

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.

5.4 EXECUTIVE DIRECTOR'S COMPENSATION, DIRECTORS' AND EMPLOYEES' INTERESTS

5.4.1 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, which will be submitted to the shareholders for approval in accordance with new Article L.225-37-2 of the French Commercial Code introduced by the Sapin II Act of December 9, 2016 on transparency, anti-corruption and business reform.

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 salary 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 salary 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 (salary and bonus), deferred compensation (incentive plans) and commitments.

Comparability

The Compensation and Appointments Committee regularly engages outside consulting firm Mercer to conduct a benchmarking analysis 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. Performance assessment is based on a balance between financial, operational 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 2016.

On the recommendation of the Compensation and Appointments Committee, the Board of Directors determined its general compensation policy for the Executive Director throughout his term of office, the main principles of which are as follows:

Salary

Determination

The Chairman and Chief Executive Officer's salary is paid in twelve 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 salary 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 salary 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 salary if the targets set are achieved. It will be based on:

- quantitative financial targets, representing 65% of salary;
- quantitative operational targets, representing 30% of salary, related to the Group's strategy; and
- qualitative managerial targets, representing 25% of salary, related to the Group's strategy.

If the quantitative targets are exceeded, the Board of Directors may raise the bonus to a maximum of 180% of salary based on a balanced split between the targets.

Financial and non-financial factors

The Board of Directors has decided that the financial targets underlying the Chairman and Chief Executive Officer's bonus will for the most part be based on EBIT but also on earnings per share.

The quantitative operational targets will be set each year according to the Group's strategy.

New appointment

The Board of Directors has decided that if a new Chairman and Chief Executive Officer is appointed, the same principles will apply, although if the appointment is made part way through the year, the amounts due will be calculated on a pro rata basis. However, if the new appointment is made in the second half of the relevant year, performance will be assessed by the Board of Directors on a discretionary basis, based on the recommendation of the Compensation and Appointments Committee.

Resignation or termination

If the Chairman and Chief Executive Officer stands down during the year, the amount of the bonus for that year will be based on (i) his performance as assessed by the Board of Directors on a discretionary basis, based on the recommendation of the Compensation and Appointments Committee, and (ii) the length of the Executive Director's time in office during the relevant year.

Exceptional bonus

The Board of Directors has decided that in principle the Chairman and Chief Executive Officer may receive an exceptional bonus in certain circumstances, which must be disclosed in detail and substantiated. Payment of an exceptional bonus is subject to approval by the shareholders in accordance with Article L.225-37-2 of the French Commercial Code.

Deferred compensation

The Board of Directors believes that this mechanism, to which other key executives of the Group are also entitled, is particularly appropriate for the Chairman and Chief Executive Officer given the direct contribution he is expected to make to the Company's overall long-term performance. In line with market practices, this mechanism is based on the award of performance shares, which not only help to incentivize and retain the beneficiaries but also to align their interests to the interest of the Company and that of the shareholders.

The vesting and lock-up periods, performance conditions and performance levels for the performance share plans awarded to the Chairman and Chief Executive Officer comply with the plan regulations and the authorization granted by the Shareholders Meeting to award the performance shares, as described on page 138.

The performance shares awarded may not exceed 120% of salary plus target annual bonus on the date of award.

Signing bonus

The Board of Directors reserves the right to award a signing bonus to a new Chairman and Chief Executive depending on the circumstances and the candidate.

In order to immediately align the Chairman and Chief Executive Officer's interests to those of the shareholders, and subject to authorization by the Shareholders Meeting, the signing bonus may be composed partly or entirely of long-term incentives subject to presence and performance conditions, such as performance shares, stock options or any other incentives.

The signing bonus may not exceed the amount of the benefits lost by the candidate upon leaving his or her previous function.

Resignation or termination

In accordance with the provisions of the performance share plans currently in existence, the Chairman and Chief Executive Officer will lose the right to all or part of the performance shares initially granted if he stands down voluntarily during the vesting period, unless the Board of Directors decides otherwise. If the Chairman and Chief Executive Officer is forced to stand down for any reason whatsoever, he will retain the right to one third of the shares awarded for each year of presence during the three-year vesting period, unless the Board of Directors decides that the entire award may be retained.

Long-term cash-based incentive

The Board of Directors has decided not to use long-term cash-based incentives, preferring to focus on share-based incentives to align the interests of the Executive Director to those of the shareholders.

However, such a mechanism could be envisaged should regulatory developments or other circumstances make the use of share-based incentives ineffective, restrictive or impossible.

Other benefits

Termination benefits

The Board of Directors reserves the right to grant the Chairman and Chief Executive Officer termination benefits, the terms and conditions of which will be adapted to his personal profile and will take into account the Company's economic, workforce-related and social environment.

The Board of Directors has decided that the termination benefits may not exceed the equivalent of two years' salary plus annual bonus, 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, within twelve months of his departure, 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 in the same way as other plan beneficiaries, as described on page 132, which may be either 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.

5.4.2 FIXED AND VARIABLE COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2016

At its meeting of February 10, 2016 and based on the proposal of the Compensation and Appointments Committee, the Board decided to maintain Bertrand Dumazy's gross annual salary at €750,000.

It also defined the criteria for determining his bonus, which is capped at a certain percentage of salary. The bonus may range from 0% to 120% of salary, and may be increased to a maximum of 180% of salary if certain targets are exceeded, *i.e.*:

- a bonus of up to 65% of salary based on financial targets, of which 50% based on EBIT and 15% based on earnings per share; in the event of outperformance, as approved by the Board of Directors, the bonus based on these targets may reach 105% of salary;
- a bonus of up to 30% of salary based on three operational targets related to the Group's strategy, each representing 10% of salary, the targets being the Group's transformation rate, expense management solutions issue volume and sales *via* digital channels; in the event of outperformance, as approved by the Board of Directors, the bonus based on these targets may reach 50% of salary;
- a bonus of up to 25% of salary based on managerial targets related to the Group's strategy, such as the successful integration of Embratec.

Bertrand Dumazy's 2016 bonus was determined at the Board meeting held on February 22, 2017, based on the recommendation of the Compensation and Appointments Committee, as follows:

- the bonus based on financial targets amounted to 102% of salary;
- the bonus based on operational targets amounted to 37% of salary;
- the bonus based on managerial targets amounted to 25% of salary.

The total bonus for 2016 therefore amounted to €1,226,550.

The level of achievement required for each of the targets underlying the annual bonus is measured and assessed each year by the Compensation and Appointments Committee.

Long-term incentive plans

Exceptional long-term incentive plan

In accordance with the commitments made by the Board of Directors when Bertrand Dumazy was appointed Chairman and Chief Executive Officer, Bertrand Dumazy was awarded 74,800 performance shares valued at €1,125,000.

Group long-term incentive plan

Bertrand Dumazy was covered by the Group's long-term incentive plan in 2016 in the same way as the other beneficiaries of this plan (members of the Executive Committee and senior executives in some forty countries). Under this plan, he was awarded 74,800 performance shares valued at €1,125,000.

Annual award

	2016	2015	2014
Stock options			
Number of options granted during the year	0	0	0
Value of stock options granted during the year (see Table 4 section 5.4.5.1 for details)	€0	€0	€0
Performance shares			
Number of performance share rights granted during the year	149,600	137,363	0
Value of performance shares granted during the year (see Table 6 of section 5.4.5.2 for details)	€2,250,000	€1,125,000	€0
TOTAL VALUE	€2,250,000	€1,125,000	€0

Vested rights under the plans

No shares vested under the stock option or share award plans in either 2015 or 2016.

Shares held at December 31, 2016

Bertrand Dumazy held 500 Edenred shares at December 31, 2016.

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' salary and annual bonus and payment will be contingent on the achievement of serious, challenging performance conditions. No termination benefits will be payable if, within twelve 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 received or to be received for the last two years during which he served as Chairman and Chief Executive Officer, prior to the date of termination of his duties.

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 3 of the 2016 Registration Document, page 56.

The performance conditions are as follows:

- 5% like-for-like growth in issue 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 ⁽²⁾ (FFO) 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.

(1) Related-party agreement authorized at the Board of Directors' meeting of February 10, 2016 and approved at the Shareholders Meeting of May 4, 2016.

(2) Before non-recurring items.

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, under no circumstances, exceed two years' total gross annual compensation.

In addition, if Bertrand Dumazy is forced to stand down as Chairman and Chief Executive Officer before two full years have elapsed, he will be entitled to receive a settlement, in exchange for his waiving any rights of recourse, in an amount equal to two years' fixed salary plus target bonus.

If he is forced to stand down more than two years but less than three years after his appointment, the reference period used to determine whether the performance conditions referred to above have been met will be reduced to the last two elapsed years.

Unemployment insurance

During 2016, 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 18 months. The total annual cost of the plan for Edenred was €13,231 ⁽¹⁾.

As of January 1, 2017, Bertrand Dumazy is covered under the same insurance plan set up with Association GSC but entitling him to unemployment benefits for a period of 24 months, as stipulated in Association GSC's terms and conditions, which also require a waiting period of one year after taking office before Bertrand Dumazy can benefit from the 24-month coverage. The total annual cost of the plan for Edenred in 2017 will be €31,245 ⁽²⁾.

Death/disability and health insurance ⁽³⁾

The Chairman and Chief Executive Officer is covered by the death/disability and health insurance plan set up for employees, which has been extended to include the Executive Director. Premiums paid by the Company for this extended cover in 2016 amounted to €5,450.

Supplementary Pension Benefits⁽⁴⁾

General supplementary pension plan

A supplementary pension plan has been set up for Group senior executives above certain grades whose compensation meets certain criteria. This plan is comprised of a defined contribution plan ("Article 83") and a defined benefit plan ("Article 39"):

- under the Article 83 defined contribution plan, the Company pays an annual contribution representing up to 5% of five times the annual ceiling for calculating Social Security contributions ⁽⁵⁾;
- under the Article 39 defined benefit plan (16 persons in 2016), the Company is committed to paying an annuity to plan participants when they retire, based on principles that comply with the recommendations contained in the AFEP-MEDEF Corporate Governance Code:
 - to qualify for benefits under this top-hat plan, participants must end their career with the Group, have participated in the plan for at least five years and completed at least fifteen years' service with the Group. The pension payable under the plan is reduced by the amount of the pension payable under the defined contribution plan referred to above,
 - 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 supplemental plan (defined contribution and defined benefit plan) is limited to 30% of the last gross annual remuneration ⁽⁶⁾,
 - 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.

(1) Related-party agreement authorized at the Board of Directors' meeting of September 10, 2015 and approved at the Shareholders Meeting of May 4, 2016.

(2) Related-party agreement authorized at the Board of Directors' meeting of December 15, 2016 to be submitted for approval at the Shareholders Meeting of May 4, 2017.

(3) Related-party agreement authorized at the Board of Directors' meeting of September 10, 2015 and approved at the Shareholders Meeting of May 4, 2016.

(4) Related-party agreement authorized at the Board of Directors' meeting of February 10, 2016 and approved at the Shareholders Meeting of May 4, 2016.

(5) The annual cap for calculating Social Security contributions represented €38,616 in 2016.

(6) Gross annual compensation corresponds to the participant's salary and bonus, excluding any exceptional bonuses.

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 2016, the Board noted that the performance condition had been achieved.

The supplementary pension entitlement is taken into account in determining his overall compensation package.

Summary table of Bertrand Dumazy's compensation**Table 1: Compensation, stock options and performance share rights awarded to the Executive Director (in €)**

Bertrand Dumazy	2016	2015*	2014
Compensation for the year (see Table 2 for details)	2,480,198	804,170	n/a
Value of long-term incentives awarded during the year		0	n/a
Value of stock options granted during the year		0	n/a
Value of performance shares granted during the year (see Table 6 of section 5.4.5.2 for details)	2,250,000	1,125,000	n/a
TOTAL	4,730,198	1,929,170	N/A

* Appointed October 26, 2015.

Table 2: Compensation paid to the Executive Director (in €)

Bertrand Dumazy	2016		2015		2014	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Salary	750,000	750,000	138,470	138,470	n/a	n/a
Annual bonus	1,226,550	165,000	165,000	0	n/a	n/a
Long-term incentive	0	0	0	0	n/a	n/a
Exceptional bonus	500,000	500,000	500,000	500,000	n/a	n/a
Directors' fees	0	0	0	0	n/a	n/a
Benefits-in-kind	3,648*	3,648*	700	700	n/a	n/a
Vacation pay under the employment contract	0	0	0	0	n/a	n/a
TOTAL	2,480,198	1,418,648	804,170	639,170	N/A	N/A

* Company car.

Table 11: Commitments given to the Executive Director

Executive Director	Employment contract		Supplementary pension plan		Compensation or benefit payable in the case of termination or change of office		Non-compete indemnity	
	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 consult the shareholders on these issues at the Shareholders Meeting held on May 4, 2017.

5.4.3 COMPENSATION AWARDED TO BERTRAND DUMAZY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, IN 2017

At its February 22, 2017 meeting, the Board of Directors decided to maintain Bertrand Dumazy's compensation at its current level, based on the recommendation of the Compensation and Appointments Committee.

Bertrand Dumazy's gross annual salary in 2017 in his capacity as Chairman and Chief Executive Officer will be €750,000.

At the same meeting, the Board also defined the criteria for determining his bonus, which is capped at a certain percentage of salary. The bonus awarded to Bertrand Dumazy, Chairman and Chief Executive Officer, in 2017 may range from 0% to 120% of his salary, and may be increased to a maximum of 180% of salary if certain targets are outperformed, *i.e.*:

- a bonus of up to 65% of salary based on financial targets, of which:
 - 50% based on EBIT, which may be increased to 80% of salary in the event of outperformance as approved by the Board of Directors, and
 - 15% based on earnings per share, which may be increased to 25% of salary in the event of outperformance as approved by the Board of Directors;

- a bonus of up to 30% of salary based on three operational targets related to the Group's strategy, each representing 10% of salary, the targets being the Group's transformation rate, expense management solutions issue volume and sales of meal and food vouchers *via* digital channels and distance selling; in the event of outperformance, as approved by the Board of Directors, the bonus based on these targets may reach 50% of salary;
- a bonus of up to 25% of salary based on managerial targets related to the Group's strategy, such as implementation of the Fast Forward strategic plan, particularly in the expense management and corporate payment businesses.

At its meeting of February 22, 2017, the Board decided to maintain the other components of compensation and benefits including an award valued at €1,125,000 under the long-term incentive plan that may be set up for beneficiaries designated by the Board, the unemployment insurance plan, supplementary pension plans, death & disability and health insurance and a company car.

In accordance with the provisions of Article L.225-37-2 of the French Commercial Code, payment of these components of compensation and benefits to the Executive Director will be subject to approval at the Shareholders Meeting held to approve the financial statements for the year ended December 31, 2017.

5.4.4 DIRECTORS' FEES

The Shareholders Meeting of May 10, 2010 set the total annual fees payable to directors at €500,000. This amount is allocated by the Board of Directors among its members based on the recommendation of the Compensation and Appointments Committee.

At its meeting of February 22, 2017, the Board decided to recommend an increase in the total amount of Directors' fees to €590,000 at the Shareholders Meeting of May 4, 2017. The increase is justified by (i) the Board's desire to attract new Directors and (ii) the legal requirement to appoint an employee-representative Director in 2018.

The principles governing the allocation of total directors' fees for 2016 among the members of the Board of Directors, as decided at the Board meeting of February 22, 2017, 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 €10,000; this sum will be increased to €15,000 if the Shareholders Meeting of May 4, 2017 approves the increase in the total amount of directors' fees;
- all Board members receive a flat fee of €1,527 on average per meeting, plus a fee of €1,866 for each meeting attended during the year (including by videoconference);
- the Chairmen of the specialized Board Committees each receive a flat fee of €5,000; this sum will be increased to €7,500 if the Shareholders Meeting of May 4, 2017 approves the increase in the total amount of directors' fees;
- all members of specialized Board Committees receive a flat fee of €2,915 on average per meeting plus a fee of €3,562 per meeting attended during the year (including by videoconference).

Table 3: Directors' fees and other compensation paid to Non-Executive Directors

Board of Directors (in €)	Fees paid in 2017 in respect of 2016	Fees paid in 2016 in respect of 2015	Fees paid in 2015 in respect of 2014
Jean-Paul Bailly	59,488	61,599	52,706
Anne Bouverot	46,440	36,556	48,424
Philippe Citerne	92,188	85,576	97,174
Sylvia Coutinho ⁽¹⁾	16,964	-	-
Gabriele Galateri di Genola	37,703	53,279	60,812
Maëlle Gavet	21,884	23,369	17,382
Françoise Gri	50,634	57,833	48,424
Jean-Romain Lhomme	53,438	40,333	44,467
Bertrand Meheut	31,667	32,120	33,284
Nadra Moussalem ⁽²⁾⁽³⁾	56,933	63,785	61,341
Roberto Oliveira de Lima ⁽⁴⁾	-	5,115	34,639
TOTAL	467,338	459,565	498,654

(1) Appointed to the Board on March 23, 2016.

(2) The fees shown in the table are paid to Colony Capital.

(3) No directors' fees were paid to Nadra Moussalem for the period August 1 to October 25, 2015.

(4) Resigned from the Board on May 18, 2015.

As the total directors' fees were not allocated in full, the Board decided, at its meeting of February 22, 2017, 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.



CORPORATE GOVERNANCE

5.4 Executive Director's compensation, directors' and employees' interests

5.4.5 DIRECTORS' AND EMPLOYEES' INTERESTS

5.4.5.1 Stock option plans

Details of stock option plans

Pursuant to the authorization given by the Shareholders Meeting of May 10, 2010, the Board of Directors' meetings of 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.

Table 8: Details of stock option plans currently in progress

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, 2016	21,000	144,900	2,784,749
Cumulative number of options canceled or forfeited	12,000	10,350	426,750
Options outstanding at the year-end	370,800	495,050	1,024,001
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.

2016

No stock options were granted to Group employees or Executive Directors in 2016. The Board of Directors was not granted any authorizations by the Shareholders Meeting for the issue of stock options.

In 2016, 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**Table 4: Stock options granted during the year to the Executive Director by Edenred SA or any other Group company**

None.

Table 5: Stock options exercised during the year by the Executive Director

None.

Employees other than the Executive Director**Table 9: 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	
	100,234	13.69
Options exercised during the year by the ten employees other than the Executive Director who exercised the largest number of options (aggregate information)	None	19.03
	14,100	18.81
TOTAL	114,334	

5.4.5.2 Performance share plans**Details of performance share plans**

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



CORPORATE GOVERNANCE

5.4 Executive Director's compensation, directors' and employees' interests

Table 10: Details of performance share plans currently in progress

INFORMATION ABOUT PERFORMANCE SHARES

	2017 Plan	2016 Plan	2015 Plan (Chairman & CEO)	2015 Plan	2014 Plan	2013 Plan	2012 Plan	2011 Plan
Grant date	March 8, 2017 ⁽¹⁾	May 4, 2016	Dec. 9, 2015	Feb. 20, 2015 ⁽²⁾	Feb. 17, 2014 ⁽³⁾	Feb. 18, 2013 ⁽⁴⁾	Feb. 27, 2012 ⁽⁵⁾	Mar. 11, 2011 ⁽⁶⁾
Total number of performance shares awarded, of which shares awarded to:	794,985	990,080	137,363	800,000	824,000	845,900	867,575	805,025
Jacques Stern ⁽⁷⁾				64,000	66,000	50,000	38,500	42,000
Bertrand Dumazy	61,355	149,600	137,363					
Vesting date ⁽⁸⁾	March 9, 2020	May 5, 2019	Dec. 10, 2018	Feb. 21, 2018 or Feb. 21, 2020	Feb. 18, 2017 or Feb. 18, 2019	Feb. 19, 2016 or Feb. 19, 2018	Feb. 28, 2015 or Feb. 28, 2017	Mar. 12, 2014 or Mar. 12, 2016
End of lock-up period ⁽⁹⁾	-	-	Dec. 10, 2020	Feb. 21, 2020	Feb. 18, 2019	Feb. 19, 2018	Feb. 27, 2017	Mar. 11, 2016
Performance conditions	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR** vs. SBF 120 TSR	Like-for-like growth in issue volume and funds from operations* (FFO)	Like-for-like growth in issue volume and funds from operations* (FFO)
Number of vested shares at Dec. 31, 2016	0	0	0	0	600	211,940	259,716	747,313
Cumulative number of canceled and forfeited performance shares	0	12,800	0	167,084	176,175	251,990	81,061	57,712
Performance shares outstanding at Dec. 31, 2016	794,985	977,280	137,363	632,916	647,225	381,970	526,798	0
TOTAL	794,985	990,080	137,363	800,000	824,000	845,900	867,575	805,025

* Before non-recurring items.

** Total shareholder return.

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

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

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

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

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

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

(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 a 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.

2016

The Shareholders Meeting of May 24, 2013 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 any resulting share issues will be deducted from the total maximum amount provided for in the second paragraph of the 13th resolution of the Shareholders Meeting of May 15, 2012 or, if applicable, the total maximum amount set in any new resolution to the same effect adopted while this authorization is in force. In addition, the number of performance share rights awarded in a single year may not exceed 1% of the capital.

Pursuant to this authorization, no more than 8% of the performance share rights may be granted to the Executive Director and no more than 25% may be granted to the members of the Executive Committee.

The plan period is five years. Performance share rights awarded to French tax residents are subject to a three-year vesting period followed by a two-year lock-up period and rights awarded to residents of other countries are subject to a five-year vesting period with no lock-up period.

Under the performance share plan set up in February 2013 pursuant to this authorization, 800,000 performance share rights were awarded to 457 grantees in some forty countries (Executive Directors, members of the Executive Committee, senior executives), representing 0.35% dilution.

The Shareholders Meeting of April 30, 2015 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 any resulting share issues will be deducted from the total maximum amount provided for in the second paragraph of the 17th resolution of the Shareholders Meeting of May 13, 2014 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 0.06% of the total number of performance shares awarded in the fiscal year.

Pursuant to the authorization given by the Shareholders Meeting of April 30, 2015, the Board of Directors set up a performance share plan for the new Chairman and Chief Executive Officer in December 2015 and made an award of 137,363 performance shares, representing 0.05% dilution.

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 22nd resolution of the Shareholders Meeting of May 4, 2016 or, if applicable, the total maximum amount set in any new resolution to the same effect adopted while this authorization is in force.

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

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

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

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

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



CORPORATE GOVERNANCE

5.4 Executive Director's compensation, directors' and employees' interests

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 issue volume growth over three years

Like-for-like issue volume growth of less than 8%	0%
Like-for-like issue volume growth of 8-9%	75%
Like-for-like issue volume growth of 9-10%	100%
Like-for-like issue volume growth of 10-12%	125%
Like-for-like issue volume growth of 12% or more	150%

Like-for-like growth in FFO ⁽¹⁾ over three years

Like-for-like growth in FFO of less than 8%	0%
Like-for-like growth in FFO of 8-10%	75%
Like-for-like growth in FFO of 10-12%	100%
Like-for-like growth in FFO of 12-14%	125%
Like-for-like growth in FFO of 14% or more	150%

Edenred's TSR ⁽²⁾ compared with that of SBF 120 companies (by sextiles)

1 st sextile (101 to 120)	0%
2 nd sextile (81 to 100)	50%
3 rd sextile (61 to 80)	75%
4 th sextile (41 to 60)	100%
5 th sextile (21 to 40)	125%
6 th sextile (1 to 20)	150%

(1) Funds from operations before non-recurring items.

(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 the year's actual performance against the targets at the meeting held to approve the annual financial statements, after consulting the Compensation and Appointments Committee. In 2016, the TSR criterion was not fulfilled.

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 29th resolution, Bertrand Dumazy was awarded 149,600 performance shares by decision of the Board of Directors on May 4, 2016 and 61,355 performance shares by decision of the Board of Directors on February 23, 2017.

Table 6: Performance share rights granted to the Executive Director

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 shares 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	2016 Plan (no. 8) Date: May 4, 2016	149,600	2,250,000	May 5, 2019	May 5, 2019	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR vs. SBF120 TSR
	2017 Plan (no. 9) Date: March 8, 2017	61,355	1,125,000	March 9, 2020	March 9, 2020	Like-for-like growth in issue volume and funds from operations* (FFO) and Edenred TSR vs. SBF120 TSR
TOTAL		210,955	3,375,000			

* Before non-recurring items.

(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 shares 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.

Table 7: Performance share rights available to the Executive Director

None.

Table 7 bis: Performance share rights acquired by the Executive Director

None.

Employees other than Executive Directors

Table 9 bis: Performance shares 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 shares granted in 2016 to the ten employees other than the Executive Directors who received the largest number of performance shares (aggregate information)	257,000	3,864,278
Performance shares that vested during the year for the ten employees other than the Executive Directors who received the largest number of vested shares during the year (aggregate information)	142,350	2,638,071

5.4.5.3 Directors' dealings in the Company's shares

Table: Summary of transactions in the Company's shares

Schedule of transactions involving shares of the Company carried out during the past fiscal year, within the meaning of 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 €)
Gilles Coccoli <i>Member of the Executive Committee</i>	March 4, 2016	Exercise of stock options	1,500	20,535
	March 4, 2016	Sale of shares	1,500	26,550
	April 18, 2016	Exercise of stock options	5,000	68,450
	April 18, 2016	Sale of shares	5,000	93,784
	June 15, 2016	Purchase of shares	916	13,868
	July 25, 2016	Exercise of stock options	5,000	68,450
	July 25, 2016	Sale of shares	5,000	103,400
	July 25, 2016	Sale of shares	916	18,718
	September 19, 2016	Exercise of stock options	5,000	68,450
	September 19, 2016	Sale of shares	5,000	102,150
	September 22, 2016	Exercise of stock options	5,000	68,450
	September 22, 2016	Sale of shares	5,000	105,000
	October 19, 2016	Exercise of stock options	5,000	68,450
	October 19, 2016	Sale of shares	5,000	110,000
Philippe Dufour <i>Member of the Executive Committee</i>	March 18, 2016	Exercise of stock options	6,928	94,844
	June 15, 2016	Purchase of shares	1,138	17,229
Arnaud Erulin <i>Member of the Executive Committee</i>	June 15, 2016	Purchase of shares	559	8,463
Philippe Relland-Bernard <i>Member of the Executive Committee</i>	February 17, 2016	Sale of shares	2,450	37,142
	April 18, 2016	Sale of shares	3,675	68,593
Graziella Gavezotti <i>Member of the Executive Committee</i>	March 22, 2016	Sale of shares	17,500	296,537
	October 21, 2016	Sale of shares	15,000	328,899

5.4.6 STATUTORY AND DISCRETIONARY PROFIT-SHARING PLANS

Information about statutory and discretionary profit-sharing plans is provided in section 4 "Corporate Social Responsibility", page 70, part 4.1.2.2 Employee motivation, e) Providing fair compensation and benefits.