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Edenred

Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

Statutory auditors' report on related party agreements and commitments

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SA au capital de 1.723.040

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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Commissaire aux Comptes
Membre de la compagnie
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Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

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, 2017, 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

■ Agreements and commitments authorized during the year ended December 31, 2017

We hereby inform you that we have not been notified of any agreements or commitments authorized during the year ended December 31, 2017 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 authorized after closing

We have been notified of the following related party agreements and commitments which received prior authorization from your board of directors after closing.

Renewal of these agreements or commitments, all of them made to Mr. Bertrand Dumazy, has been authorized by your board of directors met on February 19, 2018, within the framework of the mandate renewal as chief executive officer, in accordance with Article L. 225-42-1 of the French Commercial Code (*Code de commerce*). They will be submit for approval by the shareholders during the shareholders' meeting on May 3, 2017, subject to the approval of the same shareholder meeting of the resolution related to the renewal of Mr. Bertrand Dumazy directorship.

The terms and conditions for these agreements and commitments are equal to the ones that have been approved by the shareholders' meetings held on May 4, 2016 and May 4, 2017, excepted for the commitment related to the allocation of compensation for termination of duties for chief officer director, which has been modified in the wording of the indemnity calculation methods, on proposal of the remunerations and appointments committee.

Reasons justifying why the Company benefits from this commitment

Your board of directors gave the following reasons:

Initially, the conclusion of the four commitments made by the company at the benefit of the Mr. Bertrand Dumazy and presented hereafter was part of the selection process of the new chief officer director, which took place following the resignation of his predecessor. The board of directors held on September 10, 2015, on the recommendation of the remunerations and appointments committee, made the choice to propose an attractive remuneration, in line with the remuneration of the former chief officer director. This remuneration included, in excess of the fixed and variable remunerations, various benefits which had made possible the selection of a talented and motivated executive director.

The board of directors held on February 19, 2018 considered it was in the company interest to replicate the commitments taken to the benefit of Mr. Bertrand Dumazy since his taken office.

a) Subscription to the GSC Association of private unemployment insurance for Mr. Bertrand Dumazy

Nature and purpose

On December 15, 2016, the company's board of directors 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 held on September 10, 2015.

Conditions

This modification extends the duration of the eligibility of the compensation payment equal to 70% of contractual income, over a period of 24 months, to the insured person. It is specified that the contributions are totally absorbed by your Company.

b) Allocation of compensation for termination of duties to Mr. Bertrand Dumazy

Nature and purpose

On September 10, 2015, the Company's Board of Directors authorized the signature of a commitment to determine the compensation for termination of Mr. Bertrand Dumazy's duties as a CEO. This commitment was subject to an amendment authorized by the Board of Directors on February 10, 2016.

Considering it was necessary to better support the compensation for termination calculation methods if it should be paid to Mr. Bertrand Dumazy, the board of directors held on February 19, 2018, on a 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 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 a Chief Executive Officer, defined as the sum of:

- the fixed portion of the compensation on an annual basis as a Chief Executive Officer 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 Chief Executive Officer, prior to the date of termination of his duties.

The compensation for termination of duties shall be subject to the fulfillment of performance conditions.

The benefit of this compensation for termination of duties is subjected to the respect of the serious and demanding performance conditions. The criteria chosen by the board 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:

1. increase by 5% (on a like-for-like basis) of the issue volume as compared to the previous year;
2. increase by 2% (on a like-for-like basis) of operating revenue as compared to the previous year;
3. increase by 5% (on a like-for-like basis) of Funds from Operations as compared to the previous year;
4. 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 fulfillment 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 a Chief Executive Officer 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 CEO, closed before the date of the duties termination.

c) Extension to the CEO of the health insurance plan applicable to employees of the Company

Nature and purpose

On September 10, 2015, the board of directors authorized the extension to the chief executive officer of the health insurance plan applicable to employees.

Terms and conditions:

The Company's health insurance plan comprises two collective contracts concluded with Uniprévoyance for healthcare and death and disability insurance and long-term care coverage.

d) Participation of the CEO in the new supplementary pension plans in force in the Company

Nature and purpose

On September 10, 2015, the Board of Directors authorized this commitment to enable the Chief Executive Officer to participate in the supplementary pension plans set up within the Company (defined contribution and defined benefit plans), under the same conditions as certain senior executives of the Company.

Terms and 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 contribution plan (Article 83) consists of a payment of an annual fee by the Company which amounts to 5% of five Social Security annual ceilings;
- 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, the Chairman and CEO 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, some of the performance conditions used to determine his variable compensation. Hence, the CEO shall receive 100% of the annual annuity under Article 39, if he fulfils at least 60% of the objectives defined to determine his annual variable compensation; should Mr. Bertrand Dumazy not fulfil 60% of the objectives defined to determine his annual variable compensation, the Company shall not make any payments under Article 39 for the given year. The annuity paid by this plan shall therefore be reduced by the 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.

In event of departure from the group before the liquidation of the pension under the general plan, the participant loses the rights from the defined benefit plan and retains only those relating to the defined contribution plan.

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.

Agreements and commitments previously approved by the Annual General Meeting

In accordance with Article R.225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2017.

With Mr. Bertrand Dumazy, CEO

As indicated in the first part of this report, Mr. Bertrand Dumazy, CEO, benefit from various commitments taken by the company on its behalf and which resulted in execution during the first semester 2017.

1. Subscription to the GSC Association of private unemployment insurance for Mr. Bertrand Dumazy

In 2017, your company paid an amount of € 31.245, which corresponds to all contributions supported by the company, as part of this unemployment insurance.

2. Extension to the CEO of the health insurance plan applicable to employees of the Company

In 2017, your company paid an amount of € 5.537 as part of two group insurance contracts for health insurance.

3. Participation of the CEO in the new supplementary pension plans in force in the Company

In 2017, your company paid an amount of € 17.456 as part of the pension plan (article 83).

Neuilly-sur-Seine and Paris-La Défense, 12 mars 2018

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Patrick E. SUISSA

Philippe DIU