations applicable to digital solutions (*i.e.*, regulations covering the Group's business, especially those related to banking activities).

There is also the added risk of tighter regulations not specifically directed at the Group's businesses but which generate additional compliance requirements. For example, the introduction of European Union directive no. 2016/679 in May 2018 regarding data protection or France's Sapin II Act in October 2016 concerning transparency, the fight against corruption and modernization of the economy generated compliance-related costs. This is covered in risks associated with regulatory compliance and business ethics in section 2.2.1.2.2.

- **Change in the laws or regulations governing solutions qualifying for a specific payroll and/or income tax regime**

Risk

Some Group solutions are governed by national regulations designed to create a dedicated legal framework (mainly for payroll tax, income tax, etc.) that will encourage their development. They are mainly Employee Benefits, particularly *Ticket Restaurant®* and *Ticket Alimentación*. In 2018, 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 in certain countries may be tempted to scale back or abolish the payroll tax or income tax benefits attached to these solutions. As the solutions' income and payroll 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 business volume.

See section 1.7 "Regulatory environment", page 26 for more information about the regulations applicable to the Group, including sections 1.7.1.2 and 1.7.1.3, page 26, 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;
- developing institutional tools, such as macro-economic studies, research, surveys and position papers, demonstrating the effectiveness of Edenred's solutions in promoting specific policies;
- identifying 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;
- participating in 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 messages adapted to each of these players, to preserve Edenred's solutions and programs;
- creating partnerships (and/or discussion platforms) with players involved in developing, promoting or defending policies that govern Employee Benefits solutions.

- **Risk of tighter control over our activities via banking regulations**

Risk

Two factors tend to increase the risk of tighter control over our activities *via* banking regulations: (i) the increase in the number of digital solutions coupled with huge growth in the share of digital business volume, and (ii) the increasingly complex legislative and regulatory framework applicable to payment services and related solutions.

Consequently, the switch from paper-based vouchers to paperless versions, the launch of new digital fleet and mobility and corporate payment solutions together with the Group's external growth strategy in these domains are leading to a sizeable increase in both the number of digital solutions and their contribution to overall business volume.

At the same time, more and more laws and regulations governing payment services and/or e-money issuance, notably to promote financial inclusion and boost innovation and competition in banking, nonetheless require the introduction of measures that are technically or financial onerous for payment solution providers.

In the European Union, directive no. 2015/2366, known as the Payment Services directive (PSD2), defines the specific features of digital employee benefits and explicitly excludes most of these solutions from the scope of banking and payment regulations, but nevertheless introduces an obligation to notify the local regulator for other more limited-type solutions. Outside of the European Union, countries such as Brazil, Uruguay, Chile, the US, Japan, India and several South-East Asian countries have introduced legislative and regulatory requirements that apply specifically to payment services and/or e-money issuance. In most cases, the specific nature of our businesses and the ways in which these differ from payment activities are clearly recognized, however some of these regulations will affect all or part of our businesses. These regulations could require the Group to take measures that will impact our organization (*e.g.*, a requirement to obtain a specific type of license, possibly for a dedicated entity), our business model (*e.g.*, by limiting commissions billable to corporate clients or partner merchants and the repayment of unused balances on expired cards) and/or our operations (*e.g.*, regulations covering claims processing deadlines and obligations to perform due diligence on corporate clients).

These 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

As it does for changes in the laws and regulations applicable to solutions that qualify for specific tax treatment, the Public Affairs Department implements targeted measures such as:

- continuous monitoring of regulatory, political, social and economic developments in the Group's host countries;
- developing institutional tools that demonstrate the specific nature of Edenred's solutions *vis-à-vis* e-money or payment services;
- identifying the core players that are involved at international, European and national level, and development of long-term contacts with them;
- participating in public debate in order to become a preferred contact of international organizations, European institutions and national decision-makers, to defend the specific features of Edenred's business and promote its model.

In some countries, specific organizations have also 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.

2.2.1.2.2 Risks associated with regulatory compliance and business ethics

The Group has identified the following three main risks associated with regulatory compliance and business ethics:

- risks related to competition law;
- risks related to personal data protection regulations;
- tax risks.

To a lesser extent, the Group is also exposed to the risk of being caught up in activities that involve money laundering, the financing of terrorism or corruption.

- **Risks related to competition law**

Risk

The Group does business in highly competitive environments. While these markets tend to grow following the arrival of new entrants (see section 2.2.1.2.2), they may also be restricted to just a few players and give rise to anti-competitive practices. Similarly, the Group may sometimes find itself in what could be considered a dominant position, notably in the Employee Benefits market segment.

Pursuing an external growth strategy requires strict compliance with certain rules aimed at preventing any exchange of information with a potential acquiree before the transaction has actually been approved by the relevant authorities.

As of December 31, 2018, the Group is involved in four legal disputes related to competition law (see Note 10.3 "Claims and litigation", page 237).

Measures to manage the risk

The Legal and Regulatory Affairs Department regularly conducts training and awareness programs for executive management in the Group's subsidiaries.

- **Risks related to personal data protection regulations**

Risk

Edenred's activities involve processing at times vast volumes of personal data, usually in digital form, mainly for users of the Group's solutions as well as for other stakeholders in its business. Protecting this data is a priority for Edenred and the bedrock of stakeholder trust.

The European Union's introduction of directive no. 2016/679 regarding data protection in May 2018 both harmonized data protection regulations (thereby minimizing complexity due to regulatory differences) and strengthened these same regulations, generating a raft of compliance obligations and potential sanctions in the event of failure to comply.

Laws and regulations to protect personal data are also being introduced outside the European Union and are frequently inspired by EU regulations. This is the case, for example, in Brazil, where Law no. 13.709 was promulgated in August 2018 and will enter into force in February 2020.

Measures to manage the risk

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

In Europe, the DPO can rely on a network of correspondents throughout the subsidiaries to comply with regulatory obligations and guarantee effective protection of data. The DPO devises all of the related procedures, internal guidelines and recommendations designed to ensure a consistent approach to conducting compliance-based initiatives and a uniform level of regulatory compliance throughout the Group's entities.

- By backing up applications and data, the Information Systems Security Department also plays a role in the Group's data protection regulatory compliance.
- **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 unequivocal in meaning. As a result, the Group's organization structure, the way it conducts business and the applicable tax regime are 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 departments 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 237).

- **Risk of being caught up in activities that involve money laundering and/or the financing of terrorism**

Risk

By their nature, the Group's businesses are relatively unexposed to the risks associated with money laundering and the financing of terrorism. Nevertheless, certain solutions could be misused for the purpose of money laundering or even financing terrorist organizations or actions.

In some countries, particularly in Latin America, subsidiaries must comply with regulations designed to combat organized crime, money-laundering and/or the financing of terrorism. This is also the case for three European subsidiaries with accreditation to conduct business as e-money institutions, including one UK-based subsidiary, and Group businesses covered by e-money or payment service regulations.

Measures to manage the risk

The Group's Compliance and Risks Department is tasked notably with helping subsidiaries to ensure compliance with the laws and regulations designed to combat organized crime, money-laundering and/or to combat the financing of terrorism (AML/CFT).

The three European e-money institutions reviewed and amended their AML/CFT policies in 2018 following the transposition of directive (EU) 2015/849 which amends the regulatory constraints applicable throughout the European Union.

- **Risks related to corruption**

Risk

As a stakeholder in the deployment of social policies in most of the countries in which it operates, working for both businesses and local authorities may expose Edenred to a risk of passive or active involvement in processes of corruption.

As a French company employing over 500 people and generating revenue in excess of €100 million, the Group must comply with the provisions of France's Sapin II Act concerning transparency, the fight against corruption and the modernization of the economy which came into force in October 2016.

Measures to manage the risk

The Legal and Regulatory Affairs Department has drafted and circulated anti-corruption guidelines to executive management in all of the Group's subsidiaries. This policy applies to all of the Group's businesses and is available on its corporate website. It contains clear guidelines for all Group employees and subcontractors, and also provides for a whistleblowing procedure.

2.2.1.2.3 Risks associated with the Group's brand portfolio

Risk

The Group owns a portfolio of recognized brands, such as *Ticket Restaurant®* and *Ticket Alimentación* in the countries where it operates (excluding Portugal). They represent significant assets and loss of ownership or the right to use these brands to a competitor could result in a loss of customers.

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 names of the Group's solutions have been registered in all countries where they are currently used or where they may be introduced in future. In 2017, the Group redesigned its corporate identity, and particularly the Edenred brand to link it with the brands of the various solutions and assert their distinctive features. In the process, the Group filed numerous logos and trademarks across all geographies.

Although prior rights searches are performed with respect to brand names and related domain names, the Group cannot rule out the risk that third parties may 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.

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.

2.2.1.3 Information systems and cybercrime 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. This is particularly true for certain pooled applications such as transaction authorization platforms. The loss of confidential information could lead to the loss of business clients (and in turn part of the business) and at the same time expose the Group to the risk of being ordered to pay fines or damages.

In 2018, the Group began revamping its middle office applications and restructuring its information systems. These changes involve a risk of losing system knowledge and availability.

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 particular to monitor safety and improve quality if needed.

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.

Certain subsidiaries including France, the United Kingdom and Mexico have been equipped 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 circulated within the Group and 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 Acceptance Testing (UAT) environments;
- dedicated pre-production environments where modifications to applications are tested prior to moving to production;
- dedicated production environments to which only authorized users have access, depending on their security clearance.

Use of cloud computing services

The Edenred Group has a corporate private cloud solution 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 is accessible *via* a wide area network (WAN) which the Group has developed jointly with a leading market player.

Alongside this private cloud, in 2018 Edenred unveiled a public cloud solution that complies with the same security, data protection and hosting standards and enables the Group to provide its subsidiaries with more flexible solutions, especially when deploying new applications.

These combined solutions ensure a high level of application availability and data security.

2.2.1.4 Country economic and related competitive environment risks

2.2.1.4.1 Country economic risks

Risk

The Group has operations in 45 countries. In 2018, 57% of operating revenue was generated in Europe, 37% in Latin America and 6% in the other countries where Edenred operates, grouped into the Rest of the World segment (see section 1, page 10).

The Group's international operations expose it to numerous risks.

For this reason, 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 slowdown leading to corporate bankruptcies and plant closures would have the effect of reducing the Group's corporate customer base, overall business volume and revenue, and may accentuate our customer counterparty risk (see section 2.2.1.1.4, page 46).

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 influenced by the inflation rate and, for certain revenue streams in the Fleet & Mobility Solutions product line, the price of fuel.

Lastly, the Group's other revenue, which is generated by investing 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 2.2.1.1.2 "Interest rate risks", page 45).

- The Group is confronted with risks stemming, 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 world region or country. Some countries apply exchange rate 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.

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

Measures to manage the risk

Edenred's presence in 45 countries and across several product lines (Employee Benefits, Fleet & Mobility Solutions and Complementary Solutions) helps diversify its exposure to risk, thus making the Group less sensitive to difficulties inherent to a specific country or product line. 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 64% of EBIT.

In addition, the Group prepares action plans to reduce the consequences of this risk – 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.

2.2.1.4.2 Competitive environment risks

Competitive environment risks are essentially driven by increased competitive pressures due to the strengthening of the positions of existing players or the arrival of new players onto the markets in which the Group does business.

The following section also deals with the risk of expropriation of the Group's brands by a competitor and legal and regulatory constraints related to competition law.

Risk

The Group's businesses are exposed to competition from both international groups and local competitors (see section 1.1.3.2 "Unique expertise and positioning", page 9, 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 leading position, certain competitors or commercial partners may be tempted to claim that the Group has used this position to circumvent 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, in its Employee Benefits core business, the Group stepped up the transition from paper-based vouchers to paperless versions and rolled out new services such as mobile payment and payment using application programming interfaces (APIs) to gain a competitive edge over its rivals. 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 in turn is playing the role of a newcomer challenging the positions of other existing players.

2.2.1.5 Risks associated with the Group's strategy

2.2.1.5.1 Risks associated with the Group's geographic expansion

Risk

The Group's ability to pursue and lock in its geographic expansion strategy is affected by certain restrictions and uncertainties, particularly in relation to the future regulatory and political environment over which it has no control. The Group may invest resources in preparing its entry to a new market without any assurance that its proposed solutions can be successfully deployed or that an appropriate tax regime will be established for Employee Benefits.

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 lack 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 strengthen and deploy product lines that are not exposed to regulatory risks, *i.e.*, Fleet & Mobility Solutions and Corporate Payment. These new product lines allow the Group to gain a foothold or strengthen its existing footprint in certain countries while reducing regulatory risk. For example, in 2018 Edenred acquired the North American company CSI, specialized in Corporate Payment in the US and Canada. It also beefed up its presence in the UK by acquiring 80% of TRFC in the Fleet & Mobility Solutions sector. The two companies have been consolidated in Edenred's financial statements as from January 1, 2019.

2.2.1.5.2 Risks associated with the Group's external growth strategy

- **Risks associated with the Group's acquisition strategy**

Risk

The Group's 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, in order to obtain approval from competition authorities 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.

Lastly, acquisitions generate risks linked to intangible asset valuation. 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, 2018 amounted to €976 million while net intangible assets totaled €432 million. The Group believes that the 2018 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

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.

As regard intangible asset valuation risks, 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.

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.

- **Risks associated with the Group's partnership strategy 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.

In addition, agreements are being implemented with client merchants 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.

The Group has set up partnerships for the distribution of solutions by third parties, including a major partnership signed with Itaù Unibanco in September 2018.

Measures to manage the risk

A team has been set up to manage the Group's partnerships and strategy and keep tabs on the competition. The team identifies risks upstream, sets up multiple partnerships whenever possible and identifies new partnerships to replace existing ones.

2.2.1.6 Operational risks

The main operational risks concern business continuity and voucher forgery and/or theft.

The Group is also exposed to other operational risks such as internal fraud with a lower level of criticality.

These risks are examined in detail below.

2.2.1.6.1 Business continuity risk

Risk

Business continuity is a key component of the Group's value proposition for its corporate clients, solution users and partner merchants together with the public authorities that deploy employee benefit-type solutions.

The Group is exposed to two main business continuity risks: (i) the risk that its solutions cannot be used, notably in the event of inability to authorize digital solution transactions, and (ii) the risk of the Group not being able to carry on its business more generally, linked to a major failure of internal processes or essential service providers or loss of a license needed to do business in certain countries.

Moreover, the impending Brexit which could see the United Kingdom leave the European Union on March 29, 2019, could lead to a ban on distributing the e-money issued in the United Kingdom throughout the European Union and vice versa. This situation could make it impossible for the Group's EU-based subsidiaries to distribute solutions that require e-money issued by our UK-based e-money issuer.

Measures to manage the risk

The risk of inability to authorize digital solution transactions is managed by securing the continuity of transaction authorization platforms. This is made easier by centralizing all transactions on a limited number of platforms, most of which are managed by the Group.

The risk of internal failure(s) is handled by a series of protection measures that include internal control and audit processes, backing up our information systems and deploying disaster recovery and business continuity plans.

The risk of service provider failure is handled by tracking service provider performance and stipulating and enforcing strict contractual requirements, especially in terms of service availability and continuity.

The risk of losing a license needed to do business in certain countries is managed locally by executive management of the subsidiaries.

The risk of disruption to certain business lines in view of the impending Brexit is being managed by setting up a subsidiary in Belgium, obtaining an e-money issuer license, validating the Group's capacity to distribute e-money *via* Group subsidiaries in all countries offering e-money or payment service-type solutions, and migrating e-money issuance for these solutions to the new subsidiary. These processes were initiated in 2018 and they will be up and running if and when they are needed.

2.2.1.6.2 Risk of voucher forgery or theft

Risk

The Group is exposed to the risk of forgery and/or theft of paper and paperless vouchers.

In the case of paper vouchers, risks mainly relate to the distribution of forged or stolen paper vouchers. The Group may be asked to accept forged or stolen and potentially falsified vouchers presented by corporate clients for reimbursement and this may have a financial impact.

In the case of digital solutions, the main risk concerns "skimming" which involves stealing or obtaining card data (by hacking the information system, for example) and then copying these onto another card. The risk of actual card theft is minimal.

Combating the risk of digital voucher forgery or theft requires much greater sophistication than for risks associated with paper vouchers. Cases of forgery and theft are nevertheless extremely rare.

Measures to manage the risk

To limit risk, steps are being taken to accelerate the migration from paper to digital solutions – which automatically reduces the risk associated with paper vouchers – as explained below.

First, the Group is developing dedicated resources for integrating fraud prevention and detection mechanisms onto digital solutions. Payment instrument and transaction security is being constantly improved through technological improvements, such as by equipping the cards with a smartcard chip, incorporating strong authentication solutions, stepping up security checks at payment terminals or introducing international standards, thereby helping to enhance data security.

At the same time, the Group has resources specifically dedicated to preventing fraud. The Group also has a policy of purchasing insurance to cover fraud risk, as explained in section 2.2.3.2 "Risks transferred to the insurance market", page 57.

2.2.1.7 Risks linked to security and the expertise of Group employees

2.2.1.7.1 Risks associated with attracting and retaining talent and key people

Risk

A large slice of the Group's value is linked to the 8,402 people who run the business day in, day out. Certain employees occupy key positions or have valuable expertise, especially as the Group transitions to digital solutions. Some employees also stand out based on their performances and potential to become the leaders of tomorrow. Retaining and developing all of these people is essential to achieving the ambitious goals set out in the Fast Forward plan.

Moreover, as the Group undergoes a vast transformation, it is vital to acquire fresh expertise and talent.

Measures to manage the risk

Acquiring talent and key people is part of the Group's recruitment policy and, in 2018, it hired 2,694 people.

The Group implements three policies to retain talent and key people: a Group career management policy, a compensation policy (including the Long Term Incentive Plan) and a training policy.

In 2017, two major initiatives were launched:

- the Edenstep Graduate Program designed to acquire and "fast track" young talent. Graduates are recruited based on either a management or a more information technology-type profile for a two-year program based in two different countries and focusing on businesses that are essential to the Group's future growth (*e.g.*, teams dedicated to innovation and project management). They receive mentoring to ease them into the Group and help them understand its key strategic focuses;
- the Edenred Executive Academy high potential program organized in partnership with HEC.

Also, for the past few years, Talent Week has been providing talented Group employees who have a minimum length of service and recognized development potential, with an opportunity to become familiar with Edenred's strategy, acquire a common core of knowledge and forge an international network.

2.2.1.7.2 Risks related to skills development

Risk

The Group is in the midst of a transformation phase. It is absolutely vital that employees acquire the skills needed for the Group's new challenges (*e.g.*, generating traffic for selling web-based solutions) and the new businesses (*e.g.*, Corporate Payment) underpinning the goals set out in the Fast Forward plan.

Measures to manage the risk

First, the Group acquires expertise by acquiring talent, either by hiring (see previous section on attracting and retaining talent and key people) or *via* its external growth strategy.

Second, the Group trains up its existing employees. In 2018, 6,991 employees received training.

In 2018, the Group also launched a learning program designed for all employees *via* the Edenred Digital University e-learning platform.

2.2.1.7.3 Risks linked to the security of Group employees

Risk

The physical safety of employees may be at risk either when they are traveling or at their place of work.

Certain sites are located in zones where there is a risk of earthquake activity.

Measures to manage the risk

The Group deploys a series of prevention and training measures focusing on employee safety.

2.2.1.8 Environmental and climate-related risks

Alongside the risk mapping exercise carried out in 2018, the Group also performed an analysis of the non-financial risks to which it is exposed, in accordance with European Union directive no. 2014/95/EU of October 22, 2014 on non-financial reporting. Findings from the analysis highlighted the Group's limited exposure to the environmental consequences of its activities.

It nonetheless remains exposed to certain risks linked to climate change and associated societal developments.

2.2.1.8.1 Risks related to climate change: transition to a lower-carbon economy

Risk

Service businesses are relatively unexposed to climate change risk, however some of the Group's Fleet & Mobility Solutions may be exposed to risks related to the switch to a lower-carbon economy or to the introduction of carbon taxes to regulate emissions.

Measures to manage the risk

The Group keeps tabs on market trends and anticipates potential impacts both through its Fleet & Mobility Solutions development strategy and its CSR strategy.

It has also moved to develop eco-friendly solutions using ecological and recyclable materials and continues to reduce greenhouse gas emissions in line with specific objectives and roadmap designed to follow the requirements of the Paris Climate Agreement.

These initiatives are detailed in section 2.4.3, on page 109.

2.2.1.8.2 Risks related to climate change: natural disasters

Risk

An increase in the frequency and severity of extreme weather events could trigger service interruption and/or imperil Edenred employees. However, given the nature of its business, the Group remains relatively unexposed to this type of risk.

Measures to manage the risk

The measures used to manage the risks related to service interruption and the safety of Group employees are detailed in sections 2.2.1.6.1 and 2.2.1.7.3, respectively.

2.2.2 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 237).

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 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 236).

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 236).

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 241).

2.2.3 Transferred risks

2.2.3.1 Transferred risks

The Group transfers some risk to suppliers *via* contract negotiations. In 2017, the Group set up a Purchasing Department to negotiate important supplier contracts, especially services supplied to a number of subsidiaries. This contractual risk transfer policy helps reduce the Group's residual exposure to operational as well as to information systems and cybercrime risk.

2.2.3.2 Risks transferred to the insurance market

Edenred transfers part of its risks onto 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 transferring risks to insurers and optimizing cover by pool purchasing within Group entities. To diversify counterparty risks associated with these international programs, they are spread between around a dozen top-ranking insurers, none of which covers more than 30% of the total capacity transferred to the insurance market. In 2018, 100% of the Group's programs involved insurers with an insurer financial strength rating higher than A- from Standard & Poor's.

Key insurance cover taken out by the Group and transferred to the insurance market includes:

- professional and civil liability insurance covering liability incurred by Edenred in the course of its business activities. This covers the Group's potential financial liability in the event of bodily injury, material and/or immaterial damage caused to third parties. The Group has set up an international insurance program that covers all entities throughout the world thanks to local country-specific policies;
- property and casualty and business interruption insurance covers Group assets throughout the world against accidental risks such as fire, natural disasters and other similar risks; It also covers any interruption to Edenred's business as a result of such events together with problems encountered with suppliers following an accidental event covered by a policy taken out by the Group. The individual sites purchase local cover in addition to that provided by the international program. Edenred operates around 200 sites in 45 countries;
- anti-fraud insurance covers financial losses suffered by the Group as a result of fraud or hostile acts committed either by an employee of the insured (internal fraud) or by a third party. This policy covers paper fraud as well as payment fraud, *i.e.*, fraudulent use of cards issued by the Group. The Group has set up a worldwide insurance program rounded out by local policies taken out in countries in which a need has been identified;
- digital risk insurance covering the harm suffered/liability incurred by Edenred as a result of an attack on the Group's information systems or theft or a leak of data. This worldwide policy has been brought into line with the requirements of EU legislation to protect personal data and it is rounded out by local policies taken out in countries in which a need has been identified;
- transportation insurance covers the cost of goods stolen during transport and/or storage. Edenred has taken out a Group insurance policy that covers entities exposed to transport insurance risk.

The Group's international insurance program is rounded out by local policies taken out in the countries in which it does business. This local coverage offers specific types of insurance needed in the different countries and only available locally (*e.g.*, vehicle liability insurance).

To maximize the efficiency of its insurance arsenal, the Group has chosen to self-insure against low-intensity and/or infrequent risks. Self-insurance is based around contractual deductibles and/or a reinsurance captive acquired in 2014.

- insurance deductibles are intended to cover low-intensity risks and per-loss deductibles are adapted to each risk in line with Edenred's financial capacity to bear the amounts in question;
- as a primary protection measure, Edenred's reinsurance captive commits to insuring a certain amount of each risk covered. In addition to helping the Group to optimize the cost of transferring risk by retaining low-intensity and infrequent risks, the reinsurance captive also enables it to address new risks that are specific to Edenred's businesses and to manage other risks in accordance with risk appetite in the insurance and reinsurance markets.

In 2018, Edenred maintained its existing insurance cover together with the guarantees that it has taken out on the insurance market. The Group continues to track the terms and conditions on offer on the insurance market and in 2018 it increased its insurance capacity.

2.2.4 Internal control and risk management procedures

2.2.4.1 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 risks, particularly operational and financial risks;
- 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.

2.2.4.2 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.

2.2.4.3 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:

- Chief Operating Officer, Hispanic and North America;
- Chief Operating Officer, Europe, Middle East and Africa;
- Chief Operating Officer, Southern Europe and Africa;
- Chief Operating Officer, Americas;
- Chief Operating Officer, Asia-Pacific;
- Chief Operating Officer, Fleet & Mobility Solutions;
- Executive Vice-President, Marketing and Strategy, and Corporate Payment Services;
- 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;
- Performance;
- 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.

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 2018, 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 Group Reporting unit: The Consolidation and Reporting team 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 reporting rules to be applied by all entities, as well as the budgeting and forecasting 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. Regular security audits are also performed.

Performance

The Performance Department is tasked with ensuring that the Group deploys the right resources to achieve its growth and profitability objectives. To do this, it draws up management control guidelines and ensures that they are applied correctly in the subsidiaries. These guidelines cover both the analytical framework to be used for the Group's operating activities and the financial and non-financial indicators used to understand and manage these activities.

The Performance Department works closely with operational teams to ensure that the management framework continues to be suitable and relevant and to reflect the Group's changes and growth objectives. It also oversees the monthly performance review process with regional management and Executive Management.

In performing this duty, it draws on a team of Financial Controllers, each responsible for a specific region. The Performance team also works closely with Group Consolidation and Reporting using the same reporting tool.

Group Tax

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

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;
- mapping the Group's major risks in collaboration with the Internal Audit and Information Systems Audit teams;
- monitoring the regulations mentioned in section 1.7.2 (notably electronic money and payment services) that could have an impact on Edenred's programs and providing Group subsidiaries with all the support they need to understand these regulations and their impact on their programs and organizations.

2.2.4.4 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.

2.2.4.5 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 and assessing major risks for the Group

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 2.2 "Risk factors and management". In 2018, the Group conducted a project to map out major risks, which is described in section 2.2.1 above. 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.

Internal control self-assessments

The Group has developed internal control self-assessments, based on analyzing the internal control risks inherent in each business and identifying key control issues.

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.

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 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.

Analyzing IT security risks

To round out the risk identification and assessment work conducted as part of the Group risk mapping process, the Information Systems Security Department advises and assists Executive Management in defining its IT security policy. It is responsible for ensuring that the policy is properly implemented, applied and monitored. It also identifies, organizes, coordinates and leads all preventive and corrective security measures introduced in all of the Group's host countries.

Analyzing non-financial risks

In 2018, the Corporate Social Responsibility Department performed an analysis of the non-financial risks to which the Group is exposed in accordance with the directive of October 22, 2014 on the disclosure of non-financial information. These risks were identified using international standards such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD) as well as external benchmarks, the materiality assessment carried out in 2017 and the expertise of the network of HR and CSR correspondents throughout the 45 countries in which the Group operates. Five categories of risk were assessed using the Group's risk identification and management guidelines:

- environmental and climate-related risks;
- social risks;
- risks related to business ethics;
- risks related to human rights;
- risks related to corruption and tax evasion.

The results of the analysis of non-financial risks and related policies are detailed in section 2.4.

2.2.4.6 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 lastly 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 Group 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 Directors 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

Acceleration of growth in 2018:

- Total revenue of **€1,378** million, up 11.9% like-for-like[1] (up 4.4% as reported)
- Operating EBIT margin[2]: up **2.0 points** to **30.9%**
- EBIT[3] up **17.5%** like-for-like (up 7.3% as reported) to **€461 million**
- Net profit, Group share: **€254 million** (up 5.2% as reported)
- Recommended dividend of **€0.86** per share, representing a **payout ratio of 80%** of net profit, Group share
- Strong free cash flow generation (**€435 million**) enabling a reduction of net debt to **€659 million** (versus **€696 million** at end-2017) after **€196 million** dedicated to acquisitions

Like-for-like, Edenred's performance in 2018 was significantly higher than the annual growth targets set for the medium term:

- Operating revenue: **up 13.3%** (annual target: above 7%)
- Operating EBIT:[4] **up 23.5%** (annual target: above 9%)
- Funds from operations (FFO)[5]: **up 17.0%** (annual target: above 10%)

Thanks to its business excellence, innovation capacities, global technology platform and targeted acquisitions, Edenred begins the new year with confidence. As the global leader in payment solutions for the working world, the Group expects to achieve its annual organic growth targets set for the medium term again in 2019.

Key financial metrics for 2018:

(in € millions)	2018	2017 RESTATED	% CHANGE REPORTED	% CHANGE LIKE-FOR-LIKE
Operating revenue	1,327	1,253	+5.9%	+13.3%
Other revenue	51	67	-24.1%	-14.7%
Total revenue	**1,378**	**1,320**	**+4.4%**	**+11.9%**
EBITDA	**536**	**502**	**+6.7%**	**+16.2%**
Operating EBIT	410	362	+13.1%	+23.5%
Other revenue	51	67	-24.1%	-14.7%
EBIT	**461**	**429**	**+7.3%**	**+17.5%**
Net profit, Group share	**254**	**241**	**+5.2%**	

In 2018, Edenred generated business volume of €28.1 billion. At end-December 2018, digital solutions accounted for 80% of the total, up 2 points from 2017 and on track to meet the Group's target of 85% in 2020.

2.3.1.2 Analysis of consolidated financial results

Total revenue: €1,378 million

Total revenue for 2018 amounted to **€1,378 million**, representing a like-for-like increase of 11.9% on the previous year. Reported growth was 4.4% for the period, including a strong negative 8.0% currency impact, a slightly positive 0.8% scope impact and a slightly negative 0.2% impact relating to Venezuela.

Total revenue for the fourth quarter was €388 million, up 14.2% like-for-like on fourth-quarter 2017 and up 7.9% as reported. Currency effects had a negative 6.8% impact on fourth-quarter income. The scope effect added 0.5% to income in the fourth quarter and the impact of Venezuela was negligible, reducing income by 0.1%.

(1) Like-for-like growth corresponds to organic growth, that is, growth at constant scope of consolidation and exchange rates.
(2) Ratio of operating EBIT to operating revenue.
(3) Operating profit before other income and expenses.
(4) EBIT adjusted for other revenue.
(5) Before other income and expenses.

Operating revenue: €1,327 million

Operating revenue amounted to €1,327 million for 2018, including €374 million for the fourth quarter, representing a like-for-like rise of 13.3% for the full year and of 15.3% in the fourth quarter. Reported operating revenue growth was 5.9% in 2018, including a negative 7.9% currency impact, a positive 0.8% scope impact and a slightly negative 0.2% impact relating to Venezuela.

In 2018, Edenred delivered double-digit operating revenue growth in all of its business lines and in all regions in which the Group operates.

Operating revenue by business line

(in € millions)	2018	2017 RESTATED	% CHANGE REPORTED	% CHANGE LIKE-FOR-LIKE
Employee Benefits	854	814	+5.0%	+11.7%
Fleet & Mobility Solutions	336	320	+4.9%	+16.8%
Complementary Solutions	137	119	+15.3%	+14.8%
TOTAL	**1,327**	**1,253**	**+5.9%**	**+13.3%**

Operating revenue for the **Employee Benefits** business line was **€854 million** in 2018, representing **65%** of the consolidated total, and €236 million in the fourth quarter. Operating revenue rose **11.7%** like-for-like (+5.0% as reported) over the full year and 13.5% in the fourth quarter (+4.9% as reported). This performance illustrates the effectiveness of the action taken by the Group to achieve operational excellence, particularly its roll-out of a multi-channel sales strategy focused on SMEs. Also reflected in the double-digit growth is Edenred's technological leadership, which spurred the launch of innovative digital solutions such as mobile and App-to-App payments. These are key differentiating factors enabling Edenred to capture new clients and enhance its offer for existing clients.

In the **Fleet & Mobility Solutions** business line, which accounts for one-quarter of the Group's business, like-for-like operating revenue rose by **16.8%** in 2018 (4.9% as reported) to **€336 million**. Operating revenue reached €91 million and like-for-like growth was 16.0% for the fourth quarter. Edenred is reaping the benefits of the successful integration of the companies acquired over the past three years (notably Embratec, UTA, Timex and La Compagnie des Cartes Carburant), which account for much of the organic growth in 2018. The Group is also continuing its successful strategy of European expansion, which places a greater focus on services offering access to a broader multibrand network. At the same time, following the successful launch of its light vehicle fleet offering in France, Edenred is now replicating this proven model in other European countries.

The **Complementary Solutions** business line, which includes Corporate Payment Services, Incentive & Rewards Solutions and Public Social Programs, generated operating revenue of **€137 million** in 2018, up **14.8%** like-for-like (+15.3% as reported). In the fourth quarter, operating revenue climbed 26.1% like-for-like to €47 million. This performance notably reflects the strong ramp-up of Corporate Payment Services, an innovative offering organically launched almost two years ago. In this segment, Edenred has already attracted high-profile clients from a broad range of industries including IATA, H-Corpo and Jumia Travel in the travel segment, SOS International in the assistance segment, and Foncia in the property segment.

Operating revenue by region

(in € millions)	2018	2017 RESTATED	% CHANGE REPORTED	% CHANGE LIKE-FOR-LIKE
Europe	755	652	+15.7%	+14.6%
Latin America	497	525	-5.2%	+12.0%
Rest of the World	75	76	-1.7%	+11.6%
TOTAL	**1,327**	**1,253**	**+5.9%**	**+13.3%**

In **Europe**, operating revenue rose by **14.6%** like-for-like (+15.7% as reported) to **€755 million**, representing **57%** of consolidated operating revenue in 2018. In fourth quarter 2018, operating revenue increased 14.4% like-for-like (+14.7% as reported) to €214 million.

In **France**, operating revenue amounted to **€239 million** in 2018, a like-for-like increase of **10.0%** (+11.0% as reported), including 9.1% in the fourth quarter. France reported double-digit growth in the Group's historic Ticket Restaurant business over the full year, thanks to an optimized marketing mix and increased penetration of the SME segment. The Fleet & Mobility Solutions business line also enjoyed good sales momentum, posting double-digit growth in operating revenue primarily on the back of its successful light fleet offering.

Operating revenue in **Europe excluding France** was up **16.8%** like-for-like in 2018 (+18.1% as reported) to **€516 million**. Operating revenue for the region in the fourth quarter grew 17.0% like-for-like (+16.9% as reported) to €147 million, spurred in particular by an excellent performance in Southern Europe. The digitalization of solutions and distribution channels in the Employee Benefits business line gives Edenred easier access to the still largely untapped SME segment and helps improve the marketing mix. In Fleet & Mobility Solutions, UTA's pan-European expansion strategy and an increasingly broader offer (tolls, maintenance and services) are beginning to pay off. In addition, the Group's light fleet offering, particularly in Italy, is ramping up quickly.

Operating revenue amounted to **€497 million in Latin America**, up **12.0%** like-for-like (-5.2% as reported). The region accounted for **37%** of the Group's operating revenue in 2018.

In **Brazil**, operating revenue came to **€356 million** for 2018, up **10.0%** like-for-like (-8.0% as reported), including a 13.6% like-for-like rise in the fourth quarter (-0.5% as reported). This double-digit growth reflects the steady recovery in Employee Benefits observed since the start of the year, together with strong sales momentum for Fleet & Mobility Solutions, a market that remains largely untapped in the country.

In **Hispanic Latin America**, operating revenue climbed **17.7%** like-for-like in 2018 (+2.9% as reported), including a like-for-like rise of 22.7% in the fourth quarter (+8.6% as reported). Operational excellence in this region helped increase market penetration for the Group's solutions across all of the business lines, particularly in the SME segment. Locally, the Group also saw robust growth in Employee Benefits and vigorous double-digit growth in Fleet & Mobility Solutions. Ongoing innovation initiatives have led to significant commercial success driven by Edenred's differentiated offering and the swift roll-out of new solutions such as Empresarial in various countries in the region.

In the **Rest of the World**, operating revenue advanced **11.6%** like-for-like (-1.7% as reported), led by strong growth in light banking solutions in the Corporate Payment Services segment and in digital solutions such as Ticket Xpress in Taiwan in the Incentive & Rewards Solutions segment.

Other revenue: €51 million

Based on a float[1] of €3.0 billion, other revenue totaled €51 million, down **14.7% like-for-like** and 24.1% as reported, including a decrease of 8.3% in the fourth quarter on a like-for-like basis (-15.8% as reported). In addition to unfavorable currency effects, other revenue was also negatively impacted throughout 2018 by the maturing of certain investments with a higher return than current rates in Europe.

EBITDA: €536 million

The Group generated **EBITDA** of **€536 million** in 2018 compared with €502 million in 2017, an increase of **16.2% like-for-like** and of 6.7% as reported. EBITDA margin came in at 38.8%, up 0.8 of a point year-on-year.

EBIT: €461 million

EBIT rose 7.3% on a reported basis in 2018, reaching a record high of **€461 million**, at the high end of the annual EBIT guidance of between €440 million and €470 million. Like-for-like, EBIT advanced by €75 million, or **17.5%**. The currency impact reduced EBIT by €46 million, while the scope effect increased it by €4 million during the period. EBIT comprises operating EBIT and other revenue.

Operating EBIT by region

			% CHANGE	
(in € millions)	**2018**	2017 RESTATED	REPORTED	LIKE-FOR-LIKE
Europe	234	175	+32.7%	+30.3%
Latin America	188	189	-0.4%	+19.3%
Rest of the World	5	7	-26.4%	+16.0%
Holding & Other	(17)	(9)	+80.1%	+60.4%
TOTAL	**410**	**362**	**+13.1%**	**+23.5%**

(1) The float corresponds to a portion of the operating working capital from the preloading of funds by corporate clients.

Operating EBIT rose by **13.1%** as reported (+23.5% like-for-like) to **€410 million**.

Europe delivered 32.7% growth in operating EBIT as reported on the back of strong operational leverage, leading to a significant improvement in the operating EBIT margin. Profitability improved across the region (and especially in the key countries of Italy and France) thanks to the different operational levers put in place and increased penetration of the SME segment.

Latin America posted organic growth of 19.3% in operating EBIT, notably reflecting an improved performance in Brazil, which posted a double-digit like-for-like advance. The good operating EBIT growth in the region was, however, dampened by a strong negative currency impact.

The Group's operating EBIT margin therefore gained 2.0 points to stand at 30.9%. This corresponds to a like-for-like improvement in the operating margin of 2.5 points. Scope effects and the currency effect related to the geographic mix together had an overall negative impact of 0.5 of a point.

Net profit: €254 million

Net profit, Group share in 2018 came in at €254 million versus €241 million in 2017.

Other income and expenses amounted to a net expense of €31 million in 2018 (versus a net expense of €7 million in 2017) and included €17 million in non-recurring expenses, which primarily reflect the costs incurred in relation to acquisitions carried out in 2018. As a reminder, Edenred recorded €19 million in non-recurring income in 2017 relating to the increase in the Group's stake in UTA.

Net profit also takes into account a net financial expense of €37 million (sharply improved from €50 million in 2017), a net income tax expense of €119 million (versus €106 million in 2017, which included 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 €31 million versus €36 million in 2017.

2.3.1.3 Dividend and payout ratio

In line with its dividend policy, the Group is recommending a dividend for 2018 of €0.86 per share, representing 80% of net profit, Group share. Shareholders may opt to receive the dividend 100% in cash or 100% in shares, with a 10% discount. The dividend will be put to the vote at Edenred's Annual Shareholders Meeting to be held on May 14, 2019.

For more information, see section 1.2.3, page 20.

	2018	2017 RESTATED
Net profit, Group share	254	241
Weighted average number of shares outstanding *(in millions)*	236	233
Earnings per share, Group share *(in €)*	1.07	1.03
Ordinary dividend per share *(in €)*	**0.86** (1)	**0.85** (1)
Total dividend as a percentage of net profit, Group share	**80%**	**80%**
Ordinary dividend payout *(in € millions)*	200	199

(1) To be recommended at the Annual Shareholders Meeting on May 14, 2019.

2.3.1.4 Liquidity and financial resources

Cash flows (1)

(in € millions)	2018	2017 RESTATED
Net cash from operating activities	525	477
Net cash from operating activities including other income and expenses	526	494
Net cash from in investing activities	(330)	(176)
Net cash from in financing activities	584	(264)
Effect of changes in exchange rates and fair values	(39)	(76)
Net increase in cash and cash equivalents	**741**	**(22)**
Cash and cash equivalents at beginning of period	575	597
Cash and cash equivalents at end of period	1,316	575
Net increase in cash and cash equivalents	**741**	**(22)**

(1) See the consolidated statement of cash flows on page 177 and Note 4.5 to the consolidated financial statements on page 196.

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 €1,402 million at December 31, 2018 versus €1,127 million at December 31, 2017, corresponds mainly to service voucher funds in France (€718 million), the United Kingdom (€522 million), Romania (€73 million), the United States (€39 million), Italy (€19 million), Uruguay (€10 million) and Bulgaria (€9 million) that are subject to specific regulations in these countries.

Working capital requirement

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

(in € millions)	DECEMBER 31, 2018	DECEMBER 31, 2017 RESTATED	CHANGE DEC. 31, 2018/DEC. 31, 2017
Inventories, net	27	24	3
Trade receivables, net	1,875	1,679	196
Other receivables, net	280	277	3
Working capital – assets	**2,182**	**1,980**	**202**
Trade payables	224	177	47
Other payables	614	284	330
Funds to be redeemed	4,959	4,749	210
Working capital – liabilities	**5,797**	**5,210**	**587**
NEGATIVE WORKING CAPITAL	**3,615**	**3,230**	**385**
Corporate income tax liabilities	13	8	5
NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)	3,628	3,238	390

Negative working capital requirement at December 31, 2018 was up €390 million compared with December 31, 2017.

Debt

Net debt analysis

Thanks to its strong free cash flow generation (€435 million in 2018), Edenred has reduced its net debt. At end-2018, net debt amounted to €659 million, versus €696 million at end-2017, even as the Group dedicated €196 million to targeted acquisitions and allocated a total net amount of €165 million to dividend distribution, minority interests and the share buyback programs during the year.

The ratio of net debt to EBITDA stood at 1.2, an improvement of 0.2 of a point from 2017.

(in € millions)	DECEMBER 31, 2018	DECEMBER 31, 2017 RESTATED
Non-current debt	2,213	1,748
Other non-current financial liabilities	61	17
Current debt	276	68
Other current financial liabilities	125	249
Bank overdrafts	21	54
Debt and other financial liabilities	**2,696**	**2,136**
Current financial assets	(46)	(43)
Other marketable securities	(654)	(768)
Cash and cash equivalents	(1,337)	(628)
Cash and cash equivalents and other current financial assets	**(2,037)**	**(1,439)**
NET DEBT	**659**	**697**

Edenred took various measures in 2018 to diversify its sources of financing.

In December 2018, Edenred successfully placed a €500 million 7-year-and-3-month bond issue. The bonds mature on March 6, 2026 and will pay a coupon of 1.875%. The new bond issue will help finance Edenred's growth plans, including the acquisition of CSI. It will also provide Edenred with greater financial flexibility, extend the maturity of its debt and diversify its financial resources under favorable conditions. Placed with a diverse base of international institutional investors, the bond issue was more than two times oversubscribed – with total demand amounting to more than €1 billion – reflecting the market's confidence in the Group's credit quality.

In addition, following the exercise of the last option granted in the facility agreement, Edenred extended the maturity of its undrawn €700 million syndicated credit facility by one year, to July 2023. By accepting this extension, all the participating banks reaffirmed their confidence in the Group's financial solidity.

In 2018, the Group received authorization from France's central bank to issue short-term negotiable debt (Negotiable EUropean Commercial Paper – NEU CP) for up to €500 million. The Group will use the proceeds from the issue for general corporate purposes.

The cost of the Group's debt was 1.2% in 2018 versus 1.8% in the prior year, down 60 basis points (1.1% versus 1.2% in 2017 excluding the Brazilian loans). The average maturity of the Group's debt has reached slightly more than 5 years and the Group has been attributed a "Strong Investment Grade" rating by Standard & Poor's (BBB+).

(in € millions)	2019	2020	2021	2022	2023	2024 AND BEYOND	DECEMBER 2018
Debt and other financial liabilities	422	284	137	244	137	1,472	2,696
TOTAL	**422**	**284**	**137**	**244**	**137**	**1,472**	**2,696**

The cost of gross debt at December 31, 2018 was 2.03% before hedging and 1.18% after hedging (see Note 6.4 to the consolidated financial statements, page 210).

The maturity of financial investments (see Note 6.3 page 209, and Note 4.6 "Change in restricted cash" to the consolidated financial statements, page 197) breaks down as follows:

- maturity >1 year: 30%;
- maturity <1 year: 70%.

Other marketable securities include €491 million worth of term deposits and equivalents with maturities of more than three months and €164 million worth of money market securities and bonds, as well as UCITS.

Cash and cash equivalents break down as €865 million in cash and €472 million in money market securities and bonds, as well as UCITS.

Funds from operations and free cash flow

The Edenred business model generates significant cash flows, lifting funds from operations before other income and expenses (FFO) to €400 million in 2018. On a like-for-like basis, growth in FFO totaled 17.0%.

	(in € millions)	**2018**	2017 RESTATED
+	Net profit, Group share	254	241
+	Non-controlling interests	31	36
-	Share of net profit from equity-accounted companies	(11)	(11)
-	Depreciation, amortization and changes in operating provisions	72	85
-	Deferred taxes	17	16
-	Expenses related to share-based payments	13	12
-	Non-cash impact of other income and expenses	4	1
-	Difference between income tax paid and income tax expense	(18)	(23)
+	Dividends received from equity-accounted companies	12	11
=	**Funds from operations including other income and expenses**	**374**	**368**
-	Other income and expenses (including restructuring costs)	26	12
=	**Funds from operations before other income and expenses (FFO)**	**400**	**380**
+	Decrease (increase) in working capital	404	301
+	Decrease (increase) in restricted cash	(279)	(204)
-	Recurring expenditure	(90)	(78)
=	**FREE CASH FLOW**	**435**	**399**

Equity

Equity represented a negative amount of **€1,561 million** at December 31, 2018 and €1,507 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 178 of the consolidated financial statements.

Off-balance sheet commitments

Off-balance sheet commitments amounted to €433 million at December 31, 2018, versus €252 million a year earlier. For more details, see Note 11.5 to the consolidated financial statements, page 241.

2.3.1.5 Management indicators

Key ratios and indicators

	2018	2017 NOT RESTATED
Like-for-like growth in operating revenue	+13.3%	+9.1%
Operating EBIT margin	30.9%	29.1%
Total EBIT margin	33.4%	32.6%
Like-for-like growth in FFO [(1)]	+17.0%	+21.8%
Adjusted FFO/adjusted net debt [(2)]	**43%***	**42%***

* *The Group's estimated ratio of adjusted funds from operations to adjusted net debt was 43% at December 31, 2018 and stable on the year-earlier level of 42%, above the 30% threshold supporting the "Strong Investment Grade" rating based on Standard & Poor's criteria.*

(1) FFO = Funds from operations before other income and expenses: the calculation appears in the table above the key ratios and indicators table.

(2) Adjusted FFO/adjusted net debt ratio: see table below.

The adjusted FFO/adjusted net debt ratio

(in € millions)	2018	2017 RESTATED
Net debt (cash) at December 31	659	696
Standard & Poor's adjustment:	314	234
Adjusted net debt (cash)	**973**	**947**
EBITDA	535	510
Standard & Poor's adjustment	(117)	(113)
Adjusted FFO	**418**	**397**
Adjusted FFO/adjusted net debt	**43%***	**42%***

* *The Group's estimated ratio of adjusted funds from operations to adjusted net debt was 43% at December 31, 2018 and stable on the year-earlier level of 42%, above the 30% threshold supporting the "Strong Investment Grade" rating based on Standard & Poor's criteria.*

2.3.1.6 Material contracts

Under the partnership agreement between Ticket Serviços and Itaú Unibanco signed on September 4, 2018 to acquire new clients through the latter's extensive banking network, Itaú Unibanco may become a minority shareholder of Ticket Serviços with an interest of 11%. Edenred will remain the controlling shareholder in Ticket Serviços over time, while Itaú Unibanco will have the possibility to gradually increase its minority stake.

The transaction is subject to approval by the relevant local authorities, namely the Brazilian competition authority (CADE) and the Central Bank of Brazil (BACEN).

2.3.1.7 Foreseeable developments

The outlook for 2019 is described in section 1, page 20.

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 44.

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 240.

2.3.1.10 Research and development activities

None.

2.3.1.11 Subsequent events

Edenred expands its Employee Benefits offering in Belgium

In late January 2019, Edenred carried out the dual acquisition of Merits & Benefits and Ekivita. Market leaders in employee engagement platforms in Belgium, these companies offer innovative digital solutions to improve employee retention, motivation and purchasing power.

Following on from the success of ProwebCE in France, the acquisitions will strengthen the Group's Employee Benefits offering and open up significant cross-selling opportunities for Edenred in Belgium.

The acquisition of the two companies will be accretive to EBITDA and net profit, Group share from 2019.

Adoption of IFRS 16 in 2019

The new standard, IFRS 16 – Leases, which comes into effect on January 1, 2019, eliminates the idea of "operating leases" and requires entities to recognize – for all leases that fall within its scope – a lease liability calculated as the discounted present value of future minimum lease payments and a right-of-use asset, included in intangible assets.

The Group has opted for the simplified retrospective approach to transition and has decided to apply certain options made available under the new standard, including:

- the exclusion of leases with a term of less than 12 months;
- the exclusion of leases of low-value assets;
- the consistent treatment of leases qualified as finance leases under IAS 17 – Leases.

The estimated effects of applying IFRS 16 are as follows:

- recognition of a right-of-use asset in non-current assets and a corresponding lease liability for an amount of between €90 million and €100 million in the opening statement of financial position at January 1, 2019;
- €25 million to €35 million increase in EBITDA;
- no material impact on EBIT.

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*, *Ticket 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.

2.3.2.2 Significant events in 2018

Legal restructuring

To streamline and rationalize its legal structure, the Group began operations in 2018 to reclassify its investments internally.

New reorganization operations will take place in 2019.

Together, these operations will enable the Group to align its legal structure with its three business lines.

Edenred SA tax audit

In 2017 and 2018, a tax audit was carried out at Edenred SA, 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.

Notification of the proposed reassessments of tax paid in 2015 and 2016 was received by the Company in July 2018. As originally expected, the tax authorities reduced the 2014 reassessment to align its position with that adopted with regard to 2015 and 2016.

The total tax, late interest and penalties claimed for the three years amount to €16.7 million.

The Company has contested the reassessments and intends to take up the matter with the local tax Board.

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.

2.3.2.3 2018 results

Analysis of Edenred SA's revenue

The Company reported revenue of €59 million in 2018 *versus* €51 million in 2017, 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.

(in € millions)	**2018**	2017	% OF TOTAL
Service fees			
IT services	16	12	28%
Master Services Agreement	38	35	64%
Other	2	1	3%
Staff costs	3	3	5%
TOTAL	**59**	**51**	**100%**

Operating income (loss)

Other income, own work capitalized, reversals of depreciation, amortization and provisions and expense transfers together totaled €57 million in 2018, a figure stable compared with 2017.

The Company ended the year with an operating loss of €27 million, *versus* an €11 million loss in 2017.

Operating expenses in 2018 amounted to €143 million compared with €119 million in the previous year.

Other purchases and external charges totaled €69 million in 2018 *versus* €55 million in 2017.

Payroll costs amounted to €44 million in 2018 *versus* €39 million in 2017.

Depreciation and amortization of fixed assets totaled €4 million in 2018, unchanged from 2017.

Net financial income (loss)

Edenred SA recorded net financial income of €245 million in 2018, compared with a net financial loss of €7 million in 2017.

This result can be mainly accounted for by changes in dividends received from subsidiaries, as well as by movements in financial provisions.

- Dividend income for the year totaled €253 million, *versus* €45 million in 2017.
- The largest equity interests paying dividends were Edenred Belgium (€124 million), Edenred France (€39 million) and Edenred Italy (€38 million).

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 €1 million. In 2018, this broke down into €13 million in write-downs of shares in subsidiaries and affiliates, €14 million in reversals of provisions for shares in subsidiaries and affiliates, €2 million in write-downs of receivables related to subsidiaries, and €1 million in additions to provisions for contingencies.

Movements in write-downs of shares in subsidiaries and affiliates included impairment losses of €2 million for the Barclays Voucher subsidiary, €2 million for Surfgold India, €2 million for Cestaticket and €1 million for Edenred India, as well as a reversal of provisions for shares of €4 million for Savingstar, €3 million for Lunch Company and €3 million for Servicarte.

Recurring profit (loss) before tax

Edenred SA reported a recurring profit before tax of €218 million in 2018 *versus* a recurring loss before tax of €18 million in 2017.

Non-recurring items

Non-recurring items represented net income of €57 million for the year, compared with a net loss of €6 million in 2017.

This change was mainly linked to capital gains on the sale of internal investments started in 2018 as part of the launch of the drive to streamline and rationalize the Company's legal structure.

Income tax

Income tax amounted to a €10 million benefit in 2018, *versus* a €29 million benefit in 2017, mainly reflecting the refund of the 3% tax on dividends, which was recognized in 2017.

The Company reported taxable profit of €0.5 million in 2018, compared with a tax loss of €16 million in the previous year. Edenred SA and its eligible French subsidiaries 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 2018, a Group relief benefit of €8 million was recorded in Edenred SA's financial statements.

Edenred SA recorded a tax expense for the Group of €2 million, against which withholding tax credits were offset.

Net profit

Net profit for 2018 stood at €285 million (€284,792,529), compared with €5 million (€5,291,840) in 2017.

Non-deductible provisions for contingencies and charges recorded in the balance sheet at December 31, 2018 totaled €9 million, *versus* €13 million a year earlier.

Edenred SA distributed €199 million (€199,677,661) in dividends for 2017, or €0.85 per share, giving shareholders the option of reinvesting 100% of the dividend in new shares. This resulted in the creation of 3,863,610 new ordinary Edenred shares, representing 1.64% of the capital. The total cash dividend, which was paid on June 8, 2018, amounted to €104 million.

The recommended ordinary dividend for 2018 has been set at €0.86 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

	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 DAY *(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	2					134	46					536
Total amount of invoices (excl. VAT)	€11,780	€1,012,372	€(61,668)	€68,640	€92,329	€1,111,673	€2,599,464	€(53,523)	€5,033,139	€0	€8,650,431	€13,630,047
As a % of total purchases for the period (excl. VAT)	0.02%	1.84%	-0.11%	0.12%	0.17%	2.02%						
As a % of revenue for the period (excl. VAT)							2.66%	0.05%	5.15%	0%	8.85%	13.95%
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						• 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 €214,779 for 2018 and the tax paid thereon was €73,948 (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 2018 business review

In 2018, 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 five Partech funds in 2018, investing €4 million, and in new investments that are shown in the table below:

COMPANY	GROUP STAKE
Dexx Technologies	7.907%
Beekeeper	3.964%

2.3.2.6 Transactions in Edenred SA shares

At December 31, 2018, Edenred SA held 1,367,212 of its own shares, representing 0.57% of the capital.

The Company's ownership structure is described in section 2.1.2 of the Registration Document on ownership structure and voting rights.

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 2018, under the liquidity contract, the Company:

- purchased 2,004,701 shares at an average price of €29.62 per share, for a total outlay of €59,382,241;
- sold 2,003,489 shares at an average price of €29.61 per share, for total proceeds of €59,314,779.

The resources credited to the liquidity account to fund these market-making transactions were, at December 31, 2018:

- €6,527,815 in cash;
- 24,384 Edenred shares.

2.3.2.7 Financing

On November 29, 2018, Edenred announced a €500 million 7-year 1.875% public bond issue due March 6, 2026.

The new bond issue will help finance Edenred's growth plans, including the acquisition of Corporate Spending Innovations (CSI).

The transaction took place in early December.

2.3.2.8 Relations with subsidiaries

Edenred SA holds 50% and over direct interests in 43 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 2018, it posted revenue of €161,572,025 *versus* €144,946,156 in 2017, and recurring profit before tax of €58,256,347 compared with €44,710,464 for the previous year.

- **Edenred Italy** (€5,958,823), an Italian company that issues meal vouchers and other prepaid service solutions to businesses in Italy.

  In 2018, it posted revenue of €1,404,660,921 *versus* €1,150,364,689 in 2017, and recurring profit before tax of €107,801,661 compared with €76,219,618 for the previous year.

- **Edenred Belgium** (€36,608,000), a Belgian company that issues meal vouchers and other prepaid service solutions to businesses in Belgium.

  In 2018, it posted revenue of €45,179,537 *versus* €42,397,010 in 2017, and recurring profit before tax of €45,418,451 compared with €72,297,214 for the previous year.

The table below presents subsidiaries and affiliates 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 CA (Venezuela)	VEF	57%
Edenred Belgium	EUR	100%
Edenred Deutschland GmbH (Germany)	EUR	100%
Edenred Italy	EUR	57.71%
Barclays Voucher Co, Ltd (Japan)	JPY	100%
Inversiones Dix Venezuela, SA	VEF	100%
Edenred Portugal	EUR	50%
Edenred Poland	PLN	81.85%
Big Pass (Colombia)	COP	100%

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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

Risk factors are described in section 2 of the Registration Document.

2.3.2.11 Research and development activities

None.

2.3.2.12 Subsequent events

There have been no significant events since December 31, 2018.

2.3.2.13 Developments and outlook

Edenred SA will pursue its holding company activities in the coming years.

2.3.2.14 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.

2.4 CSR report

By inventing the *Ticket Restaurant*® meal voucher in 1962, Edenred helped to spread the practice of taking a lunch break to all employees. The *Ticket Restaurant*® solution was designed 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. 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 the Group's operations and based on three components: PEOPLE (improve quality of life), PLANET (preserve the environment) and PROGRESS (create value responsibly).

In accordance with the European directive of October 22, 2014 on disclosure of non-financial information, this section includes a non-financial statement which contains information on the Group's business model, an analysis of its principal risks, a description of the policies and measures taken to manage these risks, the outcomes of these policies, and key performance indicators.

As demonstrated through its business model fully described in section 1.1 on page 6, Edenred believes in the importance of creating value for all its stakeholders in each of these areas.

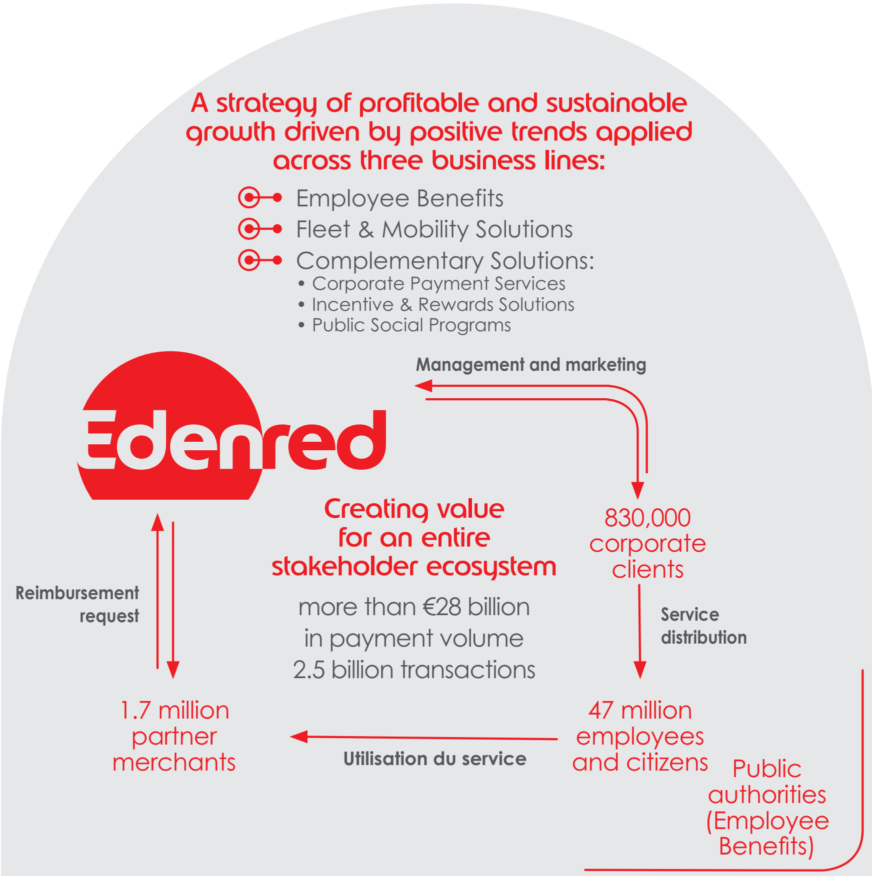
OUR RESOURCES

Human
- 8,500 employees who share a strong corporate culture and a core set of values
- A multicultural, multilocal organization spanning 45 countries

Strategic and operational
- A broad network that connects companies, employee users and partner merchants
- Targeted investments and acquisitions to enrich the Group's ecosystem
- Innovative partnerships to develop new offers

Technological
- A world-class fintech
- A global technology platform for authorizing, managing, tracing and securing payment flows

Financial
- A company delivering profitable and sustainable growth
- A highly cash-generative business model, with €435 million in free cash flow in 2018
- A solid financial position and carefully managed debt position: "Strong Investment Grade" credit rating (BBB+)



OUR RESULTS AND IMPACT

Edenred employees
- €426 million in compensation paid to employees (including employer payroll taxes)
- 83% of employees given training
- 35% growth in the number of employees between 2016 and 2019

Group, investors and shareholders
- €1.38 billion in total revenue, representing average annual growth of 9% since 2016
- €461 million in EBIT, representing an average annual increase of 15% since 2016
- 37% increase in total yield (reinvested dividends) for shareholders in 2018 (105% increase since 2016)

Partner merchants
- €28 billion in revenue delivered to merchants
- Greater loyalty and visibility

Corporate clients
- Increased performance and attractiveness
- Optimization of costs related to business expenses

Employees and citizens
- Improved purchasing power and well-being
- More than 1.5 billion meals paid for using Edenred solutions
- 2.8 million Edenred fuel and toll cards

Communities and the environment
- 8% decrease in greenhouse gas emissions
- 16% of solutions produced in eco-designed formats
- 6.4 million employee users and partner merchants sensitized to sustainable and healthy food
- More than 1,000 days of volunteering

Public authorities
- Increased efficiency and traceability
- Formalization of the economy: job creation and social security contributions and tax payments

2.4.1 An organizational structure in line with a new strategy

2.4.1.1 Governance

Edenred has created an effective organization and governance system to disseminate its CSR 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'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 and to develop procedures and tools that apply to the entire Group;
- an internal collaborative web platform. The CSR and HR networks each have their own virtual community in which members can communicate directly, share best practices, tools and methodologies and organize events;
- regular internal communication based on a shared approach.

In addition to the HR and CSR correspondent networks, Edenred's social, societal and environmental policy, as validated by the Executive Committee, is cascaded to:

- key 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 social, societal and environmental policy and main projects *via* the Group's website, Registration Document, Integrated Report, annual brochure and press releases.

2.4.1.2 Methodology

Social, societal and environmental indicators

To comply with the European directive of October 22, 2014 on disclosure of non-financial information, Edenred presents its social, societal and environmental indicators in the form of a non-financial statement.

The indicators used by Edenred since 2012 to meet the obligations set out in France's Grenelle II and Warsmann IV Acts, but which are not included in the non-financial statement, will be provided in section 2.4.5.

The indicators cover the period from January 1 to December 31, 2018 and are based to a great extent on the Global Reporting Initiative (GRI) and the United Nations Global Compact, signed in 2016. A cross-reference table with the GRI indicators is available in section 6.10 on page 321.

Reporting scope

The scope of reporting for social data 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.

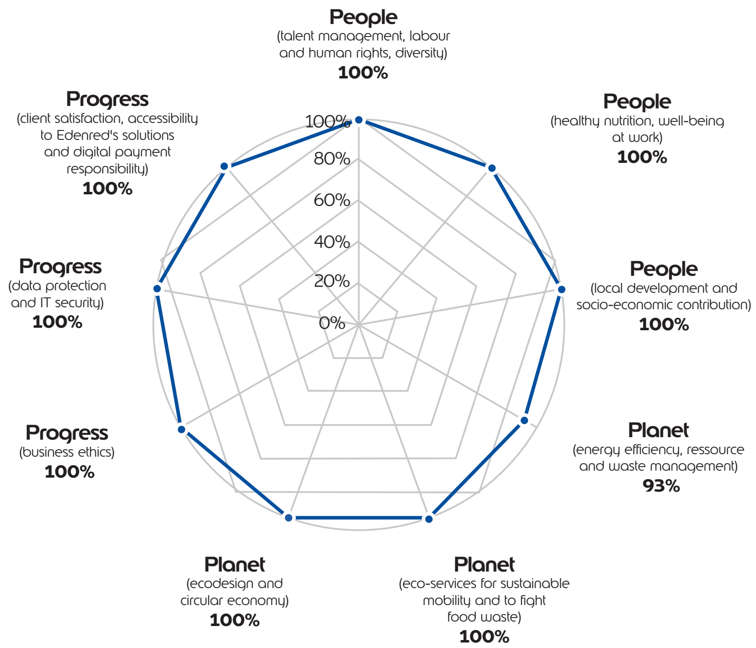
In the case of societal and environmental data, the number of reporting subsidiaries has increased over the years, to a total of **38** of the Group's **45** host countries in 2018. The seven remaining countries are either too small to provide meaningful environmental and societal data (fewer than five employees each), or joined or left the Group after January 1, 2018. 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 2018 social, societal and environmental reporting

The scope of reporting for social and societal information under the People and Progress pillars covers the Group's total workforce. Fully **93%** of the employees are covered in the scope of reporting of environmental data consolidated for the main sites in the Planet pillar and **100%** for other environmental data (resources, paper, plastic, ...) as presented below.

% OF AVERAGE ANNUAL WORKFORCE COVERED IN 2018



Collection and reporting of HR and CSR data

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 HR Department (social data) and CSR Department (societal and environmental data). The reported data are used in the feedback webinars designed for the networks of HR and CSR correspondents.

2.4.1.3 Materiality assessment

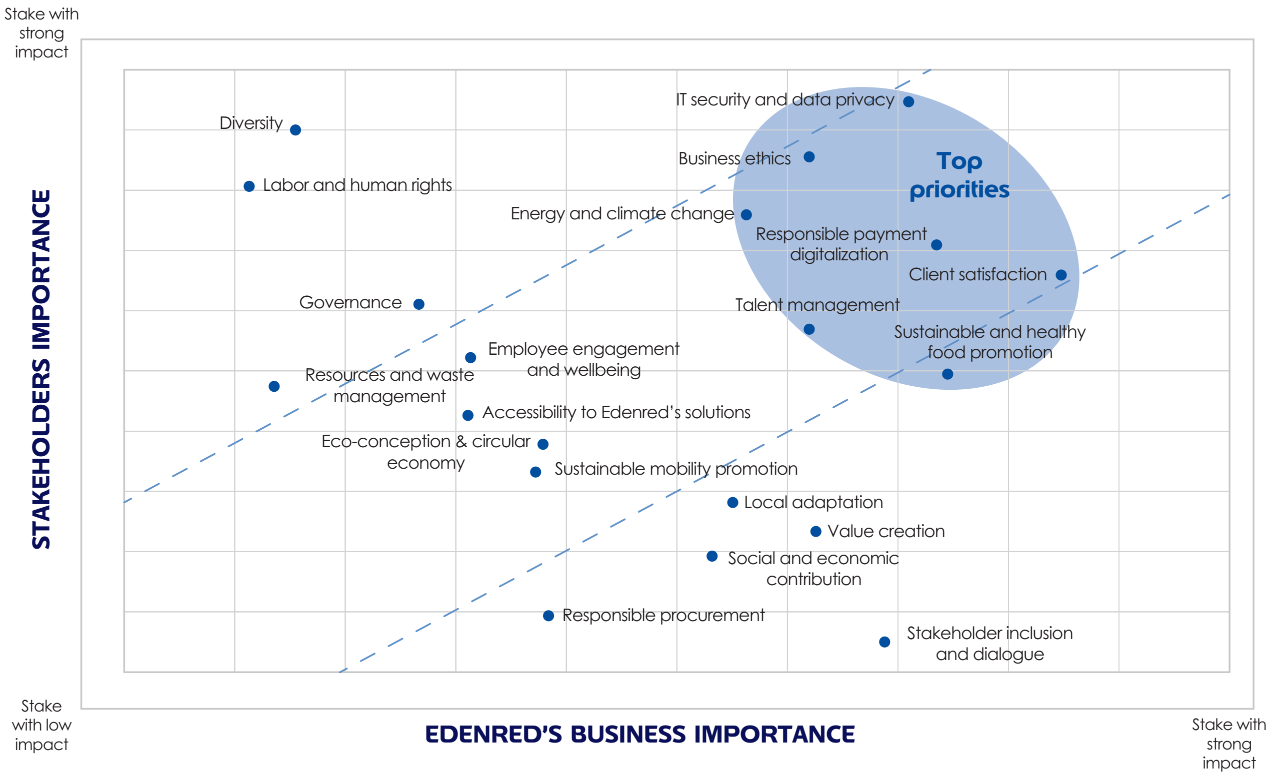
In late 2017, a materiality assessment was performed in order to redefine the pathways to improving Edenred's social responsibility practices.

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 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.

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.



The materiality assessment pointed to seven priority issues: IT security and data privacy, business ethics, energy and climate change, responsible payment digitization, client satisfaction, talent management and sustainable and healthy food promotion.

The materiality exercise helped to develop a new Sustainable Development strategy for the Group, drawing on stakeholder expectations and in line with the Fast Forward plan.

2.4.1.4 Risk analysis

In 2018, the Group CSR Department conducted an analysis of the non-financial risks to which the Group is exposed based on international standards such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD) as well as external benchmarks, the materiality assessment carried out in 2017 and the expertise of the networks of HR and CSR correspondents throughout the 45 countries in which the Group operates.

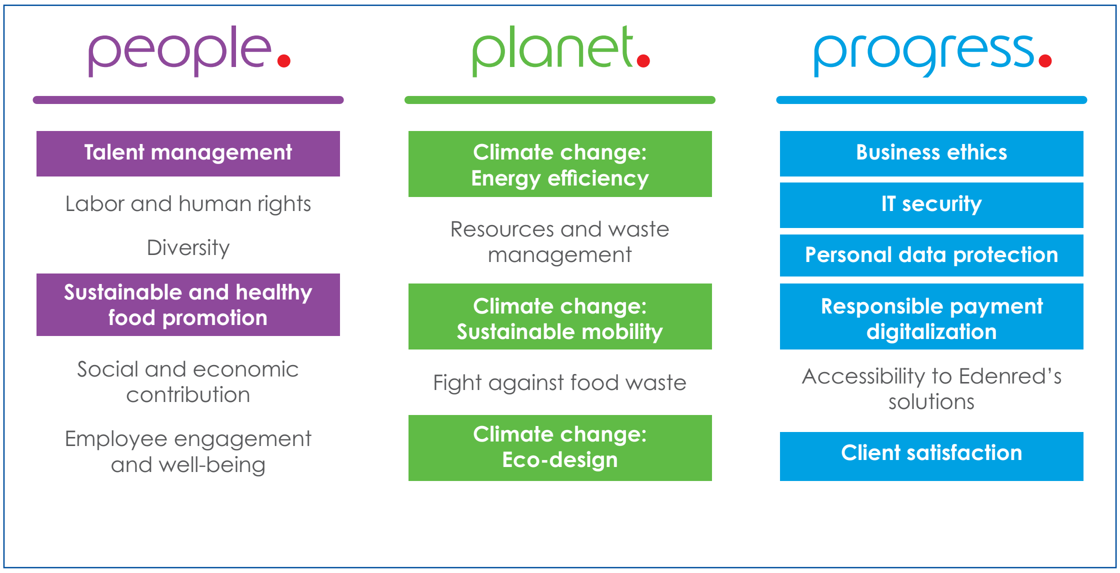
Five categories of non-financial risks were assessed using the Group's risk identification and management guidelines to determine the impact, probability of occurrence, handling and recovery period for these risks:

- social risks;
- risks related to human rights;
- environmental and climate risks;
- risks related to business ethics;
- risks related to corruption and tax evasion.

The analysis identified eight non-financial risks: risks related to talent acquisition and retention, transition risks associated with climate change, risks relating to the right to competition, money laundering risks, personal data protection risks, IT security risks and risks associated with meeting stakeholder expectations through client satisfaction and digitization.

Risks related to tax evasion are not material for Edenred due to the operational nature of its sites.

The eight material risks are presented in further detail in section 2.2.1, starting on page 44. They support the findings of the materiality assessment, highlighting the priority issues that have formed the pillars in the Group's new Sustainable Development strategy. They will be used to determine a selection of priority areas to address the Group's risks and opportunities, along with other issues considered important for our stakeholders.



2.4.1.5 CSR strategy

A new sustainable development approach

The new sustainable development policy is based on three groups of commitments, each with a dedicated action plan to ensure proper implementation. The three groups are:

PEOPLE: improve quality of life

One of Edenred's objectives is to improve the quality of life of its stakeholders based on three goals: be a top employer by providing a favorable environment for professional development and respecting diversity and human rights, promote well-being through healthy and sustainable nutrition, and contribute to local development by becoming personally involved and sharing the benefits of growth with vulnerable groups.

PLANET: preserve the environment

Edenred works to protect the environment by reducing its carbon footprint, consumption of resources and waste, designing eco-services for mobility and food waste and managing the impact of its solutions during their lifetime.

PROGRESS: create value responsibly

Edenred is committed to creating value by developing its activities and partnerships ethically throughout its value chain, ensuring IT security and data protection and meeting the expectations of its stakeholders while involving them in its digital transformation.

Edenred has also formally articulated its involvement by setting quantitative targets for each of its medium and long-term commitments. These ten annual targets have been disclosed and will be monitored over the years to come. They are presented in the sections below.

Shared values

Edenred's values form the basis of its corporate culture and encourage everyone to give the best of themselves and thereby strive for excellence in services to stakeholders. In the Group's transformation, HR and CSR policies, along with the managerial approach, are powerful tools for providing structure and driving engagement and motivation.

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 toward 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."

2.4.1.6 Alignment with the UN's Sustainable Development Goals

Edenred continues to comply with the principles of the United Nations Global Compact and contributes to the Sustainable Development Goals (SDGs) set by the United Nations for 2030.

With its societal commitments, Edenred works toward 12 of these global goals, which are reflected in the Group's objectives through its business operations, solutions and partnerships.

SDG 1. End poverty by developing adapted solutions to support the most vulnerable individuals and boost their purchasing power

SDG 2. End hunger, achieve food security and improved nutrition by raising the awareness of partner merchants, employee users and Edenred employees about sustainable and healthy nutrition, and by providing easier access to a balanced diet through customised payment methods.

SDG 3. Promote well-being for all at all ages through an ambitious policy to support well-being at work and by developing healthy solutions for employee users.

SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all through partnerships with institutions that promote the development of education and professional training.

SDG 5. Achieve gender equality by committing to an ambitious diversity policy within the Group.

SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all with the development of solutions that support financial, technological and social inclusion, as well as local development.

SDG 10. Reduce inequality within countries by contributing financially to general interest projects and by ensuring equal opportunity in the hiring process and employee development.

SDG 11. Make cities inclusive and sustainable by supporting the transition towards more sustainable mobility through customised solutions.

SDG 12. Ensure sustainable consumption and production patterns by committing to product eco-design and the development of responsible solutions for sustainable mobility and fighting food waste.

SDG 13. Take action to combat climate change by controlling and reducing greenhouse gas emissions and by promoting low-carbon solutions.

SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels by promoting and developing ethical practices throughout the value chain.

SDG 17. Strengthen the means of implementation and revitalize the global partnership for Sustainable Development by actively contributing to development programs with organizations and governments and by developing real-world solutions to societal needs, which contribute to meeting the objectives of public policy, whether on a national, European or global level.

people.

BE AN EMPLOYER OF CHOICE

PROMOTE WELL-BEING THROUGH HEALTHY AND SUSTAINABLE NUTRITION

CONTRIBUTE TO LOCAL DEVELOPMENT

planet.

REDUCE THE CARBON FOOTPRINT, THE CONSUMPTION OF ENERGY AND NATURAL RESOURCES, AND WASTE PRODUCTION

DESIGN ECO-SERVICES FOR MOBILITY AND FOOD WASTE

MANAGE THE IMPACT OF SOLUTIONS DURING THEIR LIFETIME

progress.

ETHICALLY DEVELOP ACTIVITIES AND PARTNERSHIPS

ENSURE IT SECURITY AND DATA PROTECTION

INVOLVE STAKEHOLDERS IN EDENRED'S DIGITAL TRANSFORMATION

2.4.1.7 Measuring and rating performance

2.4.1.7.1 Socially responsible investing indices

FTSE4Good

In recognition of its commitment to CSR, 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 CSR standards.

Dow Jones Sustainability Indices

For the sixth consecutive year, the Dow Jones Sustainability Index (DJSI) acknowledged Edenred's commitment to CSR. 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 environmental aspects, covering specific criteria such as governance, Human Resources policy, human rights and environmental impact.

Vigeo

In 2018, Edenred was included in the Europe 120 and Eurozone 120 socially responsible investing (SRI) indexes managed by Vigeo Eiris. This European agency evaluates and ranks organizations based on environmental, social and governance criteria.

2.4.1.7.2 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, 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 CSR initiatives.

In 2018, Edenred submitted its third communication on progress (COP), available on the United Nations Global Compact website. The COP qualified Edenred for the "Advanced" level based on its actions dealing with human rights, labor, environment and anti-corruption.

GRI

A cross-reference table with criteria from the fourth version of the Global Reporting Initiative standard (GRI-G4) is available in section 6.10, page 321.

2.4.1.7.3 Other certifications and ratings

Brazil

The two Brazil-based subsidiaries, *Ticket Serviços* and *Ticket Log*, were awarded a gold medal by the country's Greenhouse Gas Protocol program in recognition for their greenhouse gas (GHG) 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 2018, 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. An action plan was also launched at the subsidiary to reduce its main sources of emissions.

France

Again in 2018, Edenred had its entire CSR program reviewed based on the ISO 26000 standard by an independent organization (Bureau Veritas).

The standard assesses 145 issues grouped into seven core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement and development.

Edenred France improved its score from 3.6 out of 5 in 2014 to 4.02 out of 5 in 2018, reflecting its proactive policy and continuous improvement.

Mexico

Again in 2018, the Mexican subsidiary was recognized as a responsibly healthy company, earning the *Empresa Saludablemente Responsable* label. Delivered by the council of Workplace Well-being, this award placed Edenred at a growth level of 2.0. This category highlights the initiatives developed by the company to support the well-being of its employees.

2.4.2 PEOPLE: improve quality of life

2.4.2.1 Being an employer of choice by providing a favorable environment for professional development, respecting human rights and encouraging diversity

HR policies are designed to support the Group's operating strategy and ongoing transformation. Each policy is applied locally, taking each subsidiary's size, history, culture, circumstances and regulatory environment into account. The Group HR Department ensures the sharing and application of best practices by relying day-to-day on the network of HR correspondents.

This pragmatic approach is designed to develop a consistent set of common principles worldwide, so as to support the fast expansion of the Group's business operations. It also maintains the subsidiaries' independence, while reinforcing the co-construction approach with the Group.

In line with the risk analysis performed at the Group level, HR initiatives and policies primarily focus on the following issues:

- attraction: implementing talent acquisition programs, reviewing the Edenred employer brand and improving hiring and new employee onboarding processes;
- development: onboarding, training and appraising employees;
- retention: managing careers, implementing an *ad hoc* recognition program and reviewing compensation policy, mobility policy and the work environment.

Country HR teams are responsible for locally implementing HR principles and complying with national labor practices and legislation.

2.4.2.1.1 Priority issue: talent management

Attraction

The goal of the Attraction 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.

Hiring for the long term

In 2018, Edenred hired a total of 2,091 employees on permanent contracts Group-wide to support its business development. The hiring of new employees is seen as an important 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.

To attract the right people and minimize vacancies, subsidiaries with the highest recruitment needs invested heavily in their recruitment tools in 2018. This optimized processes for both Edenred and applicants, saving time and enhancing the interface to improve the overall user experience.

For example, Edenred Brazil invested in resources including an artificial intelligence program to manage the hiring process. UK subsidiaries developed an online recruitment platform and management software to cover a range of tasks from defining needs to setting up interviews. In 2018, Edenred France launched a new recruitment system to improve the experience for both applicant and recruiter, as well as a tool for managing video interviews.

Local subsidiaries have redesigned and streamlined the hiring process in growth markets where unemployment rates are sometimes historically low. For example, Edenred implemented a hiring process in the Czech Republic to be able to make applicants an offer within two weeks following initial contact.

Lastly, a special collective approval process and in-house promotions have been introduced for recruiting people outside the organization who are likely to be appointed to a management committee.

Leveraging the employer brand

One of the ways Edenred works to attract talent is by leveraging the employer brand worldwide and standing out on local job markets. On top of Group-level and local communication initiatives, some subsidiaries work with specialist recruitment agencies, primarily to fill executive positions and job vacancies for which qualified people are hard to find.

Employees understand Edenred and its needs best. For this reason, referral programs have been introduced in countries such as India, Sweden, the United Kingdom and Hong Kong. These programs encourage employees to recommend or sponsor applicants who they think fit with the Group’s values and requirements. In the Czech Republic, 30% of new hires were found through internal recommendations.

Developing hiring programs

At the Group level, the Edenstep graduate program was launched in 2017 to attract young talent looking for a rewarding experience abroad. Members of this program are given the opportunity to take two job positions back-to-back in two different host countries, spending one year in each position. Each graduating class has about ten students from a variety of academic backgrounds, such as engineering, sales, digital technology and finance. The program aims to identify and develop future talent at the Group level.

Local hiring programs often focus on young graduates, one of the Group’s key resources. Two such programs were launched in Brazil in 2018, aimed at students and young graduates in the Fleet & Mobility Solutions and IT segments. Similarly, Edenred Mexico launched the *Jovenes Construyendo el Futuro* program with the Mexican government to hire and train young talent.

Development

The Development pillar aims to provide employees with the opportunity to develop the knowledge they need to deliver quality work every day, as well as skills to enhance their employability in a fast-changing job market.

Onboarding new employees and helping them find their place

The first steps in a new company are key for any new hire. For this reason, 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 the corporate culture.

Depending on the position and the subsidiary’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 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 2018 and distributed in every country organization;
- the announcement of new arrivals to all employees by email;
- feedback sessions with Human Resources and/or the immediate supervisor after a few months (*e.g.*, in Mexico and Slovakia);

- mentoring programs that team a newcomer with a more seasoned employee, for example in Germany or in the case of interns hired by Edenred International, french unit including corporate headquarters under France's Volunteering for International Experience (VIE) program;
- immersion programs that offer new hires the opportunity to get to know Edenred better, for example in Belgium.

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 digital transition 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 2018, **6,991** employees (or **83.2%** 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 **20** hours of training on average in 2018. Complete data on training are provided on page 96.

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 subsidiaries 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 the local level, in fitting with Edenred's multi-local culture, while responding to the key issues identified at the Group level. Additionally, some specific training programs are managed or launched at the Group level.

Annual training plans are designed by HR teams based on needs compiled from one-on-one meetings held at least once a year between managers and their team members.

Local training programs

Subsidiaries' training programs draw on the Group's strategic focuses and are adapted to the local needs of subsidiaries and business lines and on short and medium-term objectives. The priorities in 2018 were to:

- enhance marketing, technological and functional expertise, with:
  - training for sales and marketing teams, with special programs in many subsidiaries, such as Belgium, Brazil, France (We R Sales program) and Greece. In addition to responding to local issues, these courses focus on the notions and techniques of add-on selling and up-selling,
  - product training, for example in the Czech Republic, to accelerate the upskilling of sales teams,
  - IT training on new Group tools, such as in the United Kingdom, and other specific IT topics, such as in Portugal;
- strengthen managerial capabilities, teamwork, cooperation and change management;
- provide language training, particularly in english, to improve and increase dialogue and communication between Group subsidiaries;
- raise employee awareness about best practices with respect to compliance, risk management, information security, long-term viability and operational continuity. In Europe, most Group subsidiaries have provided training on the General Data Protection Regulation (GDPR), the resulting requirements for personal data protection and storage. In Brazil, such training programs are mandatory for all new hires and can be accessed via the subsidiary's "Edenred Academy" online platform;
- encourage knowledge sharing, with dedicated seminars at Edenred International and other subsidiaries;
- improve understanding of internal processes, as in Mexico and Romania, where special training courses have been implemented to teach and help managers in preparing performance reviews.

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

To provide access to training for every Group employee, Edenred began implementing an e-learning tool in late 2018 that could be rolled out across all subsidiaries by 2020. The solution, called Edenred Digital University (EDU), is a platform designed to provide employees with training content to develop their interpersonal and technical skills.

As a result, Group managers have had access since December 2018 to an online training module on the marketing objectives for the small- and medium-sized company segment. This subject was chosen as it is one of the Group's strategic drivers and Edenred wants to make sure that managers fully understand these objectives in order to work toward them in performing their day-to-day duties.

Edenred also offers training on digital payment and paperless solutions for all subsidiaries. In 2018, training and working sessions with the country organizations focused primarily on:

- electronic banking and innovative payment systems;
- mobile solutions;
- fleet and mobility solutions.

Retention

The purpose of the Retention pillar is to take the necessary steps to create the environment that enables employees to realize their full potential.

Offering motivating career paths

At Edenred, there are no standard career paths, and employees' career development is managed between the subsidiary and the Group. In keeping with Edenred's entrepreneurial spirit, each employee is encouraged to actively manage his or her personal growth and career development. The Group's ongoing transformation and agile organization are constantly offering employees new opportunities. In many countries, especially where the subsidiaries are small and fast growing, employees are given responsibilities in many different areas, thereby enhancing their versatility.

Whenever the required skills are available in-house, promoting from within is preferred to outside recruitment. Vacancies are advertised internally at several subsidiaries – namely in Chile, Belgium, Finland and at Edenred International, including corporate headquarters – a practice that is now being extended to other subsidiaries. At several other subsidiaries, such as the United Kingdom, an Internal Recruitment Charter is helping to ensure that employees have the same chances of being hired as outside candidates.

Other initiatives have been developed to present Edenred's new businesses and build pathways into them for employees. For example, Edenred International's Internal Audit Department runs a "Guest" program that gives Group employees the opportunity to participate in short-term audit assignments that let them discover new professions and new working environments, while learning about internal control best practices in place across the Group. In addition, countries such as Chile, India, Romania and the United Kingdom have facilitated pathways between jobs for some functions, particularly for IT and sales teams. These pathways provide openings for potential moves from one level or type of position to another.

To encourage employee mobility, Edenred International has been listing vacancies potentially suitable for international candidates online since 2017.

International mobility management is handled at the corporate level. An international mobility policy was implemented in 2018 to set guidelines for managing these international transfers. Employees benefiting from the international mobility program are closely monitored by the Executive Committee.

Managing talent and preparing the future

In 2018, a talent review process was initiated at the Group level to enhance Edenred's ability to identify and monitor key and high-potential employees. A guide was prepared to define potential and to be used as a shared evaluation framework by subsidiary chief executives, regional directors and the HR community. Employee reviews focused on subsidiary management committees.

All members of the Executive Committee were involved in supporting this new Group talent identification program.

In addition, two programs for high-potential employees exist at the Group level:

- 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;
- Edenred Executive Academy, for employees with over ten years of experience. Co-designed with HEC Executive Education, this one-week training program welcomes some 25 participants a year. Edenred Executive Academy provides a way for participating employees to prepare for the Group's future professional opportunities. The program covers topics such as leadership, business development and personal development.

The Executive Committee is involved in preparing and leading these programs.

Employee recognition at the Group level

Each year, two types of awards are handed out to recognize the achievements and contributions made by individual employees and by teams. Ewards single out employees whose outstanding work has made a significant impact, while Value Awards honor teams that have perfectly embodied Groups values. Eward and Value Award winners are selected from among all Group subsidiaries up to the executive level. The Group Executive Committee makes the final selection for the Ewards, attesting to the importance the Group places in individuals. Projects in the running for Value Awards are subject to direct vote at the Group's executive management seminar.

For example, in 2018, Mexico won the "Respect" Value Award for the assistance provided by its staff following the earthquake that struck the country a few months earlier.

In all, 12 employees received Ewards and five teams received Value Awards in 2018.

Employee recognition 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 client relations, drive innovation and foster internal cooperation. For example, every year the Group's Indian subsidiary formally rewards a few employees for their outstanding contribution. In addition, some 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.

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 mostly determined in light of the local environment (job market and applicable labor legislation). The principles shared across the Group are based on individual performance, taking into account:

- proficiency and level of responsibility for a given job classification;
- the job's positioning as compared with the employment market.

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.

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* and *Wellness Benefits*;
- incentivize and reward: *Shopping Card*, *Ticket Kadéos* and *Ticket Compliments*;
- manage fleets and mobility: in the course of their duties, some managers and sales employees use Edenred's fleet and mobility solutions. 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

Employees are given a stake in consolidated net profit in different ways depending on the local environment. For example, in France, employees of Edenred France and Edenred International have the option of joining the Group's statutory profit-sharing plan. 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 subsidiaries, an 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, equity, wages and value added.

Independently of this shared agreement, Edenred France and Edenred International have each signed discretionary profit-sharing agreements aimed at giving employees a stake in their company's performance by rewarding them with a collective bonus, based on the achievement of the performance laid down in the agreement. A new three-year agreement was signed in June 2016.

Share-based payments

Performance shares are awarded annually to key executives and top talents, representing around 337 grantees worldwide in 2018.

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 123).

Employee savings plans

Edenred supports employee savings with a number of plans.

France

Two schemes have been available to Edenred France and Edenred International employees since 2011:

- the Group Savings Plan, under which they can invest in securities and money market instruments;
- the PERCO retirement savings plan.

Edenred encourages this type of saving by offering a matching contribution.

Similar plans with employer contributions have been set up to supplement mandatory pension systems in some countries including Brazil.

Edenred Solidarity Fund

Some subsidiaries have set up a solidarity fund to help its employees experiencing financial hardship.

France

In early 2015, the management and employee representatives of Edenred France and Edenred International 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.

2.4.2.1.2 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 fully embraces its multicultural diversity, which it sees as a source of strength and a valuable asset. Subsidiaries operate in very different and complex markets, and the diversity of the workforce reflects the geographic diversity of their locations.

All employees demonstrating the same levels of performance, ability and engagement are guaranteed the same career advancement possibilities, regardless of age, gender, disability, religion or other factors. To demonstrate this commitment, a variety of agreements have been signed, backed by targeted action plans, which are being diligently applied in hiring, training, mobility and promotions. In the United Kingdom, for example, Edenred 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.

Promoting and raising awareness about diversity

Diversity Week in Mexico

The Mexican subsidiary organized its first diversity week in November 2018. The event was held to highlight the principles of inclusion, equality and non-discrimination prevailing within the company and to emphasize the importance of diversity as a way to better understand clients' needs.

More than 700 employees learned about non-discrimination and were invited to participate in workshops and talks about intergenerational interaction and understanding disability. They wrapped up the week with a multi-cultural lunch, where they shared dishes from their respective native cities and countries.

Diversity Day in Germany

In 2012, Edenred Germany signed the Diversity Charter and has celebrated this pledge every year since 2016 in the two cities where the company operates, Munich and Berlin, as part of Germany's nationwide Diversity Day.

A picnic has been organized for the past three years in honor of the event. In 2018, 130 guests participated, bringing a typical dish from their native region or country.

Hiring

Recruiter diversity awards in France

On November 27, 2018, Fondation Mozaïk, a french foundation, awarded Edenred France for being one of the Top 10 diversity recruiters in the Talent Integration category, as recognition for the company's commitment to equal opportunity.

Held under the aegis of the French Ministry for the Economy and Finance, the event aims to "inspire all companies in France by drawing attention to those that have understood before the rest why it is important to open their recruitment processes to new profiles". Three criteria were assessed: applicant sourcing, evaluation of applications received (resume preselection, applicant selection, interviews and tests) and onboarding for new hires.

Identifying new talent in France

Edenred has been implementing innovative programs for several years to promote skills development for all employees and support equal opportunity. To multiply its recruitment channels, Edenred France has been assisting job seekers since April 2018 by steering them toward the field of client care, even if they have never worked in this area before. The recruitment program involves:

- diversifying profiles in the sourcing process;
- a simulation-based assessment as part of preliminary prior training in partnership with France's employment agency;
- onboarding at the Company's offices.

This year, **14 job seekers** took part in this program and all benefited from certification training. Following the assessment, nine applicants were offered a position on a 12-month employment contract, with the possibility of leading to a permanent job. Eight accepted. Applicants said they appreciated the welcome and onboarding program throughout their training.

Gender equality

At end-2018, women accounted for **51.1%** of employees worldwide and held **39.4%** of management positions. Different types of initiatives have been taken by the subsidiaries to promote gender equality, including:

- formal policies to eradicate discrimination and promote gender equality, implemented for example in the United States and the United Kingdom;
- an agreement on gender equality, 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 International has decided to honor its existing commitments and remains committed to ensuring a gender balance and maintaining current 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 agreement in 2012 (applicable in the subsidiaries Edenred France and Edenred International) to hire and retain people with disabilities. At the end of 2018, 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, such as:

- the direct hiring of **130** people with disabilities, in a large number of subsidiaries. For example, the Belgian subsidiary has established a partnership with a dedicated job training center;
- the indirect hiring of people with disabilities, for example at Edenred Spain, Edenred France and Edenred International 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 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 Group solutions accessible to the hearing impaired;
- training for Edenred France sales people in the subsidiary's disability policy;
- 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,
  - an escape game organized for Edenred France and Edenred International employees to raise awareness about disability in partnership with L'Adapt, a French public-interest organization that offers support, training and inclusion services for people with disabilities,
  - update of the customer relationship platform to make it accessible to people who are deaf and hard of hearing.

Older employees

Edenred International made a commitment in late 2010 to promote the hiring and retention of older employees. In 2014, employee representatives from the Edenred France and Edenred International subsidiaries signed a new intergenerational contract. Despite the decision of the French government to abolish the obligation at the national level, Edenred decided to honor its commitments in 2018. 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. Special programs have been implemented to scale back the work week for employees aged 55 and over.

2.4.2.1.3 Labor and human rights

At Edenred, social dialogue comes in different forms, such as 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.

Fostering social dialogue

Social dialogue at the national level

The Group believes in the importance of developing constructive and innovative social dialogue. In all, **65.6%** of employees work in subsidiaries with employee representative bodies and **58.3%** are currently covered by a collective agreement.

In 2018, **40** 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, **three** focus specifically on health and safety.

France

Because Edenred France and Edenred International employees work so closely together, 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 subsidiary. 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 2018. The Group Works Council's role is not the same as that of the works councils of the Edenred France and Edenred International subsidiaries, which have their own specific objectives and resources.

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 shared sense of belonging, a European Works Council was created in 2014. The European Works Council's mission is to address 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 June in the case of 2018.

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 96. Note in addition that in 2018, Group-wide, there were two cases of certified occupational illness resulting in at least one day of lost time, 17 occupational accidents resulting in at least one day of lost time, and 33 commuting accidents resulting in at least one day of lost time.

Preventing occupational risks

Edenred works closely with employee representatives and encourages the implementation of training and employee awareness initiatives. Experts also visit sites to verify their compliance and provide employees with health advice.

France

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 subsidiaries:

- in France, Edenred France and Edenred International signed an insurance agreement in November 2010, followed by company agreements for each subsidiary 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 healthcare professionals such as psychologists, nutritionists, fitness trainers and physicians.

Medical check-ups are offered by many subsidiaries, such as Edenred Czech Republic, Edenred Poland and Edenred Hungary.

In some countries, the Group's commitment is also demonstrated through initiatives to promote healthy living and a balanced diet. In Mexico, for example, Edenred 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 also 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 the non-profit organization 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 the French site to see employees as needed.

Organization of working hours

In every host country, Edenred operations comply with local legislation on maximum weekly working hours.

In 2018, **95.1%** of Edenred Group employees had permanent contracts and **94.8%** worked full time.

Supporting human rights

Edenred is committed to respecting human rights as defined in the Universal Declaration of Human Rights and adheres to the UN Guiding Principles on Business and Human Rights. The actions taken by the Group and its performance in areas covered by these guidelines are published every year in its "Communication on Progress" report, available on the United Nations Global Compact website.

The Group also reaffirms its commitment to complying with the principles and fundamental rights outlined in the International Labour Organization's fundamental conventions, which cover:

- freedom of association and the effective recognition of the right to collective bargaining;

- elimination of all forms of forced or compulsory labor;
- effective abolition of child labor;
- elimination of discrimination in respect of employment and occupation.

The resources deployed in relation to Edenred's business segments are described in sections 2.4.2.1.2 and 2.4.2.1.3 starting on pages 90 and 91.

As a result of these commitments, the Group avoids any negative impact on human rights. In 2016, it updated its Charter of Ethics, which defines the conduct expected from its employees, partners and suppliers. At the end of 2018, 82% of Edenred employees had approved the Charter of Ethics.

Non-financial risks, including risks relating to human rights, were analyzed in 2018 in 45 countries where the Group operates. This analysis did not identify any material risks relating to human rights.

Several countries have also developed initiatives to prevent any negative impact while raising the awareness among employees about these principles.

Examples of initiatives around the world

Portugal

The subsidiary implemented a local code of conduct applicable to all employees, which sets out the guidelines for professional conduct to prevent and combat workplace harassment, and, in this way, create and maintain a work environment in which all individuals are treated with dignity, decency and respect. The code also includes the disciplinary action applicable if these guidelines are not respected.

United Kingdom

Edenred introduced in 2018 a Modern Slavery Transparency Statement, which describes the measures taken by the subsidiary to prevent slavery and confirms its compliance with anti-slavery laws.

Latin America

In 2018, Edenred responded to exceptional circumstances affecting certain subsidiaries to help its employees maintain a decent standard of living.

In Venezuela, the Latin America region again this year helped employees facing significant financial hardship by providing them with bags with food staples and personal care products. From January to December, a total of 1,191 bags were distributed, representing more than 20,000 products, such as oil, flour, rice, milk, cereal, canned goods, toilet paper, soap and toothpaste.

2.4.2.1.4 Workplace environment

Our Best Place to Work ambition

High performance and well-being are part of Edenred's commitment toward both clients and employees. Improving quality of life in the workplace and employee engagement is therefore a key challenge for the Group. In line with this, the shared goal of the country organizations is to be committed to a Best Place to Work initiative, or, in other words, to make Edenred a great place to work. To achieve this, the Group has made workplace health, safety and well-being a key priority.

In 2018, the Group implemented a survey, prepared in partnership with AON, to measure employee engagement at the global level. The survey was deployed at all subsidiaries and garnered a response rate of 86%. Some subsidiaries are now undergoing a local certification process. The survey will be conducted every two years to monitor engagement levels and progress on action plans.

Promoting a satisfactory work-life balance

Edenred is committed to developing a positive work-life balance through a number of initiatives that vary by region, including:

- flexible working hours, as in Sweden, Finland and the United Kingdom. In Germany, the subsidiary offers significant flexibility with 22 different worktime arrangements. At PrePay Solutions, policies are in place to manage flextime and e-working arrangements;
- part-time work, which is encouraged in Austria (especially for employees with young children) and in Slovakia;
- concierge services that can handle certain private tasks for employees during their working hours to save them time;
- benefits to promote employee well-being, such as gym and dance classes and 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 PrePay Solutions and "Keep in Touch Days" program 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.

2.4.2.1.5 Key progress indicators

Calculation method

Edenred's progress on this commitment will be measured annually based on two indicators:

- the percentage of employees who attended at least one training course during the year. The figure represents a five-year average;
- the percentage of women in executive positions at the Group. This refers to the executive managers in Group-level management positions or on subsidiary management committees.

Performance monitoring

In **2018**, **79%** of employees had taken one training course on average over the previous five years, with targets to reach **80%** by **2022** and **85%** by **2030**.

The percentage of women in executive positions at the Group stood at **21%** in **2018**, with a target of **25%** by **2022** and **40%** by **2030**.

2.4.2.1.6 Key figures

Human Resources data at December 31, 2018

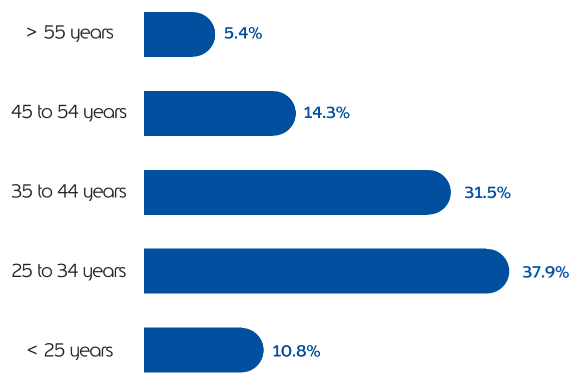
At December 31, 2018, Edenred employed **8,402**[(1)] people in its host countries around the world, representing an increase of **8.0%** from December 31, 2017 (current scope).

Workforce by region

The diversity of geographical locations reflects the Group's internationalization, with **83.7%** of employees working outside France at the end of 2018.

Workforce by age

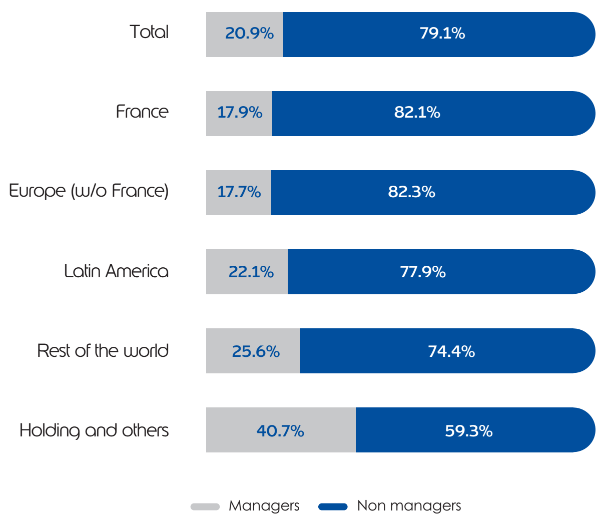
A total of **49%** of Edenred employees are under 35.



(1) Number of individuals on the payroll at December 31, 2018.

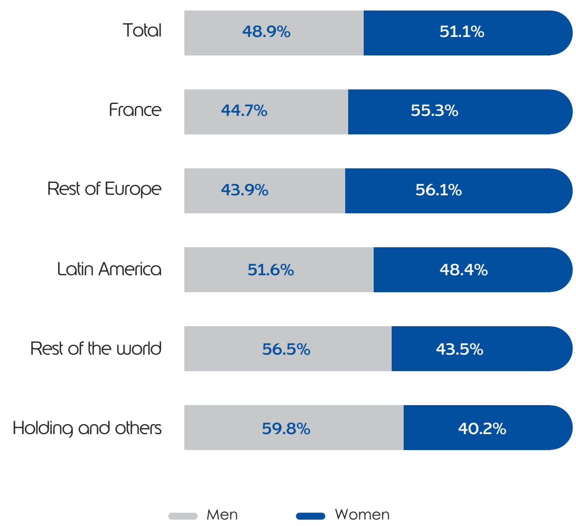
Workforce by job category

A manager is defined as an employee who manages others and/or has a high level of responsibility within the organization. At December 31, 2018, managers accounted for 20.9% of the Group workforce, as follows:



Workforce by gender

At December 31, 2018, women accounted for 51.1% of Edenred's workforce, as follows:



Hires and departures in 2018

In 2018, the Group hired **2,694** new employees[1], of whom 43% were in Latin America, 29.1% in Europe (excluding France), 15.7% in France, 10.6% in the Rest of the World and 1.6% Holding and others. Of these people, 77.6% were recruited from outside on a permanent contract, while 5.3% came onboard as part of a transfer of business following the acquisition of external entities.

Over the same period, **1,973** people[2] left the various subsidiaries, mostly (61%) due to resignation, expiration of fixed-term contracts, uncompleted trial periods and retirement. Terminations for any reason whatsoever accounted for 26.3% of the total, and 90.6% of those were not collective redundancies.

(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.

2018 summary table of employee data – Group

	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING AND OTHERS	TOTAL 2018	TOTAL 2017	TOTAL 2016
NUMBER OF EMPLOYEES	**1,182**	**2,666**	**3,383**	**982**	**189**	**8,402**	**7,782**	**7,232**
% under permanent contracts	89.7%	91.4%	99.0%	97.3%	98.4%	95.1%	95.3%	95.9%
% women	55.3%	56.1%	48.4%	43.5%	40.2%	51.1%	50.2%	50.1%
% men	44.7%	43.9%	51.6%	56.5%	59.8%	48.9%	49.8%	49.9%
Number of interns	45	64	122	14	9	254	240	199
Full-time equivalent	1,153	2,577	3,439	978	242	8,390	7,674	7,248
MANAGERS								
% of total workforce (1)	17.9%	17.7%	22.1%	25.6%	40.7%	20.9%	19.4%	19.3%
% women	44.8%	37.6%	40.0%	39.8%	27.3%	39.4%	38.0%	38.3%
% men	55.2%	62.4%	60.0%	60.2%	72.7%	60.6%	62.0%	61.7%
TRAINING								
Number of hours of training(2)	18,072	37,848	100,634	7,517	815	164,886	130,596	106,210
Number of hours of training for managers	4,625	10,825	36,465	2,669	150	54,734	32,781	24,840
Number of hours of training for non-managers	13,447	27,023	64,169	4,848	665	110,152	97,815	81,370
Number of employees having attended at least one training course	762	1,795	3,745	653	36	6,991	6,507	5,563
Number of managers having attended at least one training course	188	377	1,037	170	8	1,780	1,238	969
Number of non-managers having attended at least one training course	574	1,418	2,708	483	28	5,211	5,269	4,594
HEALTH AND SAFETY								
Lost-time incident frequency rate (LTIF) *(%)* (3)	11.9	3.0	2.4	0.5	3.5	3.5	4.7	3.0
Severity rate *(%)* (4)	0.3	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Absenteeism rate *(%)* (5)	4.6	3.2	0.7	1.8	1.0	2.2	2.7	2.9
Number of fatal accidents in the workplace	0	0	0	0	0	0	1	0
Number of occupational illnesses resulting in at least one day of lost time	0	1	1	0	0	2	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 individuals under permanent and fixed-term contracts (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. The purpose is to measure the organization's operational workforce, taking into account work week 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.

(3) Lost-time incidents: 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 occupational accidents, commuting accidents, occupational illnesses and non-occupational illnesses.

2.4.2.2 Promoting well-being through healthy and sustainable nutrition

As a promoter good eating habits and fighting obesity, Edenred tries to find pragmatic ways of addressing a serious public health issue: in 2016, more than 1.9 billion adults 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 and heart attacks, which in turn is putting significant strain on public health systems.

In addition, through its *Ticket Restaurant®* and *Ticket Alimentation* 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 830,000 corporate clients, 1.7 million partner merchants and 47 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.

2.4.2.2.1 Priority issue: sustainable and healthy food promotion

Building on nearly ten years of experience promoting healthy eating habits and fighting obesity, Edenred is working to step up its action in this area by developing solutions for well-being through a healthy diet. This priority issue has become a market differentiation opportunity for Edenred and a new way of developing products and services. Examples include the FOOD program, which houses the majority of the Group's initiatives in Europe, as well as the *Ticket Fit* solution in Brazil and *NutriSavings* in the United States.

Edenred, FOOD program coordinator in Europe

Origin of the European project

The FOOD (Fighting Obesity through Offer and Demand) program was developed by Edenred and partners in six countries (Belgium, Czech Republic, France, Italy, Spain and Sweden) to support a balanced diet during the work day.

Launched in 2009 in response to rising obesity in Europe, the campaign began as a test project co-financed by the European Commission, enabling partners to formulate innovative, adapted recommendations and communication tools to address employees and restaurants.

Bolstered by the encouraging results of the test project, and thanks to the enthusiasm of its partners, the FOOD partnership continued to develop. It became a long-term program in 2012 and has since expanded to Slovakia, Portugal, Austria and more recently Romania.

As coordinator of the FOOD program, Edenred uses its unique *Ticket Restaurant®* network to raise the awareness of employee users and partner merchants of the importance of a balanced diet.

Since 2009, nearly 400 communication tools have reached 6.9 million employees, 251,000 companies and 521,000 restaurants in the program's ten member countries. A network of restaurants that meet FOOD recommendations has been created and now has more than 4,300 members.

Under the program, European-wide surveys are also carried out each year to better understand and analyze the needs of employee users and partner merchants. The 2018 FOOD survey highlighted several trends, including rising demand for healthy, balanced food, the growing role that companies can play in the well-being of their employees and the interest generated by new technologies that support balanced nutrition.

Examples of local initiatives

Italy: the National Institute of Health joins the FOOD program

Italy's National Institute of Health, an agency of the Italian Ministry of Health, joined the consortium of partners in the FOOD program in 2018. The agency is now updating the program's Italian recommendations and preparing future measures to raise awareness about balanced nutrition. In June 2018, the FOOD program was also presented as an example of best practice to the Food Sustainability Observatory of the "Politecnico di Milano" higher education institution.

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.

A mobile app was launched in 2018 in collaboration with Czech partner STOB. It encourages employees to adopt better eating habits through daily advice and tips.

Spain: an online workshop to help instill best practices

As part of the FOOD program, a free online workshop entitled "A Balanced and Sustainable Christmas" was organized by Edenred Spain in December 2018. It was attended by nearly 60 participants, including both partner merchants and employee users. Members from the Spanish Academy of Nutrition and Dietetics led the cooking workshop. This type of event helps broaden the definition and application of balanced nutrition outside what can sometimes be persistent stereotypes held by individuals and catering professionals.

NutriSavings in the United States

The Group has developed a unique program in the United States, where the obesity rate is high, to encourage employees to eat a healthy diet and reduce the healthcare costs related to obesity. Known as NutriSavings, the program analyzes the nutritional value of the food employees buy and offers rewards and discounts for buying healthy foods.

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. The product was launched in July 2017, and 132 corporate clients have already subscribed to the service. The application has been downloaded 341,000 times, with 13,000 active users to date.

In 2018, Edenred Brazil broadcast 14 webinars on well-being, exercise and balanced nutrition *via* the application's blog. It reached 190,000 corporate clients and partner merchants, with an average of 25,000 participants per session.

Other actions to promote sustainable and healthy nutrition

Since its creation, Edenred has launched many initiatives worldwide to promote sustainable and healthy nutrition. As of end-2018, a total of 23 subsidiaries covering two-thirds of the Group workforce were already involved in healthy and sustainable eating projects.

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 and Uruguay.

Awareness-raising about health and well-being

Many subsidiaries work to raise awareness about well-being through a balanced diet, exercise, sleep and mental relaxation. In Finland, for example, both Edenred staff and employee users learn about taking care of their health through a blog, emails and social media posts. In 2018, the subsidiary also launched a well-being program to educate, train and coach its employees about nutrition, rest and sleep.

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 can be kept consistently aligned with reality. The findings are available on Edenred's website.

Impact on neighbors and local communities

Ticket Alimentación 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.

2.4.2.2.2 Key progress indicators

Calculation method

Edenred's progress on this commitment will be measured annually based on the percentage of employee users of "food" solutions and partner "food" merchants who have been made aware of balanced nutrition by the Group. "Made aware" in this context means that they have been reached at least once in the year through a communication action, such as a newsletter, letter, visit, presentation or communication in the meal voucher booklet (for employee users).

Performance monitoring

This percentage stood at **30%** in **2018**, with a target of **50%** by **2022** and **85%** by **2030**.

2.4.2.3 Contributing to local development by becoming personally involved and sharing the benefits of growth

In every host country, Edenred forges strong ties with local communities and non-profit organizations to assist people in difficult circumstances.

Edenred employees are the driving force behind these initiatives, which take the form of donations, skills support and social welfare programs, very often deployed in association with corporate clients, partner merchants, employee users and other stakeholders.

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 and professional reintegration.

2.4.2.3.1 Social and economic contribution

Idealday, a day of action to support local communities

For many years, Edenred has organized international awareness days concerning each pillar of its CSR 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. The idea is to give them the most valuable asset employees have – their time.

On June 21, 2018, more than 6,100 Group employees in 39 countries worldwide participated in the day of action through some 60 different initiatives related to Edenred's three pillars (People, Planet and Progress).

As a result, 48 non-profit organizations were supported by nearly 8,000 people, including close to 1,800 external stakeholders who took part in the event.

Edenraid, the connected solidarity challenge

Since 2017, Edenred has organized the Edenraid sporting challenge to raise funds for the Make-A-Wish® foundation. Over the course of two months, employees take part in this connected challenge to make the dreams of sick children come true.

Between September 10 and November 4, 2018, more than 2,300 Edenred employees ran, walked, cycled or swam a total of 327,000 kilometers. Taking part was simple: users could register 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 kilometers covered, Edenred donated €1 to the foundation. On top of that, employees were also asked to make a financial contribution to Make-A-Wish®, with Edenred matching each donation. A total of nearly €40,000 was collected.

Edenred and Make-A-Wish® thereby helped several dozen sick children have an unforgettable experience with their families.

Other outreach initiatives

Edenred celebrates the many community outreach initiatives being led by employees throughout the year in partnership with local non-profit organizations. In all, **184** non-profits in host countries around the world are being supported, with **1,008** eight-hour days devoted to volunteering activities. This figure nearly doubled in 2018 thanks to the Idealday event, which enabled many employees to get involved in community outreach initiatives.

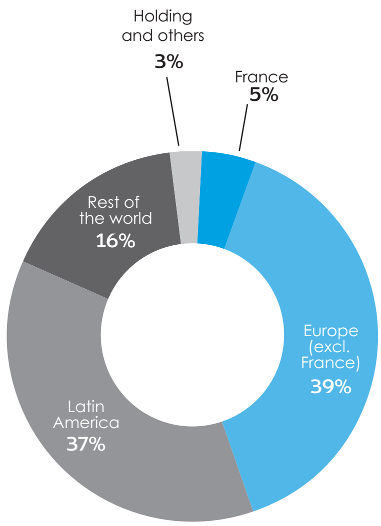
Financial donations to non-profits fall into several categories:

- direct donations by the Group and subsidiaries: €815,221;
- indirect donations through campaigns to encourage employee users of Group solutions to donate their vouchers, in France, Spain, Austria, the Czech Republic, Slovakia, Sweden and Lebanon: €1,192,981.
- time donations representing volunteering activities. This indicator is calculated by dividing total payroll costs by the number of employees over the year to determine the average hourly cost of an employee. That figure is then multiplied by the number of hours devoted to volunteering activities: €234,352.

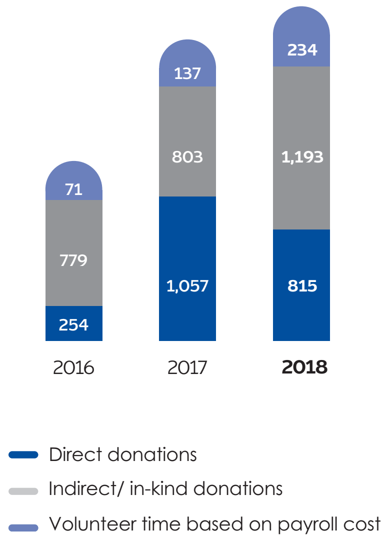
Together, these totaled €2,242,555 in donated funds in 2018.

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).

TIME DEVOTED TO VOLUNTEERING ACTIVITIES BY REGION IN 2018 *(in person-days)*



DIRECT, INDIRECT AND TIME DONATIONS FROM 2016 TO 2018



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 2018, Edenred donated eight homes to families impacted by the earthquake that hit on September 19, 2017, representing a donation of €17,272. In addition, employees worked in rotation on July 20 and 21 to help communities in several regions around Mexico City.

In all, over the years, Edenred Mexico's commitment has given 78 families a new home and 617 volunteers have donated a combined 14,268 hours of their time.

United Kingdom

Since 2013, the entire staff of Edenred UK has made donations to the local food bank. In 2018, more than 638 kilograms of food and several boxes of toiletries were given to people in need in Edenred's two host counties of London and Chester.

A total of over 2 metric tons of goods have been collected over the past five years.

Brazil

The Pescar project initiated by *Ticket Log* in Brazil supports 16 to 19-year-olds in difficulty by offering them vocational training through courses held every day at the subsidiary, from 2:00 pm to 6:00 pm. In 2018, it trained 18 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 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. Fully 82% of the students from the 2018 program were hired by Edenred.

To date, 137 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 publicize and support non-profit organizations.

France

For the past 15 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 2018, the campaign was once again highly successful, raising €1,120,958, of which €724,298 *via* the card. In total, more than €4.5 million has been raised for the organization since 2002.

Edenred also involves employees in its commitment to the French Red Cross through a garage sale organized every year.

Spain

Edenred has partnered with "Acción contra el Hambre" for more than 20 years, letting employee users donate meal vouchers to play their part in combating child malnutrition worldwide. Over 70 Edenred corporate clients have taken part in this program since 2007, donating more than €155,000.

In 2018, €21,500 was collected, of which €6,660 during the Idealday event, when Edenred employees went around to corporate clients with payment terminals to collect funds.

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 2018, eight boxes of toys, furniture, books, dishes and clothes were collected, weighing 135 kilograms.

Edenred Sweden's *Delicard* gift card lets employee users make direct donations to charity organizations. In 2018, €29,671 was allocated to various projects, including solar lamps for children in India, beekeeping kits in Burkina Faso, solar panels for a library in Cambodia, training in sheep farming in Ethiopia, and planting of fruit trees in Kenya. Through *Delicard*, Edenred Sweden also matched €6,976 in donations from clients for a children's cancer foundation.

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 in the offices of certain corporate clients and certain partner merchants each year. Thanks to the partnership, €8,500 was raised in 2018 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, €92,000 has been raised for the Austrian Red Cross in 12 years.

Brazil

Since 2013, Repom has been developing its "Clube da Estrada" service areas at service stations on Brazilian roads. At the end of 2018, 14 clubs had been created for independent truck drivers. The clubs receive 135,000 visits a year, providing 10,000 healthcare service procedures for this population group.

In November, the largest club in Brazil was inaugurated in Uberaba, covering 420 square meters. It is open 24 hours a day and features two movie theaters for up to 130 people, along with a massage room and many other services.

Impact on 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 1.7 million partner merchants in its 45 host countries.

2.4.2.3.2 Key progress indicators

Calculation method

Edenred's progress on this commitment will be measured annually based on the number of days of volunteering over the year by all Group employees. In 2018, 60% of the volunteering took place on Idealday, the day of action to support local communities. Each day of volunteering is counted based on eight hours worked. Volunteering activities vary based on local needs in each country, such as the construction of emergency housing in Mexico, or professional reintegration assistance in France and Brazil.

Performance monitoring

With high employee participation in Idealday and the involvement of different country organizations, the Group recorded **1,008** days of volunteering in **2018**. The initial target of **1,000 days** by **2022** has therefore been reached thanks to this outstanding action and the Group continues its efforts to log **5,000 volunteering days** by **2030**.

2.4.3 PLANET: preserve the environment

The main environmental issues faced by the Group are related to climate change, as shown in the materiality assessment. The Group is encouraged to meet the expectations of its stakeholders to support the ecological transition and develop new solutions with a reduced impact on the environment. To tackle the challenges of climate change, the Group has launched a number of initiatives to reduce the impact of its business activities and its solutions, including:

- reducing its carbon footprint, consumption of resources and waste production by improving the energy efficiency of its operations and solutions. The Group works toward this goal by operating a global environmental management system and by monitoring its greenhouse gas (GHG) emissions. It also takes the necessary steps to comply with local environmental regulations and international environmental standards;
- developing low-carbon fleet and mobility solutions for its stakeholders and combating food waste through its network of partner merchants and employee users;
- managing the footprint of its solutions throughout their life cycle to reduce the use of natural resources and work toward the circular economy.

2.4.3.1 Reducing the carbon footprint, the consumption of energy and natural resources and waste production

Although it has a limited impact on the environment because its operations are service-related, improving the environmental footprint of its business activity is a significant issue that emerged from the materiality assessment conducted with stakeholders.

2.4.3.1.1 Priority issue: climate change – energy efficiency

Since 2012, the Group has been committed to reducing and managing its impacts by operating an environmental management system and monitoring its GHG emissions worldwide. Medium and long-term targets were recently set under its new strategic plan to monitor progress toward the objectives of the Paris Agreement on climate change, in line with the GHG emissions reduction trajectory.

Environmental management

Edenred has established an environmental management system based on the principles of ISO 14001.

Six countries – France, Brazil, Italy, the United Kingdom, Romania and Chile – are already certified locally. Subsidiaries in Mexico and in the Czech Republic have also obtained other local environmental certifications. As a result, 50% of Edenred employees now work in a subsidiary that has received environmental certification.

In 2018, the Brazilian *Ticket Serviços* and *Ticket Log* subsidiaries earned their maintenance certificate for the seventh straight year, reflecting Bureau Veritas' recognition of the maturity of the Group's environmental management process.

To encourage other countries to seek local certification, best practices were exchanged between countries in 2018 to present the challenges and advantages of local CSR initiatives. Action plans based on the principles of an environmental management system have already been implemented in Argentina and Colombia.

At the global level, the Group has implemented a reporting process to consolidate the environmental management program in all countries. It monitors the annual performance of about 20 indicators measuring Edenred's environmental impact, covering:

- direct and indirect greenhouse gas emissions;
- energy use;
- use of resources (paper, plastic, water);
- waste production;
- compliance with local environmental regulations and international environmental standards.

Changes in the indicators are calculated at current scope.

Regarding compliance with environmental regulations, Edenred did not set aside any material provisions for environmental risks in 2018, and was not subject to any court rulings on environmental claims during the year.

Managing greenhouse gas emissions

The Group committed to a process of continuous improvement in 2012 by officially developing an environmental policy to reduce GHG emissions, especially those associated with energy use. A global system to manage emissions across all Group countries was implemented to monitor business operations and material sources of GHG. The main sources of emissions are therefore assessed every year using the "Bilan Carbone" method, which is compatible with GHG Protocol Guidelines. This global assessment is used to measure progress made on Group targets.

Edenred's main sources of emissions:

Direct emissions (scope 1):

- Energy used at the main facilities and production units (natural gas and domestic fuel oil);
- Fuel consumption of company vehicles.

Indirect emissions resulting from the use of electricity, heating and steam (scope 2):

- Electricity used at the main facilities and production units.

Other indirect emissions (scope 3):

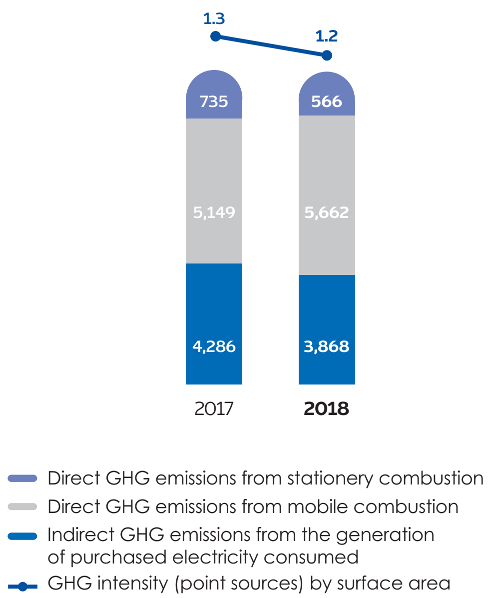
- Inputs (paper, plastic);
- Business travel;
- Fixed assets and IT system;
- Product use and end of life.

Some Edenred countries, notably Brazil, Chile and France, measure their GHG emissions locally to find new ways to reduce their environmental footprint. These assessments are verified by independent organizations in line with different standards adapted to local concerns (GHG Protocol Guidelines in Brazil, "Bilan Carbone" in France and ISO 14064 in Chile).

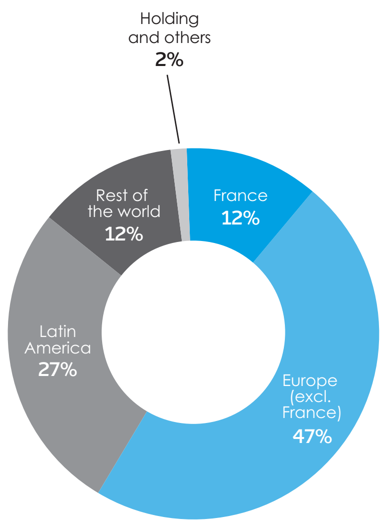
The greenhouse gas emissions presented below are calculated based on country energy use data, as follows:

- direct emissions from point sources correspond to the natural gas and fuel oil burned in Group facilities;
- direct emissions from mobile sources correspond to the diesel, gasoline and natural gas used by company vehicles;
- indirect emissions correspond to electricity used by Group facilities.

TOTAL GHG EMISSIONS (SCOPES 1 AND 2) IN 2017 AND 2018
(IN TCO_2 EQ)



GHG EMISSIONS (SCOPES 1 AND 2) BY REGION IN 2018
(IN TCO_2 EQ)

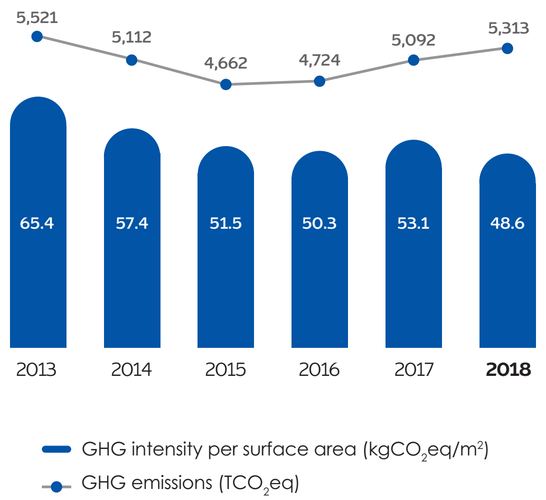


Edenred also records CO_2 emissions from biomass-based fuel due to the ethanol used by its company vehicles. Biogenic CO_2 emissions totaled 721 metric tons in 2018.

GHG emissions from point sources (energy use in buildings) are inventoried using the French "Bilan Carbone" database methodology. International GHG Protocol guidelines were used to calculate direct emissions from mobile sources (use of diesel, gasoline, ethanol and natural gas in vehicles).

Total GHG emissions (scopes 1 and 2) per employee decreased by 8% in 2018, thereby aligning with the Group's reduction targets. This decline results from the emissions reduction initiatives taken at both the global and local level since 2013.

GHG EMISSIONS (SCOPES 1 AND 2 POINT SOURCES) SINCE 2013 *(IN TCO_2 EQ)*



Emission reduction initiatives

Edenred has been committed to reducing its GHG emissions since it created its first Sustainable Development strategic plan. Due to its steady growth, the Group has had to come up with ways to control the carbon footprint of its operations and solutions. In 2018, an emissions reduction trajectory was determined to tackle climate change and reduce scopes 1 and 2 GHG emissions from point sources. Using the Science Based Target sector-based methodology, medium and long-term GHG emissions reduction targets were set per unit of surface area occupied. With the 2013 level as a base year, these targets aim for a 26% reduction by 2022 and a 52% reduction by 2030.

Reduction measures were taken to meet this target, especially through Edenred's environmental management system.

Energy use, measures taken to improve energy efficiency and use of renewable energies

Initiatives to reduce energy use included in Edenred's environmental management system mainly involve measures to raise employee awareness and promote the use of renewable energy.

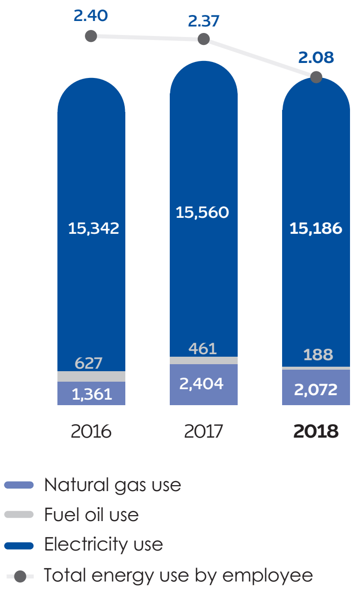
At present, the Group has not launched any projects to develop renewable energy for its own use. However, two years ago, solar panels were installed on the roof of a building that Edenred Belgium shares with other companies. The panels generated 74,642 kilowatt-hours in 2018, of which 2,799 kilowatt-hours for Edenred.

Furthermore, in Brazil, Edenred has chosen to offset all of the unavoidable energy use reported during the subsidiary's carbon review with a biomass-to-energy investment project.

Lastly, in addition to ISO 14001, Edenred Chile implemented an energy management system and obtained ISO 50001 certification in November 2017 to ensure better energy management.

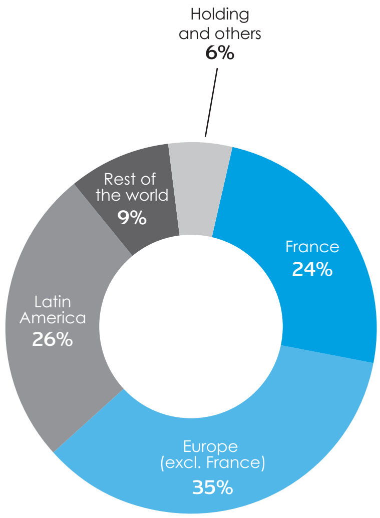
The table shows the total amount of energy used worldwide and by region.

TOTAL ENERGY USED (ELECTRICITY, FUEL OIL AND NATURAL GAS) FROM 2016 TO 2018 *(IN MWH, LHV)*



LHV: lower heating value

ENERGY USED BY REGION IN 2018 *(IN KWH, LHV)*



LHV: lower heating value

These initiatives and regular monitoring and management of energy use led to a 4% decrease in consumption across the Group in 2018, despite a rise of almost 10% in staff levels.

Use of products and inputs (paper, plastic)

To move to the next level in reducing the impact of its products, 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 results in 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 due to the fact that 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. For this reason, Edenred is taking steps to accelerate its digital transition and migrate its paper solutions to card or mobile format.

Furthermore, one of Edenred's priority projects in 2018 was to promote its eco-design approach to significantly reduce its use of paper and plastic and to improve its environmental footprint by developing products with more eco-friendly paper and plastic materials. The approach is described in full in section 2.4.3.3.1 on page 109.

Business travel and commuting

Other local programs have been implemented to reduce the most significant sources of emissions, such as business travel and commuting.

Mobility plans have been launched in Brazil and France to seize new opportunities to reduce the use of private cars. With 66% of employees involved, Edenred Brazil have calculated that almost 30% of local emissions resulted from travel between home and work. Other measures have been taken involving employee travel, such as the incentives used by Edenred in the United Kingdom and Germany to encourage employees to cycle to work. Edenred France has also made bicycles a means of commuting eligible for the annual transportation bonus distributed to employees. For Edenred France and Edenred International employees, a car-pooling site is available and parking spaces for electric vehicles were also put in place in 2017, with other subsidiaries since following suit.

Lastly, at the Edenred International and Edenred Sweden subsidiaries, the GHG footprint and related information are included in vehicle selection and monitoring processes to limit emissions from company cars. In Sweden, the CO_2 emissions threshold was even lowered from 140 grams per kilometer to 120 grams per kilometer.

IT system and measures to develop green IT in France

New information and communication technology accounts for up to 7% of GHG emissions. It also produces a significant amount of waste that impacts ecosystems and biodiversity. In 2018, Edenred France along with 23 companies from across all industries participated in a pioneering study led by WWF and Club Green IT.

The study aimed to:

- encourage initiatives to create more sustainable digital technology;
- estimate the footprint, environmental performance and maturity of organizations;
- share best practices for each business sector.

2.4.3.1.2 Other issues

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 2018, a total of **5,502** employees were made aware of environmental issues, such as:

- green IT, an increasingly important challenge for the Group as its operations and solutions go digital; In France, the FBI ("Faites Bonne Impression") program, implemented by the IT Department, makes employees aware of the environmental impact of printing and provides them with a scorecard to measure individual use;
- mobility, such as in Brazil, where employees were surveyed to identify their mobility profiles and received recommendations to reduce the environmental impact of their commute;
- waste and the zero-waste objective: for example in France, the ProwebCE subsidiary devoted its day of community outreach to raising awareness about waste in offices. Several initiatives to promote recycling and combat food waste were also launched in Group countries.

Measures to prevent, 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 the Group's business, most waste is office refuse and voucher customization process waste, such as print cartridges and paper.

Most 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.

Electronic waste recycling and reuse initiatives have also been taken in France and Belgium.

The amount of waste produced annually across the Group increased by 12% compared with 2017. This mainly stemmed from the higher staff levels as well as increased paper waste at some subsidiaries due to site closure or relocation.

Water use and supply in relation to local constraints

Edenred's offices, most of which are located in cities, are connected to municipal sewage systems.

In 2018, 61,606 cubic meters of water was used and slightly decrease at the Group level compared with 2017. This decrease, which came despite the great rise in the Group's workforce, demonstrates the efficiency of the management system and employee awareness about eco-friendly behavior.

Resources devoted to preventing environmental risks and pollution

The Group's operations do not result in any soil or water 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.

Edenred's ISO 14001-based environmental management system helps prevent environmental risks and pollution. The environmental budget of Edenred's subsidiaries amounted to **€677,982** in 2018, and covered organizing Idealday, earning ISO 14001 certification, conducting environmental communication campaigns, purchasing recycled paper to print preloaded vouchers, catalogues and office documents and implementing other similar measures.

Measures to protect biodiversity

Animal welfare is not a material issue in the Group's business operations and has been excluded from reporting. However, some Edenred subsidiaries have taken measures to protect biodiversity and contribute to some extent to animal welfare. For example, in Belgium, Edenred supports the development of "Écoduc" projects, passage for wild species to safely cross a road or other human constructions. Other nature conservation measures include, for Idealday, subsidiaries' initiatives to plant trees and rehabilitate natural environments in Mexico, Malaysia, Vietnam and in Taiwan. In France, Edenred is a partner to the NGO which aims at reforest territories, Reforest'Action. Further information on this initiative is available in section 2.4.3.2.1 of this document.

2.4.3.1.3 Key progress indicators

Calculation method

Edenred's progress on this commitment will be measured annually based on the percentage reduction in greenhouse gas emissions compared with 2013. GHG intensity is assessed for all Group countries that report their use of resources and measure the sum of scopes 1 and 2 from point sources per unit of surface area occupied. The methodology used is the French "Bilan Carbone" method, compatible with GHG Protocol Guidelines and provides energy emission factors associated with each country, for a precise calculation of the Group's emissions. This global assessment also measures progress made on targets set using the Science Based Target initiative (SBTi) sector-based approach, which defines an emissions reduction trajectory (scopes 1 and 2) to meet the commitments in the Paris Agreement and keep the rise in global temperatures below 2°C.

Performance monitoring

With the development of the environmental management system and ongoing campaign to raise the awareness of the Group's employees and stakeholders, GHG emissions were reduced by **26%** in **2018**, thereby achieving 100% of the total reduction target of **26%** by **2022** and well on the way toward the reduction target of **52%** by **2030**. These targets are in line with the trajectory recommended by the SBTi.

2.4.3.2 Designing eco-services for mobility and food waste

Edenred's operations, which involve providing employee benefits, fleet and mobility solutions and other services, do not have a significant direct impact on the environment.

However, if its responsibility is extended upstream and downstream of the use of its solutions, Edenred could be considered to be facing an environmental issue due to the greenhouse gas emissions produced by its mobility solutions and the food waste resulting from its meal vouchers.

2.4.3.2.1 Priority issue: climate change – sustainable mobility

Mobility is an increasingly important issue for companies. Employee travel during the work day generates costs and causes pollution. Corporate clients and employee users therefore have to find ways to optimize their travel in order to move toward a low-carbon economy. As a supplier of fleet and mobility solutions and employee benefits, Edenred is a natural contributor to this transition by supporting its stakeholders and offering eco-services to encourage new forms of mobility. These services, whether they involve employee benefits or fleet and mobility solutions, may either be services in their own right or support existing programs.

Eco-friendly fleet and mobility solutions

Some Edenred subsidiaries have developed services to add environmental value to their mobility programs.

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 purchasing power of employee users. More than 820,000 such users already receive *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 and includes many alternative means of mobility.

In 2018, Edenred Belgium launched a tour to promote these vouchers. Throughout the month of June, an eco-friendly mobile home set off around the country to meet *Ticket EcoCheque* users. The campaign aimed to show how these eco-vouchers are not just for buying "extras" or products that are mistakenly viewed as expensive or hard to find, but that they are perfect for buying day-to-day essentials. To do that, the eco-truck was filled entirely with products that can be purchased with the vouchers, all except one. Visitors had to find the exception to win eco-friendly gifts offered by *Ticket EcoCheque* partners.

The campaign was a huge success, covering more than 3,000 kilometers throughout Belgium and reaching over 6,000 users.

Brazil

Ticket Log's *Carbon Credit* program generates carbon credits by replacing traditional fuel with ethanol in flexible-fuel vehicles. Fourteen corporate clients of the subsidiary currently employ this unique solution, which has generated 26,000 metric tons of CO_2 equivalent in carbon credits since 2012.

From an educational perspective, Edenred Brazil, in partnership with Navig, also conducted an assessment of drivers of both heavy and light vehicles in order to promote concentration and safety when behind the wheel, raising awareness among some 1,400 drivers in 2018.

Mexico

Ticket Car developed the *Ticket Carbon Control* program in Mexico in 2012, which gives some 30 clients detailed, precise information about their vehicles' fuel-related CO_2 emissions.

These emissions are calculated based on the type of fuel, the vehicle's technical features, distance traveled and data from either the car's GPS or payment terminals.

Germany

An increasing number of shipping companies are adding electric or hybrid vehicles to their fleet. In 2018, the UTA subsidiary introduced an electric vehicle charge card in partnership with NewMotion. Employee users can apply for a UTA eCharge card through their customer service provider. They can then activate the card via NewMotion to use it at the 80,000 charging stations across Europe.

France

In March 2018, La Compagnie des Cartes Carburant introduced a new carbon neutrality service for Intermarché PRO fuel card corporate clients to mark International Day of Forests. With this card, users can offset all of their CO_2 emissions by buying certified carbon credits.

Client users receive an offset statement every month and an official offset certificate at the end of the year. A newsletter is also sent with tips on how to reduce their emissions, for example through eco-driving techniques.

At the same time, its partner Reforest'Action plants a tree in the client's region for every 200 liters of fuel purchased. This program therefore has a double positive impact on the climate, both reducing and offsetting emissions. Plantation projects can be followed in real time on the organization's website[1].

Around 500 clients, representing 2,500 cards, had signed up at the end of 2018, attesting to their interest in protecting the environment. More than 9,000 trees have been planted, offsetting 5,571,703 kilometers traveled by car.

(1) https://www.reforestaction.com/en/la-compagnie-des-cartes-carburant

Employee benefit programs to encourage sustainable mobility

Finland

To promote the use of public transportation, which has a reduced environmental impact, and encourage employees to use it instead of their car, Edenred introduced the *Ticket Transport*, a commuter benefits card that can be used with most modes of public transportation (760 points of sale).

At the end of 2018, 173 corporate clients and 3,836 employee users had chosen this solution to limit GHG emissions and promote physical exercise between the different means of transportation.

United States

The *commuter benefits* card offered by Edenred USA lets corporate clients help their employees cover transportation costs through a subsidy or tax-free salary contribution. Employee users who benefit from subsidies can therefore qualify for an income tax exemption by replacing the use of their private car with other forms of transportation, such as bus, subway, bicycle and even ride-sharing services such as Uber since 2017.

At the end of 2018, 8,710 corporate clients and 264,362 employee users had opted for this solution. A total of 39,000 bicycle vouchers have been issued in 2019 to encourage employees to bike to work. Each participant saves an estimated 2 liters of gas a day by using this service.

United Kingdom

Cycle to Work is a service integrated into the employee benefits program devised by Edenred UK. It allows employers to reduce their payroll costs by subsidizing the purchase of bikes and safety equipment for their employees. In concrete terms, employees who choose to ride to work benefit from a discount of up to 48% to buy the bicycle and can pay in installments over a year.

The model strongly encourages employers to promote this healthy, environmentally friendly mode of transportation.

2.4.3.2.2 Fight against 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.

The very nature of its *Ticket Restaurant®* program and the shift to a digital system reflect this commitment. 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.

Edenred also campaigns to raise the awareness of its employees and external stakeholders, especially partner merchants, about food waste. In 2018, seven subsidiaries, accounting for 63% of food-related business volume, carried out at least one awareness initiative related to food waste, including:

Raising awareness among partner merchants and employee users

Comida application in Chile

Edenred Chile has developed the Ecomida mobile app to combat food waste. Edenred's partner merchants can offer restaurant voucher users unsold food in real time and at a discount.

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 employee users** of Edenred meal vouchers 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.

For Idealday on June 21, 2018, Edenred Italy employees distributed eco-designed flyers featuring sustainable best practices, such as the use of doggy bags, to partner restaurants to educate them about food waste.

Other initiatives

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 full waste life cycle. Employees throw organic waste into containers that are stored in a suitable location until collection by city waste disposal services. Any recyclable waste is collected by an organization that works with a children's hospital.

Partnership with the food bank in the Czech Republic

In 2018 in the Czech Republic, Edenred became a partner to Potravinová banka, which has been taking action to prevent waste for the past eight years. This food bank collects unsold and unsellable food from producers, stores it and then distributes it to the needy. A total of 210 metric tons of food was donated to 138 homes, shelters and other organizations, feeding 30,000 people.

As a major player in the meal voucher market in the Czech Republic, Edenred has a responsibility in the fight against food waste. For this reason, it decided to collect expired meal vouchers from users and donate an amount equal to twice the value of the vouchers to the food bank.

Making jam to prevent food waste in France

For Idealday 2018, some 50 Edenred International employees made 125 jars of jam using unsold fruit and vegetables from supermarkets. A total of 14 kilograms of food was saved, and the jam was distributed by Edenred employees to young people involved in an inclusion program supported by Edenred.

2.4.3.2.3 Key progress indicators

Calculation method

Edenred's progress on this commitment will be measured annually based on the number of eco-services developed Group-wide to address the issues of mobility and food waste.

Performance monitoring

The figure stood at **10** in **2018**, with a target to reach **20** by **2022** and to have at least **one per country** by **2030**.

2.4.3.3 Managing the impact of solutions during their lifetime

Most of Edenred's impacts on the environment stem from the production of paper vouchers and cards. Edenred has made it a priority to migrate existing paper solutions and cards toward sustainable formats.

2.4.3.3.1 Priority issue: climate change – eco-design

Eco-designed solutions

Edenred increasingly develops paperless formats for its payment solutions available to employee users. Taking an eco-design approach to these solutions, whether physical or digital, is one of the key priorities of Edenred's environmental policy.

Using eco-friendly paper

As part of the Group's commitment to eco-design, 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 2018, **17** subsidiaries – representing 74% of the workforce and 79% of business volume of subsidiaries that produce paper vouchers – used recycled or FSC-certified paper for voucher production. This limited the Group's contribution to logging.

In France, for example, Edenred was the first meal voucher issuer to use fully recycled security paper and to earn FSC certification.

Comparing 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 using three indicators – climate change, resource depletion and water use – so that priority actions could be identified to reduce the cards' environmental impact.

The primary conclusion was that the card has a more positive impact in terms of climate change and use of natural resources.

For the first two indicators, the *Ticket Restaurant*® card emerged as 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 greenhouse gas emissions are significantly reduced in the production and distribution stages. The card is more energy efficient and produces less GHG emissions.

However, paper vouchers use less water than cards, for two reasons:

- in 2012, Edenred France opted to use only 100% recycled paper in its voucher production and to recycle all redeemed vouchers, which significantly attenuated their impact;
- the *Ticket Restaurant*® card uses more water in the utilization phase because the lifecycle assessment takes into account the non-recyclable thermal paper receipt issued with each payment.

The assessment helped identify tangible ways to reduce the environmental footprint of payment vouchers, both at Edenred and across the entire industry.

Recycling cards

The French subsidiary was a pioneer in the introduction of a system to encourage users to recycle their *Ticket Restaurant*® cards. When their card expires, users 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 environmentally friendly) process. The resulting plastic (98.4%) and metal (1.6%) is reclaimed to make new cards.

This service was honored in France at the 2016 CSR Awards, as a possible recycling solution for the entire industry. Since 2017, Edenred France also give its corporate clients kits to encourage waste collection, including special boxes and tools for building awareness about eco-friendly gestures among the 610,000 employees who use *Ticket Restaurant*® cards.

Using eco-friendly cards

Certain subsidiaries are looking at using more environmentally friendly materials than recycled PVC for card production.

2.4.3.3.2 Improving and reducing the use of raw materials

The Group is actively engaged in transitioning its solutions to paperless media in the form of cards, mobile applications and digital platforms. This approach considerably reduces the impact of Edenred's business on paper resources.

Although card production is outsourced, the amount of plastic used in marketing these media is reported.

Edenred's ISO 14001-based environmental management system is designed to promote the responsible use of raw materials.

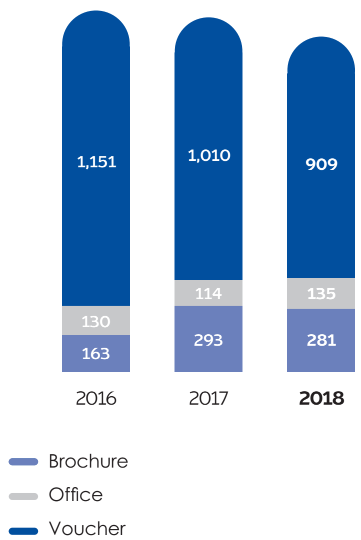
Paper use

Wood used to make the paper for vouchers is one of the main raw material used by the Group.

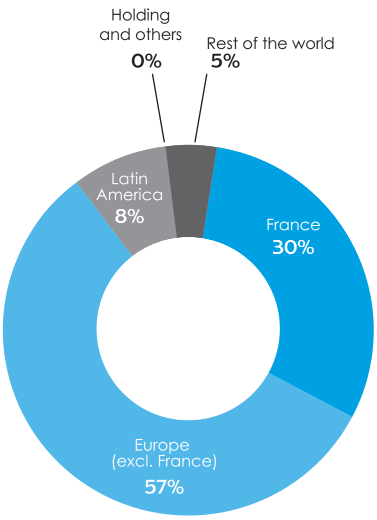
Vouchers are printed on pre-printed backgrounds sourced from third-parties. These backgrounds are also used by some of the subsidiaries to customize their own vouchers at Edenred production facilities using specialized printers. This means that paper represents one of the leading impacts of Edenred's business.

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 FROM 2016 TO 2018 *(in metric tons)*



PROCESS PAPER USED IN THE PRODUCTION OF ISSUED VOUCHERS BY REGION IN 2018 *(in metric tons)*



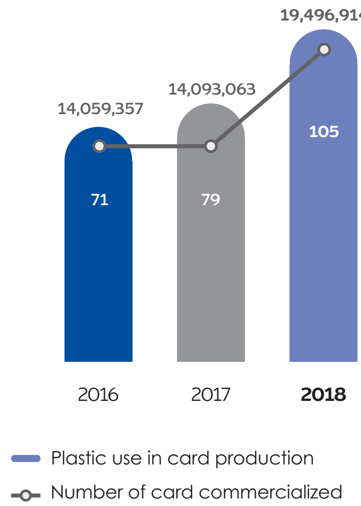
Total paper consumption, related to producing vouchers and brochures and for general office use, decreased by 7% in 2018, despite the increase in the workforce. The reduction in consumption is mainly due to the transition to paperless vouchers and the introduction of environmental management systems 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.

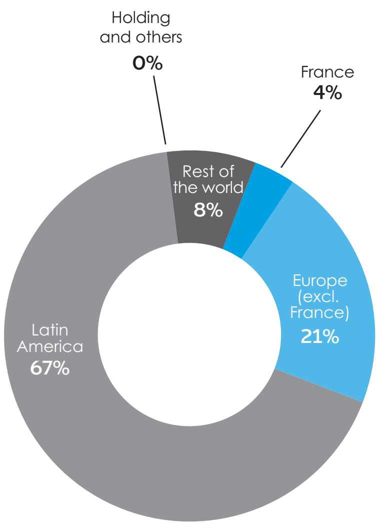
In 2018, a total of **105 metric tons** of plastic was used in the Group's card production. This 30% increase is due to the growing digitalization of Edenred solutions.

TOTAL PLASTIC CONSUMPTION FROM 2016 TO 2018
(in metric tons)



The methodology for calculating plastic consumption changed in 2018 in line with the weight of cards issued by each of the Group's subsidiaries. The average weight for a card was determined by multiplying the average weight of cards in 21 countries, indicating the amount of plastic used, by the number of cards issued in each country. The average weight included the plastic material as well as any chips and antenna, which represent less than 2% of a card's weight. The methodology is expected to further change over the years to more accurately reflect the actual quantity of plastic consumed at the Group level.

AMOUNT OF PLASTIC USED IN CARD PRODUCTION IN 2018 BY REGION *(in metric tons)*



2.4.3.3.3 Key progress indicators

Calculation method

Edenred's progress on this commitment to manage the impact of its solutions across their lifecycle will be measured annually based on the percentage of eco-designed or recycled solutions marketed by the Group. These solutions are either in paper (recycled or FSC or PEFC-certified) for paper vouchers or in plastic (recycled, organic PVC, PLA or other plastics) for cards.

Performance monitoring

This percentage stood at **16%** in **2018**, with a target of **35%** by **2022** and **70%** by **2030**.

2.4.4 PROGRESS: create value responsibly

Edenred is committed to creating value by developing its business and partnerships in an ethical way throughout its value chain, ensuring IT security and data protection and meeting the expectations of its stakeholders while making them partners in its digital transformation.

2.4.4.1 Ethically developing activities and partnerships all throughout the value chain

2.4.4.1.1 Priority issue: business ethics

As a leader in transactional solutions, Edenred must be a trusted partner, especially when working with governments and institutions. Upholding fair business practices, and in particular guaranteeing ethical performance throughout its value chain, is crucial and comes with significant risk. The Group must fight against corruption and money laundering and comply with competition law in an industry in which it is a leader.

Fair practices

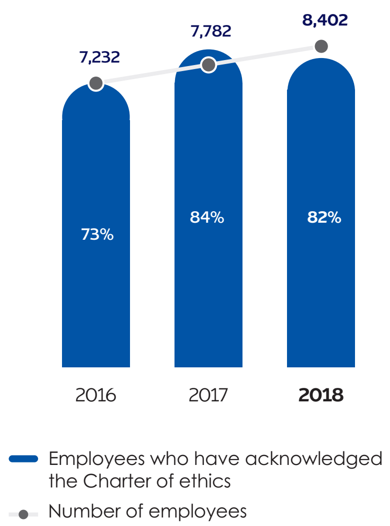
Charter of Ethics

Edenred's Charter of Ethics, available on the corporate website[1], presents the Group's main ethical principles, The Charter covers 13 topics, including protection of company assets, IT security, personal data protection, compliance with competition law and non-discrimination.

The Charter also 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-2018, a total of 82% of employees had approved the Charter and the majority of subsidiaries had introduced a clause requiring work contracts to comply with the Charter. This indicator fell slightly due to the significant increase in headcount and integration of new subsidiaries.

NUMBER OF EMPLOYEES WHO APPROVED THE CHARTER OF ETHICS



(1) www.Edenred.com/en/discover-group/our-social-commitments

Corruption prevention

The Legal and Regulatory Affairs Department has prepared a best practices guide aimed at avoiding and fighting against 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 and other years. 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.

Competition law

The Group's Legal and Regulatory Affairs Department regularly leads campaigns to educate and raise the awareness of executive managers from the Group's subsidiaries about competition law.

The measures taken by Edenred to identify and manage competition risks are outlined in section 2.2.1.2. "Risks associated with regulatory compliance and business ethics" on page 49 of this document.

Prevention of money laundering

Policies on anti-money laundering (AML) and combating the financing of terrorism (CFT) were reviewed to bring them in line with new European legislative and regulatory requirements. These policies were then implemented at Edenred subsidiaries that use electronic currency in Europe.

The measures taken by Edenred to identify and manage money laundering risks are outlined in section 2.2.1.2.2. "Risks associated with regulatory compliance and business ethics" on page 49 of this document.

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, for example work shifts, the basis for calculating hours worked, 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.

Inclusion of social and environmental issues in purchasing policy

Since 2016, Edenred distributes a new version of its Charter of Ethics that applies to every business partner, subcontractor 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.

A clause on the Charter of Ethics was prepared in 2018 by the Group's Legal Department. It states, "The supplier acknowledges that it is aware of and understands the Edenred Charter of Ethics and the professional integrity and compliance rules it covers, and pledges to apply and uphold these principles. The supplier also ensures that its subcontractors, employees, agents and representatives fully comply with the Edenred Charter of Ethics in fulfilling their respective obligations under this agreement".

The Group included this clause in some of its tender bids, to which the Charter of Ethics was attached, and plans to integrate it into all its tenders in 2019.

Integrating Ethics issues at subsidiaries

Ethics training and workshops

In 2018, several subsidiaries organized training and/or workshops on ethical issues:

- the Bulgarian subsidiary held a workshop on ethical behavior in the workplace and in conducting business with clients and prospects;
- in Romania, training on ethics and anti-corruption was organized with the support of a law firm;
- in France, 74% of employees concerned (210 people) took a classroom training course on anti-corruption;
- in Mexico, new employees receive mandatory training on anti-money laundering and take an online exam. The subsidiary is currently developing a comprehensive e-learning program on the issue.

Action on compliance in Brazil

In 2018, Edenred Brazil organized a week-long event on compliance in São Paulo. Experts were invited to discuss the subsidiary's whistleblowing procedures, as well as anti-money laundering and anti-corruption issues and the Brazilian central bank's regulation on payment methods. Employees at subsidiaries in southern Brazil, in Porto Alegre and Campo Bom, also benefited from a day-long compliance event on ethical issues.

Employees took mandatory training throughout 2018 *via* e-learning modules on anti-money laundering, anti-corruption and the Charter of Ethics. Compliance ambassadors also received training to spread a culture of compliance at each operating unit.

A guide for partners and suppliers was compiled in 2018 to share Edenred's best practices in ethics and compliance and to introduce the ethics program. A document on the program was also posted on Edenred Brazil's website.

Responsible Purchasing Charter in France

Edenred France 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.

Italy – SA8000 certification

Edenred Italy has been SA8000 certified since 2015. This standard measures an organization's social accountability performance based on criteria of quality, compliance and respect for human rights, as defined in the International Labour Organization (ILO) conventions, United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. In meeting SA8000, Edenred guarantees social performance based on these criteria at its production facilities and throughout its supply chain.

2.4.4.1.2 Key progress indicators

Calculation method

Edenred's progress on this commitment to create value responsibly will be measured annually based on the percentage of Group employees who have approved the Charter of Ethics.

Performance monitoring

This percentage stood at **82%** in **2018**, given the integration of new subsidiaries, with a target of **100%** by **2022**. The long-term objective is to be listed as one of the **World's Most Ethical Companies** by **2030**.

2.4.4.2 Ensuring IT security and data protection

Its very high proportion of digital solutions means that Edenred must work continuously to bolster the security of its IT systems.

In addition, as an employer and service provider, Edenred is subject to personal data protection rules governing individual identity, privacy and freedoms.

2.4.4.2.1 Priority issue: IT 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.

Edenred has gained recognized expertise in IT security. Units in several countries are ISO/IEC 27000 certified or meet similar standards on information security management systems. These standards make it easier to manage information security, especially financial data, intellectual property, employee-related information and data provided by third parties. To date, six subsidiaries – in the Czech Republic, Italy, Mexico, Singapore and the United Kingdom, along with PPS – meet these types of certifications.

Some subsidiaries also provide training on information security. For example, in Mexico, all employees take an e-learning program covering several modules: general information, security measures, prevention, protection and final evaluation.

2.4.4.2.2 Priority issue: personal data

Data privacy and security for Edenred's clients, users and employees are issues that Edenred must address to maintain and build the trust of all its stakeholders. This is especially true with the current shift of most of the Group's solutions toward digital formats, expansion of its businesses, and stricter regulations following the application of the GDPR (Genral Data protection Regulation) in Europe in May 2018 (see sections 2.2.1.2.2. "Risks associated with regulatory compliance and business ethics" on page 51 and 2.2.1.3 "Information systems and cybercrime risks" on page 51).

Edenred launched a compliance project in 2017 to create tools, processes, governance and organizational structure for the Group and its subsidiaries to optimize the management of personal data and transparency for individuals whose personal data are processed.

A Group Data Protection Officer (DPO) was appointed at the end of 2017 to manage and coordinate the project. The DPO works with a network of representatives from each subsidiary in Europe.

A shared compliance tool was implemented to help subsidiaries, with the support of the DPO, meet their obligations of maintaining processing records and performing data protection impact assessments, and to enhance coordination between the Group DPO and local representatives.

A data breach response plan was also disseminated so that swift and effective action can be taken in the event of an incident involving personal data.

The Group sets out recommendations to help subsidiaries better understand data protection issues and implement the right processes and procedures to guarantee data privacy and security, and to comply with regulations.

The Group also takes steps to ensure that subcontractors are held accountable and that any individual involved in processing personal data is provided with clear and available information in line with the requirements of these regulations.

At the subsidiary level, training and workshops on personal data issues were organized in 2018 in several countries, including Belgium, Sweden and Taiwan.

2.4.4.2.3 Key progress indicators

Calculation method

Edenred's progress on this commitment to guarantee information security and protect personal data will be measured annually based on the percentage of subsidiaries that comply with data processing standards and have educated their employees about this issue.

Performance monitoring

As of **2018**, **100%** of European subsidiaries are compliant with the **GDPR**. The target is to bring all Group subsidiaries in compliance with the standard by **2022**. In the longer term, Edenred plans to establish **Group-wide strict internal rules and certifications** by **2030**.

2.4.4.3 Meeting the expectations of stakeholders while involving them in Edenred's digital transformation

Edenred has a large number of external stakeholders, the first among whom are directly impacted by its business activity: corporate clients, partner merchants and employee users. The Group has always sought to meet their needs, by making its passion for its customers one of its core values.

This is the very heart of the challenge that Edenred faces today. While amid its digital transformation, the Group must continue to satisfy its clients while responsibly developing digital solutions that are available to everyone.

2.4.4.3.1 Priority issue: guaranteeing responsible payment digitization and widely available solutions

Edenred develops and provides specific, concrete solutions to meet the needs of the working world. Social change resulting from the digital transition is both a challenge and an opportunity for Edenred to adapt its solutions in order to meet the new needs of its stakeholders and support its corporate clients and employee users in this transformation. It also provides a way to meet new regulations by migrating systems and data in line with emerging standards applicable in the Group's different operating regions.

Guaranteeing transparency and compliance

The digital transition brings with it new standards. Whenever possible, Edenred launches certification processes to confirm the strength of its methodology, security systems and best practices, and its understanding of these issues.

Confianza Online label in Spain

Since 2013, the Spanish subsidiary has earned the "Confianza Online" (online trust) seal, Spain's leading national certification program to promote best online practices used by over 2,700 websites.

Organizations seeking certification must comply with the Confianza Online Ethical Code in terms of digital advertising, e-commerce, personal data protection and protection of minors. The subsidiary's e-commerce site was assessed based on 30 criteria to qualify for the Trust Mark, which is officially recognized in Spain.

Contributing to financial inclusion

Edenred applies new technology, especially mobile technology, to promote financial, technological and social inclusion to the greatest number of people through its services and solutions.

Technological and financial inclusion in Dubai

Edenred creates digital solutions that improve the day-to-day lives of workers in difficult living conditions. In the United Arab Emirates, more than 900,000 employees receive their monthly pay via the C3 payroll card in 2018.

The card connects to the C3 mobile app to provide financial services that were not previously available to unbanked or underbanked workers (real-time account balance, transaction history, prepaid mobile phone service...), offering them security and flexibility in using their pay. Services also include transferring funds to other countries easily and securely.

In 2019, C3 plans to add a salary advance feature through its card.

Financial inclusion in Brazil

The subsidiary Repom develops prepaid cards for independent truckers who deliver goods as an outsourced service for major manufacturers and trucking companies. This solution meets their need to receive their wages *via* secure transactions and with increased traceability. These cards cover all of independent truckers' expenses, including fuel, restaurants and tolls, but also provide a payment record for their work. As a result, this contributes to their economic inclusion, as they can, for example, apply for a mortgage with a bank.

Ensuring accessibility to its solutions

Edenred works to support its stakeholders through its transition by respecting everyone's needs and, in particular, guaranteeing digital solutions that are accessible in any circumstances.

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, as of the summer of 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.

2.4.4.3.2 Priority issue: client satisfaction

For more than 50 years, Edenred has worked with companies, employees and merchants every day to understand their needs and better anticipate those needs in the future. The Group pledges to improve every last detail of the partnerships it develops until 100% of its customers recommend Edenred to their network.

2018 highlights in client services

Edenred Spain and Edenred France were voted "2019 Customer Service of the Year" in their respective countries. This recognition is more than an award, it is a confirmation for both subsidiaries.

In 2018, Edenred Spain was given this honor for the second year in a row in the "Company payment services" category. It was the sixth top award for Edenred France, in the same category for its *Ticket Restaurant®* and *Kadéos* solutions.

Over 200 clients in France and Spain anonymously participated in reviewing each candidate company across all contact channels (email, social media, phone calls,...).

Satisfaction surveys

Greece

A satisfaction survey was conducted in Greece at the end of 2018 to evaluate all its solutions (*Ticket Restaurant*, *Spendeo* and *Ticket Compliments*), tools (platforms, applications, websites) and procedures (before and after sales support, order and delivery procedures,...).

Corporate clients, partner merchants and employee users were asked to measure their satisfaction. In all, around 1,900 stakeholders responded.

Uruguay

A satisfaction survey of all partner merchants was conducted. About 90% of respondents ranked the subsidiary's service quality between "good" and "excellent".

Recognition for Edenred's CSR approach

EcoVadis assessment

Edenred has taken part in the EcoVadis questionnaire for several years. EcoVadis assesses more than 45,000 companies worldwide based on criteria in four categories: environment, fair labor and human rights, ethics, and sustainable procurement.

The Group earned a score of 62 out of 100 in 2018. This ranked Edenred in the ninety-ninth percentile, meaning that its score at the time of publication was equal to or higher than 99% of the companies assessed by EcoVadis.

This score placed Edenred in the Gold category of the EcoVadis rating system, which is used by many international clients as a reference in their tender bids.

Some subsidiaries, such as Edenred France, are assessed independently by EcoVadis. In 2018, Edenred France achieved a score of 68 out of 100, also assigning it to the Gold category.

Quality management systems

Through its commitment to satisfaction, the Group also pledges to provide quality service for its stakeholders. Every year, it extends its certifications and recognition for its quality management system, such as ISO 9001. These management systems represent all the measures taken to implement a continuous improvement approach with the goal of enhancing the quality of the organization. To date, 14 subsidiaries – France, Belgium, Italy, Mexico, Greece, the Czech Republic, the United Kingdom, Brazil, Chile, India, Romania, Bulgaria, Spain and Turkey – hold these types of certifications.

2.4.4.3.3 Stakeholder dialogue

In working toward its objective to create value, Edenred seeks to establish relations with any individual or organization it engages with. The following table presents the conditions for dialogue with each stakeholder.

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 and Marketing Department, subsidiary senior management; • Group HR and CSR Department.	• Customer surveys; • Tender bids; • Client presentations; • Website; • Theme workshops.	• Satisfaction and opinion surveys; • Awareness of material aspects; • Product and service impact and compliance; • Business ethics; • Eco-services proposed in Group solutions.
Partner merchants Restaurants, foodservice outlets, service stations, dry-cleaners,...	• Subsidiary Affiliates and Marketing departments.	• Extranet website; • CSR programs (*NutriSavings*, *Ecomida*, carbon control,...); • FOOD program affiliate questionnaires and other surveys; • Targeted newsletters and email campaigns.	• New business development; • Educating restaurants in healthy eating practices, and dry-cleaners and service stations in environmental issues.
Employee users, citizens	• Subsidiary Marketing Department.	• Website, social media; • Beneficiary website; • Targeted newsletters and email campaigns; • Dedicated events.	• 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 HR and CSR Department; • Subsidiary senior management and HR manager.	• Special committees (Works Council or similar, 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 loyalty, motivation and retention; • Engagement in the corporate projects and CSR strategy.
Shareholders Institutions, individuals, the financial community, SRI rating agencies, the French financial markets regulator (AMF)	• Group executive management; • Investor Relations Department; • Group HR and CSR Department.	• Registration Document and Integrated Report; • 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.

2.4.4.3.4 Key progress indicators

Calculation method

Edenred's progress on this commitment to support its stakeholders through the digital transformation will be measured annually based on the percentage of its subsidiaries certified for quality management, based on ISO 9001.

Performance monitoring

This percentage stood at **41%** in **2018**, with a target of **50%** by **2022** and **85%** by **2030**.

2.4.5 Monitoring key performance indicators

people.

KEY INDICATORS	2018	2017	2016
Percentage of women in executive positions	20%	21%	
Percentage of Edenred employees, on average over the previous five years, who attended at least one training course in the year	79%	78%	78%
Merchants and users made aware about balanced nutrition	30%	29%	
Number of days devoted to volunteering	1,008	586	327

OTHER INDICATORS	2018	2017	2016
Number of employees	8,402	7,782	7,232
% under permanent contracts	95.1%	95.3%	95.9%
% women	51.1%	50.2%	50.1%
% men	48.9%	49.8%	49.9%
Number of interns	254	240	199
Full-time equivalent	8,390	7,674	7,248
% of total manager workforce (1)	20.9%	19.4%	19.3%
% women manager	39.4%	38.0%	38.3%
% men manager	60.6%	62.0%	61.7%
Employees who attended one training course during the year	83.2%	83.6%	76.9%
Number of hours of training (2)	164,886	130,596	106,210
Number of hours of training for managers	54,734	32,781	24,840
Number of hours of training for non-managers	110,152	97,815	81,370
Number of employees having attended at least one training course	6,991	6,507	5,563
Number of managers having attended at least one training course	1,780	1,238	969
Number of non-managers having attended at least one training course	5,211	5,269	4,594
Lost-time incident frequency rate (LTIF) *(%)* (3)	3.5	4.7	3.0
Severity rate *(%)* (4)	0.1	0.1	0.1
Absenteeism rate *(%)* (5)	2.2	2.7	2.9
Number of fatal accidents in the workplace	0	1	0
Number of occupational illnesses resulting in at least one day of lost time	2	5	2
Direct donations *(in €)*	815,221	1,057,386	253,904
Indirect donations *(in €)*	1,192,981	802,712	779,165
Volunteer time based on payroll cost *(in €)*	234,352	137,103	70,727
Total donations *(in €)*	2,242,555	1,997,201	1,103,796
Employees made aware about community outreach	86%	72%	75%

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 individuals under permanent and fixed-term contracts (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. The purpose is to measure the organization's operational workforce, taking into account work week 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.

(3) Lost-time incidents: 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 occupational accidents, commuting accidents, occupational illnesses and non-occupational illnesses.

2

planet.

KEY INDICATORS	2018	2017	2016
Reduction in GHG intensity *(in tCO_2 eq/sqm)*[(1)]	26%	18%	23%
Number of eco-services for sustainable mobility and to fight food waste	10	9	6
% of eco-designed solutions *(in business volume)*	16%	27%	
Percentage of subsidiaries *(in business volume)* that use environmentally friendly paper out of total subsidiaries producing paper vouchers	79%	86%	81%

OTHER INDICATORS	2018	2017	2016
Number of subsidiaries with an environmental management system	11	10	5
Environmental certification coverage *(in number of employees)*	50%	48%	51%
Number of environmental non-compliance incidents	0	0	0
Employees made aware about environmental issues	65%	69%	71%
Annual natural gas use *(in kWh, LHV)*	2,071,919	2,404,439	1,361,011
Annual fuel oil use *(in kWh, LHV)*	187,647	461,411	626,538
Annual electricity use *(in kWh)*	15,185,916	15,560,153	15,341,948
Total energy use *(natural gas, fuel oil and electricity)* in kWh	17,445,482	18,289,514	17,329,497
Direct GHG emissions from point sources *(in tCO_2 eq)*	566	735	535
Direct GHG emissions from mobile sources *(in tCO_2 eq)*	5,662	5,149	
Indirect GHG emissions resulting from electricity use *(tCO_2 eq)*	3,868	4,286	4,189
Total GHG emissions from point sources *(in tCO_2 eq)*	4,435	5,021	4,724
Total GHG emissions (scopes 1 and 2) *(in tCO_2 eq)*	10,096	10,170	
GHG intensity of point sources *(in kg CO_2 eq/sqm)* [(2)]	48.6	53.1	50.3
Annual water use *(in cubic meters)*	61,606	62,401	55,093
Waste *(in metric tons)*	1,012	912	1,069
Brochure paper use *(in metric tons)*	281	293	163
Office paper use *(in metric tons)*	135	114	130
Voucher process paper use *(in metric tons)*	909	1,010	1,151
Total paper use *(in metric tons)*	1,324	1,417	1,444
Annual plastic consumption for card production *(in metric tons)*	105	79	71

Note on reported information:
The scope of environmental indicators is detailed in section 2.4.1.2 starting from page 79.
(1) The reduction in GHG intensity refers to the effective reduction in greenhouse gas (GHG) emissions per unit of surface area for point sources (scopes 1 and 2) compared with 2013.
(2) GHG intensity of point sources refers to GHG emissions (scopes 1 and 2) from point sources per unit of surface area occupied.

progress.

KEY INDICATORS	2018	2017	2016
Employees who approved the Charter of Ethics	82%	84%	73%
Subsidiaries compliant with data protection standards	100% in Europe		
ISO 9001 certification coverage (in number of employees)	41%	39%	

OTHER INDICATORS	2018	2017
Number of subsidiaries with ISO 27001 certification and other IT security certifications	6	6
Number of subsidiaries with ISO 9001 certification	14	16
Number of subsidiaries with other quality certification	3	2

2.4.6 CSR Independent third party verification report

Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non financial statement published in the group management report

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.

For the year ended December 31, 2018

To the Shareholders,

In our capacity as Statutory Auditor of Edenred SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). 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.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on:

- the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation
- the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code 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 (*Assurance engagements other than audits or reviews of historical financial information)*.

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results;
- we assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation justifying the absence of information required by paragraph 2 of section III of Article L. 225-102-1;
- we verified that the Statement presents the business model and the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators;
- we verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of Article R. 225-105;
- we assessed the process of selecting and validating the main risks;
- we inquired as to the existence of internal control and risk management procedures set up by the company;

- we assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented;
- we verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- we assessed the collection process set up by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[1] that in our judgment were of most significance, we carried out:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[2] and covered 29% of headcount and between 21% and 45% of the consolidated data for the environmental key performance indicators and outcomes selected for these tests;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance[3];
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of five people between November 2018 and March 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, March 12, 2019

One of the statutory auditors,

DELOITTE & ASSOCIÉS

Patrick E. Suissa	Julien Rivals
Partner	Partner, Sustainability Services

(1) Quantitative information selected : Total headcount ; Percentage of women in management positions ; Total number of hires and departures ; Absenteeism rate ; Frequency rate ; Severity rate ; Number of employees having attended at least one training course ; Business volume of subsidiaries using recycled or FSC certified paper for voucher production ; Voucher process paper use ; Plastic consumption for card production ; Total energy use ; Direct GHG emissions from point sources and indirect GHG emissions resulting from electricity use ; Number of days devoted to volunteering ; Number of merchants and users made aware about balanced nutrition ; Percentage of employees who have approved the Charter of Ethics ; Percentage of subsidiaries with ISO 9001 certification (quality management)

(2) Entities selected : Edenred France, Edenred Mexico, Ticket Log (Brazil), Ticket Servicos (Brazil), UTA (Germany)

(3) Qualitative information selected : Prevention of money laundering ; Fight against food waste ; IT security ; Personal data

3

Corporate governance report

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 June 2018. 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.

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).

3.1.1 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 relevant section of the Registration Document).

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, 2018

Directors

The table below summarizes the membership of the Board of Directors at December 31, 2018. 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 BOARD MEETINGS
Bertrand Dumazy	47	No	1				2015	2022 AGM	100%
Jean-Paul Bailly	72	Yes	2	X		X	2010	2020 AGM	100%
Anne Bouverot	52	Yes	2			X	2010	2021 AGM	83%
Sylvia Coutinho	57	Yes	0		X		2016	2021 AGM	100%
Dominique D'Hinnin	58	Yes	2	X			2017	2020 AGM	83%
Gabriele Galateri di Genola	72	Yes	2		X		2010	2022 AGM	83%
Maëlle Gavet	40	Yes	0				2014	2022 AGM	83%
Françoise Gri	61	Yes	2		X		2010	2021 AGM	83%
Jean-Bernard Hamel	57	No	0						100%
Jean-Romain Lhomme	43	Yes	0	X			2013	2022 AGM	100%
Bertrand Meheut	67	Yes	1			X	2010	2020 AGM	83%

Gender balance

As of December 31, 2018, 40% of the members of Edenred's Board of Directors were women, in line with the principle of gender-balanced representation. The employee-representative director is not included when calculating the Board's gender balance.

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, 2018, the Board of Directors had eleven 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, 2018:

	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-Bernard Hamel	x	•	•	•	•	•	•	NO
Jean-Romain Lhomme	•	•	•	•	•	•	•	YES
Bertrand Meheut	•	•	•	•	•	•	•	YES

Directorships

As of December 31, 2018, 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, 2018:
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, 2018

- Chairman of the Supervisory Board – Europcar (listed company) – France

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

- Director – Accor SA (listed company) – France

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, 2018:
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 Chair 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, 2018
- Director – CapGemini SA (listed company) – France
- Director – Cellnex Telecom (listed company) – Spain
- Corporate Secretary – CICS – Conseil des Industries, de la Confiance et de la Sécurité – France
- Vice-Chair – FIEEC – Fédération des Industries Électriques, Électroniques et de Communication – France
- Director – Euveka – France
- Chair – fondation abeona – France

FORMER DIRECTORSHIPS AND POSITIONSHELD IN THE PAST FIVE YEARS
- Chair – Safran Identity & Security – France
- Chair – Morpho Trak, LLC – United States
- Chair of the Board of Directors – Morpho Detection International, LLC – United States
- Member of the Supervisory Board – Morpho Cards GmbH – Germany
- Chair – 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 Lima4440-9 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, 2018:
500

MAIN POSITION:
Country Head 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 has served as the Country Head of the banking group UBS in Brazil and chaired UBS' Brazilian Executive Committee.

INDEPENDENT WITH REGARD TO AFEP/MEDEF CODE: YES

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2018
- Country Head – UBS Group Brazil – Brazil
- Head – UBS Global Wealth Management Latin America – Brazil

FORMER DIRECTORSHIPS AND POSITIONSHELD 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, 2018:
511

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, 2018
- 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 POSITIONSHELD 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:
May 3, 2018

Current term ends:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2021

Number of Edenred shares held at December 31, 2018:
126,416

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, 2018
- Chairman and Chief Executive Officer – Edenred SA – France
- Director – Neoen SA (listed company) – 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 POSITIONSHELD 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:
Via Visconti di Modrone, 18,
20123 Milan, Italy

FIRST ELECTED:
June 29, 2010

RE-ELECTED:
May 3, 2018

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2021

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2018:
513

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, 2018

- Chairman – Assicurazioni Generali SpA (listed company) – Italy
- Chairman – Istituto Italiano di Tecnologia (IIT) – 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

FORMER DIRECTORSHIPS AND POSITIONSHELD IN THE PAST FIVE YEARS

- Director – Accor Hospitality Italia Srl – Italy
- Member of the International Advisory Board – Bank of America Merrill Lynch – United States
- Member of the International Advisory Board – Temasek – Singapore
- 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:
May 3, 2018

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2021

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2018:
500

MAIN POSITION:
Chief Operating Officer of Compass

EXPERIENCE AND EXPERTISE:
A graduate of 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, 2018
- Chief Operating Officer – Compass – USA

FORMER DIRECTORSHIPS AND POSITIONSHELD 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

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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, 2018:
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, 2018
- Chief Executive Officer – Françoise Gri Conseil – France
- Director – Crédit Agricole SA (listed company) – France
- Director – WNS Services (listed company, NYSE) – India
- Director – 21 Centrale Partners – France
- Director – Audencia (business school) – France
- Director – CACIB (Crédit Agricole SA subsidiary) – France

FORMER DIRECTORSHIPS AND POSITIONSHELD 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-Bernard Hamel

DATE OF BIRTH:
March 25, 1961

NATIONALITY:
French

BUSINESS ADDRESS:
Edenred SA 166-180 boulevard Gabriel Péri, 92245 Malakoff Cedex, France

FIRST ELECTED:
June 26, 2018

RE-ELECTED:
n/a

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2021

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2018:
4,500

MAIN POSITION:
Senior Vice-President, Treasury and Financing - Edenred SA

EXPERIENCE AND EXPERTISE:
Jean-Bernard Hamel is a graduate of the ESC Amiens business school in France. He began his career in 1985 at Volkswagen, where he held various positions within the finance team before being appointed Corporate Treasurer in 1990. He went on to hold similar positions in a number of other companies, including Group Treasurer at Europcar, International Treasurer at Accor and Head of Treasury and Financing at Louis Delhaize. He joined Edenred in 2010 as Senior Vice-President, Treasury and Financing and was designated employee-representative director by Edenred's Works Council in June 2018.

INDEPENDENT WITH REGARD TO AFEP/MEDEF CODE: NO

DIRECTORSHIPS AND POSITIONS HELD AS OF DECEMBER 31, 2018
- Employee-representative director – Edenred SA (listed company) – France

FORMER DIRECTORSHIPS AND POSITIONSHELD IN THE PAST FIVE YEARS

Jean-Romain Lhomme

DATE OF BIRTH:
August 22, 1975

NATIONALITY:
French

BUSINESS ADDRESS:
Lake Invest S.a.r.l,22 rue Marie AdelaïdeL 2128, Luxembourg

FIRST ELECTED:
October 3, 2013

RE-ELECTED:
May 3, 2018

CURRENT TERM ENDS:
Shareholders Meeting to approve the financial statements for the year ended December 31, 2021

NUMBER OF EDENRED SHARES HELD AT DECEMBER 31, 2018:
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, 2018
- Co-Founder – PJX10 – United Kingdom
- Legal Manager – Des Garçons SCI – France
- Director – BrickVest Ltd. – United Kingdom

FORMER DIRECTORSHIPS AND POSITIONSHELD 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, 2018:
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, 2018

- Chairman of the Board of Directors – PMU – France
- Director – Pierre & Vacances Group (listed company) – France
- Director – Aquarelle.com – France
- Director – Lylo – France

FORMER DIRECTORSHIPS AND POSITIONSHELD IN THE PAST FIVE YEARS

- Director – Accor SA (listed company) – France
- Vice-Chairman of the Board of Directors – SFR Group – France
- 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 2018:

DATE OF THE CHANGE	DIRECTOR CONCERNED	CHANGE
June 23, 2018	Jean-Bernard Hamel	Designation by the Works Council as employee-representative director.

Attendance

Board meetings lasted three hours on average and the attendance rate was 91%.

The attendance rate for each director was calculated based on the six Board meetings held during 2017. Of the six meetings, five were scheduled in accordance with the procedure described in section 3.1.1.5 and one was called at very short notice.

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 Shareholders 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. In 2018, this meeting took place on February 19. 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.

Françoise Gri has held the position of Lead Independent Director and Vice-Chairman of the Board since May 4, 2017.

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 2018.

As Lead Independent Director and Vice-Chairman of the Board, Françoise Gri has a specific email 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.

On the Chairman's recommendation, Board observers are appointed for a term determined by the Board of Directors and may be removed from office by the Board of Directors at any time on the Chairman's recommendation.

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 operations 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 interest 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 define 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 143).

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 139) 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 or she 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, email or fax or verbally by the Board's Secretary.

Part of at least one meeting a year is devoted to assessing the Board of Directors' efficiency and effectiveness, to identify possible areas for improvement. These assessments are conducted by the Lead Independent Director and Vice-Chairman of the Board for two out of three years and by an external consultant once every three years. In both cases, the questionnaire used to support the assessment process is organized around the following topics: membership of the Board of Directors, organization and operational framework, work of the Board of Directors and its committees, the individual contribution of each director, overall assessment of governance, Internal Regulations and the Director's Charter. Each year, the questionnaire results are presented to the Board of Directors and discussed by its members.

The Board of Directors met six times in 2018. Calls to meeting are sent by email 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 involving 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 Directors being present.

3.1.1.7 Work carried out in 2018

At the Board meetings held in 2018, the Board of Directors dealt with the following matters:

- approval of the financial statements for the year ended December 31, 2017;
- the financial communication processes;
- the 2018 budget and financing plan;
- the Group's strategy including the Fast Forward strategic plan;
- the Annual Shareholders Meeting of May 3, 2018 and the resolutions to be tabled at the meeting;
- the results of the votes conducted at the Annual Shareholders Meeting of May 3, 2018;
- 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 arrangements for appointing the employee-representative 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;
- definition of CSR objectives and strategy;
- the implementation of the share buyback program;
- Edenred's development projects, acquisitions such as CSI and The Right Fuel Card, and the partnership with Itaú;
- 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 Directors' 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 care 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 spokespersons, 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.

In the first half of 2018, the Board of Directors carried out a self-assessment of its performance and procedures and devoted part of one of its meetings to discussing the same, with a view to identifying opportunities to improve its efficiency. Conducted by the Lead Independent Director and Vice-Chairman of the Board, the assessment was based on a questionnaire specific to Edenred and in line with the recommendations of the AFEP-MEDEF Code that was sent to all of the directors and is described in section 3.1.1.5 above.

The discussion of Board procedures enabled the directors to share their observations and to note the very satisfactory scores achieved in all of the topics covered by the questionnaire. The avenues for improvement that arose during the assessment process related to the Board's organization and operation and to the individual contribution of each director. Action plans were implemented immediately to address these issues.

The independence of the directors and their continued freedom of expression enables a constructive contribution to the Board's work.

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 and the day of publication, and (ii) the 15 calendar days preceding the date of publication of quarterly revenue figures and the day of publication.

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 window 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 Directors 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 or her 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, 2018, 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 Directors 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 2018

The **Audit and Risks Committee** met four times in 2018 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, 2017 and the financial statements for the six months ended June 30, 2018, (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 invited to attend, as appropriate. In 2018, the Audit and Risks Committee and its Chairman notably approved the Group's new risk mapping system and the situation with regard to the General Data Protection Regulation (GDPR).

Committee meetings lasted two and a half hours on average and the attendance rate was 92%.

Commitments Committee

Members

As of December 31, 2018, 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 2018

The **Commitments Committee** met three times in 2018.

In line with its terms of reference as set out in the Board of Directors' Internal Regulations, during meetings the Committee prepared the Board of Directors' 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.

During 2018, the Commitments Committee reviewed the main transactions carried out since 2010, with a particular focus on those completed in 2018, including CSI in the United States and The Right Fuel Card in the United Kingdom, as well as the partnership with Itaú Unibanco in Brazil.

The Committee meeting lasted two hours and the attendance rate was 100%.

Compensation and Appointments Committee

Members

As of December 31, 2018, 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 Directors' succession plans. Executive Directors also participate 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 Directors' 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 Directors, 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,1
  - 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 Directors' 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 Directors' bonuses, while ensuring that the rules are consistent with the annual appraisal of the Executive Directors' 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 Directors,
  - expresses an opinion on the information provided to the shareholders in the Annual Report regarding (i) the Executive Directors' compensation, (ii) the principles and methods used to set such compensation, and (iii) stock options or performance shares granted to the Executive Directors.

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 2018

The **Compensation and Appointments Committee** met three times in 2018.

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 Directors' 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 2018, the Compensation and Appointments Committee therefore made recommendations concerning the Chairman and Chief Executive Officer's 2017 bonus, his salary for 2018, the performance criteria to be applied to determine his 2018 bonus, performance share awards, the allocation of 2017 directors' fees and the arrangements for appointing the employee-representative director. The Committee also took note of the findings from the Global Employee Survey launched in the second half of 2018 and the resulting action plans. The Committee also reviewed, as it does each year, the Audit and Risks Committee members' specific skills in the area of finance and the ratio of men to women on the Board of Directors.

The Committee's meetings lasted one and a half hours 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, and 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 of 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 Directors' 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-ninth 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, Americas

Philippe Dufour

Executive Vice-President, Alternative Investments

Antoine Dumurgier

Chief Operating Officer, Fleet & 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, Europe, Middle East and Africa

Diego Frutos

Chief Operating Officer, Hispanic and North America

Graziella Gavezotti

Chief Operating Officer, Southern Europe and Africa

Laurent Pellet

Chief Operating Officer, Asia-Pacific

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 headquarters 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.

At the Annual Shareholders Meeting of May 3, 2018, shareholders granted the Board of Directors the following financial authorizations.

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 14, 2019
ISSUE OF SHARES					
Issue with pre-emptive subscription rights	Shareholders Meeting of May 3, 2018 21st resolution	Equity securities: €155 million Debt securities: €1,553 million	26 months July 3, 2020		
Public offering without pre-emptive subscription rights	Shareholders Meeting of May 3, 2018 22nd resolution	Equity securities: €23 million (1) Debt securities: €235 million (2) These maximum amounts are deducted from the maximum amounts authorized in the 21st resolution	26 months July 3, 2020		10th resolution: Equity securities: €24 million Debt securities: €500 million These maximum amounts are deducted from the maximum amounts authorized in the 21st and 22nd resolutions adopted at the Shareholders Meeting of May 14, 2018 Duration: 26 months as from the close of the Shareholders Meeting of May 3, 2018
Private placement without pre-emptive subscription rights	Shareholders Meeting of May 3, 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	26 months July 3, 2020		11th resolution: Equity securities: €24 million Debt securities: €500 million These maximum amounts are deducted from the maximum amounts authorized in the 21st and 22nd resolutions adopted at the Shareholders Meeting of May 14, 2018 and in the 10th resolution proposed at the Shareholders Meeting of May 14, 2019 Duration: 26 months as from the close of the Shareholders Meeting of May 3, 2018, until July 3, 2020.
Increase in the amount of any issues that are oversubscribed	Shareholders Meeting of May 3, 2018 24th resolution	15% of the amount of the initial issue	26 months July 3, 2020		
Issue in payment for contributed assets	Shareholders Meeting of May 3, 2018 25th resolution	Equity securities: €47 million These maximum amounts are deducted from the maximum amounts authorized in the 21st resolution	26 months July 3, 2020		
Issuance of new shares by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts	Shareholders Meeting of May 3, 2018 26th resolution	Equity securities: €155 million (3)	26 months July 3, 2020		
EMPLOYEE SAVINGS PLANS					
Issue without pre-emptive subscription rights reserved for members of an employee stock ownership plan	Shareholders Meeting of May 3, 2018 27th resolution	2% of the capital as at the close of the Shareholders Meeting of May 3, 2018	26 months July 3, 2020		12e resolution 2% of the capital Duration: 26 months as from the close of the Shareholders Meeting of May 3, 2018, until July 3, 2020.

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 14, 2019
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 Award of 990,080 performance share rights Board meeting of February 23, 2017 Award of 794,985 performance share rights Board meeting of February 19, 2018 Award of 685,434 performance share rights	
	Shareholders Meeting of May 3, 2018 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	26 months July 3, 2020	Board meeting of February 20, 2019 Award of 597,220 performance share rights	

(1) Maximum amount applicable to the 22nd, 23rd and 25th resolutions adopted at the Annual Shareholders Meeting of May 3, 2018.

(2) Maximum amount applicable to the 22nd and 23rd resolutions adopted at the Annual Shareholders Meeting of May 3, 2018.

(3) Maximum amount applicable to the 21st, 22nd, 23rd, 24th, 25th and 26th resolutions adopted at the Annual Shareholders Meeting of May 3, 2018.

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 2018 (see section 2.1.2.3 "Utilization of authorizations granted by the Annual Shareholders Meeting", page 38 of 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 fifth 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 2018.

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 and Corporate Social Responsibility targets, related to the Group's strategy, representing 25% of fixed pay.

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. The cash-based portion of this exceptional bonus may not exceed 100% of the Chairman and Chief Executive Officer's fixed pay and annual bonus. Moreover, any performance share grants will be limited to the authorization granted by shareholders at the Annual Shareholders Meeting.

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 with 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 35.

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 with 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. The performance conditions set at the award date must still be met in order for the performance shares to vest.

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 with 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 2018

At its meeting of December 20, 2017, the Board of Directors set Bertrand Dumazy's fixed pay at €825,000, based on the recommendation of the Compensation and Appointments Committee. This decision was made in light of Bertrand Dumazy's re-election at the Annual Shareholders Meeting of May 3, 2018. To determine the amount, the Compensation and Appointments Committee used a benchmarking study conducted by Mercer of all other Next 20 index companies.

At its February 19, 2018 meeting, the Board 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 20, 2019, the Board noted that the 2018 targets had been achieved and outperformed and may give rise to a bonus of €866,250 (*i.e.*, 105% 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 20, 2019, the Board noted that the achievement rate for this target in 2018 was 166.7% and may give rise to a bonus of €165,000 (*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 20, 2019, the Board noted that the achievement rate for this target in 2018 was 104.7% and may give rise to a bonus of €101,836 (*i.e.*, 12.34% of fixed pay),
  - a bonus of 10% of fixed pay based on like-for-like new sales of employee benefits and fleet and mobility solutions *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 20, 2019, the Board noted that the achievement rate for this target in 2018 was 109.8% and may give rise to a bonus of €122,839 (*i.e.*, 14.89% of fixed pay);
- a bonus of up to 25% of fixed pay based on managerial targets related to the Group's strategy, such as the deployment of the "Fast Forward Full Blast" strategic plan, which notably hinges on the recovery in Brazil and the implementation of key projects defined with the Board of Directors, and on management skills.

At its meeting of February 20, 2019, the Board noted that the achievement rate for these targets in 2018 was 100% and may give rise to a bonus of €206,250 (*i.e.*, 25% of fixed pay).

Bertrand Dumazy's 2018 recommended bonus was determined at the Board meeting held on February 20, 2019, 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 €1,462,175.

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 2018 in the same way as the other beneficiaries of the plan (members of the Executive Committee and senior executives in some 40 countries). Under the plan, he was awarded 81,616 performance shares valued at €1,980,000.

Annual award

	2018	2017	2016
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 shares granted during the year	81,616	61,355	149,600
Value of performance shares granted during the year (see Table 9, section 2.1.2.2 of the Management Report for details)	€1,980,000	€1,125,000	€2,250,000
TOTAL VALUE	**€1,980,000**	**€1,125,000**	**€2,250,000**

Vested rights under the plans

	2018	2017	2016
STOCK OPTIONS			
Grant date	-	-	-
Number of options vested during the year	-	-	-
PERFORMANCE SHARES			
Grant date	2015	-	-
Number of performance shares vested during the year	125,916	-	-

Shares held at December 31, 2018

Bertrand Dumazy held 126,416 Edenred shares at December 31, 2018.

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.

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, page 44 of the Registration Document.

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)[2] 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.

(1) Related-party agreement authorized at the Board of Directors'meeting of February 10, 2016, approved by the ShareholdersMeeting of May 4, 2016 and by the Shareholders Meeting of May 3,2018 pursuant to the re-election of the Chairman and ChiefExecutive Officer.

(2) Before other income and expenses.

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.

Further to the Annual Shareholders Meeting of May 3, 2018, the Board of Directors confirms that the termination benefits are relevant and fully compliant with the recommendations contained in the AFEP-MEDEF Corporate Governance Code.

Unemployment insurance

During 2018, 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 2018 was €31,646[1].

Death/disability and health insurance[2]

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 2018 amounted to €5,422.

Supplementary pension benefits[3]

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 eight times the annual ceiling for calculating Social Security contributions[4];
- under the Article 39 defined benefit plan (16 persons in 2018), 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 15 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,
  - 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 compensation[5],
  - 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 2018, the Board noted that the performance condition had been achieved.

The supplementary pension entitlement is taken into account in determining his overall compensation package.

(1) Related-party agreement authorized at the Board of Directors'meeting of December 15, 2016, approved by the ShareholdersMeeting of May 4, 2017 and by the Shareholders Meeting of May 3,2018 pursuant to the re-election of the Chairman and ChiefExecutive Officer.

(2) Related-party agreement authorized at the Board of Directors'meeting of September 10, 2015, approved by the ShareholdersMeeting of May 4, 2016 and by the Shareholders Meeting of May 3,2018 pursuant to the re-election of the Chairman and ChiefExecutive Officer.

(3) Related-party agreement authorized at the Board of Directors'meeting of February 10, 2016, approved by the ShareholdersMeeting of May 4, 2016 and by the Shareholders Meeting of May 3,2018 pursuant to the re-election of the Chairman and ChiefExecutive Officer.

(4) The annual cap for calculating Social Security contributionsrepresented €40,524 in 2019.

(5) Gross annual compensation corresponds to the participant'sfixed pay and bonus, excluding any exceptional bonuses.

Summary table of Bertrand Dumazy's compensation

Table 1: Compensation, stock options and performance share rights awarded to the Executive Director *(in €)*

BERTRAND DUMAZY	**2018**	**2017**	**2016**
Compensation for the year (see Table 2 for details)	2,290,955	2,100,248	2,480,198
Value of long-term incentives awarded during the year		0	0
Value of stock options granted during the year		0	0
Value of performance shares granted during the year (see Table 6, section 2.1.2.2 of the Management Report for details)	1,980,000	1,125,000	2,250,000
TOTAL	**4,270,955**	**3,225,248**	**4,730,198**

Table 2: Compensation paid to the Executive Director *(in €)*

	2018		2017		2016	
BERTRAND DUMAZY	**AMOUNT DUE**	**AMOUNT PAID**	AMOUNT DUE	AMOUNT PAID	AMOUNT DUE	AMOUNT PAID
Fixed pay	825,000	825,000	750,000	750,000	750,000	750,000
Annual bonus	1,462,175	1,346,600	1,346,600	1,226,550	1,226,550	165,000
Long-term incentive		0	0	0	0	0
Exceptional bonus		0	0	0	500,000	500,000
Directors' fees		0	0	0	0	0
Benefits-in-kind*	3,780	3,780	3,648	3,648	3,648	3,648
Vacation pay under the employment contract	0	0	0	0	0	0
TOTAL	**2,290,955**	**2,175,380**	**2,100,248**	**1,930,198**	**2,480,198**	**1,418,648**

* *Company car.*

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 14, 2019 under the sixth resolution presented on page 294 of this Registration Document. Payment of the bonuses described above is contingent on the sixth resolution being passed by the shareholders.

3.2.3 Compensation awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, in 2019

At its February 20, 2019 meeting, the Board of Directors decided to maintain Bertrand Dumazy's annual fixed pay at €825,000, based on the recommendation of the Compensation and Appointments Committee.

The Chairman and Chief Executive's bonus is determined according to criteria defined by the Board. The bonus awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, in 2019 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, the growth rate of 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 the deployment of the "Fast Forward Atomico (2019-2021)" strategic plan, the roll-out of the Corporate Social Responsibility plan "People, Planet, Progress", the integration of recent acquisitions (CSI and The Right Fuel Card), and good managerial skills, particularly as part of the Company's digital transformation.

At its meeting of February 20, 2019, 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 100% 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 2018 among the members of the Board of Directors, as decided at the Board meeting of February 20, 2019, 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 €1,940 on average per meeting, plus a fee of €2,115 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 €3,798 on average per meeting plus a fee of €4,537 per meeting attended during the year (including by videoconference).

The employee-representative director has agreed to receive just 60% of the fees awarded to each director, with the remaining 40% to be paid by the Company to the Works Council as an exceptional annual endowment.

Table 3: Directors' fees and other compensation paid to non-executive directors

BOARD OF DIRECTORS *(IN €)*	FEES PAID IN 2019 IN RESPECT OF 2018	FEES PAID IN 2018 IN RESPECT OF 2017	FEES PAID IN 2017 IN RESPECT OF 2016
Jean-Paul Bailly	85,321	69,182	59,488
Anne Bouverot	51,577	45,279	46,440
Philippe Citerne (1)	-	32,086	92,188
Sylvia Coutinho (2)	53,994	50,041	16,964
Dominique D'Hinnin (3)	59,077	35,354	
Gabriele Galateri di Genola	51,577	66,300	37,703
Maëlle Gavet	23,952	27,941	21,884
Françoise Gri	74,077	83,800	50,634
Jean-Bernard Hamel (5)	7,534	-	-
Jean-Romain Lhomme	53,994	58,170	53,438
Bertrand Meheut	51,577	37,912	31,667
Nadra Moussalem (6)	-	21,772	56,933 (6)
TOTAL	**512,680**	**527,837**	**467,338**

(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) Employee-representative director, appointed on June 23, 2018.
(5) Resigned from the Board on June 1, 2017.
(6) These fees were paid to Colony Capital.

The Board Observer received a flat fee of €24,297 plus a variable fee of €29,697 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 20, 2019, 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 and Compensation and Appointments Committee 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, 2018, the Company's capital was made up of 239,266,350 shares with a par value of €2 each, all fully paid.

The 239,266,350 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).

The shares are listed 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 described below.

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.

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, 2018 are presented in section 2.1.2.1 of the Management Report.

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 2.1.2.1, page 30 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 Regulations 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 Regulations.

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 2.1.2.1, page 30 of the Registration Document, showing the ownership of the capital and voting rights and the percentages held by the main shareholders;
- **voting right restrictions**: see section 2.1.2.1, page 33 of the Registration Document on disclosure thresholds;
- **direct or indirect equity interests in the Company that have been disclosed:** see section 2.1.2.1, page 31 of the Registration Document;
- **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 149 of the Registration Document;
- **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 124 of the Registration Document 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;

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- **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 167,000 new shares may be issued upon exercise of stock options;
- up to 3,705,323 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 148.

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, 2018

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

TRANSACTION DATE	TRANSACTION	AMOUNT OF THE CHANGE IN CAPITAL 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)	467,359,690	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
Dec. 31, 2017	Issue of shares after exercise of stock options	500	1,000	5,845	470,806,480	235,403,240
Feb. 19, 2018	Issue of shares after vesting of shares granted	381,970	763,940	(763,940)	471,570,420	235,785,210
Feb. 19, 2018	Cancellation of shares	382,470	764,940	(6,554,678.40)	470,805,480	235,402,740
Jun. 8, 2018	Issue of shares after dividend reinvestment	3,863,610	7,727,220	88,399,396.80	478,532,700	239,266,350
Jul. 23, 2018	Issue of shares after exercise of stock options	501,565	1,003,130	6,917,734.85	479,535,830	236,123,066
Jul. 23, 2018	Cancellation of shares	501,565	1,003,130	(1,003,130)	478,532,700	239,266,350
Dec. 18, 2018	Issue of shares after exercise of stock options	144,950	289,900	2,008,041.50	478,822,600	239,411,300
Dec. 18, 2018	Cancellation of shares	144,950	289,900	(289,900)	478,532,700	239,266,350

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 Regulations.

3.3.5.1 Authorizations granted by the Annual Shareholders Meeting

Authorizations to buy shares

The Shareholders Meeting of May 3, 2018 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 €55 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 Regulations.

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	23,540,324 shares, representing 10% of the capital at December 31, 2017
Maximum total amount allocated to the program	€823,911,340
Maximum purchase price per share	€35
Validity	18 months until November 3, 2018

At the Shareholders Meeting scheduled for May 14, 2019, 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 3, 2018 to buy a number of shares that may not exceed 10% of the total number of shares outstanding (*i.e.*, 22,559,423 shares, or 9.43% of the shares outstanding at December 31, 2018, provided Edenred held 1,367,212 of its own shares at that date, representing 0.57% of the capital at December 31, 2018) at a maximum purchase price of €55 per share. The total amount allocated to this buyback program cannot exceed €1,240,768,265 Subject to approval of the authorization by the Shareholders Meeting of May 14, 2019, and in accordance with the provisions of (i) Articles L.225-209 *et seq.* of the French Commercial Code, (ii) European regulation no. 594/2014 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 14, 2019 until November 13, 2020, 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 3, 2018 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, 2017, the Board of Directors decided:

- on February 19, 2018, to cancel 382,470 shares, representing approximately 0.1% of the share capital;
- on July 23, 2018, to cancel 501,565 shares, representing approximately 0.2% of the share capital;
- on December 18, 2018, to cancel 144,950 shares, representing approximately 0.06% of the share capital.

The 1,028,985 shares to be canceled were purchased under the 2016 and 2017 share buyback programs authorized by the Shareholders Meetings of May 4, 2016 and May 4, 2017, respectively, and set aside for cancellation.

A report on the utilization of the share buyback program and share buybacks made during 2018 can be found on page 38 of the Management Report.

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Financial statements

4.1 Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

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 and construed in accordance with French law and professional auditing standards applicable in France.

To the EDENRED Shareholders' Meeting,

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, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of December 31, 2018 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 Risks Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under 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, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5 paragraph 1 of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors.

Observation

Without qualifying the above opinion, we draw your attention to Note 1.4 to the consolidated financial statements which outlines the changes in accounting methods relating to the mandatory adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" as of January 1, 2018.

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 assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the consolidated financial statements taken individually.

Valuation of goodwill and intangible assets

(Notes 5.1, 5.2 and 5.5 to the consolidated financial statements)

KEY AUDIT MATTER	OUR RESPONSE
As of December 31, 2018, the net carrying amount of goodwill and intangible assets (hereinafter "the intangible assets") amounted to €976 million and €432 million, respectively, or 19% of total assets. These intangible assets comprise assets with an indefinite useful life (brands for €66 million) and assets with definite useful lives (customer lists for €335 million, licenses and software for €330 million). In accordance with IAS 36 "Impairment of assets" and as specified in Note 5.5 to the consolidated financial statements, an impairment loss is recognized when the recoverable amount of these assets is less than the net carrying amount. The recoverable amounts are determined in two steps (i) based on the fair value assessed using the EBITDA multiple method and (ii), if necessary, should a potential impairment loss be identified, based on the value in use estimated using the discounted future 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 the use of assumptions, notably: the EBITDA multiples adopted, cash flow projections, and discount and long-term growth rates. We therefore considered the valuation of goodwill and intangible assets to be a key audit matter.	We have familiarized ourselves with the procedures and controls set up by the Group to identify indications of impairment loss and to determine the recoverable amount of intangible assets grouped in Cash Generating Units (CGU). Our other procedures primarily consisted in: • assessing, compared to the provisions of IAS 36, the principles and methods used to determine the recoverable amounts of the CGU to which the intangible assets were assigned and reconciling the net carrying amount of these assets with the data in the accounting records; • reviewing the EBITDA multiples adopted and comparing them with the available market data; • comparing, with our audit team's valuation experts, the long-term growth and discount rates adopted for the valuations based on future cash flows with the macro-economic data available at the closing date; • examining, through interviews with Management, the main source data and assumptions for the operating estimates underlying the cash flows used for the valuation models, notably by comparing the estimates and projections of prior periods with the actual figures; • performing our own sensitivity analyses of the assumptions used for the cash flow forecasts. We also verified that Note 5.5 to the consolidated financial statements provided an appropriate disclosure, particularly in regard to the key assumptions and the sensitivity analysis.

Recognition of the liability relating to service vouchers in circulation – funds to be redeemed

(Notes 4.5 and 4.6 to the consolidated financial statements)

KEY AUDIT MATTER	OUR RESPONSE
The funds to be redeemed correspond to the face value of service vouchers in circulation and digital funds loaded on cards but not yet redeemed to the affiliated 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 available 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 affiliated merchants who are redeemed by Edenred for the service vouchers or cards used by the beneficiaries in their establishment. Considering (i) the amount of funds to be redeemed on the balance sheet (€4,959 million, or 68% of total Group assets as of December 31, 2018, (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 to be a key audit matter.	We have familiarized ourselves with the procedures set up by the Group to secure the flow of transactions inherent to 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 procedures primarily consisted in: • carrying out tests, with the assistance of the IT specialists on our teams, on the information systems to ensure 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 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 determine the absence of material items in the funds to be redeemed to affiliated merchants. We have also verified that Notes 4.5 and 4.6 to the consolidated financial statements provided an appropriate 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

(Note 3.2 to the consolidated financial statements)

KEY AUDIT MATTER	OUR RESPONSE
Over the last few years, the situation in Venezuela has significantly deteriorated, notably, due to the political and economic instability resulting, partially, from the drop in the price of oil. This context resulted in high inflation and the implementation of strict control over foreign currency exchange rates, with an unstable exchange system that has been subject to numerous reforms. The regular and very significant devaluation of the Venezuelan bolivar resulted in negative conversion differences recognized in Group consolidated equity for €(151) million as of December 31, 2018. 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.	Based on discussions with Management, we have familiarized ourselves with the procedures set up by the Group to ensure that the Venezuela data was correctly transcribed in the consolidated financial statements. Our other procedures primarily consisted in: • evaluating the change in the political and economic situation of Venezuela and its possible impacts on the business activities of Edenred in this country; • examining the consolidation methods of Venezuelan companies in relation to the Group's analysis of the control exercised on its subsidiaries. We also verified that Note 3.2 to the consolidated financial statements provided an appropriate disclosure.

Specific verifications

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 to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement provided for in Article L. 225-102-1 of the French Commercial Code is included in the disclosures relating to the Group presented in the management report, it being specified that, in accordance with Article L. 823-10 of the Code, we have not verified the fairness of the information contained in this statement or its consistency with the consolidated financial statements that must be verified in a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

DELOITTE & ASSOCIES was appointed as statutory auditors of EDENRED by the Shareholders' Meeting of April 3, 2010, while ERNST & YOUNG was appointed on May 4, 2016.

As of December 31, 2018, DELOITTE & ASSOCIES and ERNST & YOUNG were in the 9th year and 3rd year of total uninterrupted engagement, respectively.

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 Risks 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.

The consolidated financial statements have been approved by the Board of Directors.

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, 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 in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. He also:

- Identifies and assesses 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Concludes on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates 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;
- Obtains 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. He is responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risks 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 that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risks Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris-la-Défense, March 12, 2019

The Statutory Auditors

DELOITTE & ASSOCIES

Patrick E. Suissa

ERNST & YOUNG Audit

Philippe Diu

4.2 Consolidated financial statements and notes

4.2.1 Consolidated income statement

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017 RESTATED *
Operating revenue	4.2	1,327	1,253
Other revenue *	4.2	51	67
Total revenue *	**4.2**	**1,378**	**1,320**
Operating expenses	4.3	(842)	(818)
Depreciation, amortization and impairment losses	5.6	(75)	(73)
Operating profit before other income and expenses (EBIT)	**4.4**	**461**	**429**
Share of net profit from equity-accounted companies	5.4	11	11
Other income and expenses	10.1	(31)	(7)
Operating profit including share of net profit from equity-accounted companies		**441**	**433**
Net financial expense	6.1	(37)	(50)
PROFIT BEFORE TAX		404	383
Income tax expense	7	(119)	(106)
NET PROFIT		**285**	**277**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		254	241
Net profit attributable to non-controlling interests		31	36
Weighted average number of shares outstanding *(in thousands)*	8	236,451	233,064
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT *(IN €)*	8	1.07	1.03
Diluted earnings per share *(in €)*	8	1.06	1.02

* *The consolidated income statement has been restated in accordance with IFRS 15 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

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4.2.2 Consolidated statement of comprehensive income

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017 RESTATED *
NET PROFIT		285	277
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.6	(68)	(138)
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income		4	10
Tax on items that may be subsequently reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined-benefit plans		(0)	2
Tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		**(65)**	**(126)**
TOTAL COMPREHENSIVE INCOME		**220**	**151**
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		192	125
Comprehensive income attributable to non-controlling interests		**29**	**26**

* *The consolidated statement of comprehensive income has been restated in accordance with IFRS 15 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

4.2.3 Consolidated statement of financial position

Consolidated assets

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017 RESTATED *
Goodwill	5.1	976	994
Intangible assets	5.2	432	433
Property, plant and equipment	5.3	52	46
Investments in equity-accounted companies	5.4	66	62
Non-current financial assets	6.2	48	41
Deferred tax assets	7.2	75	89
TOTAL NON-CURRENT ASSETS		1,649	1,665
Trade receivables	4.7	1,875	1,679
Inventories, other receivables and accruals	4.7	307	301
Restricted cash	4.6	1,402	1,127
Current financial assets	6.2/6.5	46	43
Other marketable securities	6.3/6.5	654	767
Cash and cash equivalents	6.3/6.5	1,337	629
TOTAL CURRENT ASSETS		5,621	4,546
TOTAL ASSETS		**7,270**	**6,211**

* *The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

Consolidated equity and liabilities

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017 RESTATED *
Issued capital		479	471
Treasury shares		(22)	(6)
Consolidated retained earnings (accumulated losses)		(1,973)	(1,963)
Cumulative compensation costs – share-based payments		111	98
Cumulative fair value adjustments to financial instruments		17	13
Cumulative actuarial gains (losses) on defined-benefit plans		(3)	(3)
Currency translation adjustment		(424)	(358)
Net profit attributable to owners of the parent		254	241
Equity attributable to owners of the parent		**(1,561)**	**(1,507)**
Non-controlling interests		110	145
TOTAL EQUITY		(1,451)	(1,362)
Non-current debt	6.4/6.5	2,213	1,748
Other non-current financial liabilities	6.4/6.5	61	17
Non-current provisions	10.2	39	42
Deferred tax liabilities		136	135
TOTAL NON-CURRENT LIABILITIES		2,449	1,942
Current debt	6.4/6.5	276	68
Other current financial liabilities	6.4/6.5	125	249
Current provisions	10.2	40	42
Funds to be redeemed	4.5	4,959	4,749
Trade payables	4.5	224	177
Current tax liabilities	4.5	13	8
Other payables	4.5	614	284
Bank overdrafts	6.4/6.5	21	54
TOTAL CURRENT LIABILITIES		6,272	5,631
TOTAL EQUITY AND LIABILITIES		**7,270**	**6,211**

* *The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

4.2.4 Consolidated statement of cash flows

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017 RESTATED *
+ Net profit attributable to owners of the parent		254	241
+ Non-controlling interests		31	36
- Share of net profit from equity-accounted companies	5.4	(11)	(11)
- Depreciation, amortization and changes in operating provisions		72	85
- Deferred taxes		17	16
- Expenses related to share-based payments		13	12
- Non-cash impact of other income and expenses		4	1
- Difference between income tax paid and income tax expense		(18)	(23)
+ Dividends received from equity-accounted companies	5.4	12	11
= Funds from operations including other income and expenses		**374**	**368**
- Other income and expenses (including restructuring costs)		26	12
= Funds from operations before other income and expenses (FFO)		**400**	**379**
+ Decrease (increase) in working capital	4.5	404	301
+ Recurring decrease (increase) in restricted cash	4.6	(279)	(204)
= Net cash from (used in) operating activities		**525**	**477**
+ Other income and expenses (including restructuring costs) received/paid		1	17
= Net cash from (used in) operating activities including other income and expenses (A)		**526**	**494**
- Recurring expenditure		(90)	(78)
- External acquisition expenditure, net of cash acquired		(245)	(100)
+ Proceeds from disposals of assets		5	2
= Net cash from (used in) investing activities (B)		**(330)**	**(176)**
+ Capital increase		13	15
- Dividends paid [(1)]	3.4	(136)	(129)
+ (Purchases) sales of treasury shares		(42)	(24)
+ Increase (decrease) in debt		759	(126)
+ Acquisition of non-controlling interests		(10)	-
= Net cash from (used in) financing activities (C)		**584**	**(264)**
- Net foreign exchange differences and fair value adjustments (D)		**(39)**	**(76)**
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (E) = (A) + (B) + (C) + (D)	**6.5**	**741**	**(22)**
+ Cash and cash equivalents at beginning of period		575	597
- Cash and cash equivalents at end of period		1,316	575
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6.5**	**741**	**(22)**

* *The consolidated statement of cash flows has been restated in accordance with IFRS 15 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

(1) *Including cash dividends paid to owners of the parent for €104 million (€0.85 per share) and cash dividends paid to non-controlling interests in subsidiaries for €32 million.*

Net cash and cash equivalents at the end of the period can be analyzed as follows:

		2018	DECEMBER 2017 RESTATED
+ Cash and cash equivalents	6.4	1,337	629
- Bank overdrafts	6.5	(21)	(54)
= CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,316**	**575**

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
DEC. 31, 2016 REPORTED	467	682	(32)	(2,381)	86	3	(5)	(230)	180	(1,230)	69	(1,161)
Impact of IFRS 15 [5]				(55)						(55)	(2)	(57)
DEC. 31, 2016 RESTATED (IFRS 15) [5]	467	682	(32)	(2,436)	86	3	(5)	(230)	180	(1,285)	67	(1,218)
Appropriation of 2016 net profit	-	-	-	180	-	-	-	-	(180)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
• in cash	-	-	-	-	-	-	-	-	-	-	-	-
• *cancellation of treasury shares*	*(2)*	*(27)*	*31*	-	-	-	-	-	-	*2*	-	*2*
• *options exercised*	*2*	*11*	-	*(15)*	-	-	-	-	-	*(2)*	-	*(2)*
• *dividends reinvested in new shares*	*4*	*31*	-	-	-	-	-	-	-	*35*	-	*35*
Dividends paid	-	-	-	(144)	-	-	-	-	-	(144)	(17)	(161)
Changes in consolidation scope	-	-	-	(237)	-	-	-	-	-	(237)	73	(164)
Compensation costs – share-based payments	-	-	-	-	12	-	-	-	-	12	-	12
(Acquisitions) disposals of treasury shares	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**10**	**2**	**(128)**	**-**	**(116)**	**(10)**	**(126)**
Net profit for the period	-	-	-	-	-	-	-	-	241	241	36	277
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	10	2	(128)	241	125	26	151
DEC. 31, 2017 RESTATED IFRS 15 [5]	471	697	(6)	(2,652)	98	13	(3)	(358)	241	(1,499)	149	(1,350)

(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**
DEC. 31, 2017 RESTATED IFRS 15 [5]	471	697	(6)	(2,652)	98	13	(3)	(358)	241	(1,499)	149	(1,350)
Impact of IFRS 9 [5]	-	-	-	(8)	-	-	-	-	-	(8)	(4)	(12)
DEC. 31, 2017 RESTATED IFRS 15 & 9 [5]	471	697	(6)	(2,660)	98	13	(3)	(358)	241	(1,507)	145	(1,362)
Appropriation of 2017 net profit	-	-	-	241	-	-	-	-	(241)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
• in cash	-	-	-	-	-	-	-	-	-	-	3	3
• cancellation of treasury shares	(2)	(24)	-	-	-	-	-	-	-	(26)	-	(26)
• options exercised	2	9	-	-	-	-	-	-	-	11	-	11
• dividends reinvested in new shares	8	88	-	-	-	-	-	-	-	96	-	96
Dividends paid [3]	-	-	-	(200)	-	-	-	-	-	(200)	(32)	(232)
Changes in consolidation scope [4]	-	-	-	(127)	-	-	-	-	-	(127)	(34)	(161)
Compensation costs – share-based payments	-	-	-	-	13	-	-	-	-	13	-	13
(Acquisitions) disposals of treasury shares	-	-	(16)	-	-	-	-	-	-	(16)	-	(16)
Other [6]	-	-	-	3	-	-	-	-	-	3	-	3
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**4**	**(0)**	**(66)**	**-**	**(62)**	**(2)**	**(65)**
Net profit for the period	-	-	-	-	-	-	-	-	254	254	31	285
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	4	(0)	(66)	254	192	29	220
DECEMBER 2018	**479**	**770**	**(22)**	**(2,743)**	**111**	**17**	**(3)**	**(424)**	**254**	**(1,561)**	**110**	**(1,451)**

(1) See Note 1.6 "Presentation currency and foreign currencies", and Note 11.6 "Exchange rates" detailing the main exchange rates used in 2017 and 2018. The €424 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Brazilian real for €218 million, the Venezuelan bolivar soberano for €151 million and the pound sterling for €24 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) Corresponding to the distribution of €200 million paid to Group shareholders (of which €104 million in cash and €96 million in shares – see Note 3.4 "Payment of the 2017 dividend") and €32 million paid to minority shareholders.

(4) Changes in attributable scope of consolidation in 2018 mainly include:

- *the impact of increasing the Group's interest in ProwebCE from 71% to 99.3% through the exercise in April 2018 of a call option on PWCE Participations shares;*
- *the increase of the Group's interest in Repom from 40% to 63% through the acquisition of non-controlling interests;*
- *the increase of the Group's interest in UTA from 66% to 83% through the June 2018 acquisition of non-controlling interests; and*
- *the recognition of a liability arising from a put option relating to the acquisition of Timex Card.*

In 2017, the main impact on the attributable scope of consolidation was the acquisition of a controlling interest in UTA.

(5) Changes in equity have been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

(6) See Note 3.3 "Hyperinflation in Argentina".

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 1.7. 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, the global leader in payment solutions for the working world, connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants across 45 countries. Thanks to its global technology platform, the Group managed 2.5 billion transactions in 2018, primarily carried out *via* mobile applications, online platforms and cards, and representing more than €28 billion in business volume.

Edenred's 8,500 staff are driven by a commitment to improving employees' quality of life, increasing companies' efficiency and boosting merchants' revenues. They achieve this through three business lines:

- Employee Benefits (food, meals, well-being, leisure, culture and human services);
- Fleet & Mobility Solutions (fuel, tolls, maintenance and business travel);
- Complementary Solutions, including Corporate Payment Services (virtual payment cards, identified wire transfers and supplier payments), Incentives & Rewards (gift cards and platforms, and incentive programs), and Public Social Programs.

Edenred is listed on the Euronext Paris stock exchange and included in the following indices: CAC Next 20, FTSE4Good, DJSI Europe and MSCI Europe.

1.2 Management of the Group's capital structure

The Group's main capital management objective is to maintain an "investment grade" 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, 92245 Malakoff – France

Société anonyme à conseil d'administration (French public limited company with a Board of Directors) with share capital of €478,532,700

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, 2018 were approved for publication by the Board of Directors of Edenred on February 20, 2019. They will be submitted for shareholders' approval during the Annual Shareholders Meeting on May 14, 2019.

1.4 Changes in accounting methods: application of IFRS 15 and IFRS 9

1.4.1 IFRS 15 – Revenue from contracts with customers

IFRS 15, which replaces IAS 18 and IAS 11, is applicable for periods beginning on or after January 1, 2018. The Group has chosen to adopt the full retrospective approach to applying the new standard. The 2017 comparative information presented in the financial statements for the period ended December 31, 2018 has been restated in accordance with IFRS 15 and the transition impact recognized in opening equity at January 1, 2017. The restatement permits direct comparisons between data for the years ended December 31, 2018 and December 31, 2017.

The core principle of IFRS 15 is that revenue is recognized upon the transfer of control of goods or services to the customer. IFRS 15 also provides specific guidance on breaking down contracts into performance obligations and on measuring revenue in specific circumstances.

Following an in-depth analysis of the impacts of the standard on its business, the Group has identified the following main changes:

- principal/agent arrangements are henceforth analyzed on the basis of the "transfer of control" and no longer on the "transfer of risks and rewards". Based on a review of the contracts affected by this change, amounts previously recognized in "Revenue" have been reclassified to "Operating expenses". This is because, under IFRS 15, only amounts received by the Group in its capacity of principal may be recognized as revenue.

  This change gives rise to a €12 million decrease in operating revenue over 2017 but, as a reclassification between two income statement items, has no impact on opening equity at January 1, 2017
- the operative event for revenue recognition is henceforth the transfer of control. The impact of this new principle is to defer the recognition date for a portion of the commissions received from partner merchants in respect of the Employee Benefits and Incentive & Rewards businesses from the voucher issue date to the date on which vouchers are presented for reimbursement.

  This change gives rise to a €12 million increase in operating revenue over 2017.

The net impact on opening equity at January 1, 2017 is a negative €57 million recognized with a corresponding entry to "Inventories, other receivables and accruals" for a negative €82 million and to "Deferred tax assets" for a positive €25 million.

The net impact represents only 1% of the total statement of financial position at January 1, 2017.

Lastly, for the purpose of applying IFRS 15, the Group has decided to rename the following line item:

- "Financial revenue" to "Other revenue".

1.4.2 IFRS 9 – Financial instruments

IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Group has chosen to adopt the retrospective approach to applying the new standard, with the exception of the hedge accounting provisions of IFRS 9 that are applicable prospectively. The transition impact has therefore been incorporated into the restated statement of financial position at December 31, 2017 in the financial statements presented below.

The main changes under IFRS 9 affect the following areas:

- impairment of financial assets measured at amortized cost: under IFRS 9, impairment is recognized on the basis of expected losses and no longer on incurred losses. A provision for impairment will therefore need to be recognized as soon as the receivable arises. For receivables with no significant financing component, the Group applies the alternative model, which consists of recognizing a provision equal to the lifetime expected losses on the contract.

  The impact of this new provision on trade receivables at January 1, 2018 is €33 million before tax;
- classification and measurement of financial assets: IFRS 9 defines new categories for the presentation and measurement of financial assets. It also modifies the accounting treatment of potential income on equity investments, which entities may elect to recognize through other comprehensive income. In this case, it is not possible to reclassify the income on disposal to profit or loss.

  The Group has not identified any material impacts arising from these new principles on opening equity at January 1, 2018.

  Hedge accounting: under IFRS 9, the hedge accounting eligibility criteria have been modified, allowing for a better alignment of the standard with internal risk management practices. Changes have also been made to the accounting treatment of hedge accounting relationships, including the treatment of time values and forward points and the adjustment of the carrying amount of hedged items. The provisions are applicable prospectively;
- financial liabilities: although IFRS 9 does not make any substantial changes to the recognition of financial liabilities, it does provide guidance on the accounting treatment of modifications of debts that do not require derecognition. The impact of the renegotiation must be recognized immediately in profit or loss and all interest accruing in subsequent years will be calculated at the historical rate. These new provisions have given rise to a positive pre-tax impact of €17 million on opening equity, recognized with a corresponding decrease in debt at January 1, 2018.

  In the income statement, an additional financial expense of €2 million has been recognized over the remaining term of the loan, *i.e.*, until 2025.

The overall impact of the new standard is thus a €12 million decrease in net equity.

1.4.3 Impact on the consolidated financial statements

Assets

(in € millions)	DECEMBER 2017 REPORTED	IMPACT OF IFRS 15	IMPACT OF IFRS 9	DECEMBER 2017 RESTATED	DECEMBER 2016 REPORTED	IMPACT OF IFRS 15	DECEMBER 2016 RESTATED
Goodwill	994	-	-	994	904	-	904
Intangible assets	433	-	-	433	313	-	313
Property, plant and equipment	46	-	-	46	38	-	38
Investments in equity-accounted companies	62	-	-	62	151	-	151
Non-current financial assets	41	-	-	41	41	-	41
Deferred tax assets	57	27	5	89	69	25	94
TOTAL NON-CURRENT ASSETS	1,633	27	5	1,665	1,516	25	1,541
Trade receivables	1,712	-	(33)	1,679	1,415	-	1,415
Inventories, other receivables and accruals	391	(90)	-	301	326	(82)	244
Restricted cash	1,127	-	-	1,127	942	-	942
Current financial assets	43	-	-	43	49	-	49
Other marketable securities	768	-	(1)	767	735	-	735
Cash and cash equivalents	629	-	-	629	649	-	649
TOTAL CURRENT ASSETS	4,670	(90)	(34)	4,546	4,116	(82)	4,034
TOTAL ASSETS	**6,303**	**(63)**	**(29)**	**6,211**	**5,632**	**(57)**	**5,575**

Liabilities

(in € millions)	DECEMBER 2017 REPORTED	IMPACT OF IFRS 15	IMPACT OF IFRS 9	DECEMBER 2017 RESTATED	DECEMBER 2016 REPORTED	IMPACT OF IFRS 15	DECEMBER 2016 RESTATED
Issued capital	471	-	-	471	467	-	467
Treasury shares	(6)	-	-	(6)	(32)	-	(32)
Consolidated retained earnings	(1,900)	(55)	(8)	(1,963)	(1,699)	(55)	(1,754)
Cumulative compensation costs – share-based payments	98	-	-	98	86	-	86
Cumulative fair value adjustments to financial instruments	13	-	-	13	3	-	3
Cumulative actuarial gains (losses) on defined-benefit plans	(3)	-	-	(3)	(5)	-	(5)
Currency translation adjustment	(357)	(1)	-	(358)	(230)	-	(230)
Net profit attributable to owners of the parent	247	(6)	-	241	180	-	180
Equity attributable to owners of the parent	**(1,437)**	**(62)**	**(8)**	**(1,507)**	**(1,230)**	**(55)**	**(1,285)**
Non-controlling interests	150	(1)	(4)	145	69	(2)	67
TOTAL EQUITY	(1,287)	(63)	(12)	(1,362)	(1,161)	(57)	(1,218)
Non-current debt	1,765	-	(17)	1,748	1,355	-	1,355
Other non-current financial liabilities	17	-	-	17	50	-	50
Non-current provisions	42	-	-	42	42	-	42
Deferred tax liabilities	135	-	-	135	129	-	129
TOTAL NON-CURRENT LIABILITIES	1,959	-	(17)	1,942	1,576	-	1,576
Current debt	68	-	-	68	527	-	527
Other current financial liabilities	249	-	-	249	37	-	37
Current provisions	42	-	-	42	35	-	35
Funds to be redeemed	4,749	-	-	4,749	4,182	-	4,182
Trade payables	177	-	-	177	142	-	142
Current tax liabilities	8	-	-	8	13	-	13
Other payables	284	-	-	284	229	-	229
Bank overdrafts	54	-	-	54	52	-	52
TOTAL CURRENT LIABILITIES	5,631	-	-	5,631	5,217	-	5,217
TOTAL EQUITY AND LIABILITIES	**6,303**	**(63)**	**(29)**	**6,211**	**5,632**	**(57)**	**5,575**

Income statement

(in € millions)	DECEMBER 2017 REPORTED	IMPACT OF IFRS 15	DECEMBER 2017 RESTATED
Operating revenue	1,272	(19)	1,253
Other revenue	67	-	67
Total revenue	**1,339**	**(19)**	**1,320**
Operating expenses	(829)	11	(818)
Depreciation, amortization and impairment losses	(73)	-	(73)
Operating profit before other income and expenses (EBIT)	**437**	**(8)**	**429**
Share of net profit from equity-accounted companies	11	-	11
Other income and expenses	(7)	-	(7)
Operating profit including share of net profit from equity-accounted companies	**441**	**(8)**	**433**
Net financial expense	(50)	-	(50)
Profit before tax	**391**	**(8)**	**383**
Income tax expense	(108)	2	(106)
NET PROFIT	283	(6)	277
Net profit attributable to owners of the parent	**247**	**(6)**	**241**
Net profit attributable to non-controlling interests	36	-	36
Weighted average number of shares outstanding *(in thousands)*	233,064	-	233,064
Earnings per share attributable to owners of the parent *(in €)*	**1.06**	**(0.03)**	**1.03**
Diluted earnings per share *(in €)*	1.05	(0.03)	1.02

(in € millions)	DECEMBER 2017 REPORTED	IMPACT OF IFRS 15	DECEMBER 2017 RESTATED
NET PROFIT	283	(6)	277
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	(138)	-	(138)
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income	10	-	10
Tax on items that may be subsequently reclassified to profit or loss	-	-	-
Items that will not be reclassified to profit or loss		**-**	**-**
Actuarial gains and losses on defined-benefit plans	2	-	2
Tax on items that will not be reclassified to profit or loss	-	-	-
OTHER COMPREHENSIVE INCOME, NET OF TAX	(126)	-	(126)
TOTAL COMPREHENSIVE INCOME	**157**	**(6)**	**151**
Comprehensive income attributable to owners of the parent	**132**	**(7)**	**125**
Comprehensive income attributable to non-controlling interests	25	1	26

Statement of cash flows

(in € millions)	DECEMBER 2017 REPORTED	IMPACT OF IFRS 15	DECEMBER 2017 RESTATED
+ Net profit attributable to owners of the parent	247	(6)	241
+ Non-controlling interests	36	-	36
- Share of net profit from equity-accounted companies	(11)	-	(11)
- Depreciation, amortization and changes in operating provisions	85	-	85
- Deferred taxes	18	2	16
- Expenses related to share-based payments	12	-	12
- Non-cash impact of other income and expenses	1	-	1
- Difference between income tax paid and income tax expense	(23)	-	(23)
+ Dividends received from equity-accounted companies	11	-	11
= Funds from operations including other income and expenses	**376**	**(8)**	**368**
- Other income and expenses (including restructuring costs)	12	-	12
= Funds from operations before other income and expenses (FFO)	**388**	**(8)**	**380**
+ Decrease (increase) in working capital	293	8	301
+ Recurring decrease (increase) in restricted cash	(204)	-	(204)
= Net cash from (used in) operating activities	**477**	**-**	**477**
+ Other income and expenses (including restructuring costs) received/paid	17	-	17
= Net cash from (used in) operating activities including other income and expenses (A)	**494**	**-**	**494**
- Recurring expenditure	(78)	-	(78)
- External acquisition expenditure, net of cash acquired	(100)	-	(100)
+ Proceeds from disposals of assets	2	-	2
= Net cash from (used in) investing activities (B)	**(88)**	**-**	**(88)**
+ Capital increase	15	-	15
- Dividends paid	(129)	-	(129)
+ (Purchases) sales of treasury shares	(24)	-	(24)
+ Increase (decrease) in debt	(126)	-	(126)
= Net cash from (used in) financing activities (C)	**(352)**	**-**	**(352)**
- Net foreign exchange differences and fair value adjustments (D)	**(76)**	**-**	**(76)**
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (E) = (A) + (B) + (C) + (D)	(22)	-	(22)
+ Cash and cash equivalents at beginning of period	597	-	597
- Cash and cash equivalents at end of period	575	-	575
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(22)**	**-**	**(22)**

1.5 Basis of preparation of the financial statements

Pursuant to European Regulation (EC) 1606/2002 of July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2018 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 2017, prepared in accordance with the same principles and conventions and the same standards.
IFRSs are downloadable from the European Commission's website at the following address:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr#overview
The consolidated financial statements are presented in million euros, rounded to the nearest million. In some cases, rounding may lead to non-material differences between reported totals and the sum of the reported amounts.

1.6 Presentation currency and foreign currencies

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 2018 consolidated financial statements are presented in Note 11.6.

The impact on attributable consolidated equity of currency translation adjustments was a negative €66 million between December 31, 2017 and December 31, 2018, as presented in the consolidated statement of changes in equity. The difference mainly reflected the depreciation of the Brazilian real (for €62 million), the depreciation of the Argentine peso (for €3 million) and the appreciation of the Mexican peso (for €5 million) against the euro.

1.7 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, 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.

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.

The Group has accounted for business combinations and changes in ownership interest that do not result in a loss of control in accordance with IFRS 3 (revised) – Business Combinations and IFRS 10 – Consolidated Financial Statements.

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.

Acquisitions, development projects and disposals in 2018

Timex

On January 12, 2018, Edenred announced the acquisition, through its subsidiary UTA, of a 51% stake in its Poland-based distributor Timex Card, which also operates in Estonia, Latvia, Lithuania and Ukraine.

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been definitively allocated primarily to the customer list for €8 million and the residual difference to goodwill for €18 million.

A non-current financial liability was recognized in the financial statements at December 31, 2018 in the amount of €18 million for the put option granted to Timex's minority shareholder for the remaining 49% interest. The option is exercisable as of August 2020.

The impact of consolidating Timex in the consolidated financial statements for the year ended December 31, 2018 are as follows:

(in € millions)	TIMEX DECEMBER 2018
Non-current assets	26
Current assets	48
Total assets	**74**
Equity and non-current liabilities *	29
Current liabilities	45
Total equity and liabilities	**74**

* *Excluding financial liabilities arising on the €18 million put option.*

(in € millions)	TIMEX DECEMBER 2018 (12 MONTHS)
Total revenue	4
EBIT	**3**
Net profit attributable to owners of the parent	**1**

ProwebCE

In April 2018, the Edenred Group acquired an additional 28% stake in ProwebCE, the French leader in solutions for works councils, thereby increasing its interest in the Company from 71% to 99.3%.

In accordance with IFRS 3 (revised), this transaction between shareholders was recorded in the consolidated financial statements within equity. The accretive impact of the operation on net profit attributable to owners of the parent was not material for 2018.

UTA

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. The transaction was approved by the relevant competition authorities and finalized on June 14, 2018. Edenred now holds an 83% interest in UTA.

In accordance with IFRS 3 (revised), this transaction between shareholders was recorded in the consolidated financial statements within equity. The accretive impact of the operation on net profit attributable to owners of the parent was not material for 2018.

Note that, with respect to the remaining 17% interest held by minority shareholder Eckstein, a current financial liability has been recognized in the financial statements. At December 31, 2018, this liability amounted to €94 million.

Efectibono

In July 2018, Edenred announced the acquisition of Peru-based Efectibono, an independent issuer of meal vouchers and incentive and rewards solutions, in paper and digital format. The acquisition will enable Edenred to significantly expand its share in Peru's employee benefits market. 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 goodwill for €4 million.

Acquisitions, development projects and disposals in 2017

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.

Vasa Slovensko has been fully consolidated from October 1, 2017. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been definitively allocated to the customer list for €11 million and the residual difference to goodwill for €18 million.

The effects of consolidating Vasa Slovensko on the consolidated financial statements for the period ended December 31, 2018 were as follows:

(in € millions)	VASA SLOVENSKO 2018 (9 MONTHS)	VASA SLOVENSKO 2017 (3 MONTHS)
Total revenue	5	2
EBIT	**2**	**1**
Net profit attributable to owners of the parent	**1**	**1**

NOTE 3 SIGNIFICANT EVENTS

3.1 €500 million bond issue

On November 29, 2018, Edenred announced a €500 million 7-year 1.875% bond issue due March 6, 2026.

The issue will help finance Edenred's growth plans, including the acquisition of Corporate Spending Innovations (CSI) (see "Subsequent events").

3.2 Change of the bolivar fuerte exchange rate in 2017 and 2018

Devaluation of the bolivar fuerte in 2017 and 2018

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 and exchange rates, with an unstable system that has been subject to numerous reforms.

On May 19, 2017, the Venezuelan government and central bank modified the exchange control system. On September 4, 2017, the DICOM foreign exchange platform was suspended by the central bank before reopening on April 16, 2018.

On February 5, 2018, Venezuela's central bank announced a devaluation of more than 99% of its official exchange rate with the launch of a new foreign exchange platform, resulting in an exchange rate of 30,988 bolivars per euro, equivalent to around 25,000 bolivars fuerte per dollar.

On August 20, 2018, the Venezuelan government issued a new currency, the bolivar soberano (VES), which is worth 100,000 "old" bolivars fuerte (VEF).

The value of the currency has continued to decline significantly since the announcement, averaging 55 bolivars to the euro in 2018 and closing at 645 bolivars to the euro.

For 2018, the Group decided to use DICOM bolivar soberano to US dollar exchange rates, as presented in the table below:

	2018	
	AVERAGE RATE *	CLOSING RATE **
Bolivar soberano to US dollar exchange rate used by Edenred, translated into euros	55	645

* *Average of DICOM VES/USD exchange rates since January 1, 2018, translated into EUR.*
** *Closing DICOM VES/USD exchange rate at December 31, 2018, translated to EUR.*

Bolivar soberano exchange rate sensitivity analysis

The consolidated financial statements are no longer sensitive to changes in the Bolivar soberano exchange rate.

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 attributable to owners of the parent to net profit, *i.e.*, a negative €129 million at December 31, 2018 out of a total loss of €151 million including non-controlling interests.

3.3 Hyperinflation in Argentina

Argentina has been qualified as a hyperinflationary economy since July 1, 2018. The Group has therefore applied IAS 29 – Financial Reporting in Hyperinflationary Economies to its operations in this country retroactively as from January 1, 2018.

In line with this standard, a EUR/ARS exchange rate of 43.13 has been used (see Note 11.6 "Exchange Rates"). Non-monetary items have been adjusted using the consumer price index published by Argentina's national statistics institute, INDEC.

Application of IAS 29 had a €1 million negative impact on net profit attributable to owners of the parent. The impact on consolidated equity was a non-material negative €3 million.

3.4 Payment of the 2017 dividend

At the Annual Meeting on May 3, 2018, Edenred shareholders approved the payment of a 2017 dividend of €0.85 per share, with the option of reinvesting 100% of the dividend paid in new shares.

The reinvestment period, which ran from May 14 to May 25, 2018, led to the issue of 3,863,610 new shares of Edenred common stock, representing 1.64% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 8, 2018.

The new shares carry dividend rights from January 1, 2018 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprised 239,266,350 shares.

The total dividend amounted to €200 million and included cash dividends of €104 million paid to Group shareholders on June 8, 2018.

3.5 Subsequent events

Acquisition of CSI

Edenred has signed an agreement to acquire Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America. The acquisition, for an amount of around 600 million US dollars, follows on from a European partnership formed close to two years ago between the two companies. In line with the Fast Forward strategic plan, the transaction will enable Edenred to step up its development in the fast-growing corporate payment segment, enhance its digital payment technology platform and significantly increase its presence in North America.

The transaction was completed on January 9, 2019. The company will be fully consolidated in Edenred's financial statements as from January 1, 2019.

Acquisition of 80% of the share capital of The Right Fuelcard Company (TRFC) Group

On November 27, 2018, Edenred announced the acquisition of 80% of the share capital of The Right Fuelcard Company (TRFC) Group, the number four fuel card program manager in the United Kingdom. By expanding into the UK market, one of the largest in Europe, Edenred is consolidating its position as a global provider of fleet and mobility solutions in line with its Fast Forward strategy.

The acquisition of 80% of the TRFC Group's share capital from Rontec and the Bayford Group represented an outlay of around £95 million.

The transaction was completed on January 4, 2019. The company will be fully consolidated in Edenred's financial statements as from January 1, 2019.

Acquisition of Road Account

On October 18, 2018, Edenred announced that its subsidiary UTA KG had acquired the client portfolio of Road Account from AirPlus, a member of the Lufthansa Group. AirPlus markets corporate toll payment solutions under the Road Account brand. The acquisition will enable UTA to expand its client base on the buoyant European toll market and creates new outlets for additional services.

The transaction was completed on January 11, 2019.

Dual acquisition of Merits & Benefits and Ekivita

On January 31, 2019, Edenred announced the dual acquisition of Merits & Benefits and Ekivita, which will enable the Group – already the number one provider of Employee Benefits in Belgium *via* its *Ticket Restaurant®* and *Ticket EcoCheque* programs – to expand its offering in the country and strengthen its leadership position on the local market.

Together, the two companies supply several hundred corporate clients with customized e-commerce platforms that offer access to exclusive promotional deals across a network of more than 500 partner brick-and-mortar stores and e-retailers.

The two companies will be fully consolidated in Edenred's financial statements in 2019.

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.
For aggregation to occur, IFRS 8 requires that the operating segments have similar long-term economic characteristics, and be similar in each of the following respects:
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 decisions 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 & Other" includes the Edenred SA holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.

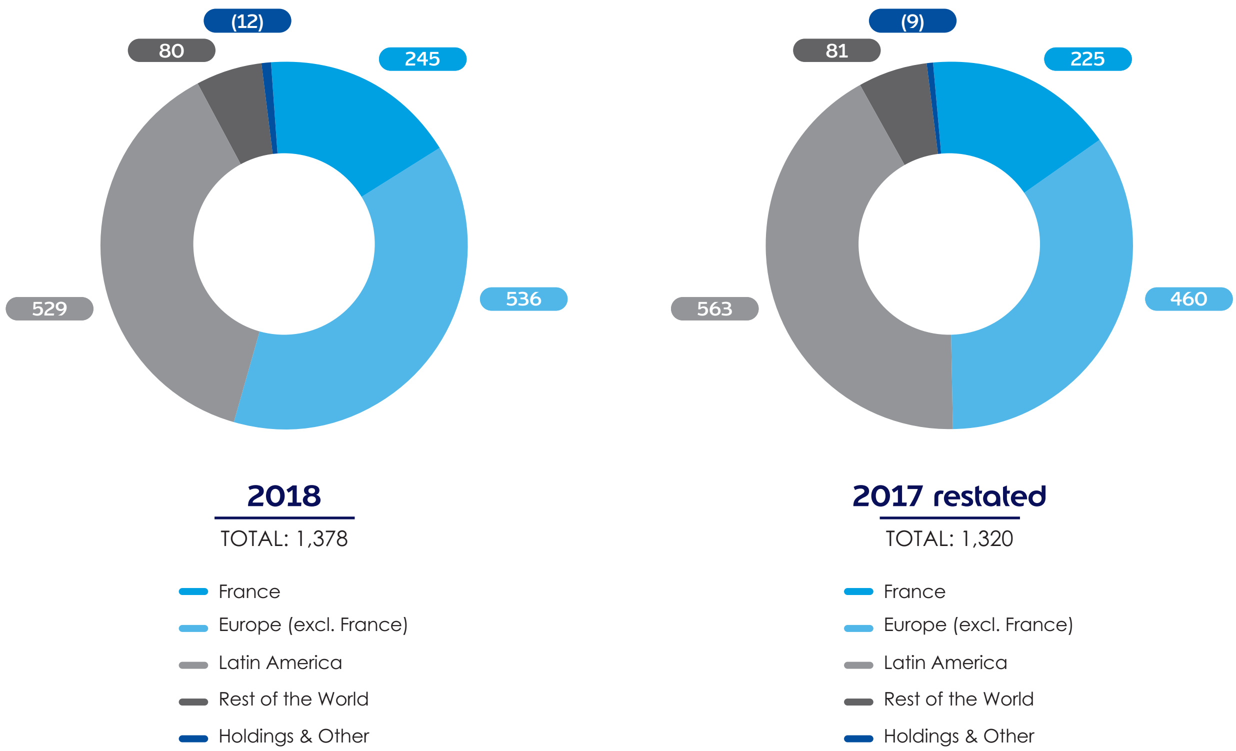
Condensed financial information

Income statement *(in € millions)*

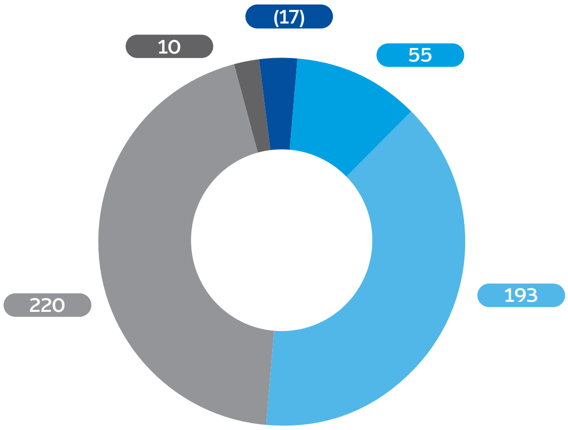
Executive management uses the following indicators to track business performance:

- revenue;
- EBIT.

REVENUE FROM OPERATING SEGMENTS (INCLUDING INTER-SEGMENT REVENUE)



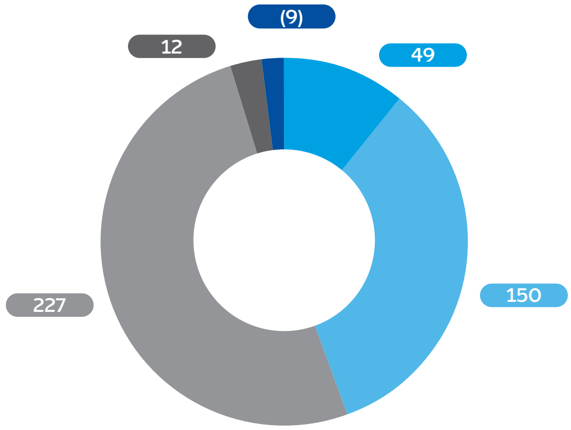
EBIT



2018

TOTAL: 461

- France
- Europe (excl. France)
- Latin America
- Rest of the World
- Holdings & Other

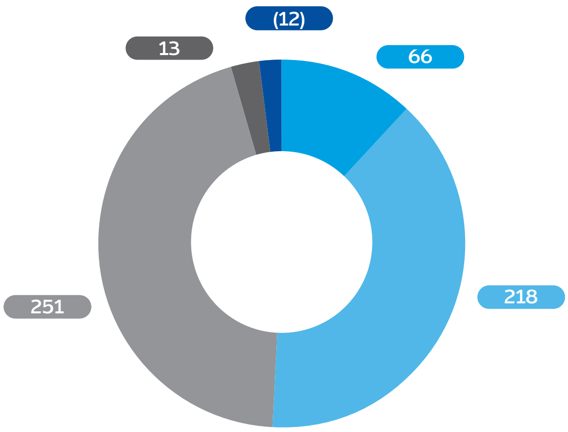


2017 restated

TOTAL: 429

- France
- Europe (excl. France)
- Latin America
- Rest of the World
- Holdings & Other

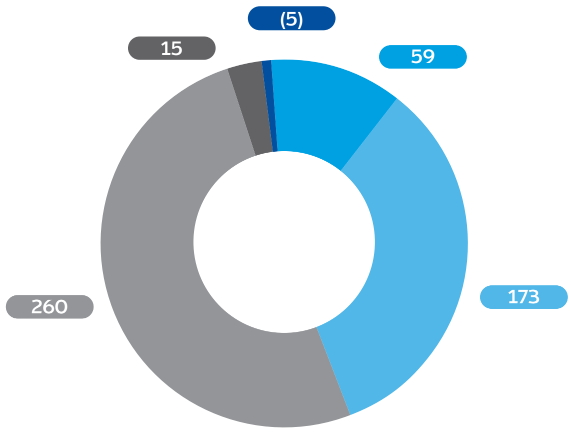
EBITDA



2018

TOTAL: 536

- France
- Europe (excl. France)
- Latin America
- Rest of the World
- Holdings & Other



2017 restated

TOTAL: 502

- France
- Europe (excl. France)
- Latin America
- Rest of the World
- Holdings & Other

Reconciliation of EBITDA to the amounts reported in the consolidated income statement

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	TOTAL
Total revenue	245	524	529	80	-	1,378
Operating expenses	(179)	(306)	(278)	(67)	(12)	(842)
EBITDA – 2018	**66**	**218**	**251**	**13**	**(12)**	**536**
EBITDA – 2017 RESTATED	**59**	**173**	**260**	**15**	**(5)**	**502**

STATEMENT OF FINANCIAL POSITION

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	DECEMBER 2018
Goodwill	160	366	415	35	-	976
Intangible assets	69	182	155	10	16	432
Property, plant and equipment	5	28	15	3	1	52
Non-current financial assets and investments in equity-accounted companies	2	62	7	2	41	114
Deferred tax assets	12	15	14	4	30	75
Non-current assets	**248**	**653**	**606**	**54**	**88**	**1,649**
Current assets	**1,057**	**2,024**	**1,606**	**193**	**741**	**5,621**
TOTAL ASSETS	**1,305**	**2,677**	**2,212**	**247**	**829**	**7,270**
Equity and non-controlling interests	**128**	**663**	**720**	**48**	**(3,010)**	**(1,451)**
Non-current liabilities	**15**	**133**	**56**	**2**	**2,243**	**2,449**
Current liabilities	**1,162**	**1,881**	**1,436**	**197**	**1,596**	**6,272**
TOTAL EQUITY AND LIABILITIES	**1,305**	**2,677**	**2,212**	**247**	**829**	**7,270**

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	DECEMBER 2017 RESTATED
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	17	22	27	3	20	89
Non-current assets	**249**	**639**	**659**	**54**	**64**	**1,665**
Current assets	**964**	**1,448**	**1,554**	**188**	**392**	**4,546**
TOTAL ASSETS	**1,213**	**2,087**	**2,213**	**242**	**456**	**6,211**
Equity and non-controlling interests	**221**	**521**	**674**	**57**	**(2,835)**	**(1,362)**
Non-current liabilities	**13**	**101**	**126**	**3**	**1,699**	**1,942**
Current liabilities	**979**	**1,465**	**1,413**	**182**	**1,592**	**5,631**
TOTAL EQUITY AND LIABILITIES	**1,213**	**2,087**	**2,213**	**242**	**456**	**6,211**

4.2 Revenue

As explained in Note 14.6 "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 2018 and 2017 break down as follows:

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED	Δ DECEMBER 2018/DECEMBER 2017 RESTATED: ORGANIC GROWTH IN €M	AS A %	CHANGES IN CONSOLIDATION SCOPE IN €M	AS A %	CURRENCY EFFECT IN €M	AS A %	TOTAL CHANGE IN €M	AS A %
Operating revenue	1,327	1,253	+167	+13.3%	+7	+0.6%	(100)	-7.9%	+74	+5.9%
Other revenue	51	67	(10)	-14.7%	(0)	-0.1%	(6)	-9.2%	(16)	-24.1%
TOTAL REVENUE	**1,378**	**1,320**	**+157**	**+11.9%**	**+7**	**+0.5%**	**(106)**	**-8.0%**	**+58**	**+4.4%**

4.2.1 Segment information by indicator

Change in total revenue

Total revenue by region

The Group's total revenue is made up of operating revenue and other revenue.

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	TOTAL
Total revenue – 2018	245	524	529	80	-	1,378
Total revenue – 2017 restated	225	451	563	81	-	1,320
Change	20	73	(34)	(1)	-	58
% change	+9.1%	+16.2%	-6.0%	-2.0%	-	+4.4%
LIKE-FOR-LIKE CHANGE *	**+18**	**+68**	**+61**	**+10**	**-**	**+157**
LIKE-FOR-LIKE CHANGE AS A %	**+8.1%**	**+15.0%**	**+10.8%**	**+12.4%**	**+0.0%**	**+11.9%**

* *See Note 14 "Glossary" for a definition of like-for-like growth.*

Operating revenue by region

Changes in operating revenue between 2018 and 2017 break down by region as follows:

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	TOTAL
Operating revenue – 2018	239	516	497	75	1,327
Operating revenue – 2017 restated	215	437	525	76	1,253
Change	24	79	(28)	(1)	74
% change	+11.0%	+18.1%	-5.2%	-1.7%	+5.9%
LIKE-FOR-LIKE CHANGE *	**+21**	**+74**	**+63**	**+9**	**+167**
LIKE-FOR-LIKE CHANGE AS A %	**+10.0%**	**+16.8%**	**+12.0%**	**+11.6%**	**+13.3%**

* *See Note 14 "Glossary" for a definition of like-for-like growth.*

Other revenue

Other 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.

Total revenue corresponds to the sum of operating revenue and other revenue.

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	TOTAL
Other revenue – December 2018	6	8	32	5	-	51
Other revenue – December 2017 restated	10	14	38	5	-	67
Change	(4)	(6)	(6)	(0)	-	(16)
% change	-34.3%	-40.8%	-17.8%	-5.8%	-	-24.1%
LIKE-FOR-LIKE CHANGE *	**(3)**	**(6)**	**(2)**	**1**	**-**	**(10)**
LIKE-FOR-LIKE CHANGE AS A %	**-34.3%**	**-40.6%**	**-5.4%**	**+24.6%**	**-**	**-14.7%**

* *See Note 14 "Glossary" for a definition of like-for-like growth.*

4.2.2 Operating revenue by business line

In accordance with IFRS 15, revenue is recognized upon the transfer of control to the customer.

- Employee Benefits and Fleet & Mobility Solutions business lines:
  - commissions received from corporate clients are recognized when vouchers are issued and sent to clients;
  - commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement by the beneficiary;
  - profits on vouchers that expire without being reimbursed are recognized in income gradually, after the expiry date of the reimbursement rights.

  All revenue generated through principal/agent arrangements in which the Group acts as the principal is recognized in full. Where the Group acts as the agent, only the agency commission will be recognized.
- Complementary Solutions business line: the revenue corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions.

In addition to the information broken down by region as presented in the section on segment information and in accordance with IFRS 15, the following tables show a breakdown of the Group's operating revenue by business line.

Information on the business lines and associated income types is provided in the Management Report.

(in € millions)	EMPLOYEE BENEFITS	FLEET & MOBILITY SOLUTIONS	COMPLEMENTARY SOLUTIONS	TOTAL
Operating revenue – 2018	854	336	137	1,327
Operating revenue – 2017 restated	814	320	119	1,253
Change	40	16	18	74
% change	+5.0%	+4.9%	+15.3%	+5.9%
LIKE-FOR-LIKE CHANGE *	**+96**	**+54**	**+18**	**+167**
LIKE-FOR-LIKE CHANGE AS A %	**+11.7%**	**+16.8%**	**+14.8%**	**+13.3%**

* *See Note 14 "Glossary" for a definition of like-for-like growth.*

4.3 Operating expenses

(in € millions)	**DECEMBER 2018**	DECEMBER 2017 RESTATED
Employee benefit expense	(426)	(397)
Cost of sales	(152)	(146)
Business taxes	(41)	(43)
Rental expense	(21)	(21)
Other operating expenses	(202)	(211)
TOTAL OPERATING EXPENSES [1]	**(842)**	**(818)**

(1) In 2018, operating expenses were impacted by a positive €54 million currency effect and a negative €5 million scope effect in comparison with 2017.

Other operating expenses consist mainly in external fees, marketing and advertising expenses, additions to and reversal of impairment of current assets, development expenses and IT expenses.

4.4 EBIT

Changes in EBIT between 2018 and 2017 break down as follows:

			Δ DECEMBER 2018/DECEMBER 2017 RESTATED							
			ORGANIC GROWTH		CHANGES IN CONSOLIDATION SCOPE		CURRENCY EFFECT		TOTAL CHANGE	
	DECEMBER 2018	DECEMBER 2017 RESTATED	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %	IN €M	AS A %
EBIT	**461**	**429**	**+75**	**+17.5%**	**+3**	**+0.6%**	**(46)**	**-10.9%**	**+32**	**+7.3%**

EBIT is analyzed by operating segment in the table below:

(in € millions)	FRANCE	EUROPE (EXCL. FRANCE)	LATIN AMERICA	REST OF THE WORLD	HOLDING & OTHER	**TOTAL**
EBIT – December 2018	55	193	220	10	(17)	461
EBIT – December 2017 restated	49	150	227	12	(9)	429
Change	+6	+43	(7)	(2)	(8)	+32
% change	+12.5%	+28.1%	-3.4%	-18.0%	+80.1%	+7.3%
LIKE-FOR-LIKE CHANGE *	**+6**	**+38**	**+34**	**+3**	**(6)**	**+75**
LIKE-FOR-LIKE CHANGE AS A %	**+12.2%**	**+25.4%**	**+15.1%**	**+19.5%**	**+60.4%**	**+17.5%**

* *See Note 14 "Glossary" for a definition of like-for-like data.*

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 recognized in current liabilities.

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED	CHANGE
Inventories, net	27	24	3
Trade receivables, net	1,875	1,679	196
Other receivables, net	280	277	3
ASSETS	2,182	1,980	202
Trade payables	224	177	47
Other payables	614	284	330
Funds to be redeemed	4,959	4,749	210
LIABILITIES AND EQUITY	5,797	5,210	587
NEGATIVE WORKING CAPITAL	**3,615**	**3,230**	**385**
Corporate income tax liabilities	13	8	5
NEGATIVE WORKING CAPITAL (INCL. CORPORATE INCOME TAX LIABILITIES)	**3,628**	**3,238**	**390**

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
WORKING CAPITAL AT BEGINNING OF PERIOD	3,230	2,894
Change in working capital (1)	404	301
Development expenditure	14	106
Disposals	(1)	(9)
Impairment losses	3	5
Currency translation adjustment	(34)	(94)
Reclassifications to other balance sheet items	(1)	(6)
NET CHANGE IN WORKING CAPITAL	385	303
Impact of IFRS 9	-	33
WORKING CAPITAL AT END OF PERIOD	**3,615**	**3,230**

(1) See section 1.4 "Consolidated statement of cash flows".

4.6 Change in restricted cash

Restricted cash corresponds to voucher reserve funds. These funds, which are equal to the face value of vouchers in circulation, are subject to specific regulations in some countries, such as France for the Ticket Restaurant® and Ticket CESU solutions. 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 locally regulated interest-bearing financial instruments.

Restricted cash corresponds mainly to voucher reserved funds subject to special regulations in the following countries: France (€718 million), the United Kingdom (€522 million), Romania (€73 million), the United States (€39 million), Italy (€19 million), Uruguay (€10 million) and Bulgaria (€9 million).

In March 2018, the Brazilian Central Bank (BACEN) issued two circulars in which it stated that, contrary to initial plans, the Employee Benefits business would not be included in its regulation of the payment sector. The regulations, due to enter into force in 2018, would have made it compulsory to reclassify part of the float generated in Brazil to restricted cash, resulting in a negative impact on the Group's net debt.

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
RESTRICTED CASH AT BEGINNING OF PERIOD	1,127	942
Like-for-like change for the period [1]	279	204
Other changes	-	(4)
Currency translation adjustment	(4)	(15)
NET CHANGE IN RESTRICTED CASH	275	185
RESTRICTED CASH AT END OF PERIOD	**1,402**	**1,127**

(1) See section 1.4 "Consolidated statement of cash flows".

4.7 Trade and other receivables and payables

Trade receivables

In accordance with IFRS 9, impairment of trade and other receivables is recognized on the basis of expected losses and no longer on incurred losses. A provision for impairment will therefore need to be recognized as soon as the receivable arises. For receivables with no significant financing component, the Group applies the alternative model, which consists of recognizing a provision equal to the lifetime expected losses on the contract. The impact of this new provision on equity at January 1, 2018 is €33 million before tax.

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Trade receivables, gross	1,977	1,783
Impairment losses	(102)	(104)
TRADE RECEIVABLES, NET	**1,875**	**1,679**

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 ProwebCE ticket inventories as well as cards and paper for printing vouchers.

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Inventories	27	24
VAT recoverable	90	85
Employee advances and prepaid payroll taxes	5	4
Other prepaid and recoverable taxes	40	35
Other receivables	125	136
Prepaid expenses	21	18
INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, GROSS	**308**	**302**
Impairment losses	(1)	(1)
INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, NET	**307**	**301**

Other payables and accruals

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
VAT payable	41	35
Wages, salaries and payroll taxes payable	84	71
Other taxes payable (excl. corporate income tax)	22	12
Deferred income	33	28
Other payables	434	138
TOTAL OTHER PAYABLES AND ACCRUALS	614	284
Corporate income tax liabilities	13	8
OTHER PAYABLES AND ACCRUALS, NET	**627**	**292**

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.

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 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.

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Goodwill, gross	1,147	1,158
Accumulated impairment losses	(172)	(164)
GOODWILL, NET	**976**	**994**

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Brazil (including *Repom* and Embratec)	359	397
UTA	149	148
France (*Ticket Cadeaux*)	92	92
France (primarily ProwebCE)	52	49
Italy	46	46
United Kingdom (including Prepay Technologies)	43	44
Mexico	42	40
Romania	31	31
Finland	19	19
Slovakia	18	21
Poland (Timex) *	18	-
Sweden	17	18
France (Moneo Resto)	14	14
United States	14	14
Japan	12	11
Czech Republic	13	13
Dubai	9	8
Portugal	6	6
Other (individually representing less than €5 million)	22	23
GOODWILL, NET	**976**	**994**

* *Of which €2 million from UTA Polska reclassified as goodwill following the change of consolidation method from the equity method to full consolidation.*

Changes in the carrying amount of goodwill during the period presented were as follows:

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
NET GOODWILL AT BEGINNING OF PERIOD	994	904
Increase in gross goodwill and impact of scope changes	**27**	**174**
• Germany (UTA acquisition) [1]	1	148
• Slovakia (VASA acquisition) [2]	(3)	21
• France (Moneo Resto acquisition)	-	14
• Nicaragua (Nectar Technology consolidation)	-	3
• Brazil (Embratec consolidation)	-	(13)
• Brazil (Good Card consolidation)	4	-
• Poland (Timex acquisition) [2]	18	-
• Peru (Effectibono acquisition)	4	
• Other acquisitions	3	1
Goodwill written off on disposals for the period	**-**	**-**
Impairment losses [3]	**(5)**	**(11)**
Currency translation adjustment	**(40)**	**(73)**
NET GOODWILL AT END OF PERIOD	**976**	**994**

(1) On January 20, 2017, the Group exercised its call option on non-controlling interests in UTA and acquired control of this sub-group.
(2) See Note 2 "Acquisitions, development projects and disposals".
(3) See Note 5.5 "Impairment tests".

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 2018**	DECEMBER 2017 RESTATED
GROSS CARRYING AMOUNT		
Brands	66	66
Customer lists	335	338
Licenses and software	330	301
Other intangible assets	85	76
TOTAL GROSS CARRYING AMOUNT	817	781
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(10)	(10)
Customer lists	(111)	(92)
Licenses and software	(220)	(202)
Other intangible assets	(45)	(44)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(385)	(348)
NET CARRYING AMOUNT	**432**	**433**

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

(in € millions)	**DECEMBER 2018**	DECEMBER 2017 RESTATED
CARRYING AMOUNT AT BEGINNING OF PERIOD	**433**	**313**
Intangible assets of newly consolidated companies *	8	146
Internally generated assets	47	39
Additions	20	26
Depreciation for the period	(61)	(57)
Impairment losses for the period	(0)	(9)
Disposals	(0)	-
Currency translation adjustment	(17)	(26)
Reclassifications	2	1
CARRYING AMOUNT AT END OF PERIOD	**432**	**433**

* *In 2017, intangible assets of newly consolidated companies included customer lists (UTA and Vasa) for €120 million and the UTA brands for €23 million (see Note 2 "Acquisitions, development projects and disposals").*

The carrying amount of intangible assets with an indefinite useful life corresponds mainly to the following brands:

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
UTA brand	23	23
Kadéos brand	19	19
ProwebCE brand	6	6
Rikskuponger brand	3	3
Prepay brand	2	2
Other brands	3	3
TOTAL	**56**	**56**

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.

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.

	DECEMBER 2018			DECEMBER 2017 RESTATED		
(in € millions)	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT
Land	2	-	2	2		2
Buildings	13	(6)	7	14	(6)	8
Fixtures	30	(18)	12	27	(18)	9
Equipment and furniture	124	(95)	29	127	(101)	26
Assets under construction	2	-	2	1		1
TOTAL	**171**	**(119)**	**52**	**171**	**(125)**	**46**

Changes in the carrying amount of property, plant and equipment during the period were as follows:

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
CARRYING AMOUNT AT BEGINNING OF PERIOD	46	38
Property, plant and equipment of newly consolidated companies	1	13
Additions	22	17
Disposals	(1)	(1)
Depreciation for the period	(15)	(16)
Impairment losses for the period	-	(1)
Currency translation adjustment	(2)	(4)
Reclassifications	1	-
CARRYING AMOUNT AT END OF PERIOD	**52**	**46**

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 (revised), 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.

At December 31, 2018, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co. KG) and MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG).

4

Impact on the income statement

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Share of net profit from equity-accounted companies	11	11
TOTAL SHARE OF NET PROFIT FROM EQUITY-ACCOUNTED COMPANIES	**11**	**11**

Impact on the statement of financial position

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Goodwill	-	-
Investments in equity-accounted companies	66	62
TOTAL INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**66**	**62**

Change in investments in equity-accounted companies

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT BEGINNING OF PERIOD	62	151
Impact of full consolidation of UTA	-	(151)
Consolidation of AGES and MSC	-	62
Share of net profit from equity-accounted companies	11	11
Acquisition of 35% stake in Goodcard	7	-
Impact of full consolidation of UTA Polska	(2)	-
Dividends received from investments in AGES and MSC equity-accounted companies	(12)	(11)
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT END OF PERIOD	**66**	**62**

AGES (Ages Maut System GmbH & Co KG and Ages International GmbH & Co. KG)

Actual 2018 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them. 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)	2018
Operating revenue	162
Operating profit before other income and expenses (EBIT)	46
Profit before tax	40
NET PROFIT	**30**

MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG)

Actual 2018 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them. 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)	2018
Operating revenue	8
EBIT	6
Profit before tax	6
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.

Cash-generating units

Impairment tests are performed at the level of the cash-generating unit (CGU) or group of CGUs.
A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. It corresponds to the level at which the Group organizes its businesses and monitors its results for internal management purposes. All assets are allocated to CGUs. When it is not possible to allocate goodwill on a non-arbitrary basis to individual CGUs, it may be allocated to a group of CGUs which may not be greater than an operating segment as defined in Note 4 “Operating Activity”.

Indications of impairment are as follows for active CGUs:

- a 15% drop in like-for-like operating revenue;
- a 20% drop in like-for-like EBITDA; or
- any event or change in the economic environment indicating a current risk of impairment.

CGUs, which correspond to the Group's operating segments, 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, defined as the higher of fair value less cost to sell and value in use.

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.

Impairment tests are carried out in two steps:

- step one: the carrying amount of the CGU/group of CGUs is compared to an EBITDA multiple that is considered as being representative of fair value less cost to sell. The Group considers that a difference of more than 20% between the fair value, less cost to sell, and the carrying amount means a potential loss in value;
- step two: when there is a risk of 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 five-year business plans approved by the Board of Directors. In 2018, the rate used to discount cash flows was the Group's after-tax 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. The impairment loss is recorded first as a deduction from the carrying amount of the goodwill allocated to the CGU/group of CGUs, and then as a deduction from the carrying amount of the other assets of the CGU/group of CGUs.

The following CGUs were tested using the value in use method in 2018:

Brazil (*Repom*), United Kingdom (Prepay Technologies), UTA, Slovakia, Japan, Colombia, Chile, Uruguay, Malaysia (Cardtrend), United States (*NutriSavings*) and Nicaragua (Nectar Technology).

The following CGUs were tested using the value-in-use method in 2017:

Brazil (Ticket Serviços, *Ticket Log*, *Repom* and Accentiv), United Kingdom (Edenred UK and Prepay Technologies), Japan, Colombia, Portugal, Malaysia, Russia and India.

Potential risks linked to Brexit and the situation in Brazil were taken into account when testing value in 2018.

Impairment losses

Accumulated impairment losses on property, plant and equipment and intangible assets amounted to €227 million in 2018, *versus* €219 million in 2017. Goodwill impairment losses of €5 million were recorded in 2018, including €3 million on Malaysian goodwill and €2 million on Russian goodwill (see Note 10.1).

Property, plant and equipment and intangible assets of CGUs impacted by accumulated impairment losses are detailed as follows:

	DECEMBER 2018				DECEMBER 2017 RESTATED			
(in € millions)	**GROSS CARRYING AMOUNT**	**DEPRECIATION/ AMORTIZATION**	**ACCUMULATED IMPAIRMENT LOSSES**	**NET CARRYING AMOUNT**	GROSS CARRYING AMOUNT	DEPRECIATION/ AMORTIZATION	ACCUMULATED IMPAIRMENT LOSSES	NET CARRYING MOUNT
Goodwill	1,148	-	(172)	976	1,158	-	(164)	994
Brands	66	-	(10)	56	66	-	(10)	56
Customer lists	335	(89)	(21)	225	338	(71)	(21)	246
Other intangible assets	415	(240)	(24)	151	377	(222)	(24)	131
Property, plant and equipment	171	(119)	-	52	171	(125)	-	46
TOTAL	**2,135**	**(448)**	**(227)**	**1,460**	**2,110**	**(418)**	**(219)**	**1,473**

Key assumptions

In 2018, the discount rate applied was based on the Group weighted average cost of capital (WACC) and averaged 9.0% (9.2% in 2017).

	DISCOUNT RATE		PERPETUITY GROWTH RATE	
	2018	2017	**2018 ***	2017
Europe (excl. France)	7.8%-11.2%	7.9%-14.3%	2.0%-2.5%	1.8%-4.0%
Latin America	10.6%-14.7%	12.6%-14.6%	3.0%-6.1%	3.0%-4.5%
Rest of the World	7.0%-17.0%	6.7%-13.6%	1.2%-4.0%	1.6%-5.0%

* *Source: IMF inflation forecast for 2023.*

Sensitivity analysis

Rate sensitivity

	DECEMBER 2018							
	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	(3)	(2)	1	1	(2)	(1)	1	1

	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

In 2018, changes in the weighted average cost of capital (WACC) and the perpetuity growth rate would have the following impacts on the Rest of the World region:

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 around €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 around €3 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 decrease in the discount rate would have had the effect of increasing the recognized loss by around €1 million for the Rest of the World region;
- a 100 basis point decrease in the discount rate would have had the effect of increasing the recognized loss by around €2 million for the Rest of the World region.

Growth assumption sensitivity

	DECEMBER 2018			
	BUSINESS GROWTH SENSITIVITY		MARGIN RATE SENSITIVITY	
(in € millions)	**-10%**	**+10%**	**-100 BPS**	**+100 BPS**
France				
Europe (excl. France)	-	-	-	-
Latin America	-	-	-	-
Rest of the World	(1)	2	(1)	1

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, 2018, a 10% fall in business volume would have had the effect of increasing the recognized impairment loss by around €1 million.

At December 31, 2018, a 100 basis point fall in the margin rate would have increased the recognized impairment loss by around €1 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 2018**	DECEMBER 2017 RESTATED
Amortization of fair value adjustments to assets acquired in business combinations	21	22
Other depreciation and amortization	54	51
TOTAL	**75**	**73**

In 2018, amortization of fair value adjustments to assets primarily included €6 million for UTA and €7 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 2018	DECEMBER 2017
Gross borrowing cost	(47)	(65)
Hedging instruments	18	20
Income from cash and cash equivalents and other marketable securities	10	8
Net borrowing cost	**(19)**	**(37)**
Net foreign exchange gains (losses)	4	2
Other financial income	1	1
Other financial expenses	(23)	(16)
NET FINANCIAL EXPENSE	**(37)**	**(50)**

Hedging instruments are related to expenses and income on interest rate swaps as presented in Note 6.6 "Financial instruments and market risk management".

Other financial income and other financial expenses mainly concern bank fees, miscellaneous banking expenses and interest, deferred expenses, issuance premiums and financial provisions.

6.2 Financial assets

IFRS 9 defines financial assets as a contractual right to receive an economic benefit that will ultimately result in the receipt of cash flows or an equity instrument. Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the asset. The initial fair value corresponds to the asset's purchase price.

Financial assets and liabilities are recognized and measured in accordance with IFRS 9 – Financial Instruments.
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 IFRS 9, as follows:

- **at amortized cost:** One of the conditions of eligibility of a debt instrument for measurement at amortized cost is that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding ("SPPI instruments"). SPPI instruments include:
  - term deposits and loans to non-consolidated companies. These assets are initially recognized at fair value,
  - bonds and other marketable securities that are **held to maturity**. These assets are initially recognized at fair value.

  They 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;
- **at fair value through profit or loss:** Mutual fund units in cash are booked in "**Financial assets at fair value through profit and loss**". These assets are recognized at fair value in the balance sheet and fair value changes are recorded in the income statement;
- **at fair value through other comprehensive income (OCI):** Derivative financial instruments recorded in assets and eligible for hedge accounting are measured at fair value and fair value changes are recorded in other comprehensive income.

6.2.1 Non-current financial assets

Non-current financial assets consist mainly of equity interests in non-consolidated companies and deposits and guarantees.

(in € millions)	DECEMBER 2018			DECEMBER 2017 RESTATED		
	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES	NET CARRYING AMOUNT
Equity interests *	35	(1)	34	34	(5)	29
Deposits and guarantees	12	-	12	10	-	10
Other	2	-	2	2	-	2
NON-CURRENT FINANCIAL ASSETS	**49**	**(1)**	**48**	**46**	**(5)**	**41**

* *Changes to the fair value of which are recognized through profit or loss.*

6.2.2 Current financial assets

(in € millions)	DECEMBER 31, 2018			DECEMBER 31, 2017 RESTATED		
	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	IMPAIRMENT LOSSES	NET CARRYING AMOUNT
Other current financial assets	2	-	2	3	(1)	2
Receivables on disposals of assets	-	-	-		-	
Derivatives	44	-	44	41	-	41
CURRENT FINANCIAL ASSETS	**46**	**-**	**46**	**44**	**(1)**	**43**

"Other current financial assets" represent short-term loans with external counterparts, classified as "Loans and receivables".

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management".

6.3 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 recognized according to IFRS 9 – Financial Instruments (see Note 6.3) and its amendments.

Both cash and cash equivalents and other marketable securities are taken into account for the calculation of net debt.

(in € millions)	DECEMBER 2018 GROSS CARRYING AMOUNT	DECEMBER 2018 IMPAIRMENT LOSSES	DECEMBER 2018 NET CARRYING AMOUNT	DECEMBER 2017 RESTATED GROSS CARRYING AMOUNT	DECEMBER 2017 RESTATED IMPAIRMENT LOSSES	DECEMBER 2017 RESTATED NET CARRYING AMOUNT
Cash at bank and on hand	865	-	865	306	-	306
Term deposits and equivalent – less than 3 months	423	-	423	297	-	297
Bonds and other negotiable debt securities	32	-	32	-	-	-
Mutual fund units in cash – less than 3 months	17	-	17	26	-	25
CASH AND CASH EQUIVALENTS	1,337	-	1,337	629	-	629
Term deposits and equivalent – more than 3 months	491	(1)	490	750	(4)	746
Bonds and other negotiable debt securities	163	-	163	20	-	20
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1
OTHER MARKETABLE SECURITIES	655	(1)	654	771	(4)	767
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1,992**	**(1)**	**1,991**	**1,400**	**(4)**	**1,396**

Cash and cash equivalents at December 31, 2018 included a temporary balance of €500 million and the total was not therefore comparable with cash and cash equivalents at the previous year-end. The €500 million corresponded to the proceeds from a public bond offering that were received on December 6, 2018 and were subsequently used to finance the CSI acquisition that was settled on January 9, 2019 (see Note 2 "Acquisitions, development projects and disposals").

6.4 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. 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.

(in € millions)	DECEMBER 2018 NON-CURRENT	DECEMBER 2018 CURRENT	DECEMBER 2018 TOTAL	DECEMBER 2017 RESTATED NON-CURRENT	DECEMBER 2017 RESTATED CURRENT	DECEMBER 2017 RESTATED TOTAL
Non-bank debt *	2,197	-	2,197	1,681	-	1,681
Bank borrowings	16	66	82	67	68	135
NEU CP	-	210	210	-	-	-
DEBT	2,213	276	2,489	1,748	68	1,816
BANK OVERDRAFTS	-	21	21	-	54	54
Deposits and guarantees	1	13	14	1	13	14
Purchase commitments for non-controlling interests	57	102	159	14	209	223
Derivatives	-	6	6	-	23	23
Other	3	4	7	2	4	6
OTHER FINANCIAL LIABILITIES	61	125	186	17	249	266
DEBT AND OTHER FINANCIAL LIABILITIES	**2,274**	**422**	**2,696**	**1,765**	**371**	**2,136**

* *Non-bank debt restated based on IFRS 9 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").*

The contractual documents for debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

Debt

Non-bank debt

Bonds

On November 29, 2018, Edenred announced a €500 million 1.875% bond issue with a maturity of 7 years and 3 months. The new bond issue will help finance the acquisition of CSI.

At December 31, 2018, the Group's gross outstanding bond position amounted to €1,975 million, which breaks down as follows:

ISSUE DATE	AMOUNT *(in €m)*	COUPON	MATURITY
December 6, 2018	500	1.875%	7 years & 3 months March 6, 2026
March 30, 2017	500	1.875%	10 years March 30, 2027
March 10, 2015	500	1.375%	10 years March 10, 2025
October 30, 2013	250	2.625%	7 years October 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
GROSS OUTSTANDING BOND POSITION	**1,975**		

At December 31, 2017, the gross outstanding bond position amounted to €1,475 million.

ISSUE DATE	AMOUNT *(in €m)*	COUPON	MATURITY
March 30, 2017	500	1.875%	10 years March 30, 2027
March 10, 2015	500	1.375%	10 years March 10, 2025
October 30, 2013	250	2.625%	7 years October 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
GROSS OUTSTANDING BOND POSITION	**1,475**		

Other non-bank debt

At December 31, 2018, the €250 million Schuldschein private placement represented different tranches of maturity and rates and can be detailed as follows:

RATE		AMOUNT *(in €m)*	COUPON	MATURITY
Fixed	1.05%	45	5	June 29, 2021
Variable	6-month Euribor * +105 bps	68	5	June 29, 2021
Fixed	1.47%	32	7	June 29, 2023
Variable	6-month Euribor * +130 bps	105	7	June 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 (€113 million at the December 31, 2018 BRL/EUR exchange rate). The loan is repayable in two 250 million reais installments, one paid in June 2018 and one due in May 2019.

Bank borrowings at December 31, 2018 totaled €77 million, of which €58 million corresponding to the 250 million reais loan.

NEU CP program

In March 2018, Edenred set up a Negotiable EUropean Commercial Paper (NEU CP) program with the French central bank. The program, which was set up under competitive terms, is capped at €500 million and is intended to fund the Group's short-term financing needs, primarily in relation to its business cycle. At December 31, 2018, current debt outstanding under the program stood at €210 million.

Maturity analysis – carrying amounts

At December 31, 2018

(in € millions)	2019	2020	2021	2022	2023	2024 AND BEYOND	DECEMBER 2018
Debt and other financial liabilities	422	284	137	244	137	1,472	2,696
TOTAL	**422**	**284**	**137**	**244**	**137**	**1,472**	**2,696**

At December 31, 2017

(in € millions)	2018	2019	2020	2021	2022	2023 AND BEYOND	DECEMBER 2017 RESTATED
Debt and other financial liabilities	371	84	254	112	239	1,076	2,136
TOTAL	**371**	**84**	**254**	**112**	**239**	**1,076**	**2,136**

Credit facility

At December 31, 2018, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2023. This facility will be used for general corporate purposes.

On June 29, 2018, the maturity of the €700 million syndicated credit facility expiring on July 21, 2022 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 2023.

6.5 Net debt and net cash

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Non-current debt	2,213	1,748
Other non-current financial liabilities	61	17
Current debt	276	68
Other current financial liabilities	125	249
Bank overdrafts	21	54
DEBT AND OTHER FINANCIAL LIABILITIES	2,696	2,136
Current financial assets	(46)	(43)
Other marketable securities	(654)	(768)
Cash and cash equivalents	(1,337)	(628)
CASH AND CASH EQUIVALENTS LAND OTHER CURRENT FINANCIAL ASSETS	(2,037)	(1,439)
NET DEBT	**659**	**697**

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
NET DEBT AT BEGINNING OF PERIOD	697	588
Increase (decrease) in non-current financial debt	464	410
Increase (decrease) in other non-current financial liabilities	44	(33)
Decrease (increase) in other marketable securities	114	(33)
Decrease (increase) in cash and cash equivalents, net bank overdrafts	(741)	22
Increase (decrease) in other financial assets and liabilities	81	(241)
INCREASE (DECREASE) IN NET DEBT	(38)	125
Impact of IFRS 9	-	(16)
NET DEBT AT END OF PERIOD	**659**	**697**

6.6 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 IFRS 9, 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 2018			DECEMBER 2017 RESTATED		
	AMOUNT	**INTEREST RATE**	**% OF TOTAL DEBT**	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
Fixed-rate debt [(1)]	2,313	2.1%	93%	1,641	2.9%	90%
Variable-rate debt	176	1.4%	7%	175	1.3%	10%
DEBT	**2,489**	**2.0%**	**100%**	**1,816**	**2.8%**	**100%**

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.750%, 2.625%, 1.375%, 1.875% 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:

(in € millions)	DECEMBER 2018			DECEMBER 2017 RESTATED		
	AMOUNT	**INTEREST RATE**	**% OF TOTAL DEBT**	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
Fixed-rate debt	455	1.1%	18%	290	4.4%	16%
Variable-rate debt	2,034	1.2%	82%	1,526	1.3%	84%
DEBT	**2,489**	**1.2%**	**100%**	**1,816**	**1.8%**	**100%**

2) Hedging of interest rate risk

Interest rate risk on fixed rate debt and variable rate financial assets is hedged using swaps where the Group is the fixed rate lender and variable rate borrower:

- swaps to hedge debt in euros: notional amount of €1,932 million relating to an underlying debt of €2,052 million and for a fair value of €20 million representing a financial asset;
- swaps to hedge the bank debt in Brazilian reais: notional amount of €56 million relating to an underlying debt of 250 million reais and for a fair value of €1 million representing a financial asset;
- swaps to hedge marketable securities in reais: notional amount of €315 million relating to an underlying debt of 1,400 million reais and for a fair value of €17 million representing a financial asset;
- swaps to hedge marketable securities in Mexican pesos: notional amount of €44 million relating to an underlying debt of 1,000 million pesos and for a fair value of €1 million representing a financial liability.

Under IFRS 9, swaps on debt are designated as hedging instruments in fair value hedges and swaps on marketable securities are designated as hedging instruments in cash flow hedges. These hedging operations have no material impact on the income statement as the efficiency ratio is almost 100%.

(in € millions)	NOTIONAL AMOUNT	FAIR VALUE	2019	2020	2021	2022	2023 AND BEYOND
BRL: fixed-rate receiver swaps [(1)]	315	17	64			116	135
BRL: variable-rate payer swaps [(2)]	56	1	56				
EUR: fixed-rate payer swaps	50	(1)				50	
EUR: variable-rate payer swaps	1,882	21		125		275	1,482
MXN: fixed-rate receiver swaps [(3)]	44	(1)					44
TOTAL	**2,347**	**37**	**120**	**125**	**-**	**441**	**1,661**

(1) Of which BRL 1,340 million (€302 million) in swaps to hedge marketable securities of the Ticket Serviços entity.
(2) Of which BRL 250 million (€56 million) in swaps to hedge debt of the Ticket Serviços SA entity.
(3) Of which MXN 1,000 million (€44 million) in swaps to hedge marketable securities of the Edenred Mexico entity.

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, 2018 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:

	INCOME		EQUITY	
(in € millions)	100 BP DECREASE IN INTEREST RATES *	100 BP INCREASE IN INTEREST RATES	100 BP DECREASE IN INTEREST RATES *	100 BP INCREASE IN INTEREST RATES
Debt at variable rate after hedge accounting	16	(16)		
Derivatives eligible for cash flow hedge accounting	-	-	-	-
TOTAL	**16**	**(16)**	**-**	**-**

* *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 2018			DECEMBER 2017 RESTATED		
(in € millions)	**AMOUNT**	**INTEREST RATE**	**% OF TOTAL DEBT**	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
EUR	2,423	1.8%	97%	1,681	2.0%	93%
Other currencies	66	12.1%	3%	135	12.1%	7%
DEBT	**2,489**	**2.0%**	**100%**	**1,816**	**2.8%**	**100%**

After hedging

Debt after currency hedging breaks down as follows:

	DECEMBER 2018			DECEMBER 2017 RESTATED		
(in € millions)	**AMOUNT**	**INTEREST RATE**	**% OF TOTAL DEBT**	AMOUNT	INTEREST RATE	% OF TOTAL DEBT
EUR	2,420	1.0%	97%	1,672	1.2%	92%
Other currencies	69	6.6%	3%	144	9.0%	8%
DEBT	**2,489**	**1.2%**	**100%**	**1,816**	**1.8%**	**100%**

2) Currency hedges

For each currency, the "notional amount" corresponds to the amount of currency sold or purchased forward. Fair value is the difference between the amount converted at the period-end forward rate (which is different from the contract-date forward rate) and at the spot rate on the hedge's inception date.

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, 2018, currency derivatives had an aggregate positive fair value of €1 million.

This figure breaks down as follows:

(in € millions)	NOTIONAL AMOUNT	FAIR VALUE	2019	2020	2021	2022	2023	2024 AND BEYOND
GBP	102	0	0	-	-	-	-	-
MXN	3	(0)	(0)	-	-	-	-	-
PLN	7	(0)	(0)	-	-	-	-	-
USD	435	1	1	-	-	-	-	-
FORWARD PURCHASES AND CURRENCY SWAPS	547	1	1	-	-	-	-	-
CZK	0	0	0	-	-	-	-	-
HKD	3	0	0	-	-	-	-	-
USD	0	(0)	(0)	-	-	-	-	-
FORWARD SALES AND CURRENCY SWAPS	3	(0)	(0)	-	-	-	-	-
TOTAL	**550**	**1**	**1**	**-**	**-**	**-**	**-**	**-**

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) €17 million and Mexico (MXN) €4 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, 2018. 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, 2018

(in € millions)	**DECEMBER 2018 CARRYING AMOUNT**	CONTRACTUAL FLOWS	2019	2020	2021	2022	2023	2024 AND BEYOND
Bonds	1,948	1,948	-	253	-	238	-	1,457
Schuldschein	249	249	-	-	112	-	137	-
NEU CP	210	210	210	-	-	-	-	-
Bank borrowings	82	82	67	5	5	5	0	-
Future interest	N/A	242	46	42	37	31	27	59
DEBT	2,489	2,731	323	300	154	274	164	1,516
Bank overdrafts	21	21	21	-	-	-	-	-
Other financial liabilities	186	186	124	26	20	1	-	15
Future interest	N/A	(20)	(19)	(15)	(9)	(2)	4	21
BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES	207	187	126	11	11	(1)	4	36
DEBT AND OTHER FINANCIAL LIABILITIES	**2,696**	**2,918**	**449**	**311**	**165**	**273**	**168**	**1,552**

At December 31, 2017

(in € millions)	DECEMBER 2017 CARRYING AMOUNT	CONTRACTUAL FLOWS	2018	2019	2020	2021	2022	2023 AND BEYOND
Bonds	1,681	1,681			254	112	239	1,076
Bank borrowings	135	135	68	67	-	-	-	-
Future interest	N/A	223	45	37	34	28	23	56
DEBT	1,816	2,039	113	104	288	140	262	1,132
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	**2,136**	**2,350**	**399**	**109**	**282**	**139**	**265**	**1,156**

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, 2018, 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 2018**	FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	HELD-TO-MATURITY FINANCIAL ASSETS	FINANCIAL LIABILITIES AT AMORTIZED COST	LOANS AND RECEIVABLES	DERIVATIVES
ASSETS							
Non-current financial assets	47	-	34	-	-	13	-
Trade receivables, net	1,949	-	-	-	-	1,949	-
Employee advances and prepaid payroll taxes	5	-	-	-	-	5	-
Other receivables, net	125	-	-	-	-	123	-
Prepaid expenses	21	-	-	-	-	21	-
Restricted cash	1,402	1,415	-	-	-	1,402	-
Current financial assets	46	-	-	-	-	2	44
Other marketable securities	654	661	1	-	-	653	-
Cash and cash equivalents	1,337	1,337	17	455	-	865	-
TOTAL	**5,586**	**3,413**	**52**	**455**	**-**	**5,033**	**44**
LIABILITIES							
Non-current debt	2,213	2,251	-	-	2,251	-	-
Other non-current financial liabilities	61	61	-	-	61	-	-
Current debt	276	276	-	-	276	-	-
Bank overdrafts	21	21	-	-	21	-	-
Other current financial liabilities	125	125	-	-	119	-	6
Vouchers in circulation	4,958	-	-	-	4,958	-	-
Trade payables	224	-	-	-	224	-	-
Wages, salaries and payroll taxes payable	84	-	-	-	84	-	-
Other payables	434	-	-	-	434	-	-
Deferred income	33	-	-	-	33	-	-
TOTAL	**8,429**	**2,734**	**-**	**-**	**8,461**	**-**	**6**

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 AT DECEMBER 2018	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
Non-current financial assets	34	-	-	34
Current financial assets	44	-	44	-
Other marketable securities	1	1	-	-
Cash and cash equivalents	17	17	-	-
TOTAL	**96**	**18**	**44**	**34**
LIABILITIES				
Non-current debt	-	-	-	-
Other non-current financial liabilities	-	-	-	-
Current debt	-	-	-	-
Bank overdrafts	-	-	-	-
Other current financial liabilities	6	-	6	-
TOTAL	**6**	**-**	**6**	**-**

Derivative financial instruments

		DECEMBER 2018			DECEMBER 2017 RESTATED		
(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	16	359	-	14	217	-
Interest-rate instruments	Fair-value hedge	26	1,636	-	22	393	-
Interest-rate instruments	Trading	-	-	-	3	50	-
Currency instruments	Fair-value hedge	-	-	3	2	-	147
Currency instruments	Cash-flow hedge	1	-	544	-	-	-
DERIVATIVE FINANCIAL INSTRUMENTS – LIABILITY POSITION							
Interest-rate instruments	Cash-flow hedge	-	-	-	(1)	88	-
Interest-rate instruments	Fair-value hedge	(5)	352	-	(13)	1,002	-
Interest-rate instruments	Trading	-	-	-	(1)	50	-
Currency instruments	Fair-value hedge	-	-	3	(8)	-	231
NET DERIVATIVE FINANCIAL INSTRUMENTS		**38**	**2,347**	**550**	**18**	**1,800**	**378**

Derivative instruments w ere measured at December 31, 2018 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, 2018 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 2017	NEW TRANSACTIONS	CHANGE IN FAIR VALUE	P&L RECYCLING	DECEMBER 2018
Cash-flow hedge financial instruments (after tax)	9	1	2	1	13
Securities at fair value through profit and loss	4				4
TOTAL	**13**	**1**	**2**	**1**	**17**

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 2018	DECEMBER 2017 RESTATED
Current taxes	(102)	(111)
Tax on dividends *	-	21
SUB-TOTAL: CURRENT TAXES	(102)	(90)
Deferred taxes arising on temporary differences during the period	(17)	(21)
Deferred taxes arising on changes in tax rates or rules	-	5
SUB-TOTAL: DEFERRED TAXES	(17)	(16)
TOTAL INCOME TAX EXPENSE	**(119)**	**(106)**

* *In 2017, the Group recorded an exceptional net tax benefit of €21 million corresponding to claims for refunds of the tax paid on dividends in the years 2015 to 2017.*

Tax proof

(in € millions)	DECEMBER 2018	DECEMBER 2017 RESTATED
Profit before tax	**404**	**383**
Share of net profit from equity-accounted companies	11	11
Profit before tax and before share of net profit from equity-accounted companies (a)	**393**	**372**
Non-deductible impairment losses	6	15
Elimination of intercompany capital gains	(1)	(21)
Other	(6)	(2)
TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (B)	(1)	(8)
Untaxed profit and profit taxed at a reduced rate (c)	**18**	**24**
Profit taxable at the standard rate (d) = (a) + (b) + (c)	**410**	**388**
Standard tax rate in France (e)	**34.43%**	**34.43%**
Theoretical tax at standard rate in France (f) = (d) x (e)	**(141)**	**(134)**
Adjustments for:		
• differences in foreign tax rates	24	21
• unrecognized tax losses for the period	(4)	(2)
• utilization of previously unrecognized tax losses	-	2
• changes in deferred tax assets	4	(5)
• effect of changes in future tax rates	-	(1)
• reimbursement/payment of tax on dividends (l)	-	21
• other items	-	(6)
TOTAL ADJUSTMENTS (G)	24	30
Actual tax at standard rate (h) = (f) + (g)	**(117)**	**(104)**
Tax at reduced rate (i)	**(2)**	**(2)**
INCOME TAX EXPENSE (J) = (H) + (I)	**(119)**	**(106)**
EFFECTIVE TAX RATE (K) = (J) / (D)	**28.9%**	**27.3%**
INCOME TAX EXPENSE WITHOUT TAX ON DIVIDENDS (J)' = (J) - (L)	**(119)**	**(127)**
EFFECTIVE TAX RATE WITHOUT TAX ON DIVIDENDS (K)' = (J)' / (D)	**28.9%**	**32.7%**

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. 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 2018	DECEMBER 2017 RESTATED
Temporary differences	47	61
Recognized deferred tax assets on tax losses	28	28
SUB-TOTAL: DEFERRED TAX ASSETS	75	89
Temporary differences	136	135
SUB-TOTAL: DEFERRED TAX LIABILITIES	136	135
NET DEFERRED TAX ASSET (LIABILITY)	**(61)**	**(46)**

At December 31, 2018, unrecognized deferred tax assets on tax loss carryforwards amounted to €22 million, including €11 million for the Holding & Other segment (primarily Edenred SA) and €2 million for India.

At December 31, 2017, unrecognized deferred tax assets amounted to €21 million.

NOTE 8 EQUITY

Note on the negative value of Group retained earnings

At December 31, 2018, total equity attributable to owners of the parent amounted to a negative €1,561 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, 2018, the Company's capital was made up of 239,266,350 shares with a par value of €2 (two) each, all fully paid up.

These 239,266,350 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 2018	DECEMBER 2017 RESTATED
At January 1	**235,403,240**	**233,679,845**
Capital increase linked to dividend payments	3,863,610	1,722,895
Shares issued on conversion of performance share rights	381,970	526,798
Shares issued on exercise of stock options	646,515	963,836
Share cancellation	(1,028,985)	(1,490,134)
At December 31	**239,266,350**	**235,403,240**

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 2018	DECEMBER 2017 RESTATED
Shares at beginning of period	**1,197,257**	**1,805,374**
PURCHASES OF SHARES		
Share buy-back agreements	1,500,064	1,099,268
Liquidity contracts *	1,212	(46,116)
SALES OF SHARES		
Disposals		
Purchase option exercise, bonus shares and capital allocations	(302,336)	(171,135)
Share cancellation	(1,028,985)	(1,490,134)
SHARES AT END OF PERIOD	**1,367,212**	**1,197,257**

* *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, 2018, a total of 1,367,212 shares were held in treasury.

At December 31, 2017, a total of 1,197,257 shares were held in treasury.

		2018				2017			
		SOLD		PURCHASED		SOLD		PURCHASED	
ENTITY TO WHOM THE CUSTODY OF THE LIQUIDITY CONTRACT * HAS BEEN ASSIGNED	PERIOD	NO.	TOTAL *(IN €M)*	NO.	TOTAL *(IN €M)*	NO.	TOTAL (IN €M)	NO.	TOTAL (IN €M)
Exane BNP Paribas	**Since Oct. 3, 2016**	2,004,701	59	2,003,489	59	2,475,252	55	2,429,136	54

* *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

2018 dividend

At the Edenred Shareholders Meeting called to approve the financial statements for the year ended December 31, 2018, shareholders will be asked to approve a dividend of €0.86 per share, representing a payout ratio of 80% of attributable net profit, in line with the Group's dividend policy.

Subject to approval by the Shareholders Meeting, this dividend will be granted during the first half of 2019. The dividend was not recognized under liabilities in the financial statements for the year ended December 31, 2018 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, 2018, the Company's share capital was made up of 239,266,350 ordinary shares.

At December 31, 2018, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

(in shares)	DECEMBER 2018	DECEMBER 2017 RESTATED
SHARE CAPITAL AT END OF PERIOD	239,266,350	235,403,240
Number of outstanding shares at beginning of period	**234,205,983**	**231,874,471**
Number of shares issued for dividend payments	3,863,610	1,722,895
Number of shares issued on conversion of performance share plans	381,970	526,798
Number of shares issued on conversion of stock-option plans	646,515	963,836
Number of shares canceled	(1,028,985)	(1,490,134)
Issued shares at period-end excluding treasury shares	**3,863,110**	**1,723,395**
Treasury shares not related to the liquidity contract	(169,243)	562,001
Treasury shares under the liquidity contract	(1,212)	46,116
Treasury shares	**(170,455)**	**608,117**
NUMBER OF OUTSTANDING SHARES AT END OF PERIOD	237,898,638	234,205,983
Adjustment to calculate weighted average number of issued shares	(1,529,894)	(774,621)
Adjustment to calculate weighted average number of treasury shares	81,837	(367,614)
Total weighted average adjustment	**(1,448,057)**	**(1,142,235)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**236,450,581**	**233,063,748**

In addition, 167,000 stock options (number outstanding at December 31, 2018) and 3,108,103 performance shares were granted to employees between 2012 and 2018. Conversion of all of these potential shares would increase the number of shares outstanding to 241,173,741.

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, 8 and 9 (€29.87);
- from February 19, 2018 to December 31, 2018 for Plan 10 (€30.58).

The diluted weighted average number of shares outstanding at December 31, 2018 was 238,958,656.

	DECEMBER 2018	DECEMBER 2017 RESTATED
Net profit attributable to owners of the parent *(in € millions)*	**254**	**241**
Weighted average number of issued shares *(in thousands)*	237,736	234,629
Weighted average number of treasury shares *(in thousands)*	(1,286)	(1,565)
Number of shares used to calculate basic earnings per share *(in thousands)*	**236,451**	**233,064**
Basic earnings per share *(in €)*	**1.07**	**1.03**
Number of shares resulting from the exercise of stock options *(in thousands)*	90	387
Number of shares resulting from performance share grants *(in thousands)*	2,418	2,341
Number of shares used to calculate diluted earnings per share *(in thousands)*	**238,959**	**235,792**
Diluted earnings per share *(in €)*	**1.06**	**1.02**

8.3 Non-controlling interests

(in € millions)	
December 31, 2016	**69**
Impact of IFRS 15	(2)
December 31, 2016 restated (IFRS 15)	**67**
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	73
December 31, 2017 restated (IFRS 15)	**149**
Impact of IFRS 9	(4)
December 31, 2017 restated (IFRS 15 & IFRS 9)	**145**
Net profit from non-controlling interests for the period	31
Dividends paid to non-controlling interests	(32)
Capital increase	3
Currency translation adjustment	(2)
Changes in consolidation scope	(34)
December 31, 2018	**110**

Changes in consolidation scope between 2017 and 2018 primarily concerned the acquisition of UTA (see Note 2 “Acquisitions, development projects and disposals”).

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, 2018 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	-	0.2 years	1.2 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, 2018	**-**	**77,800**	**89,200**

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%	28.80%	26.50%
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	**€11.1M**	**€3.1M**	**€1.6M**

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 2018 of stock option subscription plans in effect on December 31, 2018 are detailed below:

	DECEMBER 2018		DECEMBER 2017 RESTATED	
	NUMBER OF OPTIONS	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
OPTIONS OUTSTANDING AT BEGINNING OF PERIOD	**875,665**	**€16.25**	**1,830,251**	**€15.98**
Options granted			-	-
Options canceled or expired	(62,150)	€13.69	-	-
Options exercised	(646,515)	€15.81	(963,836)	€15.73
Correction from previous year			9,250	-
OPTIONS OUTSTANDING AT END OF PERIOD	**167,000**	**€18.93**	**875,665**	**€16.25**
OPTIONS EXERCISABLE AT END OF PERIOD	**167,000**	**€18.93**	**875,665**	**€16.25**

The weighted average exercise price was €18.93 in 2018 and €16.25 in 2017.

(in € millions)	2013	2014	2015	2016	2017	**2018**
Expense recognized * in respect of share-based payments granted to the Edenred employees	1.10	1.20	0.50	0.10	-	-

* *With a corresponding adjustment to equity for the duration of the plan.*

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, March 8, 2017 and February 19, 2018.

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, March 8, 2017 and February 19, 2018, 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 a five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be sold. The duration of the 2016-to-2018 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.

Under the three-year plan, the 685,706 shares originally granted on February 21, 2018 will vest on February 21, 2021 provided that several performance conditions are met.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2018 to December 31, 2020, based on the degree to which the following objectives have been met:

(i) two internal performance objectives, which will determine 75% of the total grant and are linked to like-for-like growth in:

- business volume,
- funds from operations before other income and expenses (FFO);

(ii) one external (market) performance objective, which will determine 25% of the total grant and is linked to:

- Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.

Depending on the actual percentage of fulfillment of each of the plan's three performance conditions, the percentage of fulfillment of each performance condition may reach a maximum of 150% and the conditions can offset each other, when one condition is exceeded and another is not met or only partially met. However, the total number of vested shares may not exceed 100% of the initial amount of shares granted.

Performance share vest subject to the fulfillment of performance conditions and provided that the grantees are still employed by the Group at the end of the vesting period.

The performance objectives are as follows:

PLAN 3		PLAN 4		PLAN 5		PLAN 6	
PLAN OF FEBRUARY 27, 2012		PLAN OF FEBRUARY 18, 2013		PLAN OF FEBRUARY 17, 2014		PLAN OF FEBRUARY 17, 2014	
867,575 SHARES		845,900 SHARES		824,000 SHARES		800,000 SHARES	
WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	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	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)	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	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	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		The performance objectives were partially met for Plan 5		The performance objectives were partially met for Plan 6	

PLAN 7		PLAN 8		PLAN 9		PLAN 10	
PLAN OF DECEMBER 9, 2015		PLAN OF MAY 4, 2016		PLAN OF MARCH 8, 2017		PLAN OF FEBRUARY 19, 2018	
137,363 SHARES		990,080 SHARES		794,985 SHARES		685,706 SHARES	
WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	WEIGHT	CONDITIONS	**WEIGHT**	**CONDITIONS**
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)	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)
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	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 7		The performance objectives are still being assessed for Plan 8		The performance objectives are still being assessed for Plan 9		The performance objectives are still being assessed for Plan 10	

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.

The current fair value of Plan 10 performance shares is €24.26 per share, compared with a share price of €27.40 on February 20, 2018, the last trading day before the grant date.

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. The total cost recognized in respect of the 2018 plan amounted to €4.2 million in 2018.

	2014	2015	2016	2017	2018
Fair value of benefits for French tax residents	14.12	16.08	17.00	18.38	24.26
Fair value of benefits for non-residents	14.58	15.91	17.00	18.38	24.26
Expense recognized * *(in € millions)*	13.40	11.20	8.92	12.36	13.30

* *With a corresponding adjustment to equity for the duration of the plan.*

9.2 Provisions for pensions and other post-employment benefits

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary 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 salary,
  - 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 & Other (69.6% of the total projected benefit obligation in 2018 *versus* 55.6% in 2017),
  - United Kingdom (10.7% of the total projected benefit obligation in 2017 *versus* 14.2% in 2017, after deducting plan assets),
  - France (12.4% of the total projected benefit obligation in 2018 *versus* 12.4% in 2017),
  - Belgium (0.2% of the total projected benefit obligation in 2018 *versus* 1.8% in 2017, after deducting plan assets);
- length-of-service awards in Italy (7.1% of the obligation at December 31, 2018):
  - lump-sum payments made to employees on retirement, resignation or dismissal, determined by reference to the employee's years of service and final salary
  - 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.

		EUROPE (EXCL. FRANCE)			
2018	**FRANCE**	**UNITED KINGDOM**	**BELGIUM**	**ITALY**	**HOLDING & OTHER**
Rate of future salary increases	2.8%	N/A	2.8%	1.5%	3%-4%
Discount rate	1.5%	2.8%	1.5%	1.5%	1.5%

		EUROPE (EXCL. FRANCE)			
2017	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING & OTHER
Rate of future salary increases	2.8%	N/A	2.8%	1.5%	3%-4%
Discount rate	1.5%	2.6%	1.5%	1.5%	1.5%

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 material aggregates.

At December 31, 2018

(in € millions)	DEFINED-BENEFIT PENSION PLANS	OTHER DEFINED-BENEFIT PLANS *	TOTAL
Present value of funded obligation	20	-	20
Fair value of plan assets	(17)	-	(17)
Surplus (deficit)	**3**	**-**	**3**
Present value of unfunded obligation	-	25	25
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**3**	**25**	**28**

* *Including length-of-service awards and loyalty bonuses.*

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.*

Change in funded status of post-employment defined-benefit plans by region

	PENSION PLANS									
	2018									
		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING & OTHER *	REST OF THE WORLD	TOTAL	OTHER BENEFITS	2018 TOTAL	2017 TOTAL
PROJECTED BENEFIT OBLIGATION AT BEGINNING OF PERIOD	3	15	6	2	14	2	42	2	44	44
Service costs	0	-	0	-	2	0	3	0	3	2
Interest costs	0	0	0	0	0	0	1	0	1	1
Past service costs (plan amendments)	-	-	-	-	-	(0)	(0)	(0)	(0)	0
Acquisitions (disposals)	-	-	-	-	-	-	-		-	-
Benefits paid	(0)	(0)	(1)	(0)	-	(0)	(2)	(0)	(2)	(0)
Actuarial (gains) losses	(0)	(1)	(0)	0	2	(0)	0	(0)	0	(1)
Currency translation adjustment	-	(0)	-	-	-	(0)	(0)	(0)	(0)	(1)
Total other	-	-	-	-	-	0	0	0	1	0
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD	**3**	**14**	**5**	**2**	**17**	**2**	**44**	**2**	**46**	**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 & OTHER	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2018**	TOTAL 2017
FAIR VALUE OF PLAN ASSETS AT BEGINNING OF PERIOD	**-**	**11**	**6**	**-**	**-**	**1**	**18**	**-**	**18**	**17**
Financial income	-	0	0	-	-	(0)	0	-	0	1
Actual return on plan assets	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	0	0	-	-	-	0	-	0	1
Benefits paid	-	(0)	(1)	-	-	(0)	(1)	-	(1)	(0)
Currency translation adjustment	-	(0)	-	-	-	0	(0)	-	(0)	(0)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**-**	**11**	**5**	**-**	**-**	**1**	**17**	**-**	**17**	**18**

		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING & OTHER	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2018**	TOTAL 2017
PLAN DEFICIT AT BEGINNING OF PERIOD *	3	4	-	2	14	1	24	2	26	27
Provision at end of period	3	3	0	2	17	0	26	2	28	26
PLAN DEFICIT AT END OF PERIOD	**3**	**3**	**0**	**2**	**17**	**1**	**27**	**2**	**29**	**26**

* Including length-of-service awards and loyalty bonuses.

		EUROPE (EXCL. FRANCE)								
(in € millions)	FRANCE	UNITED KINGDOM	BELGIUM	ITALY	HOLDING & OTHER	REST OF THE WORLD	TOTAL	OTHER BENEFITS	**TOTAL 2018**	TOTAL 2017
Service costs	**0**	**-**	**0**	**-**	**2**	**0**	**3**	**0**	**3**	**2**
Past service costs on acquired rights										-
Net interest income	0	0	0	0	0	(0)	0	(0)	0	1
Amortization of actuarial gains and losses										-
COST FOR THE PERIOD	**0**	**0**	**0**	**0**	**2**	**0**	**3**	**(0)**	**3**	**3**
Actuarial gains and losses recognized in equity	**(0)**	**(1)**	**(0)**	**0**	**2**	**(0)**	**1**	**(0)**	**1**	**(2)**

Charges in pension liabilities (including loyalty bonuses) between January 1, 2017 and December 31, 2018

(in € millions)	AMOUNT
Liability at January 1, 2017	**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, 2017	**26**
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	1
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
Liability at December 31, 2018	**28**

Actuarial gains and losses arising from changes in assumptions and experience adjustments

(in € millions)	DECEMBER 2018	DECEMBER 2017
Actuarial (gains) and losses – experience adjustments	2	1
Actuarial (gains) and losses – changes in demographical assumptions	(0)	(0)
Actuarial (gains) and losses – changes in financial assumptions	(1)	(3)
ACTUARIAL (GAINS) LOSSES	**1**	**(2)**

Sensitivity analysis

At December 31, 2018, a 0.5 point increase/decrease in the discount rate would lead to a roughly €2 million change in the Group's 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". This item is used only for income and expenses:
- related to a major event that occurred during the reporting period; and
- 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 2018	DECEMBER 2017 RESTATED
Movements in restructuring provisions	(1)	3
Restructuring and reorganization costs	(4)	(7)
Restructuring costs	**(5)**	**(4)**
Impairment of goodwill	(5)	(11)
Impairment of intangible assets	(1)	(7)
Total impairment of assets	**(6)**	**(18)**
Capital gains and losses	-	19
Reclassification of currency translation adjustments	-	-
Provisions	2	-
Non-recurring gains (losses)	(22)	(4)
Other	**(20)**	**15**
TOTAL OTHER INCOME AND EXPENSES	**(31)**	**(7)**

Impairment of assets

Impairment losses are recorded in this section in accordance with IAS 36 – Impairment of Assets.

In 2018, impairment losses were recognized on Cardtrend (Malaysia) goodwill for €3 million and on Daripodarki (Russia) goodwill for €2 million.

In 2017, impairment losses mainly concerned impairment of goodwill relating to Edenred Japan for €7 million and India for €4 million, and impairment of an internally developed IT platform for €7 million.

Other

Other items break down as follows:

- in 2018, primarily €17 million in fees related to acquisitions in 2018 and 2019 (see Note 2 "Acquisitions, development projects and disposals" and Note 3.5 "Subsequent events");
- in 2017, mainly the €19 million gain on remeasurement at fair value of Edenred's initial investment in UTA, following the acquisition of a controlling interest in the sub-group.

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, 2018 and December 31, 2018 can be analyzed as follows:

(in € millions)	DECEMBER 2017 RESTATED	IMPACT ON EQUITY	ADDITIONS	USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	**DECEMBER 2018**
• Provisions for pensions and loyalty bonuses	26	1	4	(1)	(0)	(1)	0	28
• Provisions for claims and litigation and other contingencies*	16	-	3	(2)	(5)	(2)	1	11
TOTAL NON-CURRENT PROVISIONS	**42**	**1**	**6**	**(4)**	**(5)**	**(2)**	**1**	**39**

* *Including provision for non-current tax litigation.*

Between 2017 and 2016, movements were as follows:

(in € millions)	DECEMBER 2016	IMPACT ON EQUITY	ADDITIONS	USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2017 RESTATED
• 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.

Movements in current provisions between January 1, 2018 and December 31, 2018 can be analyzed as follows:

(in € millions)	DECEMBER 2017 RESTATED	IMPACT ON EQUITY	ADDITIONS	USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	**DECEMBER 2018**
• Restructuring provisions	2	-	2	(1)	(0)	(0)	(1)	2
• Provisions for claims and litigation and other contingencies	40	-	4	(2)	(2)	(0)	(0)	38
TOTAL CURRENT PROVISIONS	**42**	**-**	**6**	**(3)**	**(3)**	**(0)**	**(1)**	**40**

Between 2017 and 2016, movements were as follows:

(in € millions)	DECEMBER 2016	IMPACT ON EQUITY	ADDITIONS	USED AMOUNTS	REVERSALS OF UNUSED AMOUNTS	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS AND CHANGES IN SCOPE	DECEMBER 2017 RESTATED
• Restructuring provisions	7	-	0	(4)	(1)	(0)	(0)	2
• Provisions for claims and litigation and other contingencies	28	-	5	(3)	0	(0)	10	40
TOTAL CURRENT PROVISIONS	**35**	**-**	**5**	**(7)**	**(1)**	**(0)**	**10**	**42**

Taken individually, all ongoing disputes are immaterial, 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 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 marked the end of the proceedings before the French courts. The decision had no impact on the Company's financial statements because the fine had been provided for and paid in a prior year.

The Company decided to escalate the matter to the European Court of Human Rights (ECHR). However, the ECHR declared the application inadmissible in September 2018.

Edenred SA tax audit

In 2017 and 2018, a tax audit was carried out at Edenred SA, 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.

Notification of the proposed reassessments of tax paid in 2015 and 2016 was received by the Company in July 2018. As originally expected, the tax authorities reduced the 2014 reassessment to align its position with that adopted with regard to 2015 and 2016.

The total tax, late interest and penalties claimed for the three years amount to €17 million.

The Company has contested the reassessments and intends to take up the matter with the local tax Board.

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. A similar order was issued against Conforama on December 3, 2010. The total amount of the penalties is €11.7 million.

In a decision on the merits of the case 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.

In a ruling handed down on December 12, 2018, the Paris Court of Appeal ordered Edenred France to return the above amounts that it had received in penalties and damages. Edenred France opposes the Court of Appeal's ruling and plans to bring the matter before the Court of Cassation. In the meantime, the penalties and damages totaling €19 million were repaid by Edenred France on January 24, 2019.

An allowance has been recorded against the amounts referred to above.

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 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.

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, notably leading to the termination of Aqoba EP's contract for the supply of payment services to Futuréo.

On December 24, 2014, Futuréo 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 Futuréo's bankruptcy. Futuréo's former Chief Executive Officer joined the suit. Together, Futuréo's liquidator and the former Chief Executive Officer estimate their losses at around €15.6 million. Edenred France has yet to present its submissions. The company has not set aside a 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 for arbitration in August 2013 against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the arbitral tribunal in November 2015 and, on December 13, 2016, the tribunal ordered 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 resolution of the dispute.

As the procedure is now closed, at December 31, 2016, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the enforcement of the arbitral award, an estimate considered as reasonable of income and a related receivable for a net amount of €22 million were recognized in "Non-recurring income and expenses" in the Group's 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 application for annulment of the award, claiming that the tribunal had manifestly exceeded its powers and had failed to provide a legal basis for its award. The *ad hoc* proceedings related to this application have been stayed in response to an application for revision filed by the Hungarian government (see below). However, this situation does not affect the Company's assessment of the risk at December 31, 2018.

On June 5, 2018, the Hungarian government filed an application for the revision of the award further to a decision handed down by the Court of Justice of the European Union on March 6, 2018 in the Achmea case. The reconstituted tribunal dismissed the Hungarian government's claim on February 7, 2019 and reopened its investigation into the annulment procedure, which had been stayed. Edenred views the application as having no basis in law and has thus not revised its assessment of the risk at December 31, 2018.

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 (€1.7 million), plus 76.2 million reais (€17.1 million) in penalties and interest at December 31, 2018.

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 (€6.3 million), plus 278.5 million reais (€62.7 million) in penalties and interest at December 31, 2018. 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 39.3 million reais (€8.8 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 aside 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 still being awaited.

An expert was appointed as part of the proceedings to observe and examine the facts of the case. The expert's opinion was favorable to the company.

Based on the opinion of an expert who has examined the facts, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

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 (€18.4 million), plus 259.9 million reais (€58.5 million) in penalties and interest at December 31, 2018.

During 2016, the tax authorities 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 (€5.5 million), plus 63.9 million reais (€14.4 million) in penalties and interest at December 31, 2018;
- for 2012, the reassessment was 16.3 million reais (€3.7 million), plus 40.4 million reais (€9.1 million) in penalties and interest at December 31, 2018.

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 administrative courts.

The company has filed a first-instance request before the judicial courts to have the reassessments canceled and an application has also been made for a stay of payment of the contested amount. In 2018, the company posted a bank guarantee in support of its application for a stay of payment in an amount of 333 million Brazilian reais (€74.9 million), which constitutes an off-balance sheet commitment given by the Group.

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 the first half of 2019. 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. On November 15, 2018, the Turkish competition authorities imposed a fine of approximately €640,000 on Edenred in its capacity as a shareholder of Netser, the subsidiary set up 17 years ago with Sodexo to offer restaurant operators an efficient, low-cost technical electronic payments solution. Edenred does not agree with the competition authorities' conclusions and is examining opportunities to appeal against the decision.

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 2018 totaled €0.6 million. The Chief Executive Officer does not receive any attendance fees; his compensation is disclosed in Note 11.3 "Compensation paid to key management staff".

11.3 Compensation paid to key management staff

(in € millions)	DECEMBER 2018	DECEMBER 2017
Short-term benefits	11	11
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	6	5
TOTAL COMPENSATION	**17**	**16**

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:

(in € millions)	DELOITTE & ASSOCIÉS – AMOUNT (EXCL. TAX) – DECEMBER 2018	DELOITTE & ASSOCIÉS – AMOUNT (EXCL. TAX) – DECEMBER 2017	DELOITTE & ASSOCIÉS – % – DECEMBER 2018	DELOITTE & ASSOCIÉS – % – DECEMBER 2017	ERNST & YOUNG – AMOUNT (EXCL. TAX) – DECEMBER 2018	ERNST & YOUNG – AMOUNT (EXCL. TAX) – DECEMBER 2017	ERNST & YOUNG – % – DECEMBER 2018	ERNST & YOUNG – % – DECEMBER 2017
FEES PAID TO THE STATUTORY AUDITORS FOR CERTIFYING THE FINANCIAL STATEMENTS								
• Issuer	(0.5)	(0.5)	17%	21%	(0.5)	(0.4)	23%	23%
• Fully consolidated subsidiaries	(1.4)	(1.3)	50%	54%	(1.3)	(1.1)	64%	60%
SUB-TOTAL	(1.8)	(1.8)	67%	75%	(1.7)	(1.5)	87%	83%
FEES PAID TO THE STATUTORY AUDITORS FOR OTHER SERVICES *								
• Issuer	(0.1)	(0.1)	2%	3%	(0.0)	(0.1)	1%	6%
• Fully consolidated subsidiaries	(0.8)	(0.5)	30%	21%	(0.2)	(0.2)	11%	11%
SUB-TOTAL	(0.9)	(0.6)	33%	25%	(0.3)	(0.3)	13%	17%
TOTAL	**(2.7)**	**(2.4)**	**100%**	**100%**	**(2.0)**	**(1.8)**	**100%**	**100%**

* *In 2018, these fees mainly concerned 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 €433 million at December 31, 2018, *versus* €252 million a year earlier.

At December 31, 2018, off-balance sheet commitments given broke down as follows:

(in € millions)	DECEMBER 2018 – <1 YEAR	DECEMBER 2018 – >1 YEAR 5 YEARS	DECEMBER 2018 – >5 YEARS	DECEMBER 2018 – TOTAL	DECEMBER 2017 RESTATED
Voucher sale guarantees given to the public sector	61	20	7	88	78
Bank bonds issued in Brazil	-	27	6	33	14
Bail bond issued within the framework of tax litigation on municipal tax in Brazil (ISS)	-	-	81	81	92
Bail bond issued within the framework of litigation on tax allowances for goodwill amortization	-	-	75	75	-
Capital commitments given to the Partech VI investment fund	4	4	-	8	10
Intermarché bond as part of the contract with LCCC	30	-	-	30	-
Purchase commitments	-	-	-	-	-
SUB-TOTAL	95	51	169	315	193
Other *	46	31	41	118	59
TOTAL OFF-BALANCE SHEET COMMITMENTS GIVEN	**141**	**82**	**210**	**433**	**252**

* 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, 2018 amounted to €4 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

			2018		2017	
			CLOSING RATE AT 12/31/2018	AVERAGE RATE	CLOSING RATE AT 12/31/2017	AVERAGE RATE
ISO code	CURRENCY	COUNTRY	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS *	Peso	Argentina	43.13	43.13	22.33	18.74
BRL	Real	Brazil	4.44	4.31	3.97	3.60
USD	US dollar	United States	1.15	1.18	1.20	1.13
MXN	Peso	Mexico	22.49	22.71	23.66	21.33
RON	Leu	Romania	4.66	4.65	4.66	4.57
GBP	Pound sterling	United Kingdom	0.89	0.88	0.89	0.88
SEK	Krona	Sweden	10.25	10.26	9.84	9.64
CZK	Koruna	Czech Republic	25.72	25.64	25.54	26.33
TRY	Lira	Turkey	6.06	5.70	4.55	4.12
VES **	Bolivar	Venezuela	644.95	54.52	4,006.64	2,410.43

* *See Note 3.3 "Hyperinflation in Argentina".*
** *See Note 3.2 "Change of the bolivar fuerte exchange rate in 2017 and 2018".*

NOTE 12 LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2018

In accordance with regulation 2016-09 of French accounting Board Autorité des normes comptables françaises, the list of consolidated companies and details of the main investments in non-consolidated companies are provided below for users of the financial statements. All companies controlled by the Group or over which the Group exercises significant influence are included in the scope of consolidation.

COMPANY	COUNTRY		METHOD	INTEREST HELD *(in %)*
FRANCE				
Conecs	France		EQ	25.00
Edenred Corporate Paiement France	France		FC	100.00
Edenred France	France		FC	100.00
Edenred Paiement	France		FC	100.00
Fair Fuel	France		EQ	27.37
Ticket Fleet Pro SAS	France		FC	100.00
Edenred Fuel Card A	France		FC	100.00
La Compagnie des Cartes Carburants	France		FC	80.48
Proweb CE	France		FC	99.30
PWCE Participations	France		FC	99.30
Servicarte	France		FC	100.00
UTA France S.a.r.l	France	(UTA sub-group)	FC	83.00
Edenred Fleet & Mobility SAS	France		FC	100.00
Addworking	France		NC	16.78
Lucky Cart	France		NC	24.39
Zen Chef	France		NC	15.76
Andjaro	France		NC	22.73

COMPANY	COUNTRY		METHOD	INTEREST HELD *(in %)*
Activitiz	France		NC	9.89
CRCESU	France		NC	16.67
CRT	France		NC	25.00
E-Solutions NC	France		NC	30.00
EUROPE (EXCL. FRANCE)				
Edenred Austria GmbH	Austria		FC	100.00
UTA Austria GmbH	Austria	(UTA sub-group)	FC	83.00
Edenred Belgium SA	Belgium		FC	100.00
Luncheck SA	Belgium		FC	99.99
Award Services	Belgium		FC	100.00
Edenred Bulgaria AD	Bulgaria		FC	50.00
UTA Bulgaria	Bulgaria	New in scope (UTA sub-group)	FC	83.00
Edenred Burundi	Burundi		FC	100.00
UTA Czech s.r.o.	Czech Republic	(UTA sub-group)	FC	83.00
Edenred CZ s.r.o.	Czech Republic		FC	100.00
Edenred Production Center	Czech Republic		FC	100.00
Nikosax A/S	Denmark	(UTA sub-group)	FC	83.00
Timex Card Estonie	Estonia	New in scope (UTA sub-group)	FC	44.82
Edenred Finland	Finland		FC	100.00
Ages Maut System Gmbh&Co KG	Germany	(UTA sub-group)	EQ	13.78
Ages International Gmbh & Co KG	Germany	(UTA sub-group)	EQ	13.78
Edenred Deutschland	Germany		FC	100.00
Edenred Incentive & Rewards	Germany		FC	100.00
Edenred Vouchers	Germany		FC	100.00
Edenred Tankkarten *	Germany		FC	100.00
Union Tank Eckstein Gmbh & Co. KG	Germany	(UTA sub-group)	FC	83.00
Itemion GmbH & co. KG	Germany	(UTA sub-group)	FC	83.00
UTA GmbH	Germany	(UTA sub-group)	FC	83.00
Itemion Verwaltungs GmbH	Germany	(UTA sub-group)	FC	83.00
Mercedes Service Card GmbH & Co KG	Germany	(UTA sub-group)	EQ	40.67
Mercedes Service Card Beteiligungs GmbH	Germany	(UTA sub-group)	EQ	40.67
Vouchers Services	Greece		FC	51.00
UTA Magyarország Kft.	Hungary	(UTA sub-group)	FC	83.00
Nikosax HU	Hungary	(UTA sub-group)	FC	83.00
Edenred Magyarország	Hungary		FC	100.00
UTA Italia s.r.l.	Italy	(UTA sub-group)	FC	83.00
Edenred Italia s.r.l.	Italy		FC	100.00
Edenred Italia Financiera S.r.l	Italy		FC	100.00
Timex Card Lithuania	Lithuania	New in scope (UTA sub-group)	FC	44.82
Edenred Luxembourg	Luxembourg		FC	100.00
Cube RE SA	Luxembourg		FC	100.00
Daripod Holding S.a.r.l *	Luxembourg		FC	50.00
Edenred MD S.r.l	Moldova		FC	100.00
UTA Nederland B.V.	Netherlands	(UTA sub-group)	FC	83.00

COMPANY	COUNTRY		METHOD	INTEREST HELD *(in %)*
Edenred Nederland	Netherlands		FC	100.00
Nikosax PL	Poland	(UTA sub-group)	FC	83.00
Edenred Polska	Poland		FC	99.99
Timex Card	Poland	New in scope	FC	44.82
Edenred Portugal Lda	Portugal		FC	50.00
One Card	Portugal		FC	56.34
UTA Romania Services srl	Romania	(UTA sub-group)	FC	83.00
Edenred Romania srl	Romania		FC	100.00
Daripodarki	Russia		FC	50.00
Edenred Slovakia s.r.o	Slovakia		FC	100.00
UTA Slovakia s.r.o	Slovakia	New in scope (UTA sub-group)	FC	83.00
UTA España	Spain	(UTA sub-group)	FC	83.00
Nikosax España	Spain	(UTA sub-group)	FC	83.00
Edenred España SA	Spain		FC	100.00
Izi Card SL	Spain		NC	39.68
Edenred Sweden AB	Sweden		FC	100.00
Delicard Group AB	Sweden		FC	100.00
UTA Tank AG	Switzerland	(UTA sub-group)	FC	83.00
Timex Card Ukraine	Ukraine	New in scope (UTA sub-group)	FC	44.82
UTA Freight UK Ltd	United Kingdom	(UTA sub-group)	FC	83.00
Edenred UK Group Ltd	United Kingdom		FC	100.00
Edenred Incentives & Motivation Limited	United Kingdom		FC	100.00
Edenred Travel Limited	United Kingdom		FC	100.00
Edenred Employee Benefits Limited	United Kingdom		FC	100.00
Prepay Technologies Ltd	United Kingdom		FC	70.45
Edenred Coporate Payment UK	United Kingdom		FC	100.00
Cleanway	United Kingdom		FC	100.00
Luncheon Vouchers Catering Education Trust	United Kingdom		FC	100.00
Childcare Vouchers	United Kingdom		FC	100.00
Launchpad	United Kingdom		NC	13.23
LATIN AMERICA				
Edenred Argentina	Argentina		FC	100.00
Soporte Servicios *	Argentina		FC	100.00
Ticket Serviços Brésil	Brazil		FC	100.00
Ticketseg	Brazil		FC	100.00
Edenred Brasil Participações *	Brazil		FC	100.00
Accentiv' Serviços Tecnologica Da informaçao S/A	Brazil		FC	63.00
Ticket Soluções HDFGT S.A	Brazil		FC	63.00
B2B Comercio Electronico de Paces	Brazil		FC	42.65
Repom SA	Brazil		FC	63.00
Topazio Cartoes	Brazil		FC	48.46
Ticket Freto	Brazil	New in scope	FC	63.00
Good Card	Brazil	New in scope	EQ	35.00
Edenred Chile	Chile		FC	74.35

COMPANY	COUNTRY		METHOD	INTEREST HELD *(in %)*
Servicios Empresariales de Colombia SA	Colombia		FC	100.00
Big Pass SA	Colombia		FC	100.00
Nectar Holdings	Costa Rica		EQ	30.00
Operadora de Programas de Abasto Multiple SA de CV	Mexico		FC	100.00
Edenred Mexico	Mexico		FC	100.00
Sinergel SA de C.V.	Mexico		FC	100.00
Vales y Monederos Electronicos Puntoclave	Mexico		FC	100.00
Merchant Services de Mexico SA de C.V.	Mexico		FC	100.00
Servicios Y Soluciones Empresariales Ticket Edenred SA de C.V.	Mexico		FC	100.00
Servicios Edenred	Mexico		FC	100.00
Sedesa	Mexico		EQ	20.00
Nectar Technology	Nicaragua		FC	51.00
Edenred Panama	Panama		FC	100.00
Edenred Peru	Peru		FC	67.00
Efectibono	Peru	New in scope	FC	67.00
Westwell Group *	Uruguay		FC	100.00
Luncheon Tickets	Uruguay		FC	100.00
Uniticket	Uruguay		FC	100.00
Cestaticket Services C.A.	Venezuela		FC	57.00
Inversiones Quattro Venezuela	Venezuela		FC	100.00
Inversiones Cinq Venezuela	Venezuela		FC	100.00
Inversiones Huit Venezuela	Venezuela		FC	100.00
Inversiones Neuf Venezuela	Venezuela		FC	100.00
Inversiones Dix Venezuela	Venezuela		FC	100.00
Inversiones Onze 2040	Venezuela		FC	100.00
Inversiones Douze Venezuela	Venezuela		FC	100.00
Inversiones Quatorze	Venezuela		FC	100.00
Inversiones Quinze 1090	Venezuela		FC	100.00
Inversiones Seize 30	Venezuela		FC	100.00
REST OF THE WORLD				
Beijing Surfgold Technology Ltd	China		FC	100.00
Accentiv' Shangai Company	China		FC	100.00
Edenred India PVT ltd	India		FC	100.00
Surfgold.com India PVT ltd	India		FC	100.00
SRI Ganesh Hospitality Services Private Ltd *	India		FC	100.00
Edenred Japan	Japan		FC	100.00
Edenred SAL	Lebanon		FC	80.00
Cardtrend System Sdn Bhd	Malaysia		FC	100.00
Edenred Maroc SAS	Morocco		FC	83.67
Edenred PTE Limited	Singapore		FC	100.00
Edenred PTE Ltd. Taïwan Branch	Taiwan		FC	100.00
Edenred Kurumsal Cozumler	Turkey		FC	100.00
Network Servisleri	Turkey		FC	50.00
Accentiv Hediye Ve Danismanlik Hizmetleri	Turkey		FC	100.00
Edenred Ödeme Hizmetleri	Turkey		FC	100.00

COMPANY	COUNTRY		METHOD	INTEREST HELD *(in %)*
C3 Card International Limited	United Arab Emirates		FC	100.00
C3 Card DTMFZ	United Arab Emirates		FC	100.00
C3 Edenred LLC	United Arab Emirates		FC	49.00
Edenred North America inc	United States		FC	100.00
Edenred Commuter Benefits Solution	United States		FC	100.00
NutriSavings LLC	United States		FC	100.00
Beamery Inc	United States		NC	7.13
Beekeeper Holding Inc	United States		NC	3.98
Dexx Technologies Inc	United States		NC	8.35
HOLDING & OTHER				
ASM *	France		FC	100.00
Gaméo *	France	New in scope	FC	100.00
Landray *	France	New in scope	FC	100.00
Saminvest *	France		FC	100.00
GABC *	France		FC	100.00
Veninvest Quattro *	France		FC	100.00
Veninvest Cinq *	France		FC	100.00
Veninvest Huit *	France		FC	100.00
Veninvest Neuf *	France		FC	100.00
Veninvest Onze *	France		FC	100.00
Veninvest Douze *	France		FC	100.00
Veninvest Quatorze *	France		FC	100.00
Veninvest Quinze *	France		FC	100.00
Veninvest Seize *	France		FC	100.00
Partech Entrepreneur II FPCI	United States		NC	2.50
Partech Entrepreneur III FPCI	United States		NC	14.14
Partech International VI FPCI	United States		NC	11.35
Partech International Ventures VII	United States		NC	2.01
Partech Africa SLP	United States		NC	2.80

FC: full consolidation method.
EQ: equity method.
NC: non-consolidated.
* *Holding company.*

NOTE 13 UPDATE ON ACCOUNTING STANDARDS

13.1 Main expected impacts of applying IFRS 16 (Leases)

The new standard, IFRS 16 – Leases, which comes into effect on January 1, 2019, eliminates the idea of "operating leases" and requires entities to recognize – for all leases that fall within its scope – a lease liability calculated as the discounted present value of future minimum lease payments and a right-of-use asset, included in intangible assets.

The Group has opted for the simplified retrospective approach to transition and has decided to apply certain options made available under the new standard, including:

- the exclusion of leases with a term of less than 12 months;
- the exclusion of leases of low-value assets;
- the consistent treatment of leases qualified as finance leases under IAS 17 – Leases.

The IFRS 16 implementation project is organized in three phases:

- phase 1: analysis of the standard, identification and analysis of the contracts, review of the parameters and initial simulations;
- phase 2: creation of processes and tools, initial assessment of the impacts;
- phase 3: implementation.

At this stage of the analysis, leases identified as falling within the scope of IFRS 16 consist mainly of real estate and vehicle leases. The applicable discount rates have been determined by adding together the following three components by maturity: the risk-free rate in the lease currency, the Group's credit spread and the premium on the Group's credit spread paid by the subsidiary concerned.

The estimated effects of applying IFRS 16 are as follows:

- recognition of a right-of-use asset in non-current assets and a corresponding lease liability for an amount of between €90 million and €100 million in the opening statement of financial position at January 1, 2019;
- €25 million to €35 million increase in EBITDA;
- no material impact on EBIT.

The issues still being analyzed as of December 31, 2018 mainly concern deferred taxes and the disclosures to be made in the notes to the 2019 consolidated financial statements.

In addition, in light of the specific assumptions used for the application of IFRS 16 and the effect on leases of changes in consolidation scope, it is not currently possible to extrapolate the data presented in off-balance sheet commitments in order to estimate the impact of applying IFRS 16.

13.2 Standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2018

The following standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2018 came into effect on that date:

STANDARD	NAME	SUMMARY	POTENTIAL IMPACT ON EDENRED'S FINANCIAL STATEMENTS
IFRS 9	Financial Instruments	IFRS 9 finalizes the first of three steps in the IASB project on financial instruments, replacing IAS 39 – Financial Instruments: Recognition and Measurement	See Note 1.4
IFRS 15	Revenue From Contracts With Customers	IFRS 15 introduces a single model for recognizing revenue from contracts with customers	See Note 1.4
IFRS 2 – Amendment	Classification and Measurement of Share-based Payment Transactions	The aim of the amendment is to clarify the classification of share-based payment transactions with a net settlement feature for withholding tax obligations	The amendment came into effect on January 1, 2018. No material impact
Annual Improvements to IFRSs	2014-2016 Cycle	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 improvements came into effect on January 1, 2018. No material impact
IFRS 4	Amendment	The objective of the amendment is to mitigate the problems created by the different effective dates of IFRS 9 – Financial Instruments and IFRS 17 – Insurance Contracts	See Note 1.3
IAS 40	Amendment	The amendment provides clarification on the application of paragraph 57 of IAS 40 – Transfers of Investment Properties, which provides guidance when there is a change of use	No material impact
IFRIC 22	Amendment	IFRIC 22 provides clarification on which exchange rate to use in transactions (*e.g.*, revenue) that include advance consideration paid or received in a foreign currency	No material impact

13.3 Standards, amendments and interpretations optional for reporting periods beginning on or after January 1, 2018

Edenred has chosen not to early adopt the following standards, amendments and interpretations, which were adopted by the European Union as of December 31, 2018 and are applicable for reporting periods beginning after January 1, 2018:

STANDARD	TYPE	NAME	EU APPLICATION DATE	SUMMARY	POTENTIAL IMPACT ON EDENRED'S FINANCIAL STATEMENTS
IFRS 16	New standard	Leases	January 1, 2019	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases	See Note 13.1
IFRIC 23	Interpretation	Uncertainty over Income Tax Treatments	January 1, 2019	The interpretation recommends that entities determine whether each uncertain tax treatment should be considered independently or whether some uncertain tax treatments should be considered together for the purposes of determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates	The Group has not chosen to early adopt this interpretation and is currently assessing the possible impact of its application.

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 corporate client and is recognized on delivery of the solutions.

14.2 Other revenue

Other 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.

14.3 EBIT

This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating revenue and other revenue) 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 EBITDA

This aggregate corresponds to total revenue (operating revenue and other revenue) less operating expenses (excluding depreciation, amortization and provisions).

14.5 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.

14.6 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. Like-for-like data temporarily excludes Venezuela, due to the country's high level of inflation.

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

For the year ended December 31, 2018

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 and construed in accordance with French law and professional auditing standards applicable in France.

To the EDENRED Shareholders' Meeting,

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, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 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.

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.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5 paragraph 1 of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors.

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 financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the financial statements taken individually.

Valuation of shares and loans and advances to subsidiaries

[Notes 1.2, 3, 6 and 7]

KEY AUDIT MATTER	OUR RESPONSE
As of December 31, 2018, shares in subsidiaries (including loans and advances) represented a net carrying amount of €4,784 million, or 80% of total assets. These shares are initially booked at their acquisition or contribution cost and are, as the case may be, impaired to their present value which is the higher value between the market value and the value in use. As stated in Note 1.2 to 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 the use of assumptions. It is determined according to a multi-criteria analysis taking into account, in particular, the portion 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 using an enterprise value from projected cash flows and long-term growth and discount rates, less net debt. Due to the value in use sensitivity to the change in the above assumptions, we considered the correct valuation of shares and loans and advances to subsidiaries and affiliates to be a key audit matter.	To assess the estimated value of shares and loans and advances to subsidiaries and affiliates, our procedures mainly consisted in: • familiarizing ourselves with the principles and methods to determine the values in use adopted (portion of shareholders' equity, EBITDA multiples, discounted projected cash flows); • comparing the shareholders' equity adopted with the source data by entity; • reviewing the EBITDA multiples adopted compared to available market data; • comparing, with the help of our audit team's valuation experts, the long-term growth and discount rates retained for the valuations based on future cash flows with the macro-economic data available at the closing date; • examining, through interviews with Management, the main source data and assumptions for the operating estimates underlying the cash flows used for the valuation models, notably by comparing the estimates and the projections of prior periods with the actual figures. We also verified that Notes 1, 2, 3, 6 and 7 to the financial statements provide an appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms mentioned in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified its compliance with the source documents communicated to us. Based on these procedures, we have no matters to report on this information.

Other disclosures

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to acquisitions and controlling interests and the identity of and share capital or voting rights held by shareholders.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

DELOITTE & ASSOCIES was appointed as statutory auditors of EDENRED by the Shareholders' Meeting of April 3, 2010, while ERNST & YOUNG was appointed on May 4, 2016.

As of December 31, 2018, DELOITTE & ASSOCIES and ERNST & YOUNG were in the 9th year and 3rd year of total uninterrupted engagement, respectively.

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 its operations.

The Audit and Risks 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.

These financial statements have been approved by the Board of Directors.

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 objectives are 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 by Article L.823-10-1 of the French Commercial Code, 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 in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. He also:

- 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 that is 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;
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risks 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 Risks Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risks Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris-la-Défense, March 12, 2019
The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Patrick E. Suissa	Philippe Diu

4.4 Parent company financial statements and notes

4.4.1 Balance sheet at December 31, 2018

Assets

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017
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)	3,319	2,346
Loans and advances to subsidiaries and affiliates	(2-5-7-16-17)	1,404	1,621
Other investments	(2)	61	51
Total investments		**4,784**	**4,018**
TOTAL FIXED ASSETS		4,800	4,034
CURRENT ASSETS			
Inventories			
Prepayments to suppliers		-	-
Receivables			
Trade receivables	(4-7-16-17)	19	26
Other receivables	(4-7-16)	374	119
Cash and cash equivalents			
Marketable securities	(8)	275	283
Cash and cash equivalents		457	6
TOTAL CURRENT ASSETS		1,125	434
ACCRUALS AND OTHER ASSETS			
Prepaid expenses	(9-16)	2	2
Deferred charges	(9)	25	27
Bond redemption premiums	(9)	10	10
Conversion differences	(10)	3	49
TOTAL ACCRUALS AND OTHER ASSETS		**40**	**88**
TOTAL ASSETS		**5,965**	**4,556**

Liabilities and shareholders' equity

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017
SHAREHOLDERS' EQUITY			
Share capital		478	471
Additional paid-in capital		770	697
Legal reserve		47	47
Untaxed reserves		-	-
Others reserves		-	-
Retained earnings		21	215
Net profit for the year		285	5
Untaxed provisions		2	2
TOTAL SHAREHOLDERS' EQUITY	(13)	1,603	1,437
PROVISIONS			
Provisions for contingencies	(7)	11	32
Provisions for charges	(7)	30	24
TOTAL PROVISIONS		41	56
LIABILITIES			
Bonds	(15)	2,228	1,728
Bank borrowings	(15)	78	59
Other borrowings	(15-17)	1,979	1,225
Trade payables	(15)	16	13
Accrued taxes and payroll costs	(15)	16	13
Due to suppliers of fixed assets	(15)	-	-
Other liabilities	(15)	1	1
TOTAL LIABILITIES	(15)	4,318	3,039
ACCRUALS AND OTHER LIABILITIES			
Deferred income	(15)	-	-
Conversion differences	(10)	3	24
TOTAL ACCRUALS AND OTHER LIABILITIES		3	24
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,965**	**4,556**

4.4.2 Income statement for the year ended December 31, 2018

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017
OPERATING REVENUE			
Sales of goods and services		59	51
Net revenue	**(18)**	**59**	**51**
Own work capitalized		3	6
Reversals of depreciation, amortization and provisions and expense transfers		15	15
Other income		39	36
TOTAL OPERATING INCOME		116	108
OPERATING EXPENSES			
Purchases of goods for resale		-	-
Purchases of raw materials and supplies		-	-
Other purchases and external charges		69	55
Taxes other than on income		4	4
Wages and salaries		23	22
Payroll taxes		21	17
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)	5	4
Additions to provisions for contingencies and charges	(7)	16	12
Other expenses	(7)	1	1
TOTAL OPERATING EXPENSES		143	119
NET OPERATING LOSS		**(27)**	**(11)**
FINANCIAL INCOME	**(20)**		
Income from investments in subsidiaries and affiliates	(17)	278	76
Income from investment securities and long-term loans		-	-
Other interest income	(17-20)	4	14
Financial provision reversals and expense transfers		38	16
Foreign exchange gains		16	-
TOTAL FINANCIAL INCOME	(20)	336	106
FINANCIAL EXPENSES			
Additions to financial amortization and provisions		19	56
Interest expense	(17-20)	33	57
Foreign exchange losses		39	-
TOTAL FINANCIAL EXPENSES	(20)	91	113
NET FINANCIAL INCOME (LOSS)		**245**	**(7)**
RECURRING PROFIT (LOSS) BEFORE TAX		218	(18)
NON-RECURRING INCOME			
Non-recurring income on revenue transactions		-	-
Non-recurring income on capital transactions		76	3
Non-recurring provision reversals and expense transfers		6	12
TOTAL NON-RECURRING INCOME		82	15
NON-RECURRING EXPENSES			
Non-recurring expense on revenue transactions		-	-
Non-recurring expense on capital transactions		25	9
Non-recurring additions to depreciation, amortization and provisions		-	12

(in € millions)	NOTES	DECEMBER 2018	DECEMBER 2017
TOTAL NON-RECURRING EXPENSES		25	21
NET NON-RECURRING INCOME (LOSS)	**(21)**	**57**	**(6)**
Income tax	(22)	10	29
TOTAL INCOME		544	258
TOTAL EXPENSES		259	253
NET PROFIT		**285**	**5**

The financial statements are presented in euro millions.

The notes below relate to the balance sheet as of December 31, 2018, which shows total assets of €5,965 million, and to the 2018 income statement, which shows a net profit for the year of €285 million before appropriation of profit for the year.

The financial statements cover the 12-month period from January 1 to December 31, 2018.

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 3, 2018, Edenred shareholders approved the payment of a 2017 dividend of €0.85 per share, with the option of reinvesting 100% of the dividend paid in new shares.

The reinvestment period ran from May 14 to May 25, 2018. This led to the issue of 3,863,610 new shares of Edenred common stock, representing 1.64% of the share capital, which were settled and traded on the Euronext Paris stock market on June 8, 2018.

The new shares carry dividend rights from January 1, 2018 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprised 239,266,350 shares.

The total cash dividend, which was paid on June 8, 2018, amounted to €104 million

Financing transaction

On November 29, 2018, Edenred announced a €500 million 7-year 1.875% public bond issue due March 6, 2026.

The new bond issue will help finance Edenred's growth plans, including the acquisition of CSI (see the subsequent events section).

Legal restructuring

To streamline and rationalize its legal structure, the Group began operations in 2018 to reclassify its investments internally.

New reorganization operations will take place in 2019.

Together, these operations will enable the Group to align its legal structure with the its three business lines.

Edenred SA tax audit

In 2017 and 2018, a tax audit was carried out at Edenred SA, 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.

Notification of the proposed reassessments of tax paid in 2015 and 2016 was received by the Company in July 2018. As originally expected, the tax authorities reduced the 2014 reassessment to align its position with that adopted with regard to 2015 and 2016.

The total tax, late interest and penalties claimed for the three years amount to €17 million.

The Company has contested the reassessments and intends to take up the matter with the local tax Board.

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 2018-01. 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 5 to 10 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, the long-term growth rate and the discount rate, 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 recognized 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 recognized 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 chart of accounts (Plan comptable général), 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 parent company financial statements for the year ended December 31, 2018.

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 Corporate 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, 2018

ITEMS *(in € millions)*	COST AT DECEMBER 31, 2017	ACQUISITIONS AND INTER-ITEM TRANSFERS	RETIREMENTS AND DISPOSALS AND INTER-ITEM TRANSFERS	OTHER	COST AT DECEMBER 31, 2018
INTANGIBLE ASSETS					
Trademarks and rights of use	-				-
Licenses, purchased software	18	1	-	-	19
Other intangible assets [(1)]	27	4		-	31
Intangible assets in process [(1)]	2	1	(1)	-	2
TOTAL INTANGIBLE ASSETS	47	6	(1)	-	52
PROPERTY AND EQUIPMENT					
Machinery and equipment	-				-
Other property and equipment	4	1		-	5
Assets under construction	-			-	-
Prepayments	-			-	-
TOTAL PROPERTY AND EQUIPMENT	4	1	-	-	5
INVESTMENTS					
Shares in subsidiaries and affiliates [(2)]	2,509	992	(20)	-	3,481
Loans and advances to subsidiaries and affiliates [(3)]	1,621	260	(475)	-	1,406
Other investment securities [(4)]	18	5	-	-	23
Other loans	-			-	-
Other investments [(5)]	39	29	(26)	-	42
TOTAL INVESTMENTS	4,187	1,286	(521)	-	4,952
TOTAL FIXED ASSETS	**4,238**	**1,293**	**(522)**	**-**	**5,009**

(1) The €5 million difference in these two items is attributable to the development of Group applications.
(2) See Note 6 for details.
(3) See Note 5 for details.
(4) Primarily related to investments in the following funds: Partech VI, Partech II, Partech III, Partech International Ventures VII and Partech Africa.
(5) Movements for the period reflect (i) the purchase of Edenred SA's own shares for €29 million and (ii) the exercise of options awarded under the 2010, 2011 and 2012 plans for a negative €25 million.

At the period-end, the Company held 267,162 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 €7 million.

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NOTE 3 AMORTIZATION AND DEPRECIATION

Items *(in € millions)*	COST AT DECEMBER 31, 2017	INCREASE	DECREASE	COST AT DECEMBER 31, 2018
Intangible assets				
Trademarks and rights of use	-			-
Licenses, purchased software	17.4	0.4	-	17.8
Other intangible assets	7.2	3.1	-	10.3
TOTAL AMORTIZATION	24.6	3.5	-	28.1
Property and equipment				
Machinery and equipment	-			-
Other property and equipment	3.4	0.5	-	3.9
TOTAL DEPRECIATION	3.4	0.5	-	3.9
TOTAL AMORTIZATION AND DEPRECIATION	**28.0**	**4.0**	**-**	**32.0**

NOTE 4 RECEIVABLES AT DECEMBER 31, 2018

(in € millions)	COST AT DECEMBER 31, 2018	COST AT DECEMBER 31, 2017
PREPAYMENTS TO SUPPLIERS		
Trade receivables	**19**	**26**
Other receivables	**374**	**120**
Supplier-related receivables	*-*	*-*
Recoverable VAT and other taxes	*8*	*31*
Current accounts with subsidiaries	*365*	*87*
Other	1	2
TOTAL	**393**	**146**

NOTE 5 LOANS AND ADVANCES TO SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2018

(in € millions)	COST AT DECEMBER 31, 2017	INCREASE	DECREASE	OTHER	COST AT DECEMBER 31, 2018
Edenred España	43	-	(43)	-	-
Edenred Belgium	562	-	(323)	-	239
Edenred France	467	165		-	632
Edenred Italia	194		(100)	-	94
Edenred Tankkarten	305	95	-	-	400
PWC participation	42	-	(5)	-	37
Daripodarki	3	-	(1)	-	2
Surgold	3	-	(3)	-	-
Global reward	2	-	-	-	2
TOTAL	**1,621**	**260**	**(475)**	**-**	**1,406**

NOTE 6 CHANGE IN INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

	AT DECEMBER 31, 2017			BUSINESS ACQUISITIONS AND PURCHASES OF NEWLY ISSUED SHARES, MERGERS		DISPOSALS, RETIREMENTS AND INTER-ITEM TRANSFERS		AT DECEMBER 31, 2018			
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)	-	(0)	0.00%	
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%	7
VENINVEST CINQ	30,046	7	100.00%					30,046	7	100.00%	7
VENINVEST HUIT	232,159	7	100.00%					232,159	7	100.00%	7
GABC	203	1	100.00%			(203)	(1)	-	(0)	0.00%	
LCCC	831	1	44.32%	212	8	(1,043)	(9)	-	0	0.00%	
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	85,285	6	100.00%					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	265,055	9	100.00%					265,055	9	100.00%	9
VENINVEST QUINZE	15,504	5	100.00%					15,504	5	100.00%	5
VENINVEST SEIZE	189,309	12	100.00%					189,309	12	100.00%	12
VENINVEST QUATORZE	456,953	5	100.00%					456,953	5	100.00%	5
LUCKY CART SAS	50,748			871,637	1			922,385	1	22.18%	
ANDJARO	5,296			1,803	1			7,099	1	22.73%	
ZEN CHEF	12,176	2	15.27%	1,268				13,444	2	13.22%	
EDENRED AUSTRIA GmbH (Austria)	15,677	2	100.00%					15,677	2	100.00%	
EDENRED ITALIA SRL	101,300	17	1.70%	3,337,836	672			3,439,136	689	57.72%	
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	100.00%	
EDENRED UK GROUP LIMITED	227,692	3	1.70%	13,165,977	304			13,393,669	307	100.00%	
EDENRED BULGARIA AD (Bulgaria)	16,960	1	50.00%			(2,755)		14,205	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	33.55%	
EDENRED PERU SA (PERU)	603,000	1	67.00%	670,209	1			1,273,209	2	67.00%	2
EDENRED PANAMA SA	1,250,000	1	100.00%					1,250,000	1	100.00%	1
EDENRED MAROC	66,933	3	83.67%					66,933	3	83.67%	2
EDENRED INDIA PVT LTD (India)	23,358,174	14	94.90%					23,358,174	14	94.90%	10

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	AT DECEMBER 31, 2017			BUSINESS ACQUISITIONS AND PURCHASES OF NEWLY ISSUED SHARES, MERGERS		DISPOSALS, RETIREMENTS AND INTER-ITEM TRANSFERS		AT DECEMBER 31, 2018			
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)*
EDENRED SINGAPORE Pte Ltd (Singapore)	38,592,589	37	100.00%					38,592,589	37	100.00%	11
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%	9
ACCENTIV' SHANGHAI COMPANY (China)	650,000	1	100.00%					650,000	1	100.00%	1
EDENRED COLOMBIA SA	2,535,468	3	97.12%					2,535,468	3	97.23%	3
CESTATICKET SERVICES C.A. (Venezuela)	3,420,000	16	57.00%					3,420,000	16	57.00%	16
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%	6
EDENRED MD SRL (Moldova)	21,025		100.00%	10,000,000	1			10,021,025	1	100.00%	
EDENRED BRASIL PARTICIPACOES SA (Brazil)	425,085	20	8.46%					425,085	20	8.46%	
EDENRED JAPAN CO LTD	10,100	30	100.00%					10,100	30	100.00%	13
EDENRED POLSKA SP ZO.O	297,473	8	81.86%					297,473	8	81.86%	2
SAVINGSTAR	1,098,443	4	6.88%			(1,098,443)	(4)	-	-	0.00%	-
IZICARD	55,835	1	41.27%					55,835	1	39.68%	
LAUNCHPAD	4,366	1	13.16%					4,366	1	13.16%	
BEEKEEPER HOLDING				1,333,221	2			1,333,221	2	3.96%	
EDENRED PARTNERS CAPITAL	50,510	3	10.00%			(50,510)	(3)	-	-	0.00%	
EDENRED SWEDEN AB	1,696	1	1.70%					1,696	1	1.70%	
EDENRED ROMANIA SRL	11,411	5	1.70%	34,719	2			46,130	7	6.87%	
EDENRED CZ	230	1	1.70%					230	1	1.70%	
OTHER INVESTMENTS [1]	1,758,650	3		330,946				2,089,596	3		1
TOTAL	**276,862,157**	**2,509**		**29,747,828**	**992**	**(1,192,952)**	**(20)**	**305,417,033**	**3,481**		**162**

(1) None of the investments included under this heading represents more than €1 million.

NOTE 7 PROVISIONS AND ASSET IMPAIRMENTS AT DECEMBER 31, 2018

ITEMS *(in € millions)*	AT DECEMBER 31, 2017	INCREASES	DECREASES SURPLUS PROVISIONS	DECREASES UTILIZED PROVISIONS	AT DECEMBER 31, 2018
UNTAXED PROVISIONS					
Depreciation allowances	2	-			2
TOTAL UNTAXED PROVISIONS	2	-	-	-	2
PROVISIONS FOR CONTINGENCIES					
Claims and litigation	-				-
Foreign exchange losses (1)	24	-		(24)	-
Other (2)	8	2	-	-	10
TOTAL PROVISIONS FOR CONTINGENCIES	32	2	-	(24)	10
PROVISIONS FOR CHARGES (3)					
Pension and other post-retirement benefit obligations	14	4	-		18
Taxes	-				-
Other	10	12	(5)	(4)	13
TOTAL PROVISIONS FOR CHARGES	**24**	**16**	**(5)**	**(4)**	**31**
TOTAL PROVISIONS	**56**	**18**	**(5)**	**(28)**	**41**
IMPAIRMENTS					
Intangible assets	9	-			9
Property and equipment	-				-
Investments * (4)	167	15	(7)	(7)	168
Trade receivables	-				-
Other receivables *	1	-	-		1
TOTAL IMPAIRMENTS	**177**	**15**	**(7)**	**(7)**	**178**
TOTAL PROVISIONS AND IMPAIRMENTS	**235**	**33**	**(12)**	**(35)**	**221**

INCOME STATEMENT IMPACT OF MOVEMENTS IN PROVISIONS	INCREASES	DECREASES
Operating income and expenses	16	(9)
Financial income and expenses	17	(38)
Non-recurring income and expenses		-
Movements with no income statement impact		
TOTAL	**33**	**(47)**

* *Raised in accordance with the methods described in Note 1.2.*

(1) Following the decision by Venezuela's central bank to devalue the country's currency in August 2018, Edenred SA recognized a definitive foreign exchange loss and, consequently, reversed the provision for foreign exchange losses set aside in previous years.

(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. On April 11, 2017, the Hungarian government filed an application for annulment of the award, claiming that the tribunal had manifestly exceeded its powers and had failed to provide a legal basis for its award. The ad hoc proceedings related to this application have been stayed in response to an application for revision filed by the Hungarian government. However, this situation does not affect the Company's assessment of the risk at December 31, 2018.

On June 5, 2018, the Hungarian government filed an application for the revision of the award further to a decision handed down by the Court of Justice of the European Union on March 6, 2018 in the Achméa case. The reconstituted tribunal dismissed the Hungarian government's claim on February 7, 2019 and reopened its investigation into the annulment procedure, which had been stayed. Edenred views the application as having no basis in law and has thus not revised its assessment of the risk at December 31, 2018.

(3) The final position of provisions for charges comprises (i) €18 million in provisions for post-employment benefit obligations, and (ii) €13 million in provisions for the buyback of performance shares granted to employees residing in France for tax purposes. The €16 million increase mainly corresponds to the provisions for the buyback of performance shares for €12 million. The €9 million decrease is due to (i) the reversal of the expired 2015 plans in February and December 2018, and (ii) the reversal of the 2017 plan's final balance for revaluation at December 31, 2018.

(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 (€16 million), Veninvest Seize Venezuela (€12 million), Barclays Voucher (€13 million) and Surfgold Singapour (€11 million).

The most significant movements during the year were as follows:

- *€15 million in impairment losses on shares in subsidiaries and affiliates, including €2 million related to Barclays Voucher, €2 million related to Surfgold India and €2 million related to Cestaticket and Venezuela.*
- *€14 million in reversals of impairment losses on shares in subsidiaries and affiliates, consisting of €4 million for Savingstar, €3 million for Lunch Company in Poland and €3 million for Servicarte.*

Pension and other post-employment benefit obligations and underlying actuarial assumptions

	AT DECEMBER 31, 2018
Discount rate	1.5%
Mortality tables	TGH -TGF05
Rate of future salary increases	1.75%
Retirement age	65
Voluntary or compulsory retirement	Voluntary
Payroll tax rate	46%

	AT DECEMBER 31, 2018
Provisions for pensions and other post-retirement benefit obligations at December 31, 2017	14.2
Service cost	1.6
Interest cost	0.2
Benefit payments for the period	-
Actuarial (gains)/losses	1.5
Plan amendments	-
Provisions for pensions and other post-retirement benefit obligations at December 31, 2018	17.5

NOTE 8 MARKETABLE SECURITIES PORTFOLIO

(in € millions)	COST AT DECEMBER 31, 2018	COST AT DECEMBER 31, 2017
Term deposits	55	245
Negotiable debt securities	189	15
Retail certificates of deposit	5	5
Money market funds – Liquidity contract	1.0	1
Edenred SA shares – Liquidity contract	25	17
Accrued interest		
TOTAL	**275**	**283**

Term deposits and retail certificates of deposit are classified as held-to-maturity investments.

The €25 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 impairment loss was recognized due to the Company's commitment to awarding these shares to employees.

A provision for contingencies related to the share buyback plan was recorded as of December 31, 2018 (see Note 7).

NOTE 9 ACCRUALS AND OTHER ASSETS AT DECEMBER 31, 2018

(in € millions)	AT DECEMBER 31, 2017 NET	INCREASES	DECREASES	AT DECEMBER 31, 2018 NET
Deferred charges				
Debt issuance costs	-			-
Bond issuance costs [1]	27	2	(4)	25
TOTAL	**27**	**2**	**(4)**	**25**
BOND ISSUE PREMIUMS				
Issue premiums [2]	10	2	(1)	11
TOTAL	**10**	**2**	**(1)**	**11**
PREPAID EXPENSES				
IT maintenance fees – Insurance premiums – Other fees	2			2
TOTAL	**2**	**-**	**-**	**2**

(1) The increase is primarily due to issue fees on the €500 million bond issue carried out on December 6, 2018. The decrease corresponds to the amortization of loan issue fees over the period.

(2) The increase relates to the new issue premium of December 6, 2018.

NOTE 10 CONVERSION DIFFERENCES

(in € millions)	AT DECEMBER 31, 2018	AT DECEMBER 31, 2017
ASSETS		
Decrease in receivables [1]	1	46
Increase in payables [2]	2	3
TOTAL	**3**	**49**
CONVERSION DIFFERENCES IN LIABILITIES		
Increase in receivables [2]	1	14
Decrease in payables [2]	2	10
TOTAL	**3**	**24**

(1) Translation differences on currency swaps and bank balances. See Note 7 (1) for details.

(2) Translation differences on loans and borrowings with foreign subsidiaries, bank balances and currency swaps.

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NOTE 11 ACCRUED INCOME

Accrued income is included in the following balance sheet items

(in € millions)	AT DECEMBER 31, 2018	AT DECEMBER 31, 2017
Loans and advances to subsidiaries and affiliates	-	-
Trade receivables	2	2
Other receivables	1	1
Marketable securities	-	-
Cash	1	2
TOTAL	**4**	**5**

NOTE 12 ACCRUED EXPENSES

Accrued expenses are included in the following balance sheet items

(in € millions)	AT DECEMBER 31, 2018	AT DECEMBER 31, 2017
Bonds	3	3
Bank borrowings	1	1
Other borrowings	-	5
Trade payables	14	10
Accrued taxes and payroll costs	15	11
Other liabilities	1	1
TOTAL	**34**	**31**

NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY

ITEMS *(in € millions)*	AT DECEMBER 31, 2017	APPROPRIATION OF 2017 NET PROFIT (2)	SHARES ISSUED/ (CANCELED)	OTHER	2018 NET PROFIT	AT DECEMBER 31, 2018
Number of shares outstanding (1)	**235,403,240**		**3,863,110**			**239,266,350**
Share capital	471		7			478
Additional paid-in capital	697		73			770
Legal reserve	47	-				47
Untaxed reserves	-					-
Other reserves	-					-
Retained earnings	215	(194)				21
Net profit for the year	5	(5)			285	285
Untaxed provisions	2			-		2
TOTAL SHAREHOLDERS' EQUITY	**1,437**	**(199)**	**80**	**-**	**285**	**1,603**

(1) Par value of €2.
At December 31, 2018, Edenred SA held 1,367,212 of its own shares, representing 0.57% of the number of shares making up the share capital at December 31, 2018, following a liquidity contract and shares allocated to specific plans (see Note 8).
(2) Dividends for €199 million were paid as of June 8, 2018.

NOTE 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

Stock option plan

	2010 PLAN	2011 PLAN	2012 PLAN
Grant date	Aug. 6, 2010	Mar. 11, 2011	Feb. 27, 2012
Vesting date	Aug. 7, 2014	Mar. 12, 2015	Feb. 28, 2016
Expiry date	Aug. 6, 2018	Mar. 11, 2019	Feb. 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 in the specific circumstances provided for in the plan rules)	Continued presence within the Group as of March 11, 2015 (except in the specific circumstances provided for in the plan rules)	Continued presence within the Group as of February 27, 2016 (except in 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 cancelled since the plan launch	488,150	10,350	12,000
Number of options exercised since the plan launch	3,747,350	523,550	281,600
Number of options outstanding at December 31, 2018	-	77,800	89,200

Performance share plans

	2013 PLAN	2014 PLAN	2015 PLAN	2015 PLAN (CEO)	2016 PLAN	2017 PLAN	2018 PLAN
Grant date	Feb. 18, 2013	Feb. 17, 2014	Feb. 20, 2015	Dec. 9, 2015	May 4, 2016	Mar. 8, 2017	Feb. 21, 2018
Vesting date	Feb. 19, 2016 (1)	Feb. 18, 2017 (2)	Feb. 21, 2018 (3)	Dec. 10, 2018	May 4, 2019 (4)	Mar. 8, 2020 (5)	Feb. 22, 2021 (6)
IFRS 2 fair value for French tax residents *(in €)*	19.72	14.12	16.08	8.19	15.04	18.38	24.26
IFRS 2 fair value for non-French tax residents *(in €)*	19.18	14.58	15.91	-	15.04	18.38	24.26
Vesting conditions	40% FFO 2013-2015, 40% Issue volume 2013-2015, 20% TSR relative performance 2013-2015	40% FFO 2014-2016, 40% Issue volume 2014-2016, 20% TSR relative performance 2014-2016	40% FFO 2015-2017, 40% Issue volume 2015-2017, 20% TSR relative performance 2015-2017	37.5% FFO 2015-2017, 37.5% Issue volume 2015-2017, 25% TSR relative performance 2015-2017	37.5% FFO 2016-2018, 37.5% Issue volume 2016-2018, 25% TSR relative performance 2016-2018	37.5% FFO 2017-2019, 37.5% Issue volume 2017-2019, 25% TSR relative performance 2017-2019	37.5% FFO 2018-2020, 37.5% Issue volume 2018-2020, 25% TSR relative performance 2018-2020
Number of performance shares granted at the plan launch	845,900	824,000	800,000	137,363	990,080	794,985	685,706
Number of performance shares vested since the plan launch	593,910	171,735	176,420	125,916	-	-	-
Number of performance shares cancelled since the plan launch	251,990	245,859	241,650	11,447	77,941	52,233	20,830
Number of performance shares outstanding at December 31, 2017	-	406,406	381,930	-	912,139	742,752	664,876

(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 March 8, 2020 for all beneficiaries, French tax residents and non-residents alike.
(6) Delivery of the shares on February 22, 2021 for all beneficiaries, French tax residents and non-residents alike.

NOTE 15 MATURITIES OF DEBT AND PAYABLES AT DECEMBER 31, 2018

(in € millions)	TOTAL	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS
FINANCIAL DEBTS				
Bonds (1) (3)	2,228	3	725	1,500
Bank borrowings (3)	78	78		
Other borrowings (2) (3)	1,979	1,979	-	
OPERATING PAYABLES				
Trade payables (3)	16	16		
OTHER PAYABLES				
Accrued taxes and payroll costs (3)	16	16		
Due to suppliers of fixed assets	-			
Other liabilities (3)	1	1		
Deferred income (3)	-			
TOTAL	**4,318**	**2,093**	**725**	**1,500**

(1) Bonds issued in 2012, 2013, 2015, 2016 and 2017 and the new €500 million bond issue carried out on December 6, 2018.
(2) Current account advances, loans with subsidiaries and short-term negotiable debt (NEU CP).
(3) Breakdown by currency (in € millions):

DEBT BY CURRENCY	
EUR	3,996
GBP	199
USD	66
MXN	30
JPY	16
SGD	1
HUF	10
TOTAL	**4,318**

NOTE 16 MATURITIES OF RECEIVABLES AT DECEMBER 31, 2018

(in € millions)	TOTAL	DUE WITHIN 1 YEAR	DUE BEYOND 1 YEAR
RECEIVABLES INCLUDED IN FIXED ASSETS			
Loans and advances to subsidiaries and affiliates	1,406	5	1,401
Other loans			
Other investments	65	65	
RECEIVABLES INCLUDED IN CURRENT ASSETS			
Trade receivables	19	12	7
Other receivables	375	373	2
Accrued expenses	2	2	
TOTAL	**1,867**	**457**	**1,410**

Breakdown by currency (in € millions):

RECEIVABLES BY CURRENCY	
EUR	1,825
GBP	14
USD	12
PLN	7
SGD	4
RUB	2
HKD	3
TOTAL	**1,867**

NOTE 17 RELATED-PARTY TRANSACTIONS [1]

(in € millions)	2018	2017
ASSETS		
Shares in subsidiaries and affiliate	3,471	2,501
Loans and advances to subsidiaries and affiliates	1,406	1,621
Other investment securities	3	3
Trade receivables	19	26
Other receivables	365	86
LIABILITIES		
Other borrowings	1,769	1,223
Trade payables	3	3
INCOME AND EXPENSES		
Income from investments in subsidiaries and affiliates	278	76
Other financial income	1	2
Financial expenses	3	24

NOTE 18 BREAKDOWN OF NET REVENUE

(in € millions)	2018	2017
France	13	11
TOTAL FRANCE	13	11
International	46	40
TOTAL INTERNATIONAL	46	40
TOTAL NET REVENUE	**59**	**51**

NOTE 19 MANAGEMENT COMPENSATION AND EMPLOYEE INFORMATION

Compensation paid to members of the Company's administrative and supervisory bodies

(in € millions)	2018	2017
Members of the Executive Committee (excluding payroll taxes) and the Board of Directors [1]	9	8
Number of employees		
EMPLOYEE CATEGORY		
Managers	184	172
Supervisors	5	4
Administrative staff (interns)	6	7
Apprentices	4	2
TOTAL	**199**	**185**

(1) See section 3 "Corporate Governance Report".

The Company has a total of 199 employees, including 7 seconded to subsidiaries.

The French tax credit for competitiveness (CICE) has been recognized for a total amount of €45 thousand; it corresponds to eligible compensation for the 2018 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 – Personnel 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.

(1) Companies that are fully consolidated in the Edenred Group consolidated financial statements are deemed to be related parties.

NOTE 20 NET FINANCIAL INCOME

(in € millions)	2018	2017
Income from investments in subsidiaries and affiliates	**278**	**76**
Dividends received from subsidiaries	253	45
Interest received on intra-group loans and receivables	25	31
Other interest income	**4**	**14**
Interest income on current accounts advances	1	2
Interest income on interest rate and currency swaps	1	8
Other interest income	2	4
Reversals of provisions for financial items	**38**	**16**
Reversals of provisions for impairment of shares in subsidiaries and affiliates	13	14
Reversals of provisions for impairment of other receivables	-	2
Reversals of provisions for contingencies and charges	25	-
Foreign exchange gains	**16**	**-**
FINANCIAL INCOME	336	106
Interest expense	**(33)**	**(57)**
Interest paid on bonds	(35)	(46)
Interest paid on bank borrowings	-	
Interest paid on other borrowings	5	13
Interest paid on current accounts advances	(1)	(3)
Interest paid on loans from subsidiaries	(2)	(21)
Amortization and provisions – financial assets	**(19)**	**(56)**
Additions to provisions for impairment of shares in subsidiaries and affiliates	(13)	(54)
Additions to provisions for impairment of loans	(2)	-
Additions to provisions for impairment of current assets	-	-
Amortization of bond issue premiums	(1)	(1)
Additions to provisions for contingencies and charges	(3)	(1)
Foreign exchange losses	**(39)**	**-**
FINANCIAL EXPENSES	(91)	(113)
NET FINANCIAL INCOME (LOSS)	**245**	**(7)**

NOTE 21 NON-RECURRING ITEMS

In 2018, total non-recurring items represented net income of €57 million before tax, breaking down as follows:

(in € millions)	2018	2017
Gains (losses) on disposals and liquidations of investments	56	(1)
Other non-recurring charges	-	(2)
Non-recurring charges to provision for contingencies and charges	-	(11)
Reversals of provisions for contingencies and charges	1	8
NET NON-RECURRING INCOME (LOSS)	**57**	**(6)**

NOTE 22 INCOME TAX AND CONSOLIDATION

A. Income tax expense of Edenred SA

The Company recorded a taxable profit of €0.5 million on a stand-alone basis in 2017 (*i.e.*, excluding the contribution of companies in the Edenred SA tax group).

(in € millions)	2018	2017
Tax on recurring profit	(12)	(6)
Tax on non-recurring items	20	2
Income tax expense (benefit) (1)	10	29

(1) This item primarily comprises a net Group relief benefit for the year.

Potential deferred taxes arising from deductible and taxable temporary differences, including tax loss carry-forwards, represented a net asset of €73 million at December 31, 2018.

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 2018 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 Paiement
- Edenred Fuel Card
- Edenred Fleet & Mobility

C. Group relief benefit

In 2018, group relief of €8 million was recorded in Edenred SA's financial statements.

The Group's tax expense for the year amounted to €2 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, 2018 break down as follows:

AT DECEMBER 31

(in € millions)	WITHIN 1 YEAR	1 TO 5 YEARS	BEYOND 5 YEARS	AT DECEMBER 31, 2018	AT DECEMBER 31, 2017
TOTAL RENOVATION COMMITMENTS					
Guarantees given [(1)]	57	4	9	70	40
Guarantees for bank borrowings [(2)]	13	3		16	78
TOTAL GUARANTEE COMMITMENTS	**70**	**7**	**9**	**86**	**118**

(1) Related to guarantees given to banks on behalf of subsidiaries for €62 million and capital commitments given for €8 million to the Partech International VI, Partech VII, Partech II, Partech III 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, 2018:

(in € millions)	AT DECEMBER 31, 2018 NOTIONAL AMOUNT	EXPIRING 2019
FORWARD SALES AND CURRENCY SWAPS		
HKD	2.5	2.5
CZK	0.5	0.5
USD	0.3	0.3
FORWARD SALES	**3.3**	**3.3**
FORWARD PURCHASES AND CURRENCY SWAPS		
USD *	435.30	435.30
GBP *	102.20	102.20
MXN	2.60	2.60
FORWARD PURCHASES	**540.10**	**540.10**
TOTAL CURRENCY HEDGES	**543.40**	**543.40**

For each currency, the notional amount corresponds to the euro equivalent of the amount of currency sold or purchased forward. Fair value is the difference between the amount converted at the period-end forward rate (which is different from the contract-date forward rate) and at the spot rate on the hedge's inception date.

All the currency instruments listed above are used for hedging purposes. They are designated and documented fair value hedges that qualify for hedge accounting of (i) intra-group loans and borrowings, or (ii) cash outflows (*USD and GBP currency hedges relating to the acquisitions of CSI and The Right Fuelcard Company in the first half of January 2019).

At December 31, 2018, currency instruments had a positive fair value of €1 million.

Interest rate 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, 2018:

AT DECEMBER 31

(in € millions)	2018 NOTIONAL AMOUNT	2019	2020	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		-	125	1,757
EUR Euribor/Fixed rate	1,882			
Interest rate swaps where Edenred is the fixed rate lender *	44			44
MXN TIEE Banxico/fixed rate				
TOTAL INTEREST RATE HEDGES	**1,976**	**-**	**125**	**1,851**

* *MXN interest rate hedges are for our Mexican subsidiary.*

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 and are designated and documented interest rate hedges that qualify for hedge accounting.

At December 31, 2018, interest rate instruments had a positive fair value of €19 million.

NOTE 24 MAIN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2018

		(in thousands of local currency units)			CARRYING AMOUNT OF SHARES		
SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL	RESERVES	% INTEREST	COST	NET	PROVISIONS
A – Subsidiaries and affi liates with a carrying amount in excess of 1% of Edenred SA's capital							
1 – Subsidiaries (at least 50%-owned)							
a) French subsidiaries							
EDENRED France 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	464,967	83,076	100.00%	641,997	641,997	
VENINVEST QUATTRO 166 - 180 Bld Gabriel Péri 92240 Malakoff	EUR	2,197	(1,684)	100.00%	6,444	-	6,444
VENINVEST CINQ 166 - 180 Bld Gabriel Péri 92240 Malakoff	EUR	300	(319)	100.00%	7,381	-	7,381
VENINVEST HUIT 166 - 180 Bld Gabriel Péri 92240 Malakoff	EUR	2,322	(1,741)	100.00%	6,789	-	6,789
ASM 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	306,267	2,067	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	(700)	100.00%	5,594	-	5,594
EDENRED CORPORATE PAYMENT 166- 180 Bld Gabriel Péri 92240 Malakoff	EUR	5,000	(683)	100.00%	5,000	5,000	
VENINVEST ONZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	1,123	(805)	100.00%	5,485	-	5,485
VENINVEST DOUZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	2,651	(1,616)	100.00%	9,454	-	9,454
VENINVEST SEIZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	1,893	(1,694)	100.00%	12,388	-	12,388
b) Foreign subsidiaries							
EDENRED Italie SRL Via GB Pirelli 19 Milano Italia	EUR	5,959	111,092	57.72%	688,957	688,957	-
EDENRED BELGIUM Av Herrmann Debroux 44 1160 Bruxelles	EUR	36,608	294,591	100.00%	893,415	893,415	
EDENRED Portugal SA Edificio Adamastor, Torre B Av D.Joao II 1990-077 Lisoa	EUR	2,030	5,792	50.00%	6,765	6,765	
EDENRED DEUTSCHLAND GmbH (Germany)	EUR	1,520	34,427	100.00%	26,651	26,651	-
EDENRED ESPANA SA (Spain)	EUR	11,544	26,448	100.00%	53,141	53,141	
EDENRED UK GROUP LIMITED 50 Vauxhall Bridge Road, London SW1V 2RS UK	GBP	13,394	48,039	100.00%	306,616	306,616	
EDENRED INDIA PVT LTD (India) [1]	INR	246,131	279,362	94.90%	14,001	3,700	10,301

(in € thousands)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED REVENUE EXCL. TAXES *(local currency)*	LAST REPORTED REVENUE EXCL. TAXES	LAST REPORTED PROFIT (LOSS) *(local currency)*	LAST REPORTED PROFIT (LOSS)	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	AVERAGE 2018 EXCHANGE RATE
631,042		161,572	161,572	49,546	49,546	38,602	1.00000
		-	-	(536)	(536)	-	1.00000
		-	-	(5)	(5)	-	1.00000
		-	-	(604)	(604)	-	1.00000
		-	-	70	70	486	1.00000
		-	-	35,564	35,564	35,657	1.00000
		-	-	(202)	(202)	-	1.00000
		112	112	(671)	(671)	-	1.00000
		-	-	(367)	(367)	-	1.00000
		-	-	(1,122)	(1,122)	-	1.00000
		-	-	(230)	(230)	-	1.00000
93,641		1,404,661	1,404,661	91,876	91,876	37,648	1.00000
239,458		45,180	45,180	123,442	123,442	123,831	1.00000
	-	9,066	9,066	394	394	-	1.00000
		18,333	18,333	2,094	2,094	-	1.00000
		20,614	20,614	28,306	28,306	8,248	1.00000
	-	11,694	13,218	14,217	16,070	270	0.88470
		160,203	1,985	(176,704)	(2,189)	-	80.71330

SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL (in thousands of local currency units)	RESERVES (in thousands of local currency units)	% INTEREST	COST (CARRYING AMOUNT OF SHARES)	NET (CARRYING AMOUNT OF SHARES)	PROVISIONS
EDENRED SINGAPORE Pte Ltd (Singapore)	SGD	48,000	(37,174)	100.00%	36,335	25,056	11,279
SURGOLD INDIA PVT LTD (India) [(1)]	INR	215,899	(42,131)	100.00%	10,437	1,235	9,202
CESTATICKET SERVICES C.A. (Venezuela)	VES		20	57.00%	16,309	-	16,309
INVERSIONES DIX VENEZUELA SA	VES	23	-	100.00%	21,202	1	21,201
BIG PASS (Colombia)	COP	1,514,440	2,611,674	100.00%	12,759	7,371	5,388
EDENRED JAPAN CO LTD 10F, Hulic Kandabashi bldg, Tokyo	JPY	100,000	300,893	100.00%	29,624	16,670	12,954
EDENRED POLSKA Sp Zo.o. (Poland)	PLN	18,171	(5,041)	81.86%	8,169	6,597	1,572
2- Affiliates (10% to 50%-owned by Edenred SA)							
a) French companies							
b) Foreign companies							
3- Other (less than 10%-owned by Edenred SA)							
a) French companies							
b) Foreign companies							
EDENRED BRESIL PARTICIPACOES SA Av. Das Nacoes Unidas, 7815 Sao Paulo Brazil	BRL	872,477	698,335	8.46%	20,130	20,130	
EDENRED FINLAND OY Elimaenkatu15 00510 Helsinki	EUR	6,536	(2,691)	33.55%	6,502	6,502	
B- Investments with a carrying amount of less than 1% of Edenred SA's capital							
a) French companies							
EDENRED FUEL CARD 166-180 bld Gabriel Peri 92240 Malakoff	EUR	5	14	100.00%	5	5	
EDENRED FLEET & MOBILITY 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	5	(1)	100.00%	5	5	
GAMEO 166-180 bld Gabriel Peri 92240 Malakoff	EUR	1	-	100.00%	1	1	
LANDRAY 166-180 Bld Gabriel Peri 92240 Malakoff	EUR	1		100.00%	1	1	
VENINVEST QUINZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	155	(8)	100.00%	4,570	-	4,570
VENINVEST QUATORZE 166-180 BLD Gabriel Péri 92240 Malakoff	EUR	4,570	(3,443)	100.00%	4,570	-	4,570
ACTIVITIZ 4 bis rue Saint Saveur 75002 PARIS [(2)]	EUR			9.89%	250	-	250

(in € thousands) OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED REVENUE EXCL. TAXES *(local currency)*	LAST REPORTED REVENUE EXCL. TAXES	LAST REPORTED PROFIT (LOSS) *(local currency)*	LAST REPORTED PROFIT (LOSS)	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	AVERAGE 2018 EXCHANGE RATE
		18,379	11,539	(7,265)	(4,561)	-	1.59280
	-	3,020,020	37,417	(38,204)	(473)	-	80.71330
		12,508	229	397,654	7,294	-	54.51640
		-	-	(320)	(6)	-	54.51640
		13,763,108	3,943	(302,860)	(87)	-	3,490.19280
		531,584	4,077	(24,818)	(190)	-	130.39660
		18,099	4,248	(2,106)	(494)	-	4.26050
	-	-	-	408,167	94,720	5,595	4.30920
		16,561	16,561	2,528	2,528	-	1.00000
		41,616	41,616	23	23	-	1.00000
		174	174	(937)	(937)	-	1.00000
		-	-	(3)	(3)	-	1.00000
		-	-	(3)	(3)	-	1.00000
		-	-	(161)	(161)	-	1.00000
		-	-	(1,501)	(1,501)	-	1.00000
		-	-	-	-	-	1.00000

		(in thousands of local currency units)			CARRYING AMOUNT OF SHARES		
SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL	RESERVES	% INTEREST	COST	NET	PROVISIONS
LUCKY CART SAS	EUR	3,359	1,051	22.18%	1,347	1,347	-
ANDJARO	EUR	3	4,374	22.73%	1,074	1,074	-
ZEN CHEF	EUR	805	3,027	13.22%	2,650	2,650	-
ADD WORKING	EUR	144	330	16.78%	314	314	-
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	27,636	100.00%	333	333	
EDENRED BULGARIA AD 137 Tzarigradsko Shausse Blvd Sofia 1784, Bulgaria	BGN	2,841	284	50.00%	1,272	1,272	-
WESTWELL GROUP SA José Enrique Rodo 2123, Montevideo Uruguay	USD	1,864	355	100.00%	2,209	2,209	
EDENRED PERU SA (Peru)	PEN	1,900		67.00%	2,080	376	1,704
EDENRED PANAMA SA	PAB	1,250	(1,438)	100.00%	1,024	-	1,024
EDENRED MAROC SAS 110 BD Zerktouni Casablanca	MAD	8,000	(7,661)	83.67%	2,521	292	2,229
EDENRED s.a.l (Lebanon) SID EL BAUCHRIEH BEYROUTH	LBP	3,250,000	(3,935,475)	80.00%	1,559	274	1,285
ACCENTIV' SHANGHAI COMPANY (China)	CNY	7,041	(12,208)	100.00%	650	-	650
EDENRED COLOMBIA SAS Calle 72# 10-07 Edificio Liberty Piso 2 Bogota Colombia	COP	260,768	(296,746)	97.23%	3,454	64	3,390
EDENRED MD SRL	MDL	10,021	(742)	100.00%	506	506	
IZICARD [1]	EUR	141	319	39.68%	819	553	266
LAUNCHPAD	GBP	-	87	13.16%	1,060	1,060	
BEEKEEPER	USD	100	25,684	3.96%	1,981	1,981	
Dexx TECHNOLOGIES	USD	4,132	(1,068)	7.91%	363	363	
EDENRED MAGYARORSZAG KFT (Hungary)	HUF	89,000	269,297	1.69%	373	201	172
VOUCHERS SERVICES SA 33 Avenue Galatsiou 11141 Athens Greece	EUR	500	167	1.70%	0	0	
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	11,839	6.87%	6,991	6,991	-
EDENRED SLOVAKIA (Slovakia)	EUR	664	7,982	1.70%	479	479	
EDENRED KURUMSAL COZ.A.S (Turkey)	TRY	2,980	12,860	1.70%	55	55	
TICKETSEG - CORRETORA DE SEGUROS S/A (Brazil)	BRL	2,526	210	0.43%	9	9	

(in € thousands)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED REVENUE EXCL. TAXES *(local currency)*	LAST REPORTED REVENUE EXCL. TAXES	LAST REPORTED PROFIT (LOSS) *(local currency)*	LAST REPORTED PROFIT (LOSS)	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	AVERAGE 2018 EXCHANGE RATE
		1,017	1,017	(631)	(631)	-	1.00000
		1,492	1,492	(1,986)	(1,986)	-	1.00000
		2,723	2,723	(1,443)	(1,443)	-	1.00000
		7,200	7,200	(500)	(500)		1.00000
	-	1,137	1,137	(162)	(162)	-	1.00000
	-	1,549	1,311	(693)	(587)	-	1.18150
	-	4,209	2,152	714	365	104	1.95580
	-	-	-	285	241	1,165	1.18150
	-	2,845	733	(2,487)	(641)	-	3.88190
	-	-	-	-	-	-	1.18150
	-	5,772	521	(669)	(60)	-	11.08640
52	-	1,284,076	719	15,217	9	-	1,786.79010
	-	22,779	2,918	(8,243)	(1,056)	-	7.80740
	-	-	-	(963,267)	(276)	-	3,490.19280
		584	29	(11,146)	(562)	-	19.84240
	-	378	378	(244)	(244)	-	1.00000
		2,059	2,327	792	895	-	0.88470
		4,875	4,126	(14,834)	(12,555)	-	1.18150
		504	427	(1,586)	(1,342)	-	1.18150
	-	1,770,256	5,553	328,494	1,030	-	318.80950
	-	12,899	12,899	5,210	5,210	59	1.00000
	-	109,414	10,667	13,128	1,280	27	10.25730
	-	346,926	9,572	122,905	3,391	75	36.24570
		106,016	22,780	47,252	10,153	133	4.65390
	-	16,238	16,238	1,735	1,735	71	1.00000
	-	70,945	12,452	44,576	7,824	94	5.69750
	-	1,232	286	1,181	274	1	4.30920

		(in thousands of local currency units)			CARRYING AMOUNT OF SHARES		
SUBSIDIARIES AND AFFILIATES	CURRENCY	SHARE CAPITAL	RESERVES	% INTEREST	COST	NET	PROVISIONS
ACCENTIV SERVICOS TECNOLOGIA DA INFORMACOA S/A	BRL	64,414	(29,417)	0.31%	387	32	355
EDENRED CZ S.R.O Na Porici 5, Praha 1, Czech Republic	CZK	13,500	204,350	1.70%	725	725	
3- Other investments							
A – SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT IN EXCESS OF 1% OF EDENRED SA'S CAPITAL							
a) French subsidiaries (aggregate)					1,283,559	1,230,024	53,535
b) Foreign subsidiaries (aggregate)					2,151,013	2,062,807	88,206
B – INVESTMENTS WITH A CARRYING AMOUNT OF LESS THAN 1% OF EDENRED SA'S CAPITAL							
a) French subsidiaries (aggregate)					14,787	5,397	9,390
b) Foreign subsidiaries (aggregate)					31,567	20,492	11,075
TOTAL (NOTE 24)					**3,480,926**	**3,318,720**	**162,206**

(1) Balance sheet as of March 31, 2018.
(2) Balance sheet not established at December 31, 2018.

(in € thousands)

OUTSTANDING LOANS AND ADVANCES GRANTED BY EDENRED SA	GUARANTEES GIVEN BY EDENRED SA	LAST REPORTED REVENUE EXCL. TAXES *(local currency)*	LAST REPORTED REVENUE EXCL. TAXES	LAST REPORTED PROFIT (LOSS) *(local currency)*	LAST REPORTED PROFIT (LOSS)	DIVIDENDS RECEIVED BY EDENRED SA DURING THE YEAR	AVERAGE 2018 EXCHANGE RATE
	-	19,178	4,450	1,292	300	-	4.30920
	-	652,477	25,443	159,988	6,239	72	25.64420
631,042	-					74,745	
333,099	-					175,592	
-	-					-	
52	-					1,801	
964,193	**-**					**252,138**	

NOTE 25 FIVE-YEAR FINANCIAL SUMMARY

Description *(in € millions)*	2018	2017	2016	2015	2014
1 – CAPITAL AT DECEMBER 31					
Share capital	478	471	467	462	458
Number of shares in issue [(1)]	239,266,350	235,403,240	233,679,845	230,816,848	228,811,546
Number of convertible bonds					
2 – RESULTS OF OPERATIONS					
Net revenues	59	51	30	30	29
Profit before tax, depreciation, amortization and provision expense	299	(4)	225	156	64
Income tax	10	29	2	(1)	5
Net profit	275	5	207	137	41
Total dividend [(2)]	205	199	144	191	191
3 – PER SHARE DATA *(in €)*					
Earnings/(loss) per share after tax, before depreciation, amortization and provision expense	1.25	(0.02)	0.96	0.68	0.28
Earnings/(loss) per share	1.15	0.02	0.89	0.59	0.18
Dividend per share	0.86	0.85	0.62	0.84	0.84
4 – EMPLOYEE INFORMATION					
Number of employees [(3)]	195	185	171	195	179
Total payroll	(23)	(22)	(21)	(22)	(19)
Total benefits	(21)	(17)	(14)	(17)	(15)

(1) At December 31, 2018.
(2) Recommended in respect of 2018, based on 237,899,138 shares carrying dividend rights at December 31, 2018.
(3) Average number of employees in 2018.

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, 2018, which show net profit of €284,792,529. In application of Article 223 *quater* of the French General Tax Code (*Code général des impôts*), the shareholders are also invited to approve the total amount of expenses and charges referred to in Article 39, paragraph 4 of said Code, which amounted to €214,779 for 2018, and the tax paid thereon, which was €71,585.

The purpose of the **second resolution** is to approve the consolidated financial statements of the Edenred Group for the year ended December 31, 2018, which show consolidated net profit of €285 million, as well as the transactions reflected in the financial statements or summarized in the Management Report.

The **third resolution** concerns the appropriation of profit. The Board of Directors recommends appropriating distributable earnings as follows:

- legal reserve: €852,708, which increases the total to €47,853,269;
- retained earnings: €20,567,726, which increases the total to €240,813,114;
- dividends: €204,593,258 (based on 237,899,138 shares carrying dividend rights at December 31, 2018).

Shareholders are invited to set the 2018 dividend at €0.86 per share.

Dividends per share for the previous three years were as follows:

- 2015: €0.84;
- 2016: €0.62;
- 2017: €0.85.

The **fourth resolution** provides for the option of payment in new Company shares. Under this option, shareholders can choose to receive the totality of their 2018 dividend in Edenred shares, as follows:

- €0.86 per share in cash only; or
- €0.86 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.

Should this option be taken up, the new shares 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 14, 2019, 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 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.

Shareholders may opt for payment of the dividend in cash or in new shares between May 22, 2019 and the close of business on June 5, 2019. Shareholders that do not exercise the option by the close of business on June 5, 2019 will receive the total dividend in cash. For shareholders that do not opt for the payment of the dividend in shares, the cash dividend will be paid as from June 11, 2019. For shareholders that do opt for the payment of the dividend in shares, the shares will be delivered as from the same date, *i.e.*, June 11, 2019.

5.1.2 Approval of the compensation policy for the Executive Director and compensation due or awarded to him for 2018

In accordance with Article L.225-37-2 of the French Commercial Code (*Code de commerce*), executive compensation must now be submitted to two binding votes by the shareholders (*ex ante* vote and *ex post* vote).

The procedure is as follows:

- 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 **fifth 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 "Fixed and variable compensation policy and components of any kind attributable to the Chairman and Chief Executive Officer", page 149 of the 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 comprising the total compensation and benefits of any kind paid or awarded to Bertrand Dumazy for the previous year. This binding ex post vote is the subject of the **sixth 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 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.

5

Compensation due or awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, for 2018, submitted to an advisory vote by shareholders

COMPENSATION DUE OR AWARDED FOR 2018

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Fixed pay	€825,000	Gross annual fixed pay of €825,000 approved by the Board of Directors on December 20, 2017 based on the recommendation of the Compensation and Appointments Committee.
Annual bonus	€1,462,175	**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[1] 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 & 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 & Mobility Solutions and Corporate Payment businesses. **2018** Bertrand Dumazy's 2018 bonus was determined during the Board meeting held on February 20, 2019, 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 105% of annual fixed pay; • the bonus based on operational targets amounted to 47.23% of annual fixed pay; • the bonus based on managerial targets amounted to 25% of annual fixed pay. This makes a total of €1,462,175.
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	81,616 performance shares awarded, valued at €1,980,000	On February 21, 2018, the Board of Directors used the authorization granted at the Shareholders Meeting of May 4, 2016 to award Bertrand Dumazy 81,616 performance shares. The performance shares will vest provided Bertrand Dumazy is still with the Group at the time and satisfies the performance conditions set for the following objectives over a three-year measurement period, 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 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 set by the Board of Directors. No stock options were granted to Bertrand Dumazy during 2018.
Signing bonus	€0	Bertrand Dumazy did not receive a signing bonus during the year.
Other benefits	€3,780	Bertrand Dumazy is entitled to a company car.

(1) EBIT before other income and expenses

Compensation due or awarded for 2018 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 measured over a three-year period. For further details, see page 151 of the 2018 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 Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-election, this commitment was re-authorized by the Board of Directors on February 19, 2018 and approved at the Shareholders Meeting of May 3, 2018.
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 151 of the 2018 Registration Document. For the defined contribution plan, Edenred's annual contribution on Bertrand Dumazy's behalf represented 3.08% of his gross annual compensation for 2018, *i.e.*, €25,428. 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 three 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 Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-election, these commitments were re-authorized by the Board of Directors on February 19, 2018 and approved at the Shareholders Meeting of May 3, 2018.
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 2018 amounted to €5,422. 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 Shareholders Meeting of May 4, 2016. Following Bertrand Dumazy's re-election, this commitment was re-authorized by the Board of Directors on February 19, 2018 and approved at the Shareholders Meeting of May 3, 2018.
Unemployment insurance	No benefits due or paid	In 2018, 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 2018 was €31,646. 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 Shareholders Meeting of May 4, 2017. Following Bertrand Dumazy's re-election, this commitment was re-authorized by the Board of Directors on February 19, 2018 and approved at the Shareholders Meeting of May 3, 2018.

* *Gross annual compensation corresponds to fixed pay and bonus, excluding any exceptional bonuses.*

5.1.3 Related-party agreements and commitments

No related-party agreements or commitments have been entered into since the Annual Shareholders Meeting held in 2018, at which the shareholders approved all the agreements and commitments entered into during 2017 or prior years. The special report of the Statutory Auditors on related-party agreements and commitments appears in the Registration Document on page 304. In the **seventh resolution**, the shareholders are simply invited to approve this report.

5.1.4 Authorizations granted to the Board of Directors

5.1.4.1 Authorization to trade in the Company's shares

The purpose of the **eighth 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, with immediate effect, the authorization granted by the Shareholders Meeting of May 3, 2018 in its nineteenth 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 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;
- granting shares under plans governed by the provisions of 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;
- allocating shares upon the exercise of rights attached to securities conferring entitlement to 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 practice 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 €55 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, 2018, Edenred held 1,367,212 of its own shares, equivalent to 0.57% 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 9.43% of Edenred's share capital on December 31, 2018, *i.e.*, 22,559,423 Edenred shares, equivalent to a maximum purchase value of €1,240,748,265.

The authorizations to the same effect granted by the shareholders on May 4, 2017 and May 3, 2018 were used by the Board of Directors during 2018 to buy back 3,504,765 shares (including purchases made as part of the liquidity contract) at an average share price of €28.95, equivalent to a total of €101,641,046. The total amount of transaction fees excluding tax was €0.07 million.

5.1.4.2 Authorization to reduce the share capital by canceling shares

In the **ninth 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, with immediate effect, the authorization granted by the Shareholders Meeting of May 3, 2018 in its twentieth resolution.

The authorizations to the same effect granted by the shareholders on May 4, 2017 and May 3, 2018 were used by the Board of Directors during 2018 as follows:

- 382,470 shares were canceled on February 19, 2018 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 18, 2013 for beneficiaries who are not French tax residents;
- 501,565 shares were canceled on July 23, 2018 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;

- 144,950 shares were canceled on December 18, 2018 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 2,519,119 shares, representing 1.05% of the share capital on December 31, 2018.

This authorization would be valid for a period of 18 months from the Shareholders Meeting.

5.1.4.3 Authorizations to issue shares and/or other securities without pre-emptive subscription rights for existing shareholders

The **tenth and eleventh resolutions** authorize the Board of Directors to issue shares and/or securities carrying rights to shares without pre-emptive 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 pre-emptive 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 terms 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 to protect the rights of existing holders of securities carrying rights to Company shares. The €23,540,324 ceiling is a blanket sub-ceiling applicable to issues carried out under the tenth and eleventh resolutions submitted for approval at this meeting, and under the twenty-fourth and twenty-eighth resolutions passed at the Shareholders Meeting of May 3, 2018. The amounts are the same as the delegation granted on May 3, 2018. The total aggregate par value of all shares issued or which may in the future be issued pursuant to the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from the aggregate par value of shares issued pursuant to the tenth resolution below. The total aggregate par value of all shares issued or which may in the future be issued pursuant to the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from the aggregate par value of shares issued pursuant to the eleventh resolution below.

The aggregate nominal value of debt securities granting access to the capital that could be issued pursuant to each of these delegations would be capped at €500,000,000 or the equivalent in foreign currencies. The aggregate nominal value of all debt securities granting access to the Company's capital issued pursuant to the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from the aggregate nominal amount of debt securities issued pursuant to the tenth resolution below. The aggregate nominal value of all debt securities granting access to the Company's capital issued pursuant to the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from the aggregate nominal value of debt securities issued pursuant to the eleventh resolution below.

These delegations were not used during 2018.

The authorizations are being sought for the remaining period, respectively, of the twenty-second and twenty-third resolutions of the Shareholders Meeting of May 3, 2018, *i.e.*, for a period of 26 months as of the Shareholders Meeting of May 3, 2018. These authorizations are the subject of a special report by the Statutory Auditors and would cancel and supersede the unused portion of any previous delegations 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.

A decision has been made to amend these two resolutions to enable Edenred to issue debt securities granting access to the capital to a total amount of €500 million, as opposed to the €235 million previously authorized. These authorizations do not change the aggregate par value of the resulting shares that may be issued, which remains capped at the equivalent of 4.99% of the share capital, but they do give Edenred the ability to adjust its debt capacity to its growing market capitalization and stay in line with best market practices. The Board of Directors emphasizes that, to date, no specific project has been identified that would justify the use of these authorizations, which are in all other aspects identical to those currently in effect.

5.1.4.4 Employee rights issue

The purpose of the **twelfth resolution** is to authorize the Board of Directors, pursuant to the provisions of Article L.225-129-6 of the French Commercial Code, to issue shares or other securities carrying rights to shares reserved for employees who are members of an employee stock ownership plan and to grant these shares or securities at no cost. The total number of shares or other securities carrying rights to 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 3, 2018. Share issues carried out pursuant to this authorization would be deducted from the €155,366,138 blanket ceiling set in the twenty-first resolution adopted by the Shareholders Meeting of May 3, 2018. This authorization is being sought for the remaining period of the twenty-seventh resolution approved on May 3, 2018, i.e., for a period of 26 months as of the Shareholders Meeting of the same date. At December 31, 2018, shares or other securities awarded to employees pursuant to an authorization to carry out an employee rights issue represented 0.04% of the Company's capital.

5.1.5 Ratification of the transfer of the company's registered office as of December 1, 2019 and corresponding amendment to Article 4 of the Company's bylaws

On February 20, 2019, the Board of Directors decided to transfer the Company's registered office to 14-16 Boulevard Garibaldi, 92130 Issy-Les-Moulineaux, France. The transfer will take place on December 1, 2019. In the **thirteen and fourtheenth resolutions**, we are asking the shareholders to ratify this change of registered office and to approve the corresponding amendment to Article 4 of the Company's bylaws with effect from December 1, 2019.

5.1.6 Powers to carry out formalities

The purpose of the **fifteenth resolution** is to authorize 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.

5.2 Resolutions of the Annual Shareholders Meeting

Ordinary resolutions

First resolution

Approval of the parent company financial statements for the year ended December 31, 2018

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders Meetings, having considered the parent company financial statements for the year ended December 31, 2018 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, 2018, as well as the transactions reflected in these financial statements or summarized in these reports and which show net profit of €284,792,529.26.

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 Article 39, paragraph 4 of said Code, which amounted to €214,779 for 2018, and the tax paid thereon, which was €71,585.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2018

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders Meetings, having considered the Corporate Governance Report of the Board of Directors, the Board of Directors' Report on the 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, 2018, as well as the transactions reflected in the financial statements or summarized in the Group Management Report, and which show consolidated net profit of €285 million.

Third resolution

Appropriation of profit for the year ended December 31, 2018 and setting of the dividend

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders Meetings, notes that net profit for the year ended December 31, 2018 amounted to €284,792,529.26.

In line with the Board of Directors' recommendation, the shareholders decide to appropriate this amount as follows:

Net profit for the year ended December 31, 2018	€284,792,529.26
Allocation to the legal reserve	€852,708.38
Balance	€283,939,820.88
Retained earnings brought forward from prior year	€20,567,725.88
Profit available for distribution	**€304,507,546.76**
Allocated as follows:	
• dividend payment *(based on 237,899,138 shares carrying dividend rights at December 31, 2018)*	€204,593,258.68
• retained earnings	€99,914,288.08

The dividend has been set at €0.86 per share entitled to the dividend in respect of the year ended December 31, 2018. The dividend will be paid on or after June 11, 2019, with an ex-dividend date of May 20, 2019. It is specified that the dividend corresponding to the treasury shares or shares 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 237,899,138 shares, 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, 3-2° OF THE FRENCH GENERAL TAX CODE	DIVIDEND NOT ELIGIBLE FOR THE 40% ALLOWANCE
Year ended December 31, 2017	June 8, 2018	€199,075,085, representing a dividend per share of €0.85	N/A
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

Fourth resolution

Option for payment of the dividend in new shares

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders Meetings, having considered the report of the Board of Directors and noting that the Company's share capital is fully paid up, decides, in accordance with the provisions of Article L.232-18 *et seq.* of the French Commercial Code and Article 26 of the Company's 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 20 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, 2019 and will rank *pari passu* with other shares comprising the share capital of the Company.

Shareholders may opt for payment of the dividend in cash or in new shares between May 22, 2019 and the close of business on June 5, 2019 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 that have not exercised their options by the close of business on June 5, 2019 will receive the dividend in cash only.

Shareholders that have not opted for the payment of the dividend in shares will be paid as from June 11, 2019 after expiry of the option period. Shareholders that have opted for payment of the dividend in shares will be delivered the shares as from 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 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, to specify the mode of application and implementation, to record the number of new shares issued pursuant to this resolution and to make any necessary changes to the Company's 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

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 Shareholders 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 the Corporate Governance Report of the Board of Directors in section 3 of the Company's Registration Document, pursuant to the last paragraph of Article L.225-37 of the French Commercial Code.

Sixth resolution

Approval of 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, for 2018

The Shareholders Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders 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, for 2018, as set out in the Corporate Governance Report of the Board of Directors in section 3 of the Company's Registration Document, pursuant to the last paragraph of Article L.225-37 of the French Commercial Code.

Seventh 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 Shareholders 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, 2018.

Eighth 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 Shareholders 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 associated delegated and implementing acts adopted by the European Commission, the General Regulations of the French financial markets regulator, Autorité des marchés financiers (AMF) and market practices approved by the AMF, in particular with a view to the following:

- canceling all or some of the shares acquired as part of a capital reduction, subject to adoption by the Extraordinary Shareholders Meeting of the ninth resolution below, or of any other resolution to the same effect that should supersede said resolution while this authorization is still valid;
- implementing a 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 (*Code du travail*);
- 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 market practice approved by the AMF in its decision No. 2018-01 of July 2, 2018.

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 and will also inform its shareholders if it implements any market practice that might be authorized by the AMF or, more generally, carries out any other transactions authorized under the laws and regulations in force.

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 €55 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 share 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 share capital of the Company, *i.e.*, as an indication, 23,926,635 shares at December 31, 2018, 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 share 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 issue of securities granting 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 share 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 €1,315,964,925, based on the maximum unit purchase price of €55 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 notably with a view to registering the purchase and sale of shares, carrying out all formalities and declarations to all agencies, preparing all documents and press releases related to the above transactions, and generally doing whatever is necessary.

The Shareholders Meeting cancels and supersedes, with immediate effect, the unused portion of the authorization granted by the Shareholders Meeting of May 3, 2018 in its nineteenth 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

Ninth 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 Shareholders Meetings, having considered the report of the Board of Directors and the Statutory Auditors' special report, and acting in accordance with the provisions of 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 twenty-four (24) month period does not exceed 10% of the total shares outstanding, as part of any share buyback programs authorized by the eighth 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 implement this authorization and, in particular, 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 carrying amount of the canceled shares and their par 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 cancels and supersedes, with immediate effect, the unused portion of the authorization given in the twentieth resolution of the Shareholders Meeting of May 3, 2018.

Tenth resolution

Delegation of authority to the Board of Directors to proceed with capital increases through the issue, without pre-emptive subscription rights through a public offer, of shares or securities granting 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 Shareholders 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.225-129, L.225-129-2, L.225-135, L.225-136, L.225-148 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 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 offer, either in euros or any other currency or monetary unit established by reference to several currencies, through the issue, without pre-emptive rights for shareholders, of (i) ordinary Company shares (excluding performance shares), (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, granting 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 the Company 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, granting 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 issue of securities granting access or that may grant access, immediately or in the future, to new shares in a Subsidiary pursuant to this authorization may only be performed by the Company subject to the approval of the Extraordinary Shareholders Meeting of the Subsidiary issuing the shares;
3. notes that the public offers 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 eleventh resolution referred to hereinafter;
4. decides to set the following limits on the amounts of issues authorized in the event of use by the Board of Directors of this delegation:
   - the aggregate par value of shares that may be issued immediately or in the future under this delegation is capped at €23,540,324, it being specified that (i) the total aggregate par value of all shares issued or which may in the future be issued pursuant to the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from this amount, (ii) this amount will count toward the amount of the blanket ceiling provided for in paragraph 3 of the twenty-first resolution passed at the Shareholders Meeting of May 3, 2018, (iii) this amount will constitute the blanket ceiling on the aggregate par value of share issues without pre-emptive subscription rights made pursuant to this delegation and those granted under the twenty-fifth, twenty-seventh and twenty-eighth resolutions or, when used in conjunction with an initial issue made pursuant to the twenty-fifth, twenty-seventh or twenty-eighth resolutions passed at the Shareholders Meeting of May 3, 2018 and the delegation to be granted under the eleventh resolution below, and (iv) 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 granting access to the capital,
   - the aggregate nominal value of all debt securities granting access to the capital may not exceed €500,000,000 or the equivalent of this amount, it being specified that (i) the total aggregate nominal value of all debt securities granting access to the capital issued pursuant to the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from this amount, (ii) this amount will count toward the blanket ceiling provided for in paragraph 3 of the twenty-first resolution passed at the Shareholders Meeting of May 3, 2018, and (iii) this amount will constitute the blanket ceiling common to this resolution and the eleventh resolution below. 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 issue is decided upon or authorized pursuant to Articles L.228-36-A and L.228-40 of the French Commercial Code;

5. decides to cancel the pre-emptive 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 Commercial Code, the option to grant shareholders, for a period and on the terms set in accordance with applicable legal and regulatory provisions and for all or part of an issue 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 a reducible subscription, it being stipulated that the unsubscribed 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 bid period;
7. acknowledges that this delegation automatically entails, in favor of holders of securities granting access to the capital of the Company, the waiver by shareholders of their pre-emptive 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 granting rights to the capital 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 subscription price defined above for each new share;
9. decides that if the subscriptions of shareholders and the public do not absorb the entire issue of securities, the Board of Directors may use, in the order it shall determine, either or both of the following options:
   - limit the issue 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 shall have all powers, with the possibility of sub-delegating as provided for in 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 the issue 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 value 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 terms specified above, in compliance with applicable formalities,
    - determine the method of payment for shares or securities granting 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 grant 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 buy back or trade 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 in the event of a change in the par value of shares, a capital increase by incorporation of reserves, free share grants, stock splits or reverse stock splits, 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 granting 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 issues, take all measures and decisions and complete all formalities required for the issue, 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. decides that (i) this delegation will supersede and cancel, as of the date of this meeting, the unused portion of the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 and (ii) this delegation will be valid as of the date of this meeting for the remaining period of the delegation granted in the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018, *i.e.*, for a term of 26 months as of May 3, 2018.

Eleventh resolution

Delegation of authority to the Board of Directors to proceed with share capital increases by issuing, by way of private placement without pre-emptive subscription rights, shares and/or any securities granting immediate or future access to shares in the Company or subsidiaries

The Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders 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, by issues of (i) ordinary Company shares (excluding preference shares), (ii) securities of the Company granting 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, granting 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 receivables;
2. notes that the issue of securities granting access or that may grant access, immediately or in the future, to new shares in a Subsidiary pursuant to this authorization may only be performed by the Company subject to the approval of the Extraordinary Shareholders Meeting of the Subsidiary issuing the 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 tenth resolution referred to hereabove;
4. decides to set the following limits on the amounts of issues 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) the total aggregate par value of shares issued or which may in the future be issued pursuant to the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from this amount, (ii) this amount will count towards the amount of the ceiling on the par value of shares to be issued without pre-emptive subscription rights provided for in paragraph 4 of the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018 as well as the blanket ceiling provided for in paragraph 3 of the twenty-first resolution passed at the Shareholders Meeting of May 3, 2018, (iii) in any event, share issues carried out pursuant to this resolution may not exceed 5% of the share capital per year, and (iv) 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 granting access to the capital,

- the aggregate nominal value of all debt securities granting access to the capital may not exceed €500,000,000 or the equivalent of this amount, it being specified that (i) the total aggregate nominal value of all debt securities granting access to the capital issued pursuant to the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018 will be deducted from this amount and (ii) this amount will count toward the blanket ceiling provided for in paragraph 3 of the twenty-second resolution passed at the Shareholders Meeting of May 3, 2018, it being specified that this ceiling is common to both that twenty-second resolution and this resolution. 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 issue is decided upon or authorized pursuant to Articles L.228-36-A to 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 pre-emptive 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 issue 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 granting access to shares in the Company that may be issued, waiving of the shareholders' pre-emptive 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 delegation 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 the capital 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 subscription price defined above for each new share,
   - the number of shares to be issued on conversion, exchange, redemption or exercise of securities granting rights to the capital issued under this delegation 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 subscription price set out in paragraph 9 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 shares in the Company and through until the end of the bid period;
11. decides that the Board of Directors shall have all powers, with the possibility of sub-delegating as provided for in law, to implement this delegation, and 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 issue,
   - 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 issue (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 granting 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 grant 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 buy back or trade 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, free share grants, stock splits or reverse stock splits, 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 granting 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, particularly to ensure the successful completion of the planned issues, take all measures and decisions and complete all formalities required for the issue, 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. decides that (i) this delegation will supersede and cancel, as of the date of this meeting, the unused portion of the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018 and (ii) this delegation will be valid as of the date of this meeting for the remaining period of the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018, *i.e.*, for a term of 26 months as of May 3, 2018.

Twelfth 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 the twenty-seventh resolution approved by the Shareholders Meeting of May 3, 2018 and the ceilings provided for in paragrpah 4 of the tenth resolution submitted to this Shareholders Meeting and in paragraph 3 of the twenty-first resolution approved by the Shareholders Meeting of May 3, 2018;

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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 (i) this delegation will supersede and cancel, as of the date of this meeting, the unused portion of the delegation granted in the twenty-seventh resolution passed at the Shareholders Meeting of May 3, 2018 and (ii) this delegation will be valid as of the date of this meeting for the remaining period of the delegation granted in the twenty-third resolution passed at the Shareholders Meeting of May 3, 2018, *i.e.*, for a term of 26 months as of May 3, 2018.

Thirteenth resolution

Transfer of the registered office

At the proposal of the Board of Directors, the Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders Meetings, decides to transfer the registered office of the Company to 14-16 boulevard Garibaldi, 92130 Issy-Les-Moulineaux, France, as of December 1, 2019.

Fourteenth resolution

Amendment to the bylaws

As a result of the preceding resolution, the Shareholders Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders Meetings, decides to amend Article 4 of the bylaws as follows:

"ARTICLE 4 – REGISTERED OFFICE
The registered office is located at 14-16 boulevard Garibaldi, 92130 Issy-les-Moulineaux, France.
It may be transferred to any other place in accordance with the laws and regulations in force."

Ordinary resolution

Fifteenth resolution

Powers to carry out formalities

The Shareholders Meeting grants all powers to 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 (Ordinary and Extraordinary) Shareholders' Meeting of May 14, 2019

(9th resolution)

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

To the EDENRED Shareholders' Meeting,

As statutory auditors of your Company and pursuant to the assignment set forth in Article L. 225-209 of the French Commercial Code (Code de commerce) concerning share capital decreases by cancellation of shares purchased, we hereby present our report on our assessment of the reasons for and terms and conditions of the proposed share capital decrease.

You are requested to confer all necessary powers on the Shareholders, during a period of 18 months commencing the date of this Board of Directors, to cancel, on one or more occasions, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares, as part of the provisions of the aforementioned article.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed share capital decrease, which does not undermine shareholder equality.

We have no comments to make on the reasons for and the terms and conditions of the proposed decrease in share capital.

Paris-la-Défense, March 21, 2019
The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Patrick E. SUISSA	Philippe DIU

5.3.2 Statutory auditors' report on related party agreements and commitments

To the Annual General Meeting of Edenred S.A.,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements or commitments authorized and concluded during the year ended December 31, 2018 to be submitted to the Annual General Meeting for approval in accordance with Article L.225-38 of the French Commercial Code *(Code de commerce)*.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments approved in prior years

We hereby inform you that we have not been notified of any agreements or commitments previously approved by the Annual General Meeting whose implementation continued during the year ended December 31, 2018.

Agreements and commitments approved during the financial year

We have been notified of the implementation during the year ended December 31, 2018 of the following related party agreements and commitments execution which were approved by the Annual General Meeting of May 3, 2018based on the statutory auditors' report on related party agreements dated March 12, 2018.

With Mr Bertrand Dumazy, your Company's Chairman and CEO

The renewal of these agreements and commitments, all of them made to Mr. Bertrand Dumazy, has been authorized by your Board of Directors on February 19, 2018 and approved by the Ordinary and Extraordinary General Meeting held on May 3, 2018, within the framework of his mandate renewal as Chairman and CEO, in accordance with Article L. 225-42-1 of the French Commercial Code (*Code de commerce*).

The terms and conditions of these agreements and commitments are equal to the ones previously approved by the Annual General Meetings held on May 4, 2016 and May 4, 2017, except for the commitment related to the allocation of a compensation for termination of duties as Chairman and CEO, which has been amended in the wording of the indemnity calculation methods, on the proposal of the Remunerations and Appointments Committee.

a) Whose implementation continued during the year ended December 31, 2018

Subscription to the GSC Association of a private unemployment insurance for the benefit of Mr. Bertrand Dumazy, your Company's Chairman and CEO

Nature and purpose

On December 15, 2016, your Board of Directors had authorized the extension of the period for which Mr. Bertrand Dumazy could be entitled to a compensation for termination of service within a private unemployment insurance subscribed by your Company with GSC, after the Board of Director's authorization of September 10, 2015. This agreement has been reauthorized by your Board of Directors met on February 19, 2018.

Conditions

This insurance could give the right to Mr. Bertrand Dumazy to a compensation payment equal to 70% of the contractual income, over a period of 24 months. It is specified that the contributions are totally absorbed by your Company.

In 2018, your Company paid an amount of € 31,646, which corresponds to all the contributions supported by the Company, as part of this private unemployment insurance.

Extension to the Chairman and CEO of the health insurance plan applicable to employees of the Company

Nature and purpose

On September 10, 2015 and on February 19, 2018, your Board of Directors authorized the extension to the Chairman and CEO of the health insurance plan applicable to employees.

Conditions

Your Company's health insurance plan comprises two collective contracts concluded with Uniprévoyance for healthcare and welfare guarantees (death, incapacity, disability) and long-term care coverage.

In 2018, your Company paid an amount of € 5,422 as part of the two collective insurance contracts, for healthcare and welfare guarantees.

Participation of the Chairman and CEO in the new supplementary pension plans, defined contribution plan, in force in the Company

Nature and purpose

On September 10, 2015 and on February 19, 2018, your Board of Directors authorized the participation of the Chairman and CEO in the supplementary pension defined contribution plan set up within the Company, under the same conditions as some senior executives of the Company.

Conditions

The supplementary pension plan comprises a defined contribution plan ("Article 83 ") and a defined benefit plan ("Article 39 ") and refers to a category of Group executives who meet certain criteria of compensation and job classification.

The defined contribution plan (Article 83) consists of a payment of an annual fee by your Company which amounts to 5% without exceeding eight Social Security annual ceilings;

The Chairman and CEO participate in the supplementary pension plan of the Group, with a defined contribution, under the same terms and conditions as any other participant in the plan, as described above.

This supplementary pension plan is taken into account in the global determination of his remuneration.

In the event of the departure from the Group before the liquidation of the pension under the general plan, any participant loses the rights from Article 39 and retains only those relating to Article 83.

In 2018, your Company paid an amount of € 25,428 as part Article 83.

b) Which were not implemented during the year ended December 31, 2018

Allocation of compensation for termination of duties to Mr. Bertrand Dumazy, your Company's Chairman and CEO

Nature and purpose

On September 10, 2015, your Company's Board of Directors had authorized the signature of a commitment to determine the compensation for termination of Mr. Bertrand Dumazy's duties as a Chairman and CEO. This commitment had been subject to an amendment authorized by your Board of Directors on February 10, 2016.

Considering it was necessary to better support the compensation for termination calculation methods if it should be payed to Mr. Bertrand Dumazy, your Board of Directors held on February 19, 2018, on the proposal from the Remunerations and Appointments Committee, decided to modify its wording.

Conditions

Compensation for termination of duties may be paid only if the termination of Mr. Bertrand Dumazy's duties as Chairman and CEO results from a forced departure prior to the end of his terms of office, regardless of the form of this departure.

No amount shall be payable in respect of compensation for termination of duties should Mr. Bertrand Dumazy have the possibility, within twelve months after the date of his final departure from the Company, of asserting his rights to retirement, allowing him to receive a pension under the supplementary pension plan set up in your Company.

The amount of compensation for termination of duties shall be equal to a maximum of twice the amount of the total annual gross compensation of Mr. Bertrand Dumazy as Chairman and CEO, defined as the sum of:

- the fixed portion of the compensation on an annual basis as Chairman and CEO on the date of termination of his duties, and
- the average of the variable portion of the annual compensation as a Chief Executive Officer received or to be received for the last two years during which he served as a Chairman and CEO, prior to the date of termination of his duties.

The benefit of this compensation for termination of duties is subject to the fulfilment of performance conditions. The criteria chosen by the Board of Directors allow to evaluate the operational and financial performance of your Company, in line with the key indicators of the Group communicated to the financial markets, and the stock performance. The conditions have been fixed taking into account: the 3-year evaluation period, the past long-term performance of your Company and the external risks to which your Company can be submitted.

The criteria chosen by the Board is as follows:

- increase by 5% (on a like-for-like basis) of the Business volume as compared to the previous year;
- increase by 2% (on a like-for-like basis) of operating revenue as compared to the previous year;
- increase by 5% (on a like-for-like basis) of Funds from Operations as compared to the previous year;
- increase in the share price of the Company at least equal to 85% of the Euronext Paris SBF 120 index for the Reference Period, it being specified that if the change in this index for the Reference Period is negative, the decrease in the Company's share price should not exceed 125% of the fall in the index over the Reference Period.

The fulfilment of each of these four conditions shall be measured over a period of three years preceding the date of termination of duties (the "Reference Period"), provided that each of the first three conditions shall be deemed fulfilled when the related condition shall be achieved in at least two of the three years. It is specified that in the event of departure before the end of the third year, the share performance will be considered only after the date of assumption of duty.

The payment of the maximum amount of compensation for termination of duties shall be subject to the fulfillment of at least three of the four performance conditions, determined by the Board as prescribed by the legislation in force at the date of termination of duties. If only two conditions are met, compensation for loss of duties actually paid shall represent 50% of the maximum amount. If only one condition is fulfilled or if no condition is met, no amount shall be paid as compensation for termination of duties.

It is specified that Mr. Bertrand Dumazy's compensation for termination of duties may not, in any case, exceed two years' total annual gross compensation.

Furthermore, if Mr. Bertrand Dumazy's duties as Chairman and CEO were to be terminated as a result of a forced departure and that the variable remuneration included in the compensation of termination of duties calculation is due, for financial year during which Mr. Bertrand Dumazy did not exercise his mandate during the all financial year, in that case, the compensation for termination of duties would include twice the variable part payed during the last exercise, during which he would have held the duties of Chairman and CEO, closed before the date of the duties termination.

Participation of the Chairman and CEO in the new supplementary pension plans, defined benefit plans, in force in the Company

Nature and purpose

On September 10, 2015 and on February 19, 2018, the Board of Directors authorized this commitment to enable the Chairman and CEO to participate in the supplementary pension defined benefit plans set up within the Company, under the same conditions as certain senior executives of the Company.

Conditions

The supplementary pension plan refers to a category of Group executives who meet certain criteria of compensation and job classification. This plan is comprised of a defined contribution plan ("Article 83") and a defined benefit plan ("Article 39 "):

- the defined benefit plan (Article 39) sets up the amount of a fixed annuity whose principles comply with the AFEP/MEDEF code recommendations:
- to benefit from the defined benefit plan, any beneficiary shall (i) complete his career within the Company, (ii) justify at least 5 years of inclusion in this pension plan, (iii) fulfil, in accordance with the article L. 225-42-1 of the French Commercial Code (*Code de commerce*), some of the performance conditions used to determine his variable compensation. The annuity paid by this plan shall therefore be reduced by the Article 83 aforementioned defined contribution plan benefits;
- the reference period taken into account for the computation of benefits relates to the period of inclusion in the plan (at least 5 years);
- potential rights are vested gradually by year of inclusion, the amount of additional annual pension being calculated annually on the basis of the gross annual compensation of participants;
- the replacement rate may not exceed the following two thresholds: the replacement rate of the supplementary plan (defined contribution and defined benefit plans) is limited to 30% of the last gross annual compensation; if the last gross annual compensation exceeds 12 Social Security annual ceilings, the overall replacement rate for all plans (Edenred compulsory and supplementary pension plans) is then capped at 35% of the average of the three highest annual reference salaries observed over a period of 10 years before retirement.

The Chief Executive Officer shall participate in the supplementary pension plan of the group under the same terms and conditions as any other participant in the plan, as described above.

This defined benefit plan is taken into account in the global determination of his remuneration.

In the event of the departure from the Group before the liquidation of the pension under the general plan, any participant loses the rights from Article 39 and retains only those relating to Article 83.

Paris-La Défense, March 12, 2019
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 marketable securities with cancellation of preferential subscription rights

Combined General Meeting of May 14, 2019

(10th and 11th resolutions)

This is a free translation into English of a report issued in French language 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 of Edenred,

In our capacity as Statutory Auditors of your company (the "Company") and in accordance with the procedures set forth in Articles L. 228-92 and L. 225-135 *et seq*. of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegations to the Board of Directors to decide on various issues of shares and/or marketable securities, with cancellation of preferential subscription rights, transactions on which you are asked to vote.

Your Board of Directors proposes that, on the basis of its report, it be authorized for the remaining period of the delegation granted by the Combined General Meeting of May 3, 2018 in the 22nd resolution, *i.e.* for a period of 26 months as from the aforementioned Combined General Meeting of May 3, 2018, to decide on the following transactions and set the final terms and conditions of these issues and proposes that you cancel your preferential subscription rights to ordinary shares and marketable securities to be issued:

- issue through a public offering (10th resolution), (i) of ordinary shares of the Company or (ii) marketable securities that are equity securities of the Company granting, by any means, immediate or future access to other equity securities, whether existing or to be issued, of the Company or any company in which the Company holds directly or indirectly more than half of the share capital (a "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 granting entitlement to debt securities of the Company, any Subsidiary or any company stipulated above, or (iii) any securities, whether hybrid or not, granting, by any means, immediate or future access 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 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 5% of the share capital (11th resolution), (i) ordinary shares of the Company or (ii) securities that are equity securities of the Company granting, by any means, immediate or future access 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 granting entitlement to debt securities of the Company, any Subsidiary or any company stipulated above, or (iii) any securities, whether hybrid or not, granting, by any means, immediate or future access to equity securities to be issued by the Company or any Subsidiary;

The overall par value amount of any share capital increases which may be performed immediately and/or in future may not exceed €23,540,324 pursuant to the 10th and 11th resolutions, it being specified that (i) from this amount shall be deducted the total and overall par value amount of all the share capital increases that may be performed immediately or in the future pursuant to the delegations authorized by the Combined General Meeting of May 3, 2018 in the 22nd and 23rd resolutions, (ii) that this amount shall be deducted from the overall ceiling set forth in paragraph 3 of the 21st resolution adopted by the Combined General Meeting of May 3, 2018 and (iii) that this amount shall comprise the overall par value ceiling applicable to all share capital increases of the Company that may be performed, with cancellation of preferential subscription rights pursuant to the delegations granted by the 10th et 11th resolutions of this Combined General Meeting, as well as the delegations and authorizations granted by the 25th, 27th and 28th resolutions and, when utilized in connection with an initial issue performed as part of the 25th, 27th or 28th resolutions adopted by the Combined General Meeting of May 3, 2018.

The nominal amount of any debt securities granting access to the Company's share capital, which may be issued, may not exceed €500,000,000 pursuant to the 10th and 11th resolutions, it being specified that (i) from this amount shall be deducted the total and overall nominal amount of debt securities granting access to the share capital of the Company issued pursuant to the delegations granted by the Combined General Meeting of May 3, 2018 in the 22nd and 23rd resolutions and (ii) this amount shall be deducted from the overall ceiling for debt securities set forth in paragraph 3 of the 21st resolution adopted by the Combined General Meeting of May 3, 2018.

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. Our role is to express an opinion on the fair presentation of the quantified information extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that 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. These procedures consisted in verifying the content of the Board of Directors' report relating to this transaction and the terms and conditions governing the determination of the issue price of the equity securities to be issued.

Subject to a subsequent review of the terms and conditions of the proposed issue(s), we have no comments on the terms and conditions governing the determination of the issue price of the equity securities to be issued, as presented in the Board of Directors' report.

As the final terms and conditions of the issue(s) have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if required, should this delegation be exercised by your Board of Directors, in the event of issues of ordinary shares, in the event of issues of marketable securities representing equity securities granting access to other equity securities or granting entitlement to debt securities and in the event of issues of marketable securities granting access to the equity securities to be issued.

Paris-La Défense, March 21, 2019
The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Patrick E. Suissa	Philippe Diu

5.3.4 Statutory auditors' report on the issue of shares or marketable securities granting access to the share capital reserved for employees who participate in a Company savings plan

Combined General Meeting of May 14, 2019

12th resolution

This is a free translation into English of a report issued in French language 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 of Edenred,

In our capacity as Statutory Auditors of your company (the "Company") and in accordance with the procedures set forth in Articles 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 issue shares and/or marketable securities granting access to the share capital, with cancellation of preferential subscription rights, reserved for employees of your Company and other French or foreign companies or groupings affiliated to it, falling within the scope of consolidation or combined accounts of the Company in accordance with Article L.3344-1 of the French Labor Code (*Code du travail*), if they participate in a savings plan of the Edenred Group, a transaction on which you are asked to vote.

The total number of shares issued or to be issued, immediately or in the future, according to this authorization, may not exceed 2% of the share capital of your Company, as noted at the end of this Combined General Meeting, it being specified that the total par value amount of share capital increases to be performed, immediately or in the future, pursuant to this resolution, shall be deducted (i) from the total and overall par value amount of all share capital increases performed or to be performed in the future pursuant to the delegation granted by the Combined General Meeting of May 3, 2018 in the 27th resolution, (ii) from the par value ceiling applicable to all of the Company's share capital increases to be performed with cancellation of preferential subscription rights set forth in paragraph 4 of the 10th resolution submitted to the Combined General Meeting, as well as from the overall ceiling set forth in paragraph 3 of the 21st resolution adopted by the Combined General Meeting of May 3, 2018.

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 *et seq*. of the French Labor Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of its report, it be authorized for the remaining period of the delegation granted by the Combined General Meeting of May 3, 2018 in the 27th resolution, *i.e.* for a period of 26 months as from the aforementioned Combined General Meeting of May 3, 2018, to decide on whether to perform an issue and proposes that you cancel your preferential subscription rights to shares or marketable securities to be issued. When necessary, the Board of Directors will set the final issuance terms and conditions for this transaction.

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. Our role is to express an opinion on the fair presentation of the quantified information extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, contained in this report.

We performed the procedures that 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. These procedures consisted in verifying the content of the Board of Directors' report relating to this transaction and the terms and conditions governing the determination of the issue price of the equity securities to be issued.

Subject to a subsequent review of the terms and conditions of the proposed issue(s), we have no comments on the terms and conditions governing the determination of the issue price of the equity securities to be issued, as presented in the Board of Directors' report.

As the final terms and conditions of the issue(s) have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if required, should this delegation be exercised by your Board of Directors, in the event of issues of shares, in the event of issues of marketable securities representing equity securities granting access to other equity securities or granting entitlement to debt securities and in the event of issues of marketable securities granting access to the equity securities to be issued.

Paris-La Défense, March 21, 2019
The Statutory Auditors

DELOITTE & ASSOCIÉS	**Philippe Diu**
Patrick E. Suissa	ERNST & YOUNG Audit

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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

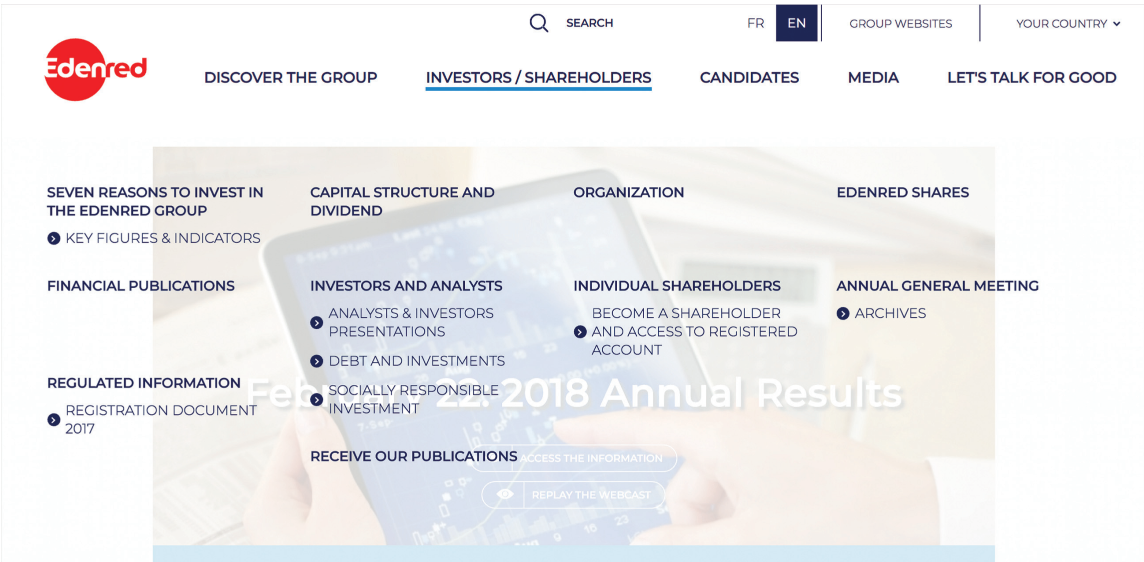
In 2018, Edenred met 865 representatives of 395 financial institutions, held 24 roadshows in Europe, the United States and Canada, and participated in 11 investor conferences in France, the United Kingdom, the United States and Spain.

The Group also met with individual shareholders at shareholder events in Bordeaux, Lyon and Nantes (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 1, 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

Financial Communication and Investor Relations Department

Solène Zammito

Financial Communication & Investor Relations Director
E-mail: investor.relations@edenred.com
Phone: +33 1 74 31 86 26

Institutional investors/analysts

Loïc Da Silva

Investor Relations manager
E-mail: investor.relations@edenred.com
Phone: +33 1 74 31 86 26

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 28, 2019

6.2.2 Statutory Auditors

Statutory Auditors

Deloitte & Associés

Patrick E. Suissa
6, place de la Pyramide
92908 Paris-La Défense Cedex, France
Appointed for six years at the May 3, 2018 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

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 2017 and 2018 is available in section 4, Note 11.4, page 241.

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, 2018" to the 2018 financial statements, page 242).

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:

2017 Registration Document

The 2017 Registration Document was filed on March 16, 2018 with the Autorité des marchés financiers (D.18-0139 registration). It concerns:

- the consolidated financial statements and corresponding Statutory Auditors' Report presented on pages 151 to 268 of Edenred's 2017 Registration Document;
- the financial review presented on pages 65 to 76 of Edenred's 2017 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.

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.

6.7 Regulatory filings

The following information was published or announced by Edenred during the past twelve months (between February 28, 2018 and February 28, 2019):

- disclosure of number of shares and voting rights at February 28, 2018;
- press release dated March 15, 2018 announcing the dividend recommended for 2017 at the Annual Shareholders Meeting on May 3, 2018;
- press release dated March 19, 2018 announcing the publication of the 2017 Registration Document, including:
  - the 2017 Annual Financial Report,
  - fees paid to the Statutory Auditors,
  - report on corporate governance and internal control,
  - the description of the share buyback program;
- disclosure of number of shares and voting rights as of March 31, 2018;
- press release dated April 5, 2018 announcing Edenred Capital Partners' investment in Candex, an innovative corporate payment solution;
- press release dated April 12, 2018 announcing that proxy documents for the May 3, 2018 Annual Shareholders Meeting had been made available to shareholders;
- press release dated April 19, 2018 announcing first-quarter 2018 revenue;
- press release dated April 27, 2018 announcing that Edenred now holds almost all of the capital of ProwebCE;
- disclosure of number of shares and voting rights as of April 30, 2018;
- press release dated May 4, 2018 on the May 3, 2018 Annual Shareholders Meeting;
- press release dated May 4, 2018 on the payment of the dividend;
- disclosure of number of shares and voting rights as of May 31, 2018;
- press release dated June 7, 2018 on the results of the 2017 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 26, 2018 announcing that Edenred Capital Partners supported Beamery in a new funding round;
- disclosure of number of shares and voting rights as of June 30, 2018;
- press release concerning liquidity contract transactions in the six months ended June 30, 2018;
- press release dated July 24, 2018 announcing the Group's 2018 interim results;
- press release dated July 24, 2018 announcing the publication of the 2017 half-year Financial Report;
- disclosure of number of shares and voting rights as of July 31, 2018;
- disclosure of number of shares and voting rights as of August 31, 2018;
- press release dated September 5, 2018 announcing Edenred's exclusive partnership with Itaú Unibanco;
- press release dated September 12, 2018 announcing that Edenred Capital Partners supported the funding round for Beekeeper;
- press release dated September 28, 2018 announcing that Uber Eats launched payment by *Ticket Restaurant®* card in France in partnership with Edenred;
- disclosure of number of shares and voting rights as of September 30, 2018;
- press release dated October 8, 2018 announcing that Crédit Mutuel teamed up with Edenred to offer its French clients the *Ticket Restaurant®* card;
- press release dated October 18, 2018 announcing that Edenred consolidated its position on the European toll market;
- press release dated October 24, 2018 announcing third-quarter revenue;
- press release dated October 26, 2018 clarifying certain articles in the media;
- disclosure of number of shares and voting rights as of October 31, 2018;
- press release dated November 8, 2018 announcing the acquisition of CSI;
- press release dated November 27, 2018 announcing Edenred's entry into the UK fleet and mobility solutions market;
- press release dated November 29, 2018 announcing the successful €500 million bond issue;
- disclosure of number of shares and voting rights as of November 30, 2018;
- disclosure of number of shares and voting rights as of December 31, 2018;
- press release concerning liquidity contract transactions in the six months ended December 31, 2018;
- press release dated January 9, 2019 announcing Edenred's completion of the acquisition of CSI and that of TRFC;
- press release dated January 18, 2019 announcing a change to the financial calendar;
- press release dated January 31, 2019 announcing the dual acquisition of Merits & Benefits and Ekivita, in Belgium;
- disclosure of number of shares and voting rights as of January 31, 2019;
- press release dated February 22, 2019 announcing the 2018 annual results;
- disclosure of number of shares and voting rights at February 28, 2019;
- press release dated February 19, 2019 announcing the launch of Corporate Payment Services in Africa with Jumia Travel.

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.

NO.	KEY INFORMATION REQUIRED UNDER ANNEX 1 OF EUROPEANCOMMISSION REGULATION 809/2004	REGISTRATION DOCUMENT SECTION(S)	PAGE(S)
6.5	The basis for statements made by the issuer regarding its competitive position	1.1.3.3 A global leader with a multi-local presence	10
7	**Organizational structure**		
7.1	Description of the Group and the issuer's position within the Group	3.1.2.5 Members of the Executive Committee	145
		2.3.2.1 Description of the business	73
		4.2 Note 12 List of consolidated companies at December 31, 2018	242
7.2	List of significant subsidiaries	6.4 Information on holdings	314
		4.2 Note 12 List of consolidated companies at December 31, 2018	242
8	**Property, plant and equipment**		
8.1	Existing or planned material tangible fixed assets, including leased properties	1.10 Real estate	28
8.2	Environmental issues that may affect the utilization of tangible fixed assets	None	
9	**Operating and financial review**		
9.1	Description of the issuer's financial condition, changes in financial condition and results of operations for each year and interim period for which historical financial information is required	2.3.1 Consolidated results	66
9.2	Operating income and expenses	2.3.1.2 Analysis of consolidated financial results	66
9.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations	2.3.1.2 Analysis of consolidated financial results	66
9.2.2	Changes in net sales or revenues, and narrative discussion of the reasons for such changes	2.3.1.2 Analysis of consolidated financial results	66
9.2.3	Governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, the Company's operations	2.3.1.2 Analysis of consolidated financial results	66
10	**Capital resources**		
10.1	Information concerning the issuer's capital resources (both short and long term)	2.3.1.4 Liquidity and financial resources	69
10.2	Sources and amounts of the issuer's cash flows	2.3.1.4 Liquidity and financial resources	69
10.3	Information on the borrowing requirements and funding structure of the issuer	2.3.1.4 Liquidity and financial resources	69
10.4	Information regarding any restrictions on the use of capital resources	2.3.1.4 Liquidity and financial resources	69
10.5	Information regarding the anticipated sources of funds	2.3.1.4 Liquidity and financial resources	69
11	**Research and development, patents and licenses**		
	Description of the issuer's research and development policies and amount spent on issuer-sponsored research and development activities	None	
12	**Trend information**		
12.1	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document	1.2 Strategy	15
12.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	4.2 Note 3.5 Subsequent events	189
13	**Profit forecasts or estimates**	**None**	
14	**Administrative, management and supervisory bodies and senior management**		

NO.	KEY INFORMATION REQUIRED UNDER ANNEX 1 OF EUROPEANCOMMISSION REGULATION 809/2004	REGISTRATION DOCUMENT SECTION(S)	PAGE(S)
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.	3.1.1.1 Membership of the Board of Directors	125
14.2	Potential conflicts of interests between any duties to the issuer of members of the administrative, management and supervisory bodies or senior managers and their private interests and or other duties	3.1.1.8 Director's Charter	137
	Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or as a member of senior management	3.1.1 Board of Directors	124
	Details of any restrictions agreed by the persons referred to in item 14.1 on the disposal within a certain period of time of their holdings in the issuer's securities	None	
15	**Remuneration and benefits of the persons referred to in item 14.1**		
15.1	Remuneration paid and benefits in kind granted to such persons by the issuer and its subsidiaries	3.2 Executive Directors' compensation	149
15.2	Total amounts set aside or accrued to provide pension, retirement or similar benefits	3.2 Executive Directors' compensation	149
16	**Board practices**	**3.1.1 Board of Directors**	**124**
16.1	Date of expiration of the current term of office of the members of the administrative, management or supervisory bodies	3.1.1.1 Membership of the Board of Directors	125
16.2	Members of the administrative, management or supervisory bodies' service contracts	3.1.1.1 Membership of the Board of Directors	125
16.3	Information about the issuer's Audit Committee and Remuneration Committee	3.1.1 Board of Directors	124
16.4	Statement of compliance with the country of incorporation's corporate governance regime	3.1 Corporate governance	124
17	**Employees**		
17.1	Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information and breakdown	2.4.2.1.6 Summary table of employee data – Group	96
17.2	Shareholdings and stock options	2.1.2.2 Directors' and employees' interests	33
	With respect to each person referred to in item 14.1, information as to their share ownership and any options over such shares in the issuer	3.1.1.1 Membership of the Board of Directors	125
17.3	Arrangements for involving the employees in the capital of the issuer	2.1.2.2 Directors' and employees' interests	33
18	**Major shareholders**		
18.1	Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law	2.1.2.1 Ownership of shares and voting rights	30
18.2	Different voting rights	2.1.2.1 Ownership of shares and voting rights	30
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	
18.4	Arrangements which may result in a change in control of the issuer	2.1.2.1 Ownership of shares and voting rights	30
18.5	Public offer made during the current or previous financial year	3.3.1.7 Public offer for the Company's shares	161
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NO.	KEY INFORMATION REQUIRED UNDER ANNEX 1 OF EUROPEANCOMMISSION REGULATION 809/2004	REGISTRATION DOCUMENT SECTION(S)	PAGE(S)
19	**Related-party transactions**	**2.3.1.9 Main related-party transactions**	**72**
20	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	**4.2 Note 11.2 Related-party transactions**	**240**
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20.3	Own and consolidated annual financial statements	4 Financial statements	167
		4.4 Parent company financial statements and notes	254
20.4	Auditing of historical annual financial information	4.1 Statutory Auditors' Report on the consolidated financial statements	168
20.4.1	*Statement that the historical financial information has been audited*	4.1 Statutory Auditors' Report on the consolidated financial statements	168
20.4.2	*Other information in the Registration Document which has been audited by the Statutory Auditors*	4.3 Statutory Auditors' Report on the parent company financial statements	251
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	185
20.6	Interim and other financial information	None	
20.7	Dividend policy	2.1.3 Dividends	40
20.7.1	Dividend per share	2.1.3 Dividends	40
20.8	Legal and arbitration proceedings	2.2.2 Legal and arbitration proceedings	57
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21	**Additional information**		
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		3.3.4 Changes in capital	163
21.1.2	Shares not representing capital	3.3.3 Shares not representing capital	162
21.1.3	Number, book value and face value of shares in the issuer held by the issuer itself or by subsidiaries of the issuer	2.1.2.1 Ownership of shares and voting rights	30
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	
21.1.7	History of share capital, highlighting information about any changes, for the period covered by the historical financial information	3.3.4 Changes in capital	163
21.2	Memorandum and articles of association	3.1.1 Board of Directors	124
		3.1.3 Shareholders Meetings	145
21.2.1	*Corporate purpose*	2.1.1 The Company	30
21.2.2	*Summary of provisions of the issuer's articles of association with respect to the members of the administrative, management and supervisory bodies*	3.1.1 Board of Directors	124
21.2.3	*Rights, preferences and restrictions attached to each class of the existing shares*	3.3.1 Description of the Company's shares	159
21.2.4	*Description of what action is necessary to change the rights of holders of the shares*	3.1.3.2 Conduct of Shareholders Meetings (Article 24 of the bylaws)	156

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21.2.6	*Description of any provision of the issuer's articles of association that would have an effect of delaying, deferring or preventing a change in control of the issuer*	None	
21.2.7	*Indication of the articles of association, if any, governing the ownership threshold above which shareholder ownership must be disclosed*	3.3.1.4 Rights attached to the Company's shares	159
21.2.8	*Conditions imposed by the memorandum and articles of association governing changes in the capital, where such conditions are more stringent than is required by law*	None	
22	**Material contracts**	**2.3.1.6 Material contracts**	**72**
23	**Third-party information and statement by experts and declarations of any interests**	**6.5 Third-party information**	**314**
24	**Documents on display**	**6.1 Investor relations and documents available to the public**	**312**
25	**Information on holdings**		
	Information relating to the undertakings in which the issuer 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	6.4 Information on holdings	314

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.

NO.	KEY INFORMATION REQUIRED UNDER ARTICLE L.451-1-2 OF THE FRENCH MONETARY AND FINANCIAL CODE	PAGE(S)
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3	**Management Report (within the meaning of the French Monetary and Financial Code)**	
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	Balance sheet analysis	69
	Key Human Resources and environmental indicators	78
	Main risks and uncertainties	72
3.2	Information provided in compliance with Article L.225-100-3 of the French Commercial Code	
	Items that could have an impact in the event of a public tender offer for the Company's shares	161
3.3	Information provided in compliance with Article L.225-211 of the French Commercial Code	
	Share buyback	165
4	**Statement by the persons responsible for the Annual Financial Report**	**313**
5	**Statutory Auditors' Reports on the parent company and consolidated financial statements**	**251 and 168**
6	**Statutory Auditors' fees**	**314**

6.10 GRI cross-reference table

Attente retour parties 2.4 RH/RSE pour références à réadapter

The Global Reporting Initiative (GRI) is an international organization involving companies, NGOs and other stakeholders to establish a framework for reporting on the different levels of a company's sustainability performance. It aims to draft and disseminate guidelines to help companies report on environmental, economic and social matters.

	GRI REFERENCE	INDICATOR	SECTION IN EDENRED'S REGISTRATION DOCUMENT	PAGE
1	G4-1; GRI - 102-14	Statement from senior decision-maker	2.1.1 The Company	30
2	G4-2; GRI - 102-15	Key impacts, risks, and opportunities	2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis 2.2.1. Risks and measures to manage the risks	81 82 44
3	G4-3; GRI - 102-1	Name of the organization	2.1.1 The Company	30
4	G4-4; GRI - 102-2	Activities, brands, products, and services	1.1.1 A business model at the center of a unique ecosystem 1.1.2 Business lines	6 8
5	G4-5; GRI - 102-3	Location of headquarters	2.1.1 The Company	30
6	G4-6; GRI - 102-4	Location of operations	1.1.3.3 A global leader with a multi-local presence	10
7	G4-7; GRI - 102-5	Ownership and legal form	2.1.1 The Company	30
8	G4-8; GRI - 102-6	Markets served	1.1.3 A global leader in promising markets	9
9	G4-9; GRI - 102-7	Scale of the organization	1.1 Corporate profile	6
10	G4-10; GRI - 102-8	Information on employees and other workers	2.4.2.1.5. Key indicators and figures - Human resources data at December 31, 2018	94
11	G4-11; GRI - 102-41	Collective bargaining agreements	2.4.2.1.3. Labor and human rights - Fostering social dialogue	91
13	G4-13; GRI - 102-10	Significant changes to the organization and its supply chain	1.3 Highlights of the year 4.2.6 Note 2 Acquisitions, developments projects and disposals in 2018	21 186
14	G4-14; GRI - 102-11	Precautionary Principle or approach	2.2.1 Risks and measures to manage the risks 2.2.3 Transferred risks	44 57
15	G4-15; GRI - 102-12	External initiatives	2.4.1.6 Alignment with the UN's Sustainable Development Goals 2.4.2.1.3. Labor and human rights - Supporting human rights 2.4.1.7.2 Standards - United Nations Global Compact	83 92 85
16	G4-16; GRI - 102-13	Membership of associations	2.4.1.7.2 Standards - United Nations Global Compact 2.4.2.2.1 Promoting well-being through healthy and sustainable nutrition - Edenred, FOOD program coordinator in Europe 2.4.4.3.3 Stakeholder dialogue	85 97 116
17	G4-17; GRI - 102-45	Entities included in the consolidated financial statements	2.4.1.2 Methodology -Reporting scope 4.2.6 Note 12 List of consolidated companies at December 31, 2018	79 242
18	G4-18; GRI - 102-46	Defining report content and topic Boundaries	2.4.1.2 Methodology - Social, societal and environmental indicators 2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis	79 81 82
19	G4-19; GRI - 102-47	List of material topics	2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis	81 82
20	G4-20; GRI - 103-1	Explanation of the material topic and its Boundary	2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis 2.2.1. Risks and measures to manage the risks	81 82 44
21	G4-21; GRI - 103-1	Explanation of the material topic and its Boundary	2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis 2.2.1. Risks and measures to manage the risks	81 82 44
23	G4-23; GRI - 102-49	Changes in reporting	4.2.6 Note 2 Acquisitions, developments projects and disposals in 2018	186
24	G4-24; GRI - 102-40	List of stakeholder groups	2.4.4.3.3. Stakeholder dialogue	116
27	G4-27; GRI - 102-44	Key topics and concerns raised	2.4.4.3.3. Stakeholder dialogue	116

	GRI REFERENCE	INDICATOR	SECTION IN EDENRED'S REGISTRATION DOCUMENT	PAGE
28	G4-28; GRI - 102-50	Reporting period	2.4.1.2 Methodology - Social, societal and environmental indicators	79
29	G4-29; GRI - 102-51	Date of most recent report	6.6 Information incorporated by reference	314
30	G4-30; GRI - 102-52	Reporting cycle	6.6 Information incorporated by reference	314
31	G4-31; GRI - 102-53	Contact point for questions regarding the report	6.1 Contacts	313
32	G4-32-a; GRI - 102-54	Claims of reporting in accordance with the GRI Standards	2.4.1.7.2 Standards - GRI	85
33	G4-32-b; GRI - 102-55	GRI content index	6.10 GRI Cross-reference table	321
35	G4-33; GRI - 102-56	External assurance	2.4.6 CSR independent third-party entity report	120
36	G4-34; GRI - 102-18	Governance structure	3.1 Corporate governance 2.4.1.1 Governance	124 79
37	G4-35; GRI - 102-19	Delegating authority	2.4.1.1 Governance	79
38	G4-36; GRI - 102-20	Executive-level responsibility for economic, environmental, and social topics	2.4.1.1 Governance	79
39	G4-37; GRI - 102-21	Consulting stakeholders on economic, environmental, and social topics	2.4.4.3.3. Stakeholder dialogue	116
40	G4-38; GRI - 102-22	Composition of the highest governance body and its committees	3.1.1 Board of Directors 1.6 The management team	124 24
41	G4-39; GRI - 102-23	Chair of the highest governance body	1.6 The management team	24
42	G4-40; GRI - 102-24	Nominating and selecting the highest governance body	3.1.1 Board of Directors 1.6 The management team	124 24
43	G4-41; GRI - 102-25	Conflicts of interest	3.1.1.2 Absence of conflicts of interest	135
44	G4-42; GRI - 102-26	Role of highest governance body in setting purpose, values, and strategy	3.1.2 Executive Management	143
47	G4-45; GRI - 102-29	Identifying and managing economic, environmental, and social impacts	2.2.1. Risks and measures to manage the risks 2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis	44 81 82
48	G4-46; GRI - 102-30	Effectiveness of risk management processes	2.2.1. Risks and measures to manage the risks	44
49	G4-47; GRI - 102-31	Review of economic, environmental, and social topics	2.2.1. Risks and measures to manage the risks 2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis	44 81 82
50	G4-48; GRI - 102-32	Highest governance body's role in sustainability reporting	2.4.1.1 Governance	79
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59	G4-57; GRI - 102-17	Mechanisms for advice and concerns about ethics	2.4.4.1.1. Business ethics	112
64	G4-EC1; GRI - 201-1	Direct economic value generated and distributed	1.1.1 A business model at the center of a unique ecosystem	6
65	G4-EC2; GRI - 201-2	Financial implications and other risks and opportunities due to climate change	2.2.1.8 Environmental and climate risks 2.4.1.3 Materiality assessment 2.4.1.4 Risk analysis	56 81 82
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74	G4-EN2; GRI - 301-2	Recycled input materials used	2.4.3.3.1 Eco-design - Using eco-friendly paper	109
75	G4-EN3; GRI - 302-1	Energy consumption within the organization	2.4.3.1.1. Energy efficiency - Energy use, measures taken to improve energy efficiency and use of renewable energies	102
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101	G4-EN29; GRI - 307-1	Non-compliance with environmental laws and regulations	2.4.3.1.1. Energy efficiency - Environmental management	102
104	G4-EN32; GRI - 308-1	New suppliers that were screened using environmental criteria	2.4.4.1.1. Business ethics - Subcontractors	113
105	G4-EN33; GRI - 308-2	Negative environmental impacts in the supply chain and actions taken	2.4.3.1.1. Energy efficiency - Environmental management	102
106	G4-EN34; GRI - 103-2	The management approach and its components	2.4.3.1.1. Energy efficiency - Environmental management	102
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112	G4-LA6; GRI - 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2.4.2.1.3. Labor and human rights - Promoting workplace health and safety2.4.2.1.5. Key indicators and figures - Human resources data at December 31, 2018	92
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121	G4-LA15; GRI - 414-2	Negative social impacts in the supply chain and actions taken	2.4.4.1.1. Business ethics - Subcontractors	113
123	G4-HR1; GRI - 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2.4.4.1.1. Business ethics - Subcontractors	113
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131	G4-HR9; GRI - 412-1	Operations that have been subject to human rights reviews or impact assessments	2.4.2.1.3. Labor and human rights - Supporting Human Rights	92
132	G4-HR10; GRI - 414-1	New suppliers that were screened using social criteria	2.4.4.1.1. Business ethics - Subcontractors	113
133	G4-HR11; GRI - 414-2	Negative social impacts in the supply chain and actions taken	2.4.4.1.1. Business ethics - Subcontractors	113
135	G4-SO1; GRI - 413-1	Operations with local community engagement, impact assessments, and development programs	2.4.2.3 Contributing to local development by becoming personally involved and sharing the benefits of growth	98
137	G4-SO3; GRI - 205-1	Operations assessed for risks related to corruption	2.2.1.2.2 Risks associated with regulatory compliance and business ethics 2.4.1.4 Risk analysis	49 82
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142	G4-SO8; GRI - 419-1	Non-compliance with laws and regulations in the social and economic area	2.2.1.2.2 Risks associated with regulatory compliance and business ethics	49
143	G4-SO9; GRI - 414-1	New suppliers that were screened using social criteria	2.4.4.1.1. Business ethics - Subcontractors	113
146	G4-PR1; GRI - 416-1	Assessment of the health and safety impacts of product and service categories	2.4.2.2 Promoting well-being through healthy and sustainable nutrition	97
150	G4-PR5; GRI - 102-43	Approach to stakeholder engagement	2.4.4.3.3. Stakeholder dialogue	116
151	G4-PR6; GRI - 102-2	Activities, brands, products, and services	1.1 Corporate profile	6
153	G4-PR8; GRI - 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4.4.2. Ensuring IT security and data protection	114

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Conception & réalisation LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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Registered in Nanterre under number 493 322 978
Registered office:
Immeuble Columbus
166-180 Boulevard Gabriel Péri
92240 Malakoff - France
Tél. : +33 (0) 1 74 31 75 00