Registration document

Including the annual financial report

Elis, the pan-European and South American multi-service leader in the rental, laundry and maintenance of flat linen, workwear and hygiene and well-being appliances.

Elis's business model consists of **renting** rather than selling goods. It therefore supports cost control, **guaranteed quality control** and **an active environmentally responsible approach**. This circular model is the sign of an **industrial know-how** provided to Group customers so that they can focus on their core business.

Present in Europe and Latin America, Elis provides multi-service offerings to almost **400,000 customers of varying sizes** in Hospitality, Healthcare, Industry, and Trade and Services.

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Message from the Chairman of the Supervisory Board and Interview with the Chairman of the Management Board

Thierry Morin
Chairman of the Supervisory Board

For Elis, 2017 has been a year of transformation and acceleration.

Transformation, because with the acquisition of Berendsen, finalized in September, the Group has gone to a new level. This transaction doubled Elis's size in terms of revenue and the number of countries in which it operates, and turned it into a genuine pan-European and South American leader in the rental, laundry and maintenance of textiles and hygiene appliances, with strong, profitable positions in most of our markets.

And acceleration, because in addition to the acquisition of Berendsen, Elis also strengthened its positions in several key markets. The finalization of our acquisitions of Lavebras and Bardusch's Brazilian subsidiary consolidated our position as the undisputed leader in Latin America's main market. Similarly, in Spain, Elis became the leading player after completing the integration of Indusal.

Elis has therefore reached an important milestone in its history. Now present in 28 countries, with close to 70% of revenue generated outside France versus 30% three years ago, the Group has more geographical diversity than ever and excellent positioning in almost all of the markets in which it operates. Elis has also strengthened its shareholder structure and financial position through a capital increase and successful debt restructuring, attesting to the confidence shared by both investors and the market in the Group's strategy.

The latest acquisitions resulted in an outstanding financial performance, in a challenging environment in several key markets. Revenue rose by 46.4% to more than €2.2 billion, and net income from ordinary operations was up by more than 50% to €163.2 million.

Elis shareholders cannot fail to be delighted with this performance, which boosted the share price by 43% in 2017. The Group will be proposing a dividend for the year just ended of €0.37 per share, the same as for the previous year.

These figures illustrate the strength of the Elis's model and the appropriateness of our strategy. Year after year, Elis continues on its trajectory of growth and innovation, achieved through a combination of organic growth, thanks to a multi-service model that has gained the loyalty of close to 400,000 customers, and acquisitions – more than 50 since 2010, all successfully integrated.

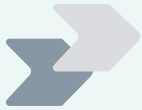
Elis's rental and maintenance model has allowed it from the very beginning to establish long-term relationships with each of its customers and expand its services accordingly. From its initial focus on a flat-linen service, Elis has gradually diversified into workwear, sanitary hygiene and well-being, and most recently, pest control services. In today's world of digital transformation, Elis's Innovations Department is introducing new solutions and services, from connected objects that monitor product availability, to augmented reality that allows customers to visualize Elis products in real-life situations at their premises, to services for private individuals to simplify their daily lives, such as concierge services for dropping off and collecting laundry.

Environmental responsibility is also at the heart of Elis's business. Its rental offer is based on a product-service system and promotes product durability. By encouraging the repair, reuse and recycling of its products, Elis is able to combine economic growth with environmental performance.

After a highly eventful 2017, Elis's teams are all fully engaged in completing the integration of its acquisitions and continuing to pursue its profitable growth strategy. With strong footholds in its key markets, Elis is now positioned to consolidate its leadership position and assert itself as a value creator for its shareholders.

Thierry Morin

Chairman of the Supervisory Board



Xavier Martiré

Chairman of the Management Board

WHAT IS YOUR ASSESSMENT OF 2017?

In 2017, Elis began a new chapter in its history. The acquisition of Berendsen marked a milestone in our growth strategy, doubling our size and giving us greater geographical diversity and excellent positioning in the majority of our markets. That transaction created a pan-European and South American leader in textile, hygiene and facility services. More broadly, we actively pursued our consolidation strategy with the integration of Indusal in Spain and Lavebras in Brazil, while strengthening the geographical diversity of our operations. In 2015, France accounted for 70% of Elis's revenue. Now that figure is 30%.

These major achievements are reflected in our financial results: in 2017, revenue was up by more than 46% to €2,215 million. While this strong performance was partly the result of sustained external growth, it was also driven by solid organic growth, which was up by 2.4% despite strong comparatives and challenging market conditions in some European countries. Net income from ordinary operations was up by approximately 50% for the second consecutive year, while margins were higher in all of Elis's historical geographical regions.

WHAT'S HAPPENING WITH THE INTEGRATION OF ELIS'S RECENT ACQUISITIONS?

The integration of Indusal in Spain and Lavebras in Brazil, whose acquisitions were finalized at the end of 2016 and mid-2017, are proceeding according to our expectations and timeline, and we are on track to achieve the synergies and higher margins we set for both companies for 2019.

With regard to Berendsen, that integration process began in September. The new organization, announced in November and strengthening the effectiveness of the Group as a whole, has been very well received. Berendsen has strong, profitable positions in a number of markets. As for the countries where – as expected – we identified areas for improvement, we have already started taking aggressive action. This has been the case in the United Kingdom in particular, where we have changed the scale of the investment plan and are in the process of making operational, industrial and logistical adjustments. We have a solid team in place, tasked with tackling these projects, and we expect to see to an improvement in the country's margin as early as 2018. Thanks to all the measures we are implementing, we now anticipate cost synergies of at least €80 million by 2020, which is double what we had forecast in June 2017. Potential revenue synergies will be added to this amount starting in 2019. We are confident that our expertise in integration will make the Berendsen acquisition a success.

AFTER MORE THAN 50 ACQUISITIONS IN LESS THAN 10 YEARS AND THE TRANSFORMATIVE ACQUISITION OF BERENDSEN, ARE YOU GOING TO TAKE A BREAK FROM YOUR EXTERNAL GROWTH?

Although Elis is better positioned than ever to generate organic growth in all our markets, it's not necessarily the end of the Group's external growth. In recent years Elis has demonstrated solid know-how in terms of successful acquisitions and value creation for shareholders, not to mention strong financial discipline. This year we are going to continue our acquisition strategy, targeting countries where we are already present. For example, in early February we announced the acquisition of BW Textilservice, a family business based in the Stuttgart region that is dedicated entirely to the healthcare sector.

WHAT IS THE OUTLOOK FOR 2018?

In 2018, we are looking to cross the threshold of €3.2 billion in revenue. We expect our presence in high-growth markets to drive the Group's organic growth revenue in 2018 to levels close to those of 2017, even though we are working on the assumption that there will be no upturn in business in France. We are aiming for an EBITDA margin of around 31.5% for 2018 and an EBIT margin of around 14.5%. In short, we will continue to pursue profitable growth in 2018.

Xavier Martiré

Chairman of the Management Board

A LOOK AT ELIS

Locations

Leadership positions in Europe and Latin America.

A presence
in 28 countries
on 2 continents

France
€1,009.0 M
in revenue

Europe
(excl. France)
€964.7 M
in revenue

Other
€20.0 M

Latin
America
€221.2 M
in revenue

More information in **chapter 1,** p.23 and following

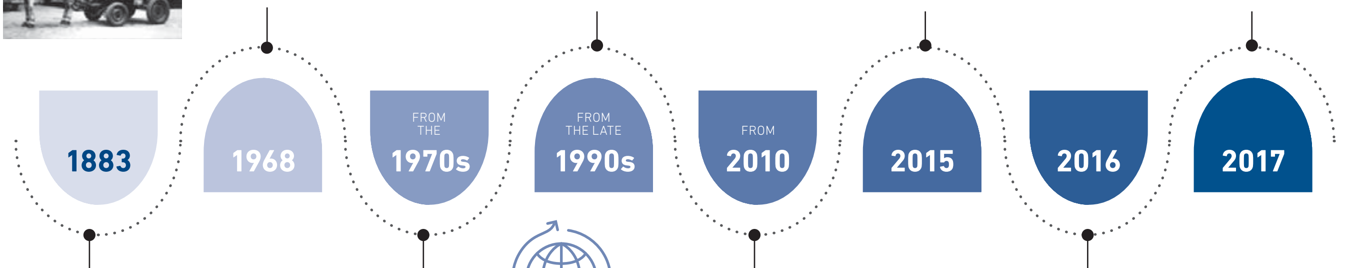
Almost **400,000** customers

More than **440** service and production centers

45,000 employees

A presence in **28 countries** on 2 continents

Over a century of expertise



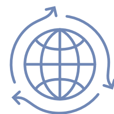
1883 – Origins

Birth of Elis with the establishment of Les Grandes Blanchisseries de Pantin by the Leducq family.

1968 – Creation of Elis

Less than a century after it was founded, the Group overhauls its organization and pools all its operations within a single Group under the name of "Elis", an abbreviation of Europe Linge Service.

From the 1970s – European expansion



In 1973, the Group acquires Belgian company Hadès and then moves into Spain.

This is followed by Portugal, the United Kingdom and Germany between 1987 and 1990, Switzerland in 1992, Luxembourg in 1994, Italy in 1999, and the Czech Republic in 2001.

From the late 1990s – Diversification of services

In the late 1990s, the Group began to diversify its activities. In 1999, it moves into the rental and maintenance of water coolers and coffee machines and in 2001, Elis becomes the European leader in Ultra-Clean services following the acquisition of the cleaning and disinfecting company Société de Nettoyage et de Désinfection d'Ivry.

In 2013, Elis establishes itself on the pest control market with its "Pest Control" offer that addresses the needs of individual trades.

From 2010 – Further internationalization

Elis continues its internationalization in Switzerland by purchasing Lavotel. The Group made six other targeted acquisitions on the Swiss market between 2010 and 2013. In Brazil, the Group acquires Atmosfera in February 2014, the leading group operating in the country's industrial laundry segment, then continues its development in that country through other acquisitions.

Elis further boosts its presence in Latin America by acquiring Chilean leader Albia in 2015 and SIL in Colombia the following year.

2015 – Stock market listing

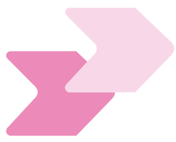
Elis is listed on the Euronext regulated stock market in Paris in February 2015.

2016 – Elis enters the BtoC market

Elis announces its acquisition of On My Way, a Swiss startup offering innovative laundry solutions for individual customers.

2017 – Elis continues its international expansion

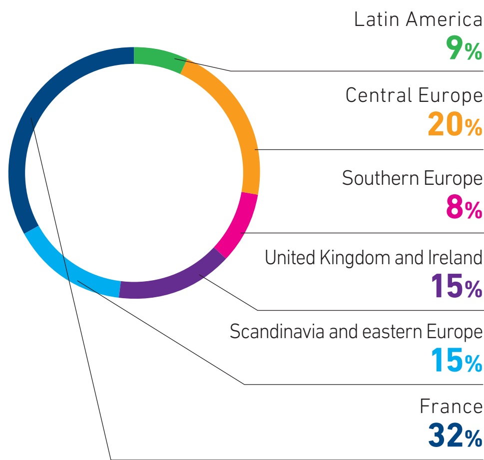
Elis finalizes the acquisition of Lavebras in Brazil and acquires Berendsen in Europe to become a pan-European leader.



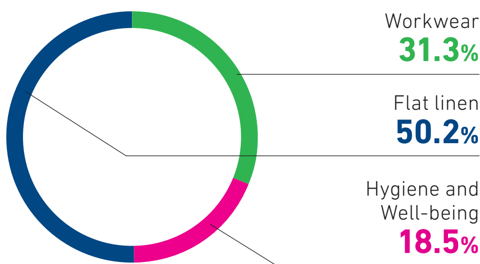
FINANCIAL INFORMATION
AND HIGHLIGHTS OF 2017

2017 revenue : €2,214.9 million

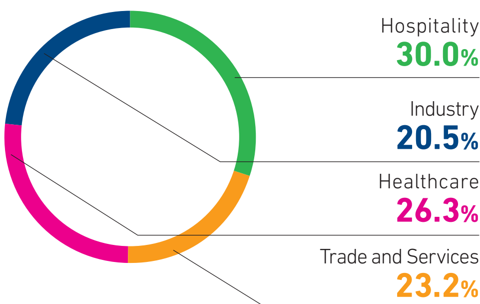
Revenue by geographical region (*)



Revenue by service line

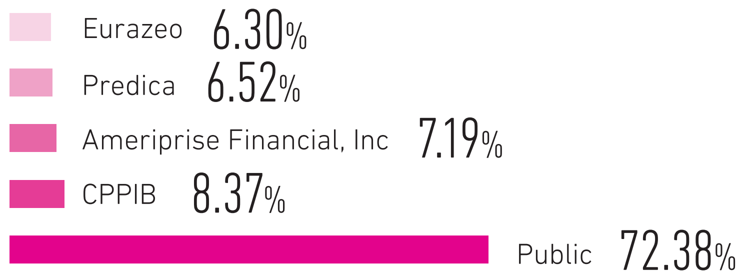


Revenue by customer market



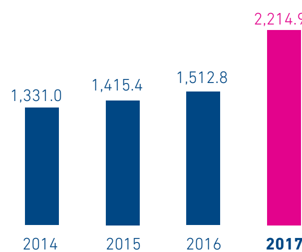
(*) Proforma for the full-year effect of acquisitions made in 2017.

Shareholding structure as at 12/31/2017

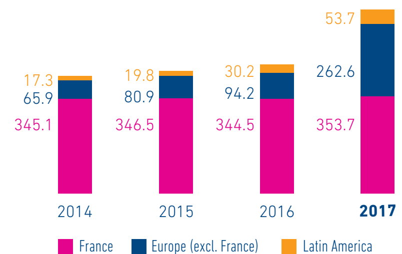


Change

Revenue (in € millions)



EBITDA by geographical region (in € millions)



Financial indicators are defined in chapter 5, section 5.2.2 of the Registration Document and in the notes to the consolidated financial statements in section 6.1.7 of chapter 6 of the registration document.

2017 free cash flow

€42.6 million

2017 EBIT

€298.6 million

2017 net income (loss) from ordinary operations

€163.2 million

2017 net capital expenditure

€478.2 million

More information in **chapter 5,** p.181 and following

2017 Highlights

Elis-Berendsen merger

On September 12, 2017 Elis finalized the acquisition of Berendsen, a European company specializing in textile, hygiene and protection services. The transaction marked a milestone in Elis's growth strategy and created a pan-European leader combining Berendsen's competitive position in northern Europe with Elis' strong foothold in the rest of Europe as well as in some high-growth emerging markets.

As a result, the Group now benefits from broad geographical diversity and strong positioning in the majority of regions where it operates, particularly France, the United Kingdom, Germany, Sweden, Brazil, Denmark, Spain, Portugal, the Netherlands, Switzerland and Norway. In Germany, the merger resulted in greater national presence, with a total of more than 30 industrial sites and a wider product and services offer.

Opening of a new plant in Aix-les-Bains

Elis's new plant in Aix-les-Bains began operating in September 2017. This new industrial center will process flat linen and workwear for all industry sectors. Eventually its processing capacity will be 250 tons of laundry and 70,000 items of workwear.

The plant has approximately 150 workers.

New acquisitions in France and Germany

In France, Elis finalized the acquisition of Blanchisserie Blésoise, a company established in 1920 with laundry operations in Blois. Its main customers are the healthcare and HORECA sectors in the Centre-Val de Loire and Paris regions. This acquisition has boosted Elis's geographical coverage in those regions and expanded its customer portfolio, particularly in the healthcare market, which is undergoing structural growth.

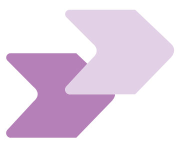
In May 2017 Elis finalized the acquisition of MTR in Germany. This has allowed Elis to continue to expand its network in that region and optimize volume distribution between the region's production centers.

Brazilian market

Operations in	Sites
17 states	43

Continued expansion in Latin America

In Brazil, the Group continued its expansion strategy, finalizing its acquisition of Lavebras (which ranked second in Brazil after Elis and was established in 17 Brazilian states) in May 2017. This was followed in July 2017 by the acquisition of Bardusch Arrendamentos Texteis Ltda, the Brazilian subsidiary of Bardusch, which has three production sites. That acquisition strengthened Elis's offer in the workwear segment.



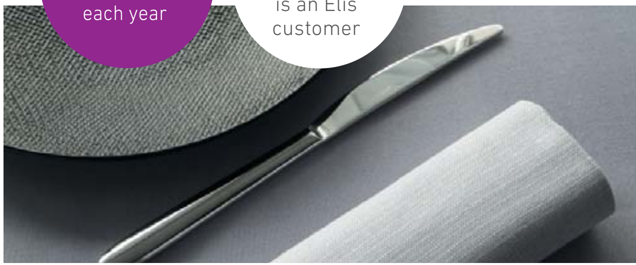
ONE APPROACH
MULTI-SERVICE AND CUSTOMIZED

Elis's businesses

Flat linen:
restaurant, kitchen and hotel linen

More than **1 billion** items delivered each year

Almost **1 in 2 luxury hotels** in France is an Elis customer

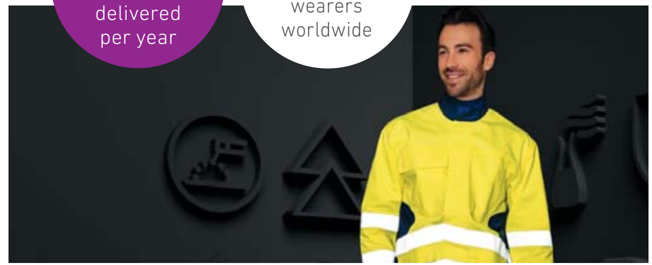


Elis is a long-standing partner of the Healthcare and Hospitality sectors, gearing its expertise toward meeting their needs. Its industrial processes guarantee impeccable hygiene and cleanliness, while its control over logistics and the commitment of its teams mean that customers are assured of uninterrupted service. A broad product array allows Elis to meet the specific needs of each sector. For example, it has developed ranges of high-quality products that comply with hospitality customers' stringent requirements.
In the healthcare sector, specialist teams help customers develop protocols for use as well as provide assistance with certification.

Workwear:
workwear and PPE

More than **315 million** clothing items delivered per year

More than **3.8 million** wearers worldwide



Elis works closely with its customers, from identifying their needs to maintaining and replacing workwear. Its catalog contains a wide choice of standard workwear and personal protective equipment tailored to the customer's image and combining safety and style for wearers. Its in-house design studio, test laboratory, in-depth knowledge of regulations and standards, and mastery of industrial cleaning processes provide Elis with the expertise to offer workwear suited to all industry segments.
For maximum responsiveness, Elis has a European platform that stocks 1.5 million garments (including 25,000 customized garments per day). In addition, each customer has a dedicated contact.

More than **2.6 million** hygiene appliances worldwide

Washroom hygiene:
hand hygiene, toilet hygiene, feminine hygiene, perfume diffusers

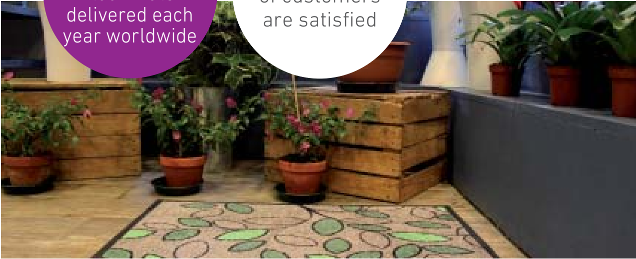
Elis's Hygiene services guarantee absolute hygiene and well-being for both employees and customers. Elis offers a full range of appliances that are both stylish and modern. They come with high-quality consumables that meet prevailing standards in the most rigorous industry sectors and are environmentally friendly (57 eco-friendly products). Elis guarantees efficient, uninterrupted service, with appliances installed by specialist technicians, consumables replaced by a dedicated service agent, and regular deliveries.

More information in **chapter 1,** p.23 and following

Floor protection

More than **13 million** floor mats delivered each year worldwide

91.6%* of customers are satisfied



To enhance reception areas, Elis offers a floor protection service. Customers can choose from any number of floor mats to keep their spaces clean. Fibers are deep-cleaned through regular industrial cleaning processes without any loss to their absorption properties. Customers can also customize their mats through Elis's free online customization service.

** Fidelis 2016.*

Cleanrooms

More than **1 million** items of cleanroom clothing delivered per week

29 plants worldwide

An expert in cleanrooms, Elis has a large catalog of innovative products (clothing, textile articles, and additional items such as eyewear, socks and slip-on shoes) that are laboratory-tested and then certified for an optimal number of cycles.
The wide range of cleanroom clothing, designed to limit the risk of contamination from the environment and optimize worker comfort, can be customized to the activity in question. Elis's recognized know-how and network of almost 30 plants guarantee smooth and continuous supply. Services are monitored in real time using a tracking solution that allows for inventory adjustment and action to be taken where necessary.

Beverages

More than **2.4 million** bottles delivered per year

More than **120,000** dispensers in Europe and Latin America

Elis has a beverage distribution service offering a wide range of drinking fountains and a comprehensive tea and coffee solution. Dispensers are installed by specialist technicians and then maintained to ensure no loss in quality. Thanks to a partnership forged some years ago with Malongo, a major French coffee roaster, Elis now offers a selection of high-quality coffees, including the Max Havelaar fair trade and organic farming labels.

Pest Control

More than **19,500 customers**

More than **215,000 bait stations** laid per year in Europe

Elis has offered a range of pest control services (eradication of rodents and insects, disinfection services and additional services such as pigeon removal and range hood degreasing) since 2013. Preventative protection solutions tailored to individual needs and curative treatments in the case of infestation ensure optimal protection of premises. The service is carried out by qualified technicians, with all on-site visits trackable.

ICW*

More than **15,000** containers in Europe

Elis offers a comprehensive solution for collecting and disposing of ICW, from assisting with waste treatment and collection to disposing of waste in compliance with the Public Health Code.

** Infectious clinical waste – classified as UN 3291.*

Clinical solutions

More than **12.8 million** sterile packets distributed

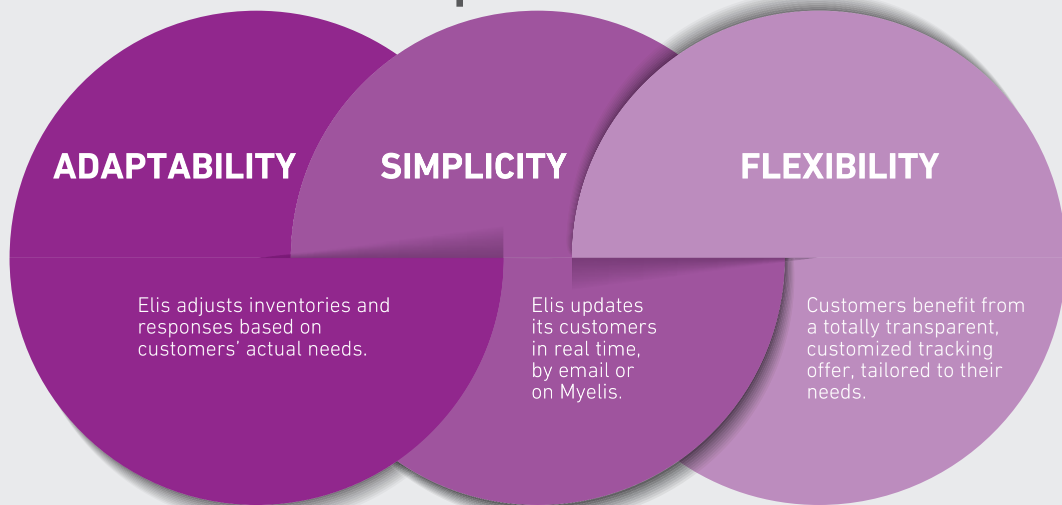
Sterilization

More than **1.2 million** instruments decontaminated and sterilized

To support its customers on a daily basis and address their needs ever more effectively, Elis has launched Elis Connect, which allows them to track all of their services in real time!

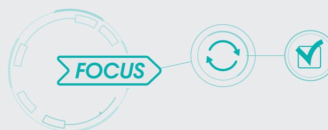
The goal is to give customers whatever they need, when they need it, and in total transparency. This means providing customers with access to online tools to track and manage services (time-stamped visits; proof of visit, delivery, service, consumption, etc.). Elis Connect is another reflection of the quality of the Company's services and strengthens its relationship of trust with its customers.

3 pillars



3 offers

With **Elis Connect Access**, customers can track Elis's service in real time. It operates like a paperless delivery note, in that it shows the time of the Field Agent's visit as well as quantities delivered and/or exchanged on site.



With **Elis Connect Focus**, customers are given full details about Elis's services for each product supplied (e.g. hygiene appliances and baits). They can review services and observations at any time following a visit by a Field Agent.

With **Elis Connect Vision**, customers are provided with information in real time by equipment installed at their premises. Thanks to Elis, customers now have a deeper insight into their transactions.

Elis Connect is already available for Pest Control, Washroom, and Workwear services, and will soon be available for Flooring and Beverages.

More information in **chapter 1,** p.23 and following

FOCUS
Innovation

The Innovation Department, created in 2015, has a team dedicated to researching innovative solutions for customers.

It is tasked with:

- creating new services and optimizing existing ones;
- modernizing all levels of the company, creating new services or optimizing existing ones in order to grow the business.

FOCUS
Customer Experience

"Customer culture" is a core part of Elis's DNA. In fact, customer satisfaction is the driving force of all our employees, who are committed to maintaining it on a daily basis.

Since 2009 and the launch of Satisfelis, Elis has invested in numerous projects and action plans related to customer satisfaction, reflecting its importance to the Company's success.

86.6% of our customers recommend Elis*

The goal of the Customer Experience Department is to continue to improve customer satisfaction, thus underpinning the Group's three main commitments to its customers:

- **personal contact and listening;**
- **simplicity and efficiency;**
- **reliability under all circumstances.**

To engage all employees in a collective effort to achieve this goal, Elis has adopted the rallying cry:

#ELIS POWER

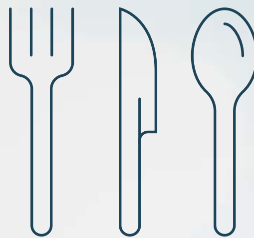
"We have the power, both individually and together, to offer a unique Customer Experience!"

** 2017 – Satisfelis survey.*

Elis customers

Elis makes daily deliveries to almost 400,000 customers in its four structural segments: Hospitality, Healthcare, Industry, and Trade & Services.
Elis's sales force is also structured in the same manner so that it can provide solutions tailored to the specific needs of each customer.

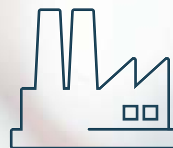
REVENUE BREAKDOWN BY END MARKET – 2017



30%
HOSPITALITY

23.2%
TRADE AND SERVICES

26.3%
HEALTHCARE



20.5%
INDUSTRY

INDUSTRY AND TRADE & SERVICES (ITS)

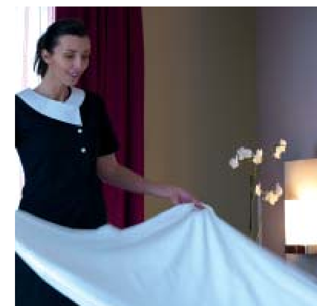
From local retailers and artisans to major food groups and industrial multinationals, the ICS segment is organized into centers of expertise to cover the specific needs of each customer.

- **Industry** segment: Elis provides its customers, whose key concern is worker protection, with expertise in the relevant safety standards as well as industrial know-how. Its comprehensive personal protective equipment offer of customizable and laboratory-tested workwear designed by its own in-house design studio means that customers can enhance their image while ensuring employee comfort. Elis supports its customers each step of the way, from developing specifications to managing and constantly improving services and controlling budgets;
- the **Food Network** segment, which includes supermarkets and contract catering. Elis's high level of service is tailored to meet the needs of a large number of wearers and very high turnover. It has extensive workwear collections, designed in its in-house studio, that customers can customize or even design themselves. The result is workwear that both enhances the customer's image and is comfortable for workers;
- the **Non-Food Network** segment (including the tertiary sector). Customers in this market often have many sites scattered around the country and few wearers at each point of delivery. Elis offers the highest level of service whatever the business or number of wearers. Its comprehensive range of linen, and hygiene and well-being items is designed to address all needs, while its production and logistics teams ensure timely, reliable and uninterrupted deliveries.

HOSPITALITY

For hotels and restaurants, linen management is a major concern requiring stringent control over hygiene and quality.

Elis's number-one commitment to its customers is guaranteeing the secure supply of items (restaurant and kitchen linen, bed linen, bathroom towels, bath robes, etc.) that have been rigorously selected to suit the customer's needs. This high-quality, turnkey service enhances the image of these establishments, whether they are neighborhood restaurants or five-star hotels. In addition, Elis's industrial know-how and proven logistics mean that it has the flexibility to adapt to any line of business.

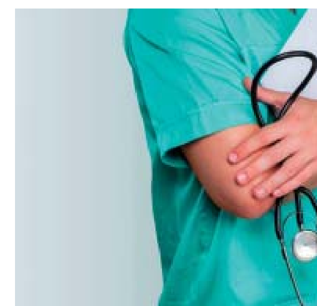


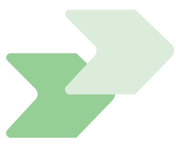
HEALTHCARE

From hospitals and clinics to nursing home and rehabilitation centers, healthcare needs vary widely.

As an agile and market-oriented partner, Elis offers customized solutions that meet all current laundry, hygiene and well-being regulations.

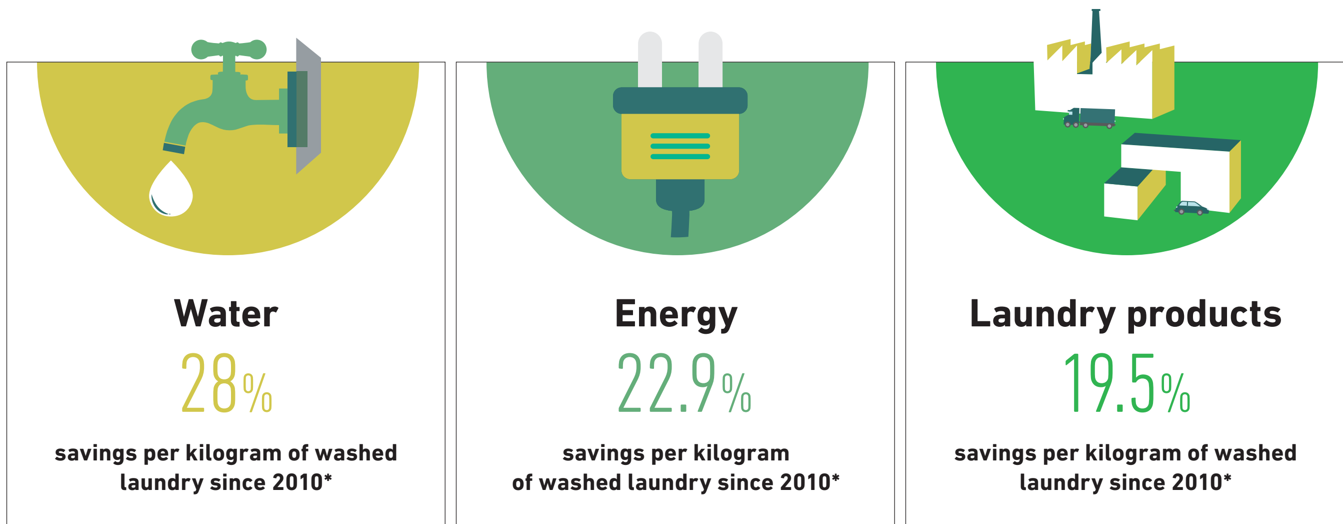
It has experts in each business line who are dedicated to optimizing the economic performance of each establishment (audit of logistics solutions, assistance with certification of linen circuits, advice on optimizing the linen function, team training, etc.). As a leading player in the sector, Elis helps develop customized protocols, handles laundry processing and management, and assists customers with certification applications and improvement plans if necessary.





A SUSTAINABLE POLICY TO ENSURE SUCCESS

Optimizing the use of water, energy and laundry products



Water

28%

savings per kilogram of washed laundry since 2010*

Energy

22.9%

savings per kilogram of washed laundry since 2010*

Laundry products

19.5%

savings per kilogram of washed laundry since 2010*

** France.*

Toward energy efficiency

ISO 50001 is a reflection of Elis's operational excellence: 56 sites certified!

Elis is committed to limiting its environmental impact by reducing its greenhouse gas emissions and making better use of natural resources. To this end, it is proud of the ISO 50001 certification it has been awarded for its energy management system. Its efforts in energy efficiency underpin the Group's resolve to strengthen its leadership position and involve all stakeholders, from designers to equipment buyers to facility operators, in the quest for optimal energy consumption.

More information in **chapter 3,** p.89 and following

SUPPLIERS

Build relationships that are stable and lasting

Support

Respect of the fundamental rights of people at work

TRADE AND SERVICES

Design products that last

Guarantee high levels of quality

Offer products with the highest social and environmental performance levels

LOGISTICS

Reduce use of fuel

Streamline load rates

Limit distance travelled

LAUNDRY/MAINTENANCE

Adjust laundry product doses

Use water and energy sparingly

Control industrial emissions

END OF LIFE

Recover all recyclable materials

Reduce waste at the source

Repair equipment

EMPLOYEES

Provide comfort and safety to our employees

Encourage change in a commitment to progress

Respect and of our employees the Ethics Charter

Appreciation for work and share in the results

A more sustainable economic model

- Strengthen and develop activity through a product-service system
- Innovate to develop alternatives to disposable solutions
- Raise customer awareness of the environmental benefits of the rental and maintenance model

A reduced environmental footprint

- Reduce the use of natural resources
- Control plants' industrial emissions
- Increase recovery rates of end-of-life products
- Optimize logistics flows

High quality, responsible offering

- Promote fair trade
- Work on the eco-design of products

Be a vector of personal development for employees

- Ensure the well-being of employees
- Allow employees to grow both personally and professionally
- Promote equal opportunity

2017 Highlights

Social dialogue

In 2017 in France, Elis implemented the agreements signed in 2016, including those relating to the prevention of occupational stress, professional gender equality, quality of life in the workplace, and job and skills planning. The main purpose of this collective bargaining in France in 2017 was to raise the salaries of non-executive workers and revise social welfare provisions for executives.

Deployment of the employer brand

The Group's Communications and HR teams have worked together to develop a new social media communications strategy aimed at highlighting the jobs available within the Group, increasing the applicant pool, uniting employees and strengthening internal cohesion.

As a result, Elis is present on the following social media: Facebook and Twitter to communicate quickly and release the latest news, LinkedIn and Viadeo for recruitment ads and to present career opportunities, YouTube to promote internal initiatives, JobTeaser to reach a specific audience consisting of students and young graduates, and Monster, primarily to attract sales profiles. The Group uses its new HR identity for social media communication – a visual that includes employee headshots and the tagline "You are Elis".

Career management

In 2017 Elis introduced Talentsoft, a tool for managing careers in France and aimed at senior and middle management. The tool provides employees with a dedicated online personal space that they can use throughout the year to express and update what they are seeking in terms of career progression and geographical location. This in turn gives senior managers and HR heads precise information as to the most suitable career path for that employee, taking into account their personal plans and profile.

Environment: ambitious objectives, continued improvement

Elis continues to improve its environmental performance to help preserve the natural resources that are essential to its business. In France, Elis's objective is to improve use ratios for water, thermal energy and laundry products by 2020 by 25% compared to those in 2010. Since 2016, Elis has already achieved its objective with regard to water and will continue to pursue its progress policy.

Fairness of practices / Purchasing policy

Elis expects each of its suppliers to commit to ethical and responsible trade practices and, to this end, appends a Sustainable and Ethical Purchasing Charter to all supplier contracts. This Charter is accompanied by a periodic auditing policy for suppliers, such as the SA 8000, ISO 14001 and equivalents, or a CSR audit by an accredited.

Training

147,000

hours of professional training (worldwide), **60,700 of them in France**

Social dialogue

51

agreements signed in France

30

employee engagement surveys conducted in France and Portugal

More information in **chapter 3,** p.89 and following

A Group that invests in acquiring and managing its talent

Elis maintains a high level of recruitment, from shop floor workers to senior management, making the Group a major local employer.

The two- to five-week induction experience organized for all new supervisory / managerial staff is an opportunity to facilitate their entry into the company, help them to set up an internal network and find out about the Group's corporate Philosophy and businesses.

Several training tracks offer rich and varied career growth opportunities to the most motivated and deserving employees. There is the Proficiency School for operators seeking to become first line managers, an in-house training program (Filière d'Excellence Disco or "FED") for field agents ready to become sales development managers, and international exchanges for young engineers in Spain, Portugal and Brazil.

Essential HR

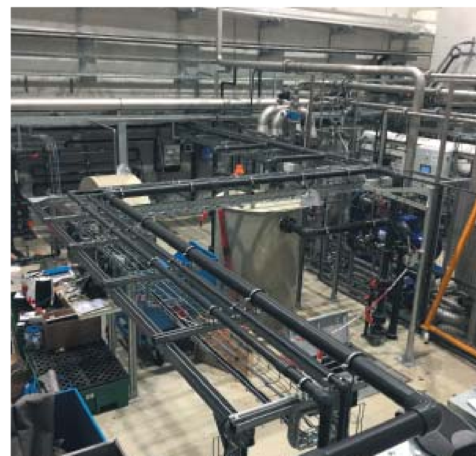
As part of the ongoing implementation and enhancement of the Group's risk management and internal control system, a human resource self-assessment was begun in 2016 in all HR departments of operating centers in France. Under this self-assessment, HR managers and assistants were asked to appraise the level of internal control through key checks deemed essential for the proper exercise of their activities in order to identify areas for improvement and implement corrective actions. The result of this self-assessment was reported at regional meetings in 2016, which provided the opportunity to share good practices and launch the required action plans.

Progress has been measured since 2017. The self-assessment questionnaires are reviewed annually by the head of the Risk Management and Internal Audit Department and the head of the Human Resources Department during their visits to the centers, and help improve operating efficiency and management.

STARTUP OF THE NEW ELIS PLANT IN AIX-LES-BAINS

Elis France begins recycling its industrial wastewater on a large scale

The new Aix-les-Bains plant, which began operating in September 2017, recycles some of its industrial wastewater. This wastewater is passed through a highly efficient water treatment plant and a portion of the treated water is then reused as process water. It is another step forward in water recycling for Elis France!



More information in **chapter 4**, p.125 and following

GOVERNANCE

Executive Committee

The Executive Committee is currently composed of 11 members:

1 - Xavier Martiré
Chairman of the Management Board

2 - Louis Guyot
Management Board member, Chief Financial Officer

3 - Matthieu Lecharny
Management Board member, Chief Operating Officer

4 - François Blanc
Transformation and IT Director

5 - Didier Lachaud
Human Resources Director and CSR Director

6 - Andreas Schneider
Chief Operating Officer

7 - Frédéric Deletombe
Engineering, Purchasing and Supply Chain Director

8 - Yann Michel
Chief Operating Officer

9 - Erik Verstappen
Chief Operating Officer

10 - Caroline Roche
Marketing and Innovation Director

11 - Alain Bonin
Chief Operating Officer

Supervisory Board at March 6, 2018

5 Independent Members

5 Women

1 - Thierry Morin
Chairman and independent member of the Supervisory Board / Member of the Audit Committee / Member of the Appointments and Compensation Committee

2 - Marc Frappier
Vice Chairman of the Supervisory Board / Member of the Appointments and Compensation Committee

3 - Joy Verlé
Member of the Supervisory Board

4 - Magali Chessé
Member of the Supervisory Board / Member of the Audit Committee

5 - Florence Noblot
Independent member of the Supervisory Board / Chairman of the Appointments and Compensation Committee

6 - Agnès Pannier-Runacher
Independent member of the Supervisory Board / Chairman of the Audit Committee

7 - Maxime De Bentzmann
Member of the Supervisory Board

8 - Philippe Delleur
Independent member of the Supervisory Board

9 - Anne-Laure Commault
Independent member of the Supervisory Board

The Supervisory Board is composed of nine members:

2017

REGISTRATION DOCUMENT

Including the annual financial report

This registration document was filed with the Financial Markets Authority (AMF) in accordance with Article 212-13 of its General Regulation on April 11, 2018 under number R. 18-012. This document may not be used to support a financial transaction unless it is supplemented by a transaction note approved by the AMF. This document was prepared by the issuer and is the responsibility of its signatories.

It was registered in accordance with the provisions of Article L. 621.8.1-I of the Monetary and Financial Code after the AMF had verified that "the document is complete and understandable, and the information that it contains is consistent". It does not imply authentication by the AMF of the accounting and financial information presented therein.

Pursuant to Article 28 of (EC) Regulation No. 809/2004 of the European Commission, the following information is included in this registration document by reference:

- the consolidated financial statements of the Elis Group relating to the 2015 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2015 registration document, available on the Company's website (www.corporate-elis.com);
- the consolidated financial statements of the Elis Group relating to the 2016 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2016 registration document, available on the Company's website (www.corporate-elis.com).

Copies of this registration document are available free of charge at Elis's registered office at 5, boulevard Louis Loucheur, 92210 Saint-Cloud (France), on the Company's website (www.corporate-elis.com) and on the AMF's website (www.amf-france.org).

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GENERAL REMARKS

In this registration document, unless otherwise stated, the term "**Company**" and "**Elis**" refers to Elis, a joint-stock corporation (*société anonyme*) headquar tered at 5, boulevard Louis Loucheur, 92210 Saint-Cloud (France), and registered with the Nanterre trade and companies register under number 499 668 440. The term "**Group**" refers to the Company and its consolidated subsidiaries combined

ROUNDING

Certain figures (including figures expressed in thousands or millions) and percentages in this registration document have been rounded. As a result, the sum of the rounded amounts may present immaterial differences compared to the total reported amounts.

Annual financial information is identified by an AFR symbol.

Elis is a leading pan-European and South American multi-service group in the rental, laundry and maintenance of textile products and hygiene and well-being appliances. The Group serves close to 400,000 customers of all sizes in the Hospitality, Healthcare, Industry, Trade and Service sectors.

Presentation of the Group and its activities

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1.1 ELIS BERENDSEN: CREATION OF A LEADER

The merger of Berendsen and Elis created a pan-European and South American leader in the rental, laundry and maintenance of textile and hygiene products, combining Berendsen's competitive position in northern Europe with Elis's strengths in the rest of Europe and a number of high-growth emerging markets:

- together, Elis and Berendsen generate revenue in excess of €3 billion and EBITDA of €1 billion, with over 440 sites and operations in 28 countries;
- the Group is geographically diversified and well-positioned in the majority of regions in which it operates, including France, the UK, Germany, Sweden, Brazil, Denmark, Spain, Portugal, Belgium, the Netherlands, Switzerland and Norway; and
- in Germany, the transaction has resulted in a stronger regional footprint with combined revenue of approximately €340 million, over 30 industrial sites and an enhanced product offering.

From a strategic and financial perspective, the new Group is in an ideal position to create value for its shareholders, by continuing to pursue the four pillars of its strategic plan: (i) consolidating the Group's positions through organic growth and acquisitions in both new and existing markets and services; (ii) developing its activities in Latin America; (iii) continuing to improve the Group's operational excellence; and (iv) innovation in products and services (see section 1.6 of this chapter).

1.1.1 A VALUE-CREATING MERGER

The merger of Elis and Berendsen took place on September 12, 2017. The integration is under way, confirming the strategy announced at the time of the transaction:

Creating a European and South American leader

The merger of Berendsen and Elis created a pan-European and South American leader in the rental, laundry and maintenance of textile and hygiene products, combining Berendsen's competitive position in Northern Europe with Elis's strengths in the rest of Europe and a number of high-growth emerging markets. In 2018, the combined Group is expected to generate revenue in excess of €3.2 billion and EBITDA of €1 billion, with over 440 sites and operations in 28 countries.

The combined Group is geographically diversified and very well placed in the majority of regions in which it operates, including France, the UK, Germany, Sweden, Brazil, Denmark, Spain, the Netherlands, Switzerland and Norway.

Leading positions in growth markets

Through the merger of Elis and Berendsen, the new Group is in leading positions in most national markets in which it operates.

Moreover, these markets are highly dynamic:

- in Latin America, with customers rapidly opening up to outsourcing and a clear economic rebound after several years of recession;
- in southern Europe, with customers rapidly opening up to outsourcing and a clear economic rebound after several years of recession;
- in northern and central Europe, with outsourcing continuing to grow at a strong pace, in particular for workwear, due to regulations and increasingly stringent customer requirements.

Geographic complementarity and good diversification

The new Group has operations in 28 countries, nine of which generate over €100 million in revenue. None of these countries will account for more than one third of total revenue, with France now accounting for around 30%, and the UK for 15%.

Strengthening and rebalancing operations in Germany

In Germany, the merger of Elis and Berendsen has consolidated the regional footprint, with combined revenue of around €340 million from 34 industrial sites. In Germany, the Group thus boasts good geographical coverage and is in a good position to continue to consolidate the market.

The Elis-Berendsen merger has also provided the Group with a strong position in workwear, and strengthened its leadership in the healthcare sector.

Major value-creating synergies

The Group estimates that cash synergies from the merger will amount to €80 million by 2020, i.e., €60 million in cost synergies and €20 million in Capex synergies. There will also be additional revenue synergies, the amount of which has not been communicated.

Moreover, the Group deems that it can de-program half of the industrial growth projects proposed by the former management of Berendsen, thus reducing Berendsen's total Capex program by one third (approximately €170 million).

An organic and external growth platform

From a strategic and financial perspective, the combined group is well-positioned to pursue organic growth and further acquisitions across new and existing services and markets and thus deliver enhanced value to shareholders.

1.1.2 MAJOR STAGES OF THE MERGER WITH BERENDSEN

On April 28, 2017, Elis made a written cash and share proposal in private to Berendsen to acquire each Berendsen share for a combination of £4.40 per share in cash and 0.411 new Elis shares (the "Initial Proposal"). At the time, the Initial Proposal valued each Berendsen ordinary share at £11 per share (being a premium of approximately 31% to Berendsen's then trading price).

On May 12, Berendsen's Board of Directors rejected the Initial Proposal and declined to engage in discussions with Elis.

On May 16, 2017, Elis approached Berendsen with a revised cash and share proposal to acquire each Berendsen share for a combination of £4.40 per share in cash and 0.426 new Elis shares ("the Revised Proposal"). On May 15, 2017, the Revised Proposal valued Berendsen at £11.75. Elis's Revised Proposal was rejected by the Berendsen Board on the same day without any discussion. Consequently, Elis decided it was necessary for it to make public the Revised Proposal so that it could be considered by Berendsen's shareholders.

On May 18, 2017, Elis published an announcement in accordance with Rule 2.4 (the "2.4 Announcement") of the City Code on Takeovers and Mergers (the "City Code"), describing the terms and conditions of the Initial Proposal and Revised Proposal.

On the same day, Berendsen published an announcement concerning Elis's proposal, wherein the Berendsen Board stated that it deemed that Elis's proposal still significantly under-valued Berendsen and its prospects, and that it refused to engage in any discussions with Elis.

On June 6, 2017, Elis and Berendsen reached an agreement in principle regarding a possible cash-and-shares proposal that would be recommended unanimously by the Berendsen Board, to acquire each Berendsen share for a combination of £5.40 per share in cash and 0.403 new Elis shares (the "Final Proposal"). The proposal also includes the payment of an interim dividend of £0.11 per Berendsen share, declared and paid by Berendsen in respect of the six months ended June 30, 2017 (the "Interim Dividend"). The Final Proposal is likely to be implemented through an English-law scheme of arrangement in accordance with section 26 of the Companies Act 2006 (the "Scheme of Arrangement" or the "Scheme").

Consequently, on June 7, 2017, Elis and Berendsen published a joint announcement of the Final Proposal, in accordance with Rule 2.4 of the City Code (the "Second 2.4 Announcement").

On June 12, Elis and Berendsen published a joint announcement in accordance with Rule 2.7 of the City Code (the "2.7 Announcement") in which Elis and Berendsen confirmed their agreement regarding the terms of a recommended acquisition by Elis of the entire issued and to be issued share capital of Berendsen, in exchange for the payment of £5.40 in cash and 0.403 new Elis shares, and the payment of the Interim Dividend (hereafter, the "Transaction" or the "Berendsen Acquisition").

On August 31, 2017, Berendsen shareholders gathered for a general meeting and approved the Scheme of Arrangement.

On August 31, 2017, Elis's shareholders also gathered for a general meeting and approved the Elis-Berendsen merger and, in particular, the transactions leading to the Scheme of Arrangement, i.e.:

- the contribution in kind of 172,636,913 Berendsen Plc shares tendered to the Company by the shareholders of Berendsen Plc, excluding the 1,291,621 shares held by the Berendsen Employee Benefit Trust, carried out under the Scheme of Arrangement, the valuation of the contribution, and the capital increase in the nominal amount of €69,052,152 in consideration for the contribution (based on an exchange ratio of 0.403 new Elis share to 1 Berendsen share tendered);
- a capital increase reserved for CPPIB in the nominal amount of €10,131,713 through the issue of 10,131,713 new shares with a par value of €1 each, at the subscription price of €19.74, representing an investment of €200 million.

On September 7, the High Court of England and Wales approved the Scheme of Arrangement, which became effective on

September 12, 2017, in accordance with its terms and the Berendsen shares became the property of Elis on that same date. For each Berendsen share tendered, Berendsen shareholders received £5.4 and 0.403 newly issued Elis share. The capital increase reserved for the Canada Pension Plan Investment Board (CPPIB) became effective on the same date, following CPPIB's subscription, in accordance with the Investment Agreement between the Company and CPPIB (see section 1.14 of this chapter 1 of the registration document).

On September 13, Berendsen's shares were withdrawn from the UK stock exchange.

1.1.3 FINANCING FOR THE BERENDSEN ACQUISITION AND THE COMBINED GROUP

The Berendsen Acquisition, in the total amount of £2.2 billion (€2.4 billion), took place within the framework of a tender offer for cash (for around 43.4% of Berendsen's share capital) and for shares (for around 56.6% of Berendsen's share capital).

Under the agreed Scheme of Arrangement, the Company thus carried out a capital increase in the amount of €69,052,152 through the issue of 69,052,152 new shares with a par value of €1 each, given to Berendsen shareholders in consideration for their contribution. The contribution premium amounted to €1,300,885,293 while the total amount of the issue was €1,369,937,445. As part of the financing of the transaction, the Canada Pension Plan Investment Board (CPPIB) took part in a capital increase reserved for CPPIB in the amount of €200 million (these capital transactions are described in further detail in chapter 8 of this 2017 registration document).

The balance of the acquisition price was financed in the amount of around €1 billion through a 2017 Bridge Term Facility Agreement with BNPP and CACIB, the terms of which are described in further detail in section 1.14 "Major contracts" in this registration document. To this amount was added the refinancing of Berendsen's debt.

The 2017 Bridge Term Facility Agreement was fully refinanced through various transactions in 2017 and in February 2018.

The Group's lines of funding are described in detail in section 1.13 "Financing policy and credit ratings" of this chapter 1.

1.2 HISTORY

1.2.1 HISTORY OF ELIS

1883: ORIGINS

The origins of the Group date back to 1883, when the Leducq family founded Grandes Blanchisseries de Pantin. Within a few years, the Company's horse-drawn carriages were crisscrossing the whole east side of Paris, delivering clean linen to restaurants, luxury hotels, public baths, and laundries for private customers.

1945: THE EARLY YEARS

At the end of the war, Jean Leducq was sent by his father to revive the Rouen plant. Soon after his arrival, the US army placed an order to launder 50 tons of linen per week! The teams were mobilized, and one month later the plant was laundering 80 tons a week. In the 1950s, Elis invented and developed the rental and laundry model.

1968: CREATION OF ELIS

In 1968, almost a century after the creation of the business, Jean Leducq decided to bring all its activities together in a single group. The new structure was named Elis, short for Europe Linge Service (Europe Linen Service).

BEGINNING IN THE 1970S: EUROPEAN EXPANSION

The Group's European expansion began in 1973 with the acquisition of the Belgian company Hadès and the Group's arrival in Spain. These were followed by Portugal, the United Kingdom and Germany between 1987 and 1990, Switzerland in 1992, Luxembourg in 1994, Italy in 1999 and the Czech Republic in 2001. Thus 1973 marks the beginning of a trend of continuous growth which has made Elis the current European leader in its sector.

1991: THE DISNEYLAND PARIS CONTRACT

The Group won one of its most attractive contracts: the laundering of costumes and linen for the entire Disneyland Paris amusement park complex and its hotels, representing more than 6,000 rooms and 10,000 people's clothing. To that end, two new plants were built in Meaux and Saint-Thibault.

1997: FIRST LEVERAGED BUYOUT (LBO)

In 1997, the Group was acquired by BC Partners in a first LBO transaction.

1999: DIVERSIFICATION OF SERVICES

In the late 1990s, the Group began to diversify its activities. Thus, in 1999, the Group's activities were extended to the rental and maintenance of water coolers and espresso machines. In 2001, Elis became the European leader in Ultra-Clean services following the acquisition of the cleaning and disinfecting company SNDI (Société de Nettoyage and de Désinfection d'Ivry).

In 2013, the Elis Group launched a new activity specializing in disinfection and pest control which includes the eradication of insects and rodents, long-term preventive treatment and related one-time services (2D Prevention, extended to 3D Prevention in 2014).

2002-2007: 2nd AND 3rd LBO TRANSACTIONS

In 2002 a second LBO transaction saw PAI Partners replace BC Partners as shareholders; then in 2007 Eurazeo took control of the Group, succeeding PAI Partners.

2010-2013: FURTHER INTERNATIONALIZATION

Elis continued its expansion in Switzerland, notably with the acquisition of Lavotel in 2010. The Group also made another six targeted acquisitions on the Swiss market between 2010 and 2013.

2014: ELIS EXPANDS ITS POSITION IN BRAZIL

Following the creation of a trading company in São Paulo in 2012, Elis consolidated and expanded its presence in Brazil with the February 2014 acquisition of Atmosfera, the leading industrial laundries group in Brazil, then L'Acqua and SC Lavanderia and the assets of Lavtec between May and September 2014.

2015: A NEW DIMENSION

Initial public offering: Elis was listed on the Euronext regulated stock market in Paris on February 11, 2015 and included in the SBF 120 in June 2015.

Continuation of the Group's growth strategy: the Group continued to implement its growth strategy and consolidated its position through further acquisitions in Europe (France, Spain, Germany and Switzerland) and in Latin America (Brazil and the number one player in Chile, Albia).

2016: CONSOLIDATION OF THE SPANISH, GERMAN AND SOUTH AMERICAN MARKETS

The Group continued to implement its strategy of external growth, consolidation and internationalization, carrying out targeted acquisitions in Germany and Switzerland and entering the Colombian market.

In 2016, the Group also carried out a strategic transaction with the acquisition of Indusal in Spain.

2017: A TRANSFORMATIVE TRANSACTION

In May, Elis completed the Lavebras transaction (announced in December 2016), which was followed by the acquisition of the Bardusch plants in Brazil. In addition, the consolidation of the Colombian market is continuing, with Elis in the leading position at the year end.

At the same time, the Group continued to implement its ongoing strategy of small acquisitions at the heart of the networks, mainly in France and Germany.

2017 was the year of the historical merger of Elis and Berendsen – a benchmark operator and the counterpart of Elis in northern Europe. With this merger, the Group has entered a new dimension, by exceeding €3 billion in revenue, doubling its geographic presence and now covering 28 countries with over 45,000 employees, and a stock market capitalization of €5 billion.

1.2.2 HISTORY OF BERENDSEN

1854: DANISH ORIGINS

Sophus Berendsen founded the Group bearing his name in Denmark.

1890: ENGLISH ORIGINS

First Sunlight laundries founded in England.

INITIAL PUBLIC OFFERING

1928: Sunlight is listed on the London Stock Exchange.

1959: Godfrey Davis is listed on the London Stock Exchange.

1973: Sophus Berendsen is listed on the London Stock Exchange.

CONSOLIDATION

1987: Sunlight acquires Davis Service; the new group takes the name of Davis Service Group.

1996: Davis Service Group acquires Spring Grove Services.

2002: Davis Service Group acquires Sophus Berendsen then becomes Berendsen Group in 2011.

EXPANSION IN EUROPE

2007: acquisition of Permaclean Group in Germany, dedicated to cleaning workwear.

2008: opening in the Baltic countries.

2010: opening in the Czech Republic.

2013: opening of cleanroom laundries in Russia.

1.2.3 COMMON HISTORY

The Elis-Berendsen merger became effective on September 12, 2017. This marked the start of a rapid consolidation process, reflected in the announcement of a new internal organization in mid-November, as well as major operating principles.

The details of the organization and consolidation underway were presented to the market on January 30, 2018. This information is available on the Group's website.

1.3 GROUP OPERATION

The Executive Committee is responsible for the Group's general management; it is also involved in defining and implementation the Group's strategy. The Committee is chaired by the Chairman of the Management Board.

The Group's new size following the Berendsen Acquisition and the specific requirements of the various markets and geographical areas have led to the need to organize a new general management structure in order to address the Group's new goals and new challenges.

Thus, in mid-November, the Group set up its new organizational structure, based on five support functions and five regional operating functions.

The operating functions are headed by five Chief Operating Officers on a regional basis as shown in the organizational chart below:

Chairman of the Management Board
Xavier Martiré
18 years with the Group

5 SUPPORT SERVICES

Marketing and Innovation Director
Caroline Roche
2 years with the Group

Chief Financial Officer
Louis Guyot
4 years with the Group

Engineering, Purchasing and Supply Chain Director
Frédéric Deletombe
11 years with the Group

Human Resources and CSR Director
Didier Lachaud
7 years with the Group

Transformation and IT Director
François Blanc
3 years with the Group

5 OPERATING FUNCTIONS

Chief Operating Officer
Matthieu Lecharny
8 years with the Group

Chief Operating Officer
Alain Bonin
29 years with the Group

Chief Operating Officer
Yann Michel
11 years with the Group

Chief Operating Officer
Erik Verstappen
10 years with the Group

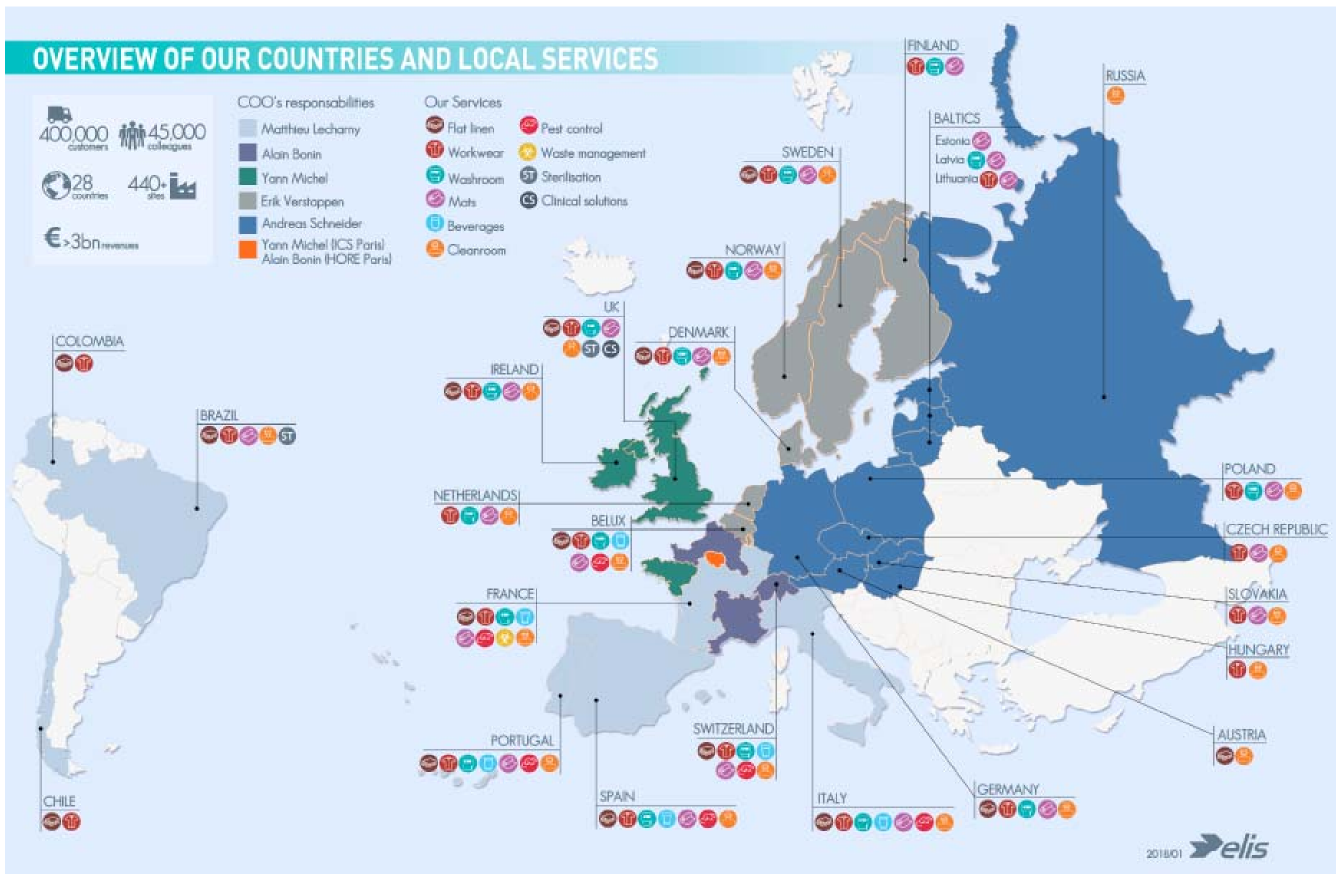
Chief Operating Officer
Andreas Schneider
9 years with the Group

Chairman of the Management Board — *Member of the Management Board* — *Member of the Executive Committee*

A detailed presentation of the members of the Management Board and the Executive Committee is available in chapter 4 "Corporate governance," section 4.1.1 "Governance" of this registration document.

1.4 BUSINESS OVERVIEW

Elis is a leading pan-European and South American multi-service group in the rental, laundry and maintenance of textile products and hygiene and well-being appliances (HWB) across Europe and Latin America. The Group serves nearly 400,000 customers of all sizes, in various professional customer segments: Hospitality, Healthcare, Industry, Trade and Services.



1.4.1 AN INTEGRATED MULTI-SERVICE OFFERING

The Group provides rental, laundry and maintenance services, and runs a manufacturing business.

Rental, laundry and maintenance services

The Group provides the following services:

- **flat linen rental and laundry services:**

  These services consist mainly in the rental and laundry of restaurant linen (i.e., tablecloths, napkins, dish towels, glassware towels, aprons, etc.) and hotel linen (bed sheets, duvets, duvet covers, pillowcases, bathroom towels, terry towels, etc.). Flat linen rental and laundry services generated consolidated revenue of €1.1331 billion for the financial year ended December 31, 2017, accounting for 50.2% of the Group's consolidated rental, laundry and maintenance revenue for the period;

- **workwear rental and laundry services:**

  These services mainly comprise the rental, customization and laundry of various types of workwear, including (i) standard workwear (such as trousers, shirts, uniforms and jackets), (ii) personal protective equipment (PPE) (such as firefighter uniforms, clothes for working with hazardous materials or in extreme temperatures or high-visibility clothing) and (iii) workwear for personnel who work in controlled atmosphere environments (clean rooms), which are mainly used in the pharmaceutical and microelectronics industries ("Ultra-Clean").

  Flat linen rental and laundry services generated consolidated revenue of €653.2 million for the financial year ended December 31, 2017, accounting for 31.3% of the Group's consolidated rental, laundry and maintenance revenue for the period;

- **HWB appliance rental and maintenance services:**

  These consist of the rental, installation and maintenance of hygiene appliances, mainly for toilet hygiene (toilet paper dispensers, disinfectant dispensers, feminine hygiene, etc.), for hand washing and drying (soap dispensers, textile and paper hand-towels and electric hand dryers) and for air freshening, as well as the supply of consumables for all these appliances.

  These services also include the rental, installation and maintenance of water fountains and espresso machines as well as the supply of consumables for these, and the rental, customization and cleaning of dust mats (made of absorbent microfibers). These services have been extended to 3D Prevention which includes the eradication of insects and rodents, disinfection and related one-time services. Berendsen's Clinical Solutions are of this category and cover a range of single-use and multi-use services for the healthcare sector, such as the delivery of sterile surgical kits in blister packs, sterile surgical drapes, and surgical instruments under rental, laundry and maintenance contracts.

  Flat linen rental and laundry services generated consolidated revenue of €386.9 million for the financial year ended December 31, 2017, accounting for 18.5% of the Group's consolidated rental, laundry and maintenance revenue for the period.

OUR SERVICES

We offer a wide range of services to meet our customers' needs.

	Flat linen	Workwear	Hygiene	Beverages	Floor protection	Pest control	ICW	Cleanroom	SC SC	ST Sterilization
New group elis	●	●	●	●	●	●	●	●	●	●
elis	●	●	●	●	●	●	●	●		
BERENDSEN	●	●	●		●			●	●	●

Manufacturing activities

The Group also has a manufacturing business carried out by two entities, Le Jacquard Français and Kennedy Hygiene Products.

Le Jacquard Français, acquired by the Group in 1968, designs and manufactures high-end flat linen and damask linen products. It has a weaving plant in Gérardmer, in the Vosges mountains in eastern France, and its own sales, marketing and distribution departments. Le Jacquard Français mainly sells its products to consumers through third-party distribution networks such as department stores, retailers, private online sales and specialist shops. Le Jacquard Français also has five shops, including two in Paris. Le Jacquard Français exports its products to 50 countries and aims to increase its export sales.

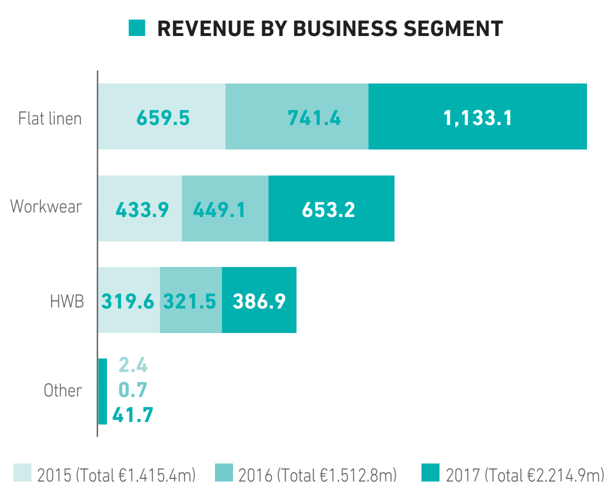
Kennedy Hygiene Products Ltd, acquired in 1987, is one of Europe's leading designers and manufacturers of hygiene appliances, such as cotton and paper towel dispensers, no-touch hand dryers, soap and toilet paper dispensers, feminine hygiene disposal bins and fragrance dispensers. Kennedy Hygiene Products is based in the United Kingdom and exports its products to some 44 countries. Kennedy Hygiene Products has its own sales, marketing, distribution and R&D departments, but also works closely with the Group's marketing team to design products to meet the specific requirements of the Group's customers.

The Group's manufacturing business accounted for less than 1% of its consolidated revenue for the financial year ended December 31, 2017.

* * *

The chart below presents the breakdown of consolidated revenue by business segment over the past three years:

REVENUE BY BUSINESS SEGMENT



1.4.2 AN INTERNATIONAL PRESENCE

The Group provides a broad and integrated range of flat linen, workwear and HWB appliance services to a diversified base of over hundreds of thousand customers, in the regions described below (excluding Manufacturing Entities).

These regions are included in the breakdown of revenue for the seven operating segments: France, UK-Ireland, central Europe, Scandinavia and eastern Europe, southern Europe, Latin America and Other (see section 5.2 of this registration document).

The table below shows the countries in these regions, as well as their origin (Elis or Berendsen). Note that the 2017 financial statements include Berendsen's results for a period of only four months; the 2017 consolidated data below is thus not representative of proforma figures:

	Elis	Berendsen
France	●	
UK and Ireland		●
United Kingdom		●
Ireland		●
Central Europe	●	●
Germany	●	●
Netherlands		●
Switzerland	●	
Poland		●
Belgium	●	
Austria		●
Czech Republic	●	●
Hungary	●	
Slovakia		●
Luxembourg	●	
Scandinavia and eastern Europe		●
Sweden		●
Denmark		●
Norway		●
Finland		●
Latvia		●
Estonia		●
Lithuania		●
Russia		●
Southern Europe	●	
Spain and Andorra	●	
Portugal	●	
Italy	●	
Latin America	●	
Brazil	●	
Chile	●	
Colombia	●	
Manufacturing Entities	●	
France	●	
United Kingdom	●	

France

In France, the Group generated consolidated revenue of €1.009.0 billion for the financial year ended December 31, 2017 (excluding Manufacturing Entities). In France, the Group serves customers in four main end markets: Hospitality, Healthcare, Industry, and Trade and Services (see section 1.5 "Four market segments").

UK and Ireland

In this region, the Group consolidated four months of Berendsen's results and generated consolidated revenue of €152.5 million for the financial year ended December 31, 2017 (excluding Manufacturing Entities). In the UK and Ireland, the Group serves customers in the Hospitality, Healthcare and Industry sectors.

Central Europe

In this region, the Group consolidated four months of Berendsen's results and generated consolidated revenue of €388.8 million for the financial year ended December 31, 2017. In Central Europe, the Group serves customers mainly in the Industry, Healthcare, Trade and Services sectors.

Scandinavia and eastern Europe

In this region, the Group consolidated four months of Berendsen's results and generated consolidated revenue of €164.2 million for the financial year ended December 31, 2017. In Scandinavia and Eastern Europe, In Central Europe, the Group serves customers in all market segments.

Southern Europe

In southern Europe, the Group generated consolidated revenue of €259.1 million for the financial year ended December 31, 2017 (excluding Manufacturing Entities). In southern Europe, the Group serves customers in four main end markets: Hospitality, Healthcare, Industry, and Trade and Services (see section 1.5 "Four market segments").

Latin America

In Latin America, the Group launched its activities in Brazil in December 2012 with the opening of a sales office in São Paulo. Expansion continued with the acquisition of the Atmosfera Group in February 2014. The Group strengthened its presence in Brazil with the acquisition in July 2015 of a laundry in Fortaleza (State of Ceara) on the country's northeastern coast. It established itself in Chile in September 2015 with the acquisition of the country's number one player, Albia, and more recently in Colombia with the acquisition of Servicios Industriales de Lavado SIL in December 2016.

In 2017, Elis acquired the Lavebras group, consolidated for a seven-month period. This has consolidated Elis's position as a major player in Brazil with a market share of over 25% in 2017, in particular with the acquisition of Bardusch Brazil in July. Moreover, the Group continued the consolidation of the Colombian market with two new acquisitions in Bogotá.

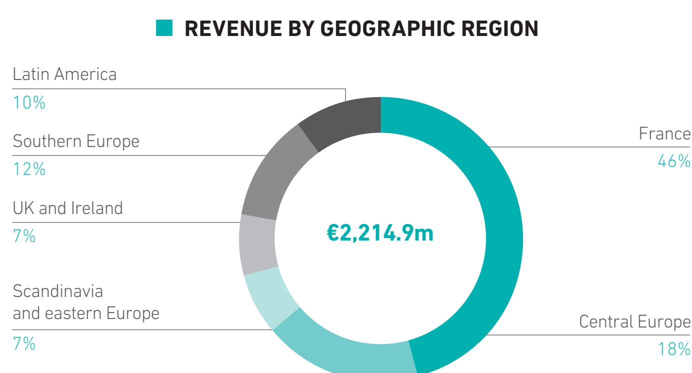
The Group serves customers in Latin America in the Hospitality, Healthcare and Industry sectors. In Latin America, the Group generated consolidated revenue of €221.2 million for the financial year ended December 31, 2017.

Over the past few years the Group has substantially increased the portion of its revenue generated outside France through organic growth and targeted acquisitions; that portion of revenue went from 14% for the financial year ended December 31, 2008 to 54% for the financial year ended December 31, 2017 (excluding Manufacturing Entities). Note that the full impact of the acquisitions will bring this portion to close to 68% (2017 proforma figures for the full-year effect of acquisitions made during the financial year).

* * *

The chart below shows the breakdown of the Group's rental, laundry and maintenance activities by region as a percentage of consolidated revenue for the financial year ended December 31, 2017 (excluding Manufacturing Entities):

REVENUE BY GEOGRAPHIC REGION



1.5 FOUR MARKET SEGMENTS

The Group provides services to customers in the following four market segments: Hospitality, Industry, Trade and Services, and Healthcare.

1.5.1 HOSPITALITY

Customers in the Hospitality market consist of hotels (chains and independents) and restaurants. The Group adapts its services to the size and rating (number of stars) of the hotels and restaurants it serves, both in terms of the quality of the linen provided (i.e., the fabric quality, the size and number of linen items) and the frequency of delivery (daily or weekly). In the largest hotels, the Group has its own on-site laundry supervisors responsible for managing linen in each hotel concerned and coordinating services with one of the Group's processing centers to ensure that all of the hotel's flat linen requirements are met.

The Group provides its customers in the Hospitality end market with its range of linen for bedrooms (bed sheets, duvet covers and pillowcases), restaurants/dining rooms (tablecloths and napkins), kitchens (dish towels and aprons) and bathrooms (towels, bathrobes and bathmats).

The Group recently launched a new range of high-end bathroom linen for rental to major hotel chains and luxury hotels. The Group can also provide these customers with workwear both for their customer-facing employees and for kitchen and housekeeping personnel.

Services offered to customers in this segment, particularly flat linen rental, are seasonal because of the preponderance of hotels and apartment hotels.

To a lesser extent, the Group also rents HWB appliances to some customers in the Hospitality market and supplies them with the necessary consumables. Some Hospitality customers also use the Group's 3D Prevention services.

1.5.2 INDUSTRY

Customers in this sector are mainly in primary industry, manufacturing, construction (machine construction, the oil industry, automotive and aircraft construction, buildings and public works, etc.) and certain clean industries such as high-tech, fine chemicals, pharmaceuticals, agri-food, etc.

The Group offers its customers in the Industry market various types of workwear, namely (i) traditional workwear (trousers, shirts, uniforms and jackets), (ii) personal protective equipment (protective clothing against hazardous substances or extreme temperatures and high-visibility clothing) and (iii) workwear for Ultra-Clean environments.

1.5.3 TRADE AND SERVICES

The Trade and Services customer segment mainly consists of (i) customers in the retail sector (supermarkets and shops) and the services sector (customer-facing services, cleaning companies, independent professionals and head offices) and (ii) government departments and local authorities.

The Group provides its customers in the Trade and Services market with a full range of workwear rental and laundry services (traditional workwear and aprons) and HWB appliance services, such as equipment and consumables for washrooms, water fountains and coffee machines, which use espresso and decaffeinated coffee pods purchased from Malongo, a French coffee supplier. The Group also provides Trade and Services customers with dust mats which they can have customized.

3D Prevention services are also offered to customers in this segment.

Since 2016 the Group has offered certain Swiss customers business concierge services (dry cleaning for private customers).

1.5.4 HEALTHCARE

The Group's customers in the Healthcare end market are mainly public hospitals, private clinics and nursing homes.

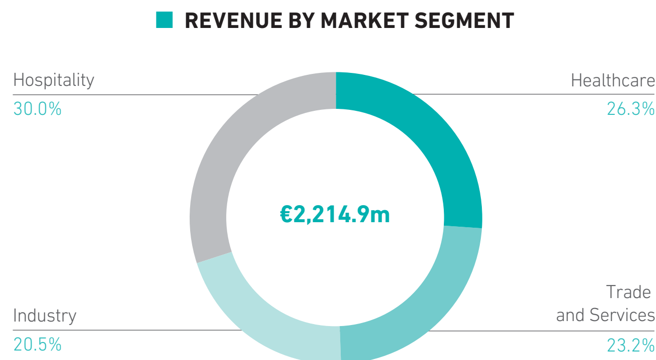
The Group provides its customers with its range of rental, laundry and maintenance services for flat linen and various products used in all types of healthcare facilities. The Group has created a range of duvet covers that meet the medical and sanitary requirements of its Healthcare customers. The Group also provides other services to customers in this market, such as workwear rental and laundry services, rental of HWB appliances and supply of the necessary consumables, and its 3D Prevention services. With Berendsen, the Group also offers a range of specific single-use and multi-use products for hospitals.

In addition, the Group's subsidiary, AD3, offers laundry services for the personal clothing of nursing home residents.

* * *

The following chart shows the breakdown of revenue by market segment as a percentage of consolidated revenue for the financial year ended December 31, 2017:

REVENUE BY MARKET SEGMENT



The table below shows, for each market segment and country in which the Group operates, the types of products and services that the Group provides and that account for at least 10% of its revenue from that market segment or country, based on Group revenue for the financial year ended December 31, 2017:

	Flat linens	Workwear	HWB
France	●	●	●
UK and Ireland			
United Kingdom	●	●	●
Ireland	●	●	●
Central Europe			
Germany	●	●	
Netherlands		●	●
Switzerland	●	●	
Poland		●	●
Belgium		●	●
Austria	●	●	
Czech Republic		●	
Hungary		●	
Slovakia		●	
Luxembourg	●	●	●
Scandinavia and eastern Europe			
Sweden	●	●	●
Denmark	●	●	●
Norway		●	●
Finland	●	●	
Latvia		●	●
Estonia			●
Lithuania			●
Russia		●	
Southern Europe			
Spain and Andorra	●	●	●
Portugal	●	●	●
Italy	●	●	●
Latin America			
Brazil	●	●	
Chile	●	●	
Colombia	●		

1.6 BUSINESS MODEL AND STRATEGY

1.6.1 BUSINESS MODEL

The Group's flat linen, workwear and HWB appliance services offer its customers a cost-effective alternative to owning and maintaining flat linen, workwear and appliances and consumables, by reducing their capital expenditure, improving product and service quality, and enabling them to manage their operations more flexibly and concentrate on their core business.

The Group's business model is therefore based on the strategic deployment of a large number of processing centers and dispatching centers in each geographic market, to maintain close proximity to as many customers as possible and thus respond to and anticipate their needs more quickly and more effectively than the Group's competitors. The Group considers itself as one of the few providers of rental and maintenance services for flat linen, workwear and HWB appliances that has sufficient geographic coverage to serve the entire French market. This enables the Group to provide these services to customers with a national footprint under framework agreements that cover all of their sites.

In providing its rental, laundry and maintenance services to its customers, the Group uses two operating models: an "industrial" model and a "team" model:

- when volumes are significant, the Group applies the "industrial" model, with deliveries made by 12-ton or larger trucks;
- when customers' volumes are lower, the Group applies the "team" model, whereby its services are delivered by Field Agents that are part of teams including a customer service manager, a sales assistant and four or five Field Agents.

Each Field Agent generally completes one round a day, visiting approximately 40 customers, in a van. Each of these vans can be used to deliver all the Group's services and products and thus offer every customer a unique one-stop shop for their usual products or services and for any new products or services a Field Agent may wish to introduce to existing customers. As at December 31, 2017, the Group operated a global fleet of 7,000 vehicles (vans and trucks), used by its Field Agents. In France, the Group estimates that its vans and trucks make some 2,600 rounds a day, thus covering about 2,000,000 kilometers per week.

During the financial year ended December 31, 2017, the Group employed over 45,000 people in 28 countries, spread among 440 processing centers (industrial laundries equipped with industrial-type washing, drying, finishing, folding and wrapping machines and linen mending shops), dispatching centers (logistical centers which may or may not be attached to a particular processing center), and "Ultra-Clean" centers, where Ultra-Clean workwear is serviced (see section 1.11 on property).

Together the Group's processing centers (excluding Berendsen, Indusal and Lavebras) clean and process each week an average of about 11,906 tons of flat linen (peaking at 14,949 tons) and 3,867 million items of workwear (peaking at 4,652 million).

1.6.2 GROUP STRATEGY

Each day, Elis provides multi-service offerings to several hundred thousand customers in various end markets, thanks to its good network coverage and industrial know-how. The Group aims to continue to strengthen its network and its offering so as to continue its growth and increase profitability, which is already one of the highest in the sector.

To reach this goal, the Group's strategy focuses on four strategic pillars:

- consolidating its positions through organic growth and acquisitions;
- launching operations in new countries to turn them into development platforms;
- continuing to improve its operational excellence;
- innovation in products and services.

Berendsen's integration within Elis is a continuation of this strategy (see section 1.1.1 of this registration document).

Consolidating its positions through organic growth and acquisitions

The Group's objective is to continue to grow its business both organically and through acquisitions to consolidate its existing market share and geographic coverage and deploy its expertise in each country in which it operates to become the market leader.

The acquisitions made in Europe and Latin America described below clearly illustrate this strategy:

- in Spain, the Group – which only posted revenue of around €20 million in 2000 – became the number one market player at end-2016 with revenue of over €180 million in 2017. Though the individual acquisitions made between 2007 and 2015, a platform of nearly €90 million was created prior to the acquisition of the number two market player – Indusal – making the Group the number one player in the market. At the same time, the EBITDA margin increased from 17% in 2013 to 26% in 2017;
- in Brazil – where at the beginning of 2014 it had only one sales representative office – in 2014, the Group became the leading player through the acquisition of Atmosfera in February. Since then, the Group has continued its market consolidation efforts through further acquisitions in Brazil, specifically in Belo Horizonte, Ponta-Grossa and Fortaleza, thus strengthening its leading position in a market undergoing major consolidation. Moreover, it has begun to transfer its industrial and sales expertise to its Brazilian subsidiaries to improve the Group's positions and profit margins in this country. In 2017, the Group continued to develop its activities in Brazil with the acquisition of Lavebras in May 2017, and Bardusch in July 2017. These acquisitions were a very important step in the Group's development in Brazil and in Latin America and have consolidated its position as the undisputed leader in Latin America's main market. Like in Spain, this consolidation has enabled the Group to generate revenue of nearly €200 million in 2017, with an EBITDA margin of 25%, versus 20% in 2014;
- in Germany, the Group made close to 10 acquisitions between 2008 and 2016, bringing its revenue to nearly €120 million. Most importantly, the merger of the Elis and Berendsen networks has hoisted the Group into a new dimension, with revenue of around €340 million, 34 sites, and a number three position in the biggest European market.

Following the acquisition of Berendsen Plc, Elis now has a balanced position among the countries of northern and southern Europe; it thus holds the first and second positions in major markets.

Ongoing effort to open up of new markets

In order to extend its geographical footprint – in particular to spread risks, but also to find new growth drivers – the Group constantly strives to open up new markets or expand existing operations.

Ideally, the Group immediately moves into a leading position, as was the case in Brazil and in Chile, and as is the case today with Berendsen, especially in Scandinavia.

Elis has thus become the leader in Chile with the September 2015 acquisition of the country's number one player – Albia – which enjoys a market share of around 25%. The Group operates eight laundries across the country which mainly serve customers in the Healthcare, Hospitality and Industry (mining industry) sectors.

In certain markets, there is no established leader, but an opportunity to consolidate different players in order to eventually become the market leader. Such was the case in Switzerland for example, consolidated mainly through individual acquisitions.

The same is true for Colombia, where Elis acquired Servicios Industriales de Lavado SIL SAS ("SIL") in 2016. SIL operates two laundries in Bogotá and has one of the finest plants in the sector. SIL mainly serves private sector players in the Healthcare end market. In 2017, The Group continued the consolidation of the Colombian market with two acquisitions in Bogotá (Lavanser and Centro de Lavado y aseo).

Continuing to improve the Group's operational excellence

The Group plans to continue improving its operational excellence, by controlling costs, deploying its expertise to all centers, pursuing its projects to increase productivity and taking advantage of the economies of scale made possible by its dense network of processing and dispatching centers. To achieve these goals the Group will leverage its marketing, sales, operational and logistics expertise as well as its large size. The latter, in particular, enables it to order large volumes of textiles and other consumables (such as laundry products) and purchase them at the lowest possible price.

The Group intends to pursue its policy of systematically striving to improve productivity and operational excellence. Its engineering department, composed of some fifty engineers and technicians with an average of five to six years of service with the Group, plays a key role in this respect. This department's mission is to improve the productivity of the Group's processing and dispatching centers and the allocation of resources throughout the Group. To do so, the Group's engineering department is implementing new projects and best practices disseminated in the Group's processing and dispatching centers. The Group also applies this strategy to the integration of newly-acquired entities and has, moreover, taken other steps to increase productivity and cut costs, for example by reducing its consumption of water (by reusing hotel linen laundry water to wash restaurant linen), of laundry products and of energy (by systematically using steam traps, for example), and also by optimizing washing programs to extend the service life of its flat linen and workwear.

The Group's contracts with suppliers are generally relatively short-term (one year) and are not automatically renewed. This enables the Group to respond swiftly to changes in textile and other commodity prices. The Group sources its flat linen mainly in Pakistan, India, Bangladesh and Cambodia, as well as in western Europe, northern Europe, Turkey and Egypt.

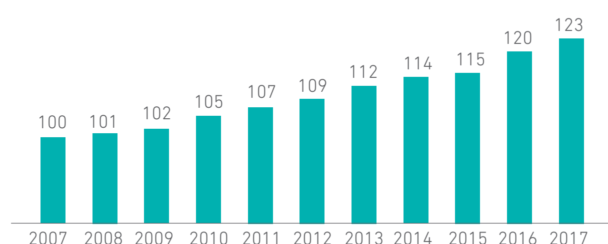
The workwear is mainly purchased in Asia (Bangladesh, Laos, Philippines, Cambodia and Vietnam), in The Indian Ocean (Madagascar), and in Morocco, Tunisia and Bulgaria. In addition, the Group makes local purchases in the countries where Elis operates. The Group is also examining opportunities of sourcing workwear in central Africa. The diversity of its supply sources and the fact that it manufactures part of its workwear in Estonia, generally enables it to avoid disruption in its supply chain if a given supplier is unable to honor a contract.

Lastly, the Group has put in place a program called "5 Stars," which helps it improve customer satisfaction. The program's objective is to ensure that all employees are committed to five things:

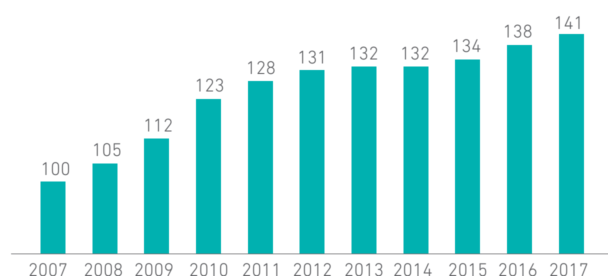
- making sure that customers are completely satisfied with the services they provide;
- providing service that meets customers' expectations;
- providing more personalized service by getting closer to customers;
- responding rapidly and effectively to customer needs; and
- being proactive and proposing solutions.

The following charts illustrate these productivity gains in France (2007 base = 100).

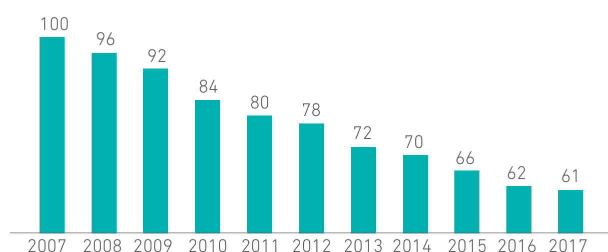
FLAT LINEN PROCESSED IN KILOGRAMS PER HOUR (FRANCE, 2007 BASE = 100)



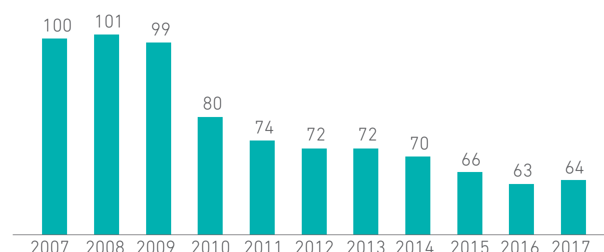
WORKWEAR PROCESSED IN ITEMS PER HOUR (FRANCE, 2007 BASE = 100)



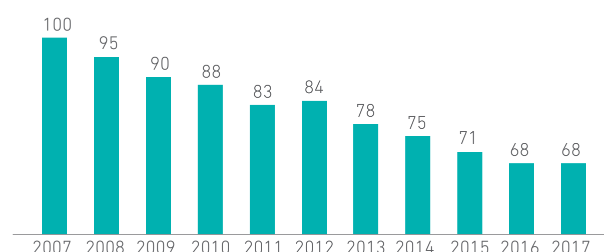
WATER CONSUMPTION IN LITERS PER KILOGRAM (FRANCE, 2007 BASE = 100)



COST OF LAUNDRY PRODUCTS IN EURO CENTS PER KILOGRAM (FRANCE, 2007 BASE = 100)



ELECTRICITY CONSUMPTION IN KWH PER KILOGRAM (FRANCE, 2007 BASE = 100)



Innovation in products and services

The Group intends to improve its products and services by constantly innovating for the benefit of its customers.

Innovation allows regular improvement of the offering and can focus on:

- products, for example with connected hygiene appliances, in order to provide detailed information on consumption or send low-level alerts to avoid downtime;
- services, for example with the launch of the Elis Connect brand which accompanies all of the Group's traceability offers – such is the case with the RFID tags used on linen, which provide greater traceability to major healthcare and hotel customers, along with the automation of orders and closer control of inventories for customers as well as the Elis center.

Innovation also leads to the development of new products and services offering high margin and growth potential. This can be achieved through the existing network (production and distribution centers) based on the Group's multi-service model, providing in most cases a very competitive marginal cost (distribution of Group services and products by the same Field Agent in a van).

As an example, the Group launched its Pest Control service, which is currently following the same growth trend as the beverage service, with approximately €21 million in 2017 (compared to €15 million in 2016). The Group has set up a sales force dedicated to the Pest Control service for the first two years following the launch of this service in Europe.

As part of this momentum, in June 2016 the Group acquired On My Way, a start-up company offering private customers a concierge service, picking up their linen from their place of work or collection points. This acquisition illustrates Elis's determination to be fully involved in these new modes of consumption and to invest even more actively in the search for new services, thus expanding its presence on customer sites.

The Group also benefits from the expertise developed in-house by Kennedy Hygiene Products, its subsidiary specializing in the design and production of hygiene appliances, which has a dedicated R&D department working closely with the Group's other teams to design products – such as connected hygiene appliances – that meet the specific requirements of the Group's customers. This enables the Group to diversify the range of products it provides in the context of its HWB appliance rental and maintenance services.

Elis's and Berendsen's product and services portfolios share a lot of similarities and each one of them brings the Group a series of specific solutions that will either expand or strengthen the Group's product offering.

1.7 COMPETITIVE ENVIRONMENT

1.7.1 OVERVIEW

The table below shows the changes in the Group's positioning since 2010 in the countries where its revenue exceeded €100 million in 2017:

	Estimated Elis positioning in the countries where its revenue exceeded €100 million in 2017					
	2010	**2015**	**2016**	**2017**	**Estimated market share**	**Market size**
France	1	1	1	1	40% - 50%	€2.1 billion
United Kingdom	Not present	Not present	Not present	1	15% - 20%	€2.1 billion
Germany	Present in 4 regions	Present in 7 regions	6 ***	3 *	< 10%	€4.2 billion
Brazil	Not present	1	1	1	25% - 30%	€1.2 billion
Sweden	Not present	Not present	Not present	1	40% - 50%	€475 million
Denmark	Not present	Not present	Not present	1	< 50%	€300 million
Spain	3	2	1	1	25% - 30%	€650 million
Netherlands	Not present	Not present	Not present	3 **	< 10%	€1.2 billion
Switzerland	Niche player	1	1	1	25% - 30%	€400 million

Source: KMPG – March 2017, Elis estimates.
* *Elis is the leader in the Healthcare market.*
** *Elis is not present in flat linen but is the leader in the workwear market.*
*** *Present in 10 regions.*

1.7.2 MAIN COMPETITORS

It is important to note that certain potential customers may choose not to outsource the supply and maintenance of their flat linen, workwear or HWB appliances, preferring to use in-house solutions. For example, some companies make their employees responsible for laundering their workwear in return for a payment that is supposed to cover the costs of laundering. Other companies install in-house laundries to launder flat linen used in their business or workwear worn by their employees.

The Group also faces competition from shared hospital laundries and "ESAT" laundries (entities that employ disabled workers).

For the target market, consisting of businesses that have opted to use a rental and maintenance service, the Group's competitors vary depending on the operating sector and the type of services provided by the Group.

For HWB appliance rental and maintenance services in particular, the Group is in competition with cleaning companies which may be customers of the Group for this type of service, and facility management companies which offer a full range of services including HWB appliance rental and maintenance.

Several major groups operate in all three business segments. Following the merger announced between certain European activities of Rentokil Initial and CWS Boco, the latter will be Elis's main competitor in continental Europe. The Group is also faced with competition from the main national players, the most important of which are indicated below:

- France: Rentokil Initial, Kalhyge (formerly RLD), Anett, Sdez;
- UK: Johnson Service, Initial, PHS, SynergyHealth;
- Ireland: CWS-Rentokil, Celtic, Kings;
- Sweden: Textilia, CWS-Rentokil;
- Denmark: DFD;
- Poland, Baltic counties: CWS-Rentokil, Lindström;
- Austria: Salesianer;
- Czech Republic, Hungary, Slovakia: Lindström, Salesianer;
- Netherlands: CWS-Rentokil, CleanLease, LIPS;
- Norway: Nortekstil, Sentralvaskertiet, Stil;
- Finland: Lindström;
- Brazil: Alsco, Servizi Italia, Renova;
- Spain: Ilunion, PHS, CWS-Rentokil, L'Emporda;
- Germany: CWS-Rentokil, Mewa, Bardusch, Alsco;
- Switzerland: CWS-Rentokil, Bardusch, LBG;
- Portugal: Serlima;
- Belgium-Luxembourg: CWS-Rentokil, Cleanlease, Sterima, Mewa;
- Italy: Servizi Italia, Servizi Ospedalieri, Pedersoli, Alsco, Rentokil Initial;
- Chile: Golden Clean, Lavinur.

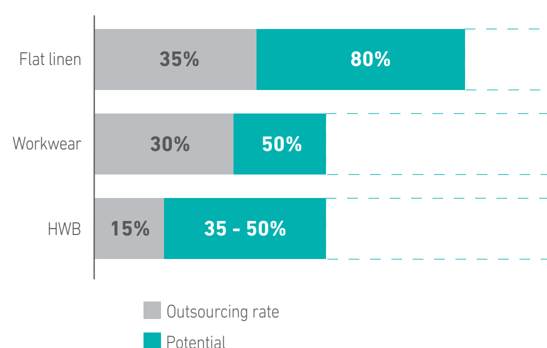
1.7.3 MARKET DEMAND DRIVERS FOR RENTAL, LAUNDRY AND MAINTENANCE SERVICES

The following general and sector-specific trends are the main drivers of demand for flat linen, workwear and HWB appliance rental, laundry and maintenance services in the Hospitality, Healthcare, Industry, and Trade and Services markets:

Outsourcing

Demand for the Group's flat linen, workwear and HWB products and services in the Hospitality, Healthcare, Industry, and Trade and Services end markets is driven by a general trend toward outsourcing. The Group's customers in France tend to outsource these services to a single service provider, such as the Group. According to a study carried out by KPMG, about one-third of textile rental and laundry services were outsourced in France and in Europe as a whole in 2013.

The chart below shows the outsourcing rates for flat linen, workwear and HWB appliance rental, laundry and maintenance services in Europe in 2013 as well as outsourcing potential at maturity:



Source: KPMG (Survey, March 2017).

According to ETSA, the market's upside potential [(1)] (the study did not provide an exact date, only a time horizon) should mainly be driven by an outsourcing rate that is likely to double in Europe to reach 55% to 65% according to market estimates.

(1) *The ETSA study* Quantifying the Opportunity European Market Sizing Study for ETSA, *June 2014 includes the United Kingdom and Ireland in the Continental European market.*

Multi-country contracts for the rental, laundry and maintenance services for flat linen, workwear and HWB appliances are still uncommon. However, major multinational groups, particularly in the Industry sector, are increasingly streamlining the purchasing and operation of these services. Few service providers have signed such contracts to provide rental, laundry and maintenance services for flat linen, workwear and HWB appliances covering multiple customer sites and countries, as most providers lack the necessary geographic coverage and logistic capabilities. The Group provides workwear and HWB appliance rental, laundry and maintenance services to some customers in several countries where these customers have available facilities.

To ensure a constant quality of service, multinational groups in the Hospitality sector tend to select the same service provider in most of the countries where they do business. For example, the Group serves the Accor Group in several European countries and B&B in France and Germany.

Below are the main reasons why the Group believes its customers prefer to outsource the supply and maintenance of flat linen, workwear and HWB appliances:

- **to focus on their core business:** by outsourcing, the Group's customers do not tie up resources with activities that are ancillary to their core business;
- **to reduce fixed costs and manage spending more efficiently:** outsourcing turns fixed costs into variable costs and facilitates the planning and management of expenditures. Customers are usually billed for flat linen laundry service on a per-unit-laundered basis. This keeps their costs in proportion to their level of activity and enables them to adapt more flexibly to increases or decreases in staffing, as such fluctuations are noticeably significant in the Hospitality sector and other seasonal industries;
- **to simplify personnel management:** by outsourcing, the Group's customers in the Hospitality and Healthcare (especially public hospitals) sectors do not have to hire and manage employees skilled in laundering flat linen or workwear;
- **to free up space for other use:** outsourcing enables Group customers (especially in the Hospitality market) to better allocate the occupied space within their premises, in particular by saving on the space that would have been used to house a laundry service;
- **to improve workwear hygiene, cleanliness and safety:** outsourcing gives the Group's customers the assurance that their employees' workwear (and in particular their personal protective equipment) is regularly washed and properly maintained, which is not always the case when employees are responsible for taking care of their own workwear. Employees are also always certain to have clean workwear, provided at the agreed frequency. Employers who require the wearing of personal protective equipment can obtain the cleaning expertise they lack in-house and thus comply with occupational safety and health regulations. If they fail to do so, they may be held liable for an injury an employee could suffer due to a deficiency in the protective properties of workwear;
- **to improve the quality of textile laundering and care:** customers who outsource the laundry of their flat linen or workwear have the assurance that the most effective methods will be used and that these methods will be optimized regularly and more frequently than if they laundered their textiles themselves;
- **to enhance brand image and reputation:** the uniform quality and customization of workwear, customized dust mats and value-added washroom services (such as air fresheners and feminine hygiene) made possible by outsourcing enhance the image of the Group's customers in the eyes of their own customers and employees;
- **to choose a supplier that supports sustainable development:** outsourcing allows the Group's customers to reduce the environmental footprint of the textiles used throughout their life cycle. In fact, the Group's business which is based on a product-service model and focuses on offering customers the use of products rather than their ownership. Because of this modern economic model, the Group has an incentive to design products that will ensure the longest and most sustainable service possible, to find alternatives to throw-away products, and to make customers aware of the environmental advantages of the Group's business model. The Group has introduced a major sustainable development policy which is reflected in the following measures:
  - twelve products developed by the Group are made from organically grown cotton obtained from fair-trade suppliers (Bio's Fair range),
  - the Group has optimized and reduced its water consumption by favoring water recycling within and between its textile washing equipment,
  - the Group uses less laundry product, water and energy than a home wash (the machines used by the Group use four times less water than standard washing machines), and
  - the Group has signed contracts with specialized recyclers for end-of-life flat linen textile products for all its processing sites in France and for most of its sites for workwear;
- **to allow workwear traceability:** customers that outsource their workwear services to the Group do not risk losing an item of workwear since the Group inserts a microchip into the collar of each one. This ensures that every cleaned item of workwear will be delivered to the right employee. Furthermore, Puschendorf and certain processing centers in Brazil introduced an innovative traceability system for flat linen.

The Group believes that growth in the market for textile services in Europe will be particularly robust over the next few years, as business customers increasingly prefer to outsource rental, laundry and maintenance services, to reduce their costs, improve environmental performance, enhance brand image, comply with occupational health regulations, and focus on their core business.

General economic environment

Although the Group believes that its flat linen, workwear and HWB appliance rental, laundry and maintenance services business is resilient in general as may be seen by its steadily improving financial performance since 2007, despite the economic crisis in Europe, its business in a given country may be affected by national macroeconomic factors, such as the unemployment rate, the level of inflation or deflation and the general business climate.

Furthermore, the Group's wide range of customers in various industries helps shield it from an economic downturn. For example, the Group's revenue in the Healthcare sector (and from nursing homes in particular) is relatively unaffected by the sluggish economy and is growing as populations age. Furthermore, the Hospitality sector's move up market is partly offsetting the adverse impacts of the economic slowdown seen over the past few years and of the 2015 and 2016 terrorist attacks on tourism in France.

The indispensable nature of the Group's services

The flat linen, workwear and HWB appliance rental, laundry and maintenance services the Group provide are essential to its customers' businesses, particularly those in the Hospitality and Healthcare markets. Once these services have been outsourced they are very difficult to repatriate since doing so would require substantial capital expenditure.

Furthermore, the average monthly fee that Group customers pay for the supply and maintenance of flat linen, workwear and HWB appliances is relatively cheap compared to their other expenses. The Group estimates that half of its customers pay less than €150 a month.

Lastly, the Group is able to develop new and complementary products and services for sale to its current customer base.

1.8 SALES AND MARKETING

1.8.1 SALES

The Group's Sales Department is in charge of prospecting for new customers, while the sales distribution department seeks to sell new services to the Group's existing customers.

Sales Department teams account for two-thirds of the Group's business growth (in value terms), while the service department accounts for one-third of its growth.

To boost sales to new customers, the Group employs dedicated sales teams to identify potential new customers, negotiate business terms and sign contracts with customers. There are three levels of dedicated sales teams based on customer size:

- for Group key accounts, three market Sales Departments (Hospitality, Healthcare, and Industry, Trade and Services) that report to the three chief operating officers and include "key account managers" in charge of canvassing "very large" potential customers in the Hospitality, Healthcare, Industry, and Trade and Services markets in each country in which the Group operates;
- for new medium-sized customers (50 wearers and more), each country has customer advisors, who report to a separate Sales Department at a national level and canvass medium-sized companies (50 employees and more) in each sector in which the Group operates (Hospitality, Healthcare, Industry, and Trade and Services);
- lastly, the remaining customers (fewer than 50 wearers) are canvassed at a regional level by regional teams of sales representatives who report to their region's general manager. These teams are supervised by a Group Sales Department. The Group has around 850 key account managers, sales representatives and customer advisors in Europe, including 625 in France.

In 2015, the Group also set up a sales organization dedicated to its 3D Prevention services.

In the countries where it has been present for several years, in order to grow revenue from existing customers, the Group has been implementing a "team" model, as described above (section 1.5.1), in which teams are in charge of ensuring the satisfactory delivery of services as well as developing sales of complementary services to the Group's existing customers (the bonuses paid to Field Agents for such additional sales can

double their monthly salaries). Three months after a contract is signed, the Team takes over the management of customer relationships. Every customer is in contact with a dedicated Field Agent who is the customer's first point of contact. This strategy's success is based on the continuity of the relationship forged between the Field Agents and their customer, whom they generally meet once a week.

The Group also has a call center, located in Villeurbanne, where around 15 operators work. The Group's call center is responsible for conducting customer satisfaction surveys ("SatisfElis") and making appointments for sales representatives with potential customers. Every year, the call center (i) makes around 13,000 appointments by means of outgoing and incoming calls and online forms, (ii) makes approximately 340,000 calls and (iii) conducts about 38,000 SatisfElis surveys (50% of the call center's activity). 95% of unsatisfied customers are called back within two months to check the quality of the manner in which their complaint has been addressed. In all countries where the Group operates, a new customer satisfaction tracking indicator – the Net Promoter Score – has been put in place to measure how likely the Group's customers are to recommend its services to others. Around 10% of the revenue generated by sales teams is accounted for by the call center, with two-thirds of this revenue due to incoming calls and one-third due to outgoing calls. In 2017, the Group's customer satisfaction was 87.1%.

1.8.2 MARKETING

The Group steadily invests in its marketing policy, through a multi-channel customer acquisition strategy, the development of CRM tools, and a sustained pace of innovation in the products and services offered.

In 2017 the Group launched many new products and services: collection of workwear in the healthcare, trade, industry and restaurant segments, new ranges of flat linen and hygiene appliances. It also continued to develop its pest control service launched in 2013. Investment in service traceability tools are all part of this proactive innovative policy which was further strengthened by the creation of a Marketing and Innovation Department in 2015. As part of this momentum, in June 2016 the Group acquired On My Way, a start-up company offering private customers a concierge service, picking up their linen from their place of work, home or collection points. This acquisition illustrates Elis's determination to be fully involved in these new modes of consumption and to invest even more actively in the search for new services.

In addition, the creation in 2015 of a Customer Experience Department within the Marketing Department reflects the Group's strengthened determination to adopt a customer-focused approach. This intention had already been confirmed with the launch of the "5 star" quality program, aimed at Customer Satisfaction. It was further asserted in 2017, particularly through the launch of a "Customer Voice" program aimed at paying greater attention to customer feedback at Elis centers, through revamped processes and training sessions.

Elis's marketing policy relies on a strong brand identity. Its internet site, available in seven languages, promotes this identity on an international basis and boasts various online services for customers (including a new customer area – MyElis – that provides customized monitoring of the delivery of a service, access to invoices, etc.).

Elis also strives to ensure that it has an attractive image as an employer and a high-visibility profile as a business, by developing its presence on the major social networks, specifically by means of business news updates, presentations of new services, job offers, etc.

1.9 THE GROUP'S CUSTOMERS

1.9.1 THE GROUP'S CUSTOMER BASE

The Group attaches the greatest importance to managing relationships with its customers. The Group's customer base is highly diversified in terms of size, sector and profile.

Thus, the Group's ten largest customers account for less than 10% of its consolidated revenue. In 2017, no single customer accounted for more than 3% of the Group's consolidated revenue.

During the same period, the annual average size of the contracts of the Group's ten largest customers in the Hospitality, Industry, Sales and Services, and Healthcare markets amounted to €20.9 million, €13 million and €6.1 million, respectively. Consolidated revenue generated by the Group's ten largest customers in the Hospitality, Industry, Trade and Services and Healthcare markets accounted for 6.7%, 4.2% and 2%, respectively, of proforma revenue for the financial year ended December 31, 2017.

Slightly more than half of the companies in the CAC 40 index [1] are customers of the Group.

The number of Group customers is estimated at 400,000, including 180,000 located in France. In France, which is the Group's major and oldest country of operation, the average monthly amount invoiced to Group customers is around €500. The median is around €150 per month, which means that half of the Group's customers receive a monthly invoice of less than €150. More than two-thirds of its customers are multi-service customers, in other words they use at least two rental, laundry and maintenance services for flat linen, workwear and HWB appliances offered by the Group. Moreover, the Group believes that every customer in France uses on average around 2.8 services.

1.9.2 TYPES OF CONTRACT

The Group uses four kinds of contracts in its business, namely standard contracts, specific contracts, public market contracts and contracts signed with waste management companies. With its contractual clauses, the Group seeks to cover over the term of the contract the underlying investment made when acquiring various textile and HWB products necessary to set up the contract. Thus:

- for its small customers (in terms of revenue), the Group has standard contracts, for a period of four years;
- the Group may prepare a framework contract or a supplier listing agreement (supplemented locally by agreements with the customer's sites that set out the practical terms and conditions of services) with all the Group's key accounts (in terms of revenue) or customers operating on several sites. The Group negotiates with each customer the practical aspects of the contract. The contracts the Group signs with such customers are usually for three to five years;
- contracts with public-sector parties are made with the Group in accordance with applicable regulations, which generally means at the end of a publicity procedure that includes a competitive bidding approach (such as a call for tenders). The term of these public market contracts generally does not exceed four years. When they expire, the public-sector parties are required to launch a new procedure in compliance with the laws and regulations applicable to the renewal of their services;
- the Group's contracts with waste management companies have some specific features insofar as its relationship with these companies is based on the sub-contracting of operations and these contracts are ancillary contracts to the main contract signed by the waste management company and its own customer. For instance, these contracts can be terminated without any penalties being due if the main contract is terminated.

To ensure the quality of interaction with its customers and their satisfaction, particularly in France, the Group signs four-year contracts, renewable automatically for an additional year, unless terminated by the customer via a three months' notice.

With the exception of contracts with waste management companies (where the fact that the end customer needs to renew the competitive bidding procedure may have a negative impact on prices), prices in the Group's contracts generally depend on the number of items delivered (for instance, for flat linen services) or on the number of employees wearing the Group's workwear. Moreover, in view of the initial investments it has to make in order to set up the services, the Group's objective is to ensure that its customers pay for a minimum volume of services, thereby guaranteeing long-term income for the Group.

In certain cases, a customer may terminate a fixed-term contract at any time upon payment of termination fees (generally equivalent to the contract's residual value calculated on the basis of the term remaining had the contract not been terminated), unless the Group has not complied with the terms and conditions of the contract. Its customers are also required, generally speaking, to buy specific or customized textile products (flat linen, workwear and floor mats) which they have been provided with by the Group when a contract expires, barring the case of early termination due to the Group being at fault.

(1) Stock market index that covers the 40 most representative stocks quoted on the Euronext market in Paris measured by free-float market capitalization and capital traded.

1.10 GROUP PURCHASING AND SUPPLIERS

The Group's supplies consist of textiles, HWB appliances, consumables for HWB appliances, water, cleaning products, energy, business expenses and industrial supplies. The Group sources most of its supplies from third-party suppliers. It has an International Purchasing and Procurement Department that operates in many countries and buys textile products for its flat linen and workwear services according to their cost and their quality.

The Group sources part of its purchases in U.S. dollars, while its sales are mainly in euros, pounds sterling and reais (the Brazilian currency). The prices of textile products mainly depend on commodity prices, in particular cotton and polyester. The sourcing of the Group's rented textile products in 2017 amounted to around €286.6 million, including €127.7 million for flat linen, €122.8 million for workwear and €36.1 million for HWB appliances.

The Group sources its flat linen mainly in Pakistan, India, Bangladesh and Cambodia, as well as in western Europe, northern Europe, Turkey, and Egypt.

The workwear is mainly purchased in Asia (Bangladesh, Laos, Philippines, Cambodia and Vietnam), in the Indian Ocean (Madagascar), and in Morocco, Tunisia and Bulgaria. In addition, the Group makes local purchases in the countries where Elis operates. Elis produces part of its workwear in Estonia, via an internal entity.

The most commonly used material by the Group are the textiles made available to customers in the linen rental and laundry services. To maximize the life of its textiles, the Group has a monitoring system in place that enables it to track indicators related to fabric management, ensure optimal use of current inventories and manage purchases of new linen. A laboratory was set up in 2017 to strengthen the Group's product control. In addition, when a Group customer decides to change its workwear collection, the old workwear can be reused and rented by the Group to its other customers.

In order to enhance its control of quality, fungibility and costs, the Group requires its workwear manufacturers to buy materials it has listed and for which it has negotiated terms and conditions.

The fabric used for the workwear comes from Asia (Pakistan, China) and Europe.

The in-house laboratory also contributes to this function by speeding up the certification of new fabrics, as well as the analysis of non-compliances and the checks performed throughout the product life cycle.

For its HWB appliances and consumables, the Group for the most part uses suppliers in France and other western European countries. In addition, the Group also requires industrial supplies for its processing centers. The Group believes it does not depend on any supplier. However, Malongo is its only supplier of espresso machines and coffee pods. Likewise, Jensen-Group and Kannegiesser are its only suppliers of tunnel washers, washing machines, dryers, ironers, tunnel finishers and sorters. Similarly, Christeyns and Ecolab are its only suppliers of laundry products. As at December 31, 2017, the Group had approximately 200 key strategic suppliers for its flat linen, workwear and HWB appliance rental and maintenance services. The Group can swiftly switch from one supplier to another and this enables it to maintain pressure on the prices of goods delivered by its suppliers as well as cope with any industrial or political problem.

Gas and electricity are the primary energy sources that the Group uses in its processing centers. It also requires gasoline for its service vehicles. The Group also uses substantial quantities of laundry products and water.

The Group uses sea freight for its imports and makes minimal use of air freight, while it outsources road transportation to third-party logistics providers for its supplies.

The Group operates logistics systems that enable it to conduct automated and high-volume operations with high inventory turnover. The Group is also continuing to strengthen its central purchasing operations and to implement IT purchasing tools, enabling it to monitor the supply chain from the source to delivery at its processing centers. The Group's Purchasing and Procurement Department operates a workshop in Portugal in which workwear is stored and customized. There are 120 staff members employed full-time in this workshop that customizes and ships 20,000 items of workwear to all the Group's European units every day.

The Group's Purchasing and Procurement Department selects suppliers, products and services everywhere in the world who respect people and the environment.

Moreover, since 2006, the Group's supplier contracts have contained sustainable development guidelines and provided for regular audits. The Group's commitment is outlined in a Responsible and Ethical Procurement charter which describes its relationship with its suppliers which extends beyond the purchase and delivery of goods and services. This document, which is included in the Purchasing and Procurement Department's ISO 9001/2008 documents and appended to contracts signed with partners, complements elements found in the ILO convention and describes both Elis's commitments in terms of purchasing as well as requirements and recommendations for suppliers and subcontractors. The Group thus strictly regulates the use of subcontracting by preventing suppliers from subcontracting all or part of contracts awarded to them without the written consent of the Group.

The Group strives to maintain fair and loyal relationships with its suppliers. In all countries, Elis seeks to comply with the various laws and regulations in force and ensure its suppliers comply with them. It also strives to apply the values set out in the Group's Code of Ethics in day-to-day operations (see chapter 3 of this 2017 registration document).

For suppliers who do not have any certification with respect to societal aspects (e.g. SA 8000) and/or environmental aspects (e.g. ISO 14001), Elis ensures that an audit exists or requests that an audit is carried out by an external body. Elis subsequently monitors the implementation of action plans arising from these audits. Over the 2015-2017 period, the 116 strategic suppliers were closely monitored. Among these suppliers, 42 were exposed to no CSR risks due to their location. The others were audited, except for those who had a CSR certification. The emphasis was on suppliers of flat linen, and manufacturers and weavers for workwear.

Moreover, in 2009, the Purchasing and Procurement Department set up a partnership with Max Havelaar, the reference fair trade NGO. The Group is the first provider of flat linen, workwear and HWB appliance rental and maintenance services to hold the Max Havelaar Fairtrade license. Accordingly, in 2009 the Group launched a range of workwear products made of organic, fair-trade cotton under the Fairtrade/Max Havelaar label (see chapter 3 “Corporate social responsibility”).

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 PROPERTY

The Group’s main needs with respect to premises and equipment are linked to the operations of the processing centers, dispatching centers and “Ultra-Clean” centers. To carry out its activities, the Group also has independent storage centers (supply chain) and offices.

The table below shows the number of processing centers, dispatching centers reporting to a processing center, and independent dispatching centers owned or leased by the Group as at December 31, 2017:

Regional presence as at 12/31/2017	Processing centers	Dispatching centers reporting to a processing center	Independent dispatching centers	Ultra-Clean centers/ *Clinical solution*	Logistics warehouses	Manufac-turing plants
Europe	**251**	**251**	**75**	**33**	**9**	**2**
France	58	58	47	6	1	1
Germany	33	33		2		
Austria	1	1				
Andorra			1			
Belgium	1	1	4	1		
Denmark	16	16		1	1	
Spain	33	33	5	2		
Estonia	1	1			1	
Finland	1	1			1	
Hungary	1	1				
Ireland	5	5	2	2		
Italy	2	2	3	1		
Latvia	1	1				
Lithuania	1	1				
Luxembourg			1			
Netherlands	7	7	3	2		
Norway	9	9		2		
Poland	5	5			1	
Portugal	3	3	6		1	
Czech Republic	2	2		1		
United Kingdom	34	34		9	1	1
Russia				2		
Switzerland	15	15	3	1	1	
Sweden	22	22		1	1	
Latin America	**55**	**54**	**0**	**1**	**1**	**0**
Brazil	43	43		1		
Chile	8	7			1	
Colombia	4	4				
TOTAL	**306**	**305**	**75**	**34**	**10**	**2**

As at December 31, 2017, the Group owned land and buildings with a net book value of €453.8 million (see Note 6.3 to the consolidated financial statements for the year ended December 31, 2017).

The Group rents around 50% of its processing and dispatching centers in France and abroad.

1.11.2 OTHER PROPERTY, PLANT AND EQUIPMENT

In addition to the properties described above, other property, plant and equipment mostly consists of industrial and logistical equipment, the textile products and appliances that the Group needs in order to provide its services, office and IT equipment and installations, other equipment, and capitalized expenditure on layout and fitting out of premises.

The Group's operations in France and internationally involve the daily use of over 7,000 vehicles.

The fleet is divided into two main categories: light commercial vehicles (LCVs) and heavy goods vehicles (HGVs) used for deliveries.

Elis's motor fleet is mostly wholly owned (95% for LCVs and 96% for the HGVs), while that of Berendsen is mostly leased or outsourced.

The sales Rep fleet mostly comprises leased light vehicles.

Property, plant and equipment held by the Group is described in Note 6.3 to the Group's consolidated financial statements for the year ended December 31, 2017, included in chapter 6 "Financial statements for the year ended December 31, 2017" of this registration document.

Regulatory constraints and environmental information relating to property assets are included in chapter 2 "Risk factors, risk control and insurance" and in chapter 3 "Corporate social responsibility" of this registration document.

1.12 INVESTMENT POLICY

The Group's investments comprise:

- own investments consisting of:
  - capital expenditure: mainly production facilities, logistics, IT and hygiene appliances,
  - investment in textiles: mainly flat linen and workwear;
- the acquisition of small and medium-sized companies providing rental and maintenance services for flat linen, workwear, HWB appliances and 3D Prevention.

1.12.1 MAIN HISTORICAL INVESTMENTS

Capital expenditure and investment in textiles

The Group's main investments over the past five years concerned gross capital expenditure (before subsidies) on plants and equipment and capital expenditure on linen. The table below shows the amounts and percentages of this expenditure as a percentage of total consolidated revenue for each previous period:

	2017		2016		2015		2014		2013	
(In millions of euros)	Amount of expenditure	% of consolidated revenue	Amount of expenditure	% of consolidated revenue	Amount of expenditure	% of consolidated revenue	Amount of expenditure	% of consolidated revenue	Amount of expenditure	% of consolidated revenue
Gross capital expenditure on plant & machinery	215.3	9.7	110.2	7.3	100.1	7.1	68.2	5.1	88.8	7.2
Capital expenditure on linen	264.6	11.9	153.3	10.1	167.8	11.9	168.2	12.6	126.0	10.3

Capital expenditure on plant and machinery comprises expenditure on plant and equipment (excluding hygiene appliances) and among other things relates to major projects, such as:

- 2013: the construction of new processing centers in Toulouse (6,000 sq. m extension and increase in processing capacity) and in Pantin, and maintenance capital expenditure (maintenance work on industrial buildings, renewal of production equipment and upkeep of facilities management in plants) in 2013;
- 2014: the completion of certain major projects launched in 2013, including among other things the construction of the above-mentioned new processing centers in Toulouse and Pantin and maintenance capital expenditure (servicing of production facilities, replacement of production equipment and maintenance of plants' general services);
- 2015: construction of the new processing center in Nanterre (10,000 m^2);
- 2016: opening of the new plant in Aix-les-Bains and completion of the San Francisco plant in Chile;
- 2017: opening of the Aix-les-Bains plant, start of construction of a new plant in Barcelona (Spain) set to open in 2018, and a new plant in Lisbon (Portugal).

Acquisitions

The European market for rental and maintenance of textile products and HWB appliances remains relatively fragmented, and there are interesting consolidation opportunities in the foreign countries in which the Group already operates.

For acquisitions outside France, the Group evaluates the relevant markets of other countries with the aim to carry out targeted acquisitions. In doing so, the Group relies in particular on the following indicators: favorable business environment, geopolitics, population, per capita GDP, GDP growth, the tourism sector, the healthcare sector and the presence of international companies as potential customers. The Group's objective is to become one of the leading service providers in each country in which it operates and in each of its market segments.

Over the past five years, the Group made numerous acquisitions. The acquisitions made in 2017 and 2016 are described in Note 2.4 "Changes in the scope of consolidation" to the consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2017" of this registration document.

The acquisitions made in 2015 and 2014 are described in Note 2.4 "Changes in the scope of consolidation" to the consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2015" of the 2015 registration document.

1.12.2 FUTURE INVESTMENTS

The Group intends to continue its investment policy along the same lines as in the past, namely on the one hand investments relating to its everyday activities comprising capital expenditure to maintain and improve its facilities (plant, equipment, service vehicles, IT and rented hygiene appliances) as well as investments in textile products for rent to customers; and, on the other hand, external growth (acquisition) opportunities with attractive profiles in terms of return on investment and meeting the criteria of its acquisition strategy.

As at the date of this registration document, the Company had not entered into any significant firm agreement concerning future investments.

1.13 FINANCING POLICY AND CREDIT RATINGS

1.13.1 FINANCING POLICY

As at December 31, 2017 the Group had available cash and cash equivalents of €203.0 million (see Note 8.4 to the 2017 consolidated financial statements in chapter 6 of this registration document) and undrawn confirmed credit facilities of €930 million.

The Group believes that its financing requirements for the main investments that it envisages will be covered by its available cash, its future cash flows from operating activities and possible use of its credit facilities. For more significant financing needs, it will turn to the market via its EMTN program.

The Elis Group has several sources of financing: short- and medium-term financing on the capital markets, and bank loans.

In view of current conditions on the financial markets, in order to meet the Group's general requirements and more specifically to finance its business activities and development projects, the Group has pursued a proactive and diversified financing policy, together with prudent cash management.

In the context of this policy, the Group:

- actively manages its debt and can pre-finance itself on the capital and banking markets;
- makes use of bank borrowings;
- can put in place confirmed lines of credit for its liquidity reserves;
- can also finance itself by means of capital increases.

This financing policy allows the Group to seize market opportunities to pre-finance itself and thereby optimize its liquidity reserves. This pre-financing may temporarily increase the Group's gross debt.

a) Capital markets

On the *short-term capital market*, Elis has an unrated commercial paper program, approved by Banque de France, in the amount of €400 million. As at December 31, 2017, outstandings under this program totaled €396.4 million, versus €303.8 million as at December 31, 2016, an increase of €92.6 million. On the long-term capital market, on January 30, 2018, Elis set up a €3 billion EMTN program approved by the AMF. Under this EMTN program, on February 15, 2018, the Group carried out a dual-maturity bond issue comprising a €650 million tranche with a maturity of 5 years and a coupon of 1. 875%, and a €350 million tranche with a maturity of 8 years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the acquisition of Berendsen.

On *medium/long term capital markets,* on October 6, 2017, Elis issued €400 million worth of bonds convertible into new or existing shares, with a maturity of 6 years and a coupon of 0%. The bond conversion price is €31.85 per share. The funds raised through this issue were used to repay the bridge loan set up for the acquisition of Berendsen.

On April 28, 2015, Elis issued €800 million worth of standalone bonds with a 3% coupon, maturing on April 30, 2022. The seven-year bonds are callable from April 2018. These bonds are listed on the Global Exchange Market of the Irish Stock Exchange.

b) Bank financing and Loan

On November 23, 2017, the Company raised €75 million via a multi-tranche private placement called *"Schuldschein"* governed by German law. This operation enabled the Company to continue to repay the 2017 Bridge Term Facility mentioned in section 1.14 below.

Concerning bank financing, as at December 31, 2017, Elis had two Syndicated Senior Credit Facilities and a bilateral revolving loan facility.

A €1.150 billion Syndicated Senior Credit Facilities Agreement composed of three tranches with a maturity of five years was signed in January 2017. The €450 million Term Loan tranche was drawn down in January 2017. The €200 million Capex tranche had been drawn down in the amount of €177 million as at December 31, 2017.

A second Syndicated Senior Credit Facilities Agreement was signed on November 7, 2017 in the amount of €600 million, breaking down as follows: (i) a €200 million term loan with a maturity of 5 years, drawn down on November 15, 2017, and (ii) a €400 million revolving credit line with a maturity of 5 years + 1 year + 1 year. The funds stemming from the Term Loan portion of this syndicated loan were used to refinance part of the bridge loan set up for the Berendsen Acquisition.

As at December 31, 2017, no revolving credit line available under the two Syndicated Senior Credit Facilities Agreement had been drawn down.

These Syndicated Senior Credit Facility Agreements do not contain any specific acceleration clause linked to minimum credit ratings.

The Syndicated Senior Credit Facility Agreements contain clauses obliging Elis to provide the lenders with certain sureties in line with market standards, notably:

- a negative pledge whereby the borrower undertakes not to provide collateral to third parties, subject to certain exceptions;
- cross-default clauses stipulating that an event of default on any other borrowing would also render the Syndicated Senior Credit Facility immediately due and payable;
- a periodic reporting obligation;
- compliance with legislation in force; and
- no change in control (resulting from the acquisition by one or more persons acting in concert of more than 50% of the voting rights in the Company).

The two Syndicated Senior Credit Facilities Agreements provide for the following (i) a grid of applicable margins indexed to the proforma Net Debt/EBITDA ratio and (ii) Elis's compliance, for each half-year, with a financial covenant of a proforma Adjusted Net Debt/EBITDA ratio below 4, after synergies, until December 31, 2017 inclusive, and below 3.75 afterwards. The Syndicated Senior Credit Facility Agreements do not contain any other financial covenants.

A €30 million bilateral revolving loan agreement was signed in September 2017 for a term of 3 years. As at December 31, 2017, this credit line had not been used.

The Group's goal is to maintain the leverage ratio (Net Debt/EBITDA) at around three times EBITDA after acquisitions and refinancing transactions.

1.13.2 RATINGS

By means of press releases published on July 28, 2017 and September 4, 2017, respectively, following the Company's announcement of the acquisition of Berendsen, Moody's and Standard & Poor's rating agencies confirmed the ratings assigned to the Company, namely "Ba2" (outlook stable) and "BB" (outlook positive), respectively. The Company has also been rated "BB+" (stable outlook) by Fitch Ratings.

Moody's and Fitch also rated the EMTN program (approved by the AMF on January 30, 2018) "Ba2" and "BB+" respectively.

The dual-tranche bond issue of 15 February 2018 with a maturity of 5 and 8 years is also rated by these two agencies. Its rating is the same as that of the EMTN program and that of the Company.

Both agencies also rated Elis's bond issue of April 2015 maturing in 2022. As at December 31, 2017, the rating of these securities was the same as that of Elis.

1.14 MAJOR CONTRACTS

1.14.1 BERENDSEN ACQUISITION

As part of the Berendsen Acquisition, on June 6, 2017, Elis and Berendsen reached an agreement in principle regarding their merger, involving a cash and share proposal recommended unanimously by the Berendsen Board, in respect of the acquisition of each Berendsen share for a combination of £5.40 per share in cash and 0.403 new Elis shares (the "**Final Proposal**"). The proposal also included the payment of an interim dividend of £0.11 per Berendsen share, declared and paid by Berendsen in respect of the six months ended June 30, 2017 (the "**Interim Dividend**"). In accordance with Rule 2.4 of the City Code (the "**Second 2.4 Announcement**"), the Final Proposal was made public on June 7, 2017 via a joint announcement.

On June 12, 2017, Elis and Berendsen published a joint announcement in accordance with Rule 2.7 of the City Code (the "**2.7 Announcement**") in which Elis and Berendsen confirmed their agreement regarding the terms of a recommended acquisition by Elis of the entire issued and to be issued share capital of Berendsen. The announcement sets forth the terms of the Final Proposal as well as the payment of the Interim Dividend (hereafter the "Berendsen Acquisition").

The securities transaction note relative to the Berendsen Acquisition forming the prospectus was approved by the AMF under No. 17-390 on July 27, 2017.

For further information on the terms and conditions of the Berendsen Acquisition and the major stages of the Elis-Berendsen merger, see section 1.1.2 of this registration document.

1.14.2 FINANCING AGREEMENTS

Bridge Term Facility Agreement for the Berendsen Acquisition

In addition to the financing agreements previously described in section 1.13.1 of this registration document, for the purpose of financing the Berendsen Acquisition, on June 12, 2017, Elis entered into a Bridge Term Facility Agreement. Under the terms of the agreement, the lenders agreed to provide Elis with a term loan facility of a total of €1.920 billion for a term of 12 months + 6 months + 6 months (hereinafter the "2017 Bridge Loan").

Three drawdowns for an aggregate amount of €1.890 billion were made on the 2017 Bridge Loan to (i) finance the cash payment to Berendsen shareholders for the acquisition of Berendsen, which took place on September 12, 2017, and (ii) refinance the repayment of Berendsen's debt (composed of a syndicated loan and debt securities issued in private placements (USPP)).

As at December 31, 2017, €875 million had been repaid on the 2017 Bridge Loan via the financing transactions described in section 1.13.1, including: €400 million from convertible bonds (Oceanes), €200 million from a term loan, €75 million from the Schuldschein financing, €200 million from a capital increase reserved for CPPIB. The balance of the 2017 Bridge Loan drawn down as at December 31, 2017 amounted to €1.015 billion.

The balance of the Bridge Term Facility Agreement 2017 was repaid by Elis to its lenders on February 19, 2018 with the proceeds of the dual-tranche bond issue of February 15, 2018, supplemented by cash from the Company.

1.14.3 INVESTMENT AGREEMENT

On June 7, 2017, the Company and Canada Pension Plan Investment Board (CPPIB) signed an investment agreement, the terms of which are detailed in chapter 8, section 8.5.10 of this 2017 registration document.

1.14.4 PUT AND CALL OPTION AGREEMENT

Elis, Berendsen and the Estera Trust (Jersey) as trustee of the Employee Benefit Trust of Berendsen (the "**Employee Benefit Trust**") entered into a put and call option agreement (the "**Put and Call Option Agreement"**) in relation to the 1,291,621 Berendsen shares held by the Employee Benefit Trust which were not subject to the Scheme of Arrangement.

Under the Put and Call Option Agreement, the Employee Benefit Trust made the following irrevocable commitments to Elis and Berendsen:

(i) following the coming into effect of the Scheme of Arrangement, to refrain from exercising any voting rights attaching to any Berendsen share held by it other than with the consent of Elis in accordance with the terms of the trust deed constituting the Employee Benefit Trust;

(ii) other than to satisfy the vesting or exercise of options and awards under the Berendsen share schemes following the coming into effect of the Scheme of Arrangement or following the exercise of the Put Option (as defined below) or the Call Option (as defined below), not to transfer any Berendsen shares held by it other than with the consent of Elis; and

(ii) upon request from Elis following the coming into effect of the Scheme of Arrangement, to transfer to any persons holding vesting awards or exercising their options under the Berendsen share schemes the number of Berendsen shares in respect of which such persons are exercising their options or such awards are vesting.

Berendsen also agreed with the Company and the Employee Benefit Trust to satisfy in cash any option which is exercised or award which vests under the Berendsen share schemes and that are required to be satisfied before the Scheme of Arrangement becomes effective. In all other cases, to satisfy any option exercised or award which vests using the Berendsen shares transferred out of the Employee Benefit Trust after the Scheme of Arrangement becomes effective.

In addition, under the Put and Call Option Agreement, to ensure that Elis becomes Berendsen's sole shareholder:

- the Employee Benefit Trust will grant Elis a call option (the "**Call Option**") under which Elis may acquire all of the Berendsen shares held by the Employee Benefit Trust on the date of exercise of the Call Option; and
- Elis will grant a put option to the Employee Benefit Trust (the "**Put Option**") under which the Employee Benefit Trust may require Elis to acquire all of the Berendsen shares held by the Employee Benefit Trust on the date of exercise of the Put Option.

The Call Option and the Put Option are each exercisable following the first to occur of: (i) the date falling six months after the Effective Date of the Scheme of Arrangement, or (ii) if earlier, the first date on which there are no options or awards outstanding under any of the Berendsen share schemes.

The consideration for the transfer of the Berendsen shares held by the Employee Benefit Trust under the Call Option or the Put Option is £5.40 in cash and 0.403 Elis Shares for each Berendsen share. In order to meet its obligations to deliver existing Elis shares under the Call Option or the Put Option, as applicable, Elis acquired shares under its share buyback program authorized by the general meeting of May 19, 2017. In 2017, the Company thus delivered 67,999 shares to the Employee Benefit Trust following the exercise of options and awards under the Berendsen share schemes. Out of these shares, 12,527 were re-allocated from the liquidity agreement and 53,000 were purchased on the market following the coming into effect of the Scheme of Arrangement.

Since January 1, 2018, 162,507 options have been exercised, in respect of which 65,169 Elis shares previously acquired in the market under the share buyback program have been delivered since the beginning of the current financial year.

The Company's use of its share buyback program in 2017 is detailed in the Management Board's Report included in chapter 7, section 7.2 and in chapter 8, section 8.4 "Share buyback".

1.14.5 LAVEBRAS SHARE PURCHASE AGREEMENT

On 5 January 2017, Elis signed a share purchase agreement (the "**Lavebras Share Purchase Agreement**") via its subsidiary Atmosfera Gestão e Higienização de Têxteis S.A. (as purchaser) with (i) Fundo de Investimento em Participações Genoma I, Castor - Fundo de Investimento em Participações and Gilmar José Cadore as sellers, (ii) Ricardo Castellar de Faria, (iii) Lavebras Gestão de Têxteis S.A. ("**Lavebras**"), and (iv) LVB Holding LTDA, with respect to the purchase of the entire share capital of Lavebras. The Lavebras Share Purchase Agreement is governed by the laws of Brazil. The transaction closed on 23 May 2017, as announced by Elis in a press release dated May 23, 2017.

Under the terms of the Lavebras Share Purchase Agreement, the consideration for the sale of the Lavebras shares, payable in cash, reflected an enterprise value of approximately 1.3 billion Brazilian Reais, subject to adjustments for net debt.

The transaction, which was subject to the customary conditions precedent, in particular the authorization of Brazilian competition authority CADE *(Conselho Administrativo de Defesa Econômica)*, was carried out on May 23, 2017 as announced in the release published by the Company on that date, following CADE's approval of the acquisition without conditions. In the Lavebras Share Purchase Agreement, the sellers gave certain covenants and customary warranties and indemnities (subject to customary limitations), which survive until 23 May 2022.

1.15 RESEARCH & DEVELOPMENT, PATENTS AND LICENSES AFR

1.15.1 RESEARCH & DEVELOPMENT

The R&D unit of Kennedy Hygiene Products Ltd, a Group subsidiary based in the UK, is developing a new range of "smart" sanitary appliances that can remotely transmit levels of consumption. The detection technology used in each appliance has been specifically developed for the type of consumable used. For example, appliances may contain mechanical and infra-red capacity sensors combined with a radio communication module. The signal emitted by each appliance is thus sent to a radio frequency concentrator which relays the information to a remote server. The introduction of these solutions, currently in the pilot phase, is taking place across all Group regions with a view to their marketing.

On a broader scale, in 2017, Elis launched the Elis Connect™ brand which reinforces all of the Group's offers and services through a high-tech traceability service. With these new services, Elis strives to better meet customer expectations and demonstrates its ability to innovate to improve its textile flow management and to strengthen its operational excellence. The rollout of these solutions has already started in France and other European countries in services such as workwear, sanitary equipment, pest control and water fountains.

1.15.2 PATENTS AND LICENSES

The Group has a portfolio of trademarks, patents and registered designs that give it a considerable strategic advantage over its competitors and which it constantly strives to protect.

The Group uses various registered brands, service marks and trade names in its operations. "Elis," "Berendsen," "On my way," "Le Jacquard Français," and "AD3" are the main brands used by the Group in its businesses.

The Group owns a portfolio of more than twelve patent families active in over 15 countries. These patents relate to processes involving workwear or the protection of workwear wearers or the improvement of industrial linen processing techniques.

The Group also has a large portfolio of registered designs that it uses to create workwear (especially personal protective equipment) and table linen. The Group believes that the research and development work it has carried out enables it to conduct its business without depending on patents relating to its business that it does not own.

The Group also holds two patent licenses:

- the first is from Mistral Constructeur and involves two patents to manufacture water fountains equipped with a diode system and removable water circuit. The term of the license granted by Mistral Constructeur coincides with the remaining periods of validity of the patents, namely 20 years from October 1, 1997 and September 4, 1998;
- the Group also holds a license from Osmooze for its patented liquid supply system for the Group's sanitary fragrance dispensers. The term of the license granted by Osmooze coincides with the remaining period of the patent's validity, namely 20 years from October 20, 2005.

On July 7, 2014, the Group also signed a one-year agreement with A Point Un beginning on September 1, 2014 and automatically renewable. Under the terms of this agreement A Point Un provides Le Jacquard Français with table linen and kitchen linen designs for its exclusive use and with the color variations necessary to make a collection from these designs. This agreement has been renewed for an additional one-year period.

Shareholders of the Company and potential investors should consider all the information contained in this registration document, including the risk factors and the risk control procedures described in this chapter.

The Company believes these risks could, as at the date of this registration document, have a material adverse effect on the Group and its business, financial position, results, or ability to achieve its objectives. Moreover, other risks may exist or occur that are unknown or have not been considered as at the date of filing of the registration document as potentially having adverse effect on the Group, its businesses, financial position, its results or its ability to achieve its objectives.

The Company has reviewed the risks that could have a material adverse effect on its business, financial position or results (or on its ability to achieve its objectives) and believes that there were no other significant risks apart from those presented.

2 Risk factors, risk control and insurance RFA

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2.1 RISK FACTORS

The Group operates in a constantly changing environment. It is therefore exposed to risks that, if materialized, could have a material adverse effect on its business, results, financial position or outlook.

This chapter presents the significant risks to which the Group considers itself exposed: risks related to the Group's activities and business sectors, risks related to acquisitions and disposals, financial risks, and legal, regulatory, tax and insurance risks.

In order to identify, prevent and monitor such risks, the Group has set up an internal control and risk management system, which is described in section 2.2 of this chapter.

The Group's risk mapping procedure identifies the main risks to which the Group is exposed and classifies them based on four areas: strategic, operational, financial and compliance. The risks have been identified by the Group's main managers and prioritized based on their criticality (which combines the impact of the risk and its probability of occurrence) and level of control.

The incorporation of this risk mapping exercise into strategic planning responds to the double objective of high involvement of management in managing risks and a focus on the action plans to carry out in order to better guarantee the fulfillment of the Group's strategic and operational targets.

These action plans are then regularly monitored during an Executive Committee meeting and reported to the Audit Committee twice per year. An operational follow-up is carried out by the Operations Committee, which is composed mainly of the chief operating officers, regional directors and country directors.

The risk map is updated annually with the main "risk owners" by incorporating possible new risks and monitoring the action plans.

In each section, the various risks are presented based on their materiality for the Group's activities and in a decreasing ranking order.

2.1.1 RISKS RELATED TO THE GROUP'S BUSINESS

Risks related to the Group's inability to win new contracts

The Group's organic growth rests, in part, on its ability to win new customer contracts. These new contracts may involve a bidding process, putting the Group in competition with several other service providers. The Group may be unable to win competitively-awarded or other new contracts, especially if its bid is less attractive than those of its competitors.

The realization of any or several of these risks could have a material adverse effect on the Group's business, results, financial position, or outlook.

Risks related to the termination of a large number of customer contracts or the non-renewal of certain customer contracts

Most of the Group's contracts, usually entered into for a fixed term, include automatic renewal clauses. Most contracts are for a four-year term. To strengthen the Marketing Department and enhance Customer Experience, the Group has adapted certain clauses of its standard contracts in France, particularly relating to their renewal (see chapter 1, section 1.9.2 of this registration document). Even if a contract has an automatic renewal clause, it may be terminated at the expiration of the stated term. Some of the Group's contracts may be terminated at the customer's discretion before the stated term upon the payment of a termination fee (which usually equals the residual value of the contract, calculated on the basis of the period remaining until the stated term), unless the Group has not complied with the terms of the contract. Although the Group's business model is built upon, among other things, having a large number of small customers so that it is not overly dependent on a handful of customers in each market in which it operates, the simultaneous loss of several contracts, especially with key accounts, could have a material adverse effect on the Group's business, results, financial position or outlook. Such loss could harm the Group's reputation and make it more difficult to win contracts with other customers.

Risks related to the Group's international operations

Because of the international scope of its activities, the Group is subject to a number of risks beyond its control. In 2017, the share of revenue generated outside France represented 68% of the total (pro forma figures including the full-year effect of acquisitions made in 2017), with Latin America representing approximately €221 million and Europe (excluding France) representing €964.7 million of total revenue generation. Organic growth in Latin America was 7% for the year ended, largely driven by Brazil, which had good business momentum despite a challenging macroeconomic environment.

These risks include political, social and economic instability, corruption, unexpected changes in government policies and regulations, devaluations and fluctuations in exchange rates – in particular for the British pound, the Swedish, Danish and Norwegian kroner, the Brazilian real and the Swiss franc – and the withholding or reduced withholding tax and other taxes on payments by foreign subsidiaries. The management of a decentralized international business requires compliance with the legislative and regulatory requirements of many different jurisdictions, especially in terms of tax, labor and environmental legislation. In addition, decision making and local legal compliance may be more difficult due to conflicting laws and regulations, specifically those relating to employment, health and safety, public procurement, competition and environmental protection.

Risks related to supply chain disruptions

The Group's businesses rely on a small number of suppliers, notably for the supply of coffee machines and coffee pods, heavy-duty washing tunnels, ironers, dryers, sorting machinery and equipment, and laundry products (see chapter 1, section 1.10 of this registration document). Any adverse change affecting the Group's relationship with any of its main suppliers, or more stringent supply terms, price increases, the non-renewal of supply contracts or renewal under less favorable terms, or the failure of one of those suppliers, could have a material adverse effect on the Group's business, results, financial position or outlook.

Some suppliers may be unwilling to provide the Group with merchandise if it does not place orders on attractive terms or on terms competitive with the suppliers' other customers. In the event that one or more of the Group's main textile suppliers decide to terminate the contractual relationship or experiences operational difficulties, and the Group is unable to secure alternative sources in a timely manner or on commercially equivalent or better terms, the Group may experience inventory shortages or an increase in procurement costs. If the Group's suppliers are unable or unwilling to continue to provide it with merchandise under terms comparable with those previously applicable, or if the Group is unable to obtain merchandise from suppliers at prices that will allow its services to be competitively priced, there could be a material adverse effect on its business, results, financial position or outlook.

Moreover, the Group purchases the majority of its textiles in markets outside of western Europe, primarily in Africa and Asia, and the number of foreign suppliers may increase as the Group pursues its strategy to partner with suppliers in low-cost countries. The Group faces a variety of risks generally associated with importing merchandise from foreign markets, including: currency risks; political instability; increased requirements applicable to foreign goods (such as the imposition of duties, taxes, and other charges); restrictions on imports; risks related to suppliers' labor and environmental practices or other issues in the foreign factories in which the merchandise bought by the Group is manufactured; delays in shipping; and increased costs of transportation. The Group also faces the risk that suppliers subject their employees to poor working conditions or do not comply with applicable legislation, which could result in the Group being held liable.

In addition, the ongoing challenging economic environment could have a number of adverse effects on the Group's supply chain. The inability of suppliers to access funding, or the insolvency of suppliers, could lead to late delivery or non-delivery.

In some countries, the Group's supplier relations could be affected by local government policies such as the introduction of customs duties or other trade restrictions that, if enacted, could increase the cost of products purchased from suppliers in such countries or restrict the importation of products from such countries.

The realization of any of these risks, which are all beyond the Group's control, could have a material adverse effect on its business, results, financial position or outlook.

Risks related to labor relations

In the year ended December 31, 2017, the Group had over 46,000 employees in 28 countries. The Group's business is labor intensive, so maintaining good relationships with its employees, unions, and other labor organizations is essential. As a result, any deterioration in those relationships could have an adverse effect on its business, results, financial position, or outlook.

In addition, the majority of the Group's employees are covered by country-specific collective bargaining agreements and/or company-specific agreements that supplement applicable statutory provisions on some matters, such as maximum working hours, vacation leave, termination, retirement and benefits. Country-specific collective bargaining agreements and company-specific agreements also contain provisions that could increase the Group's expenses or affect its ability to restructure its payroll, operations and facilities. The Group may not be able to extend existing company-specific agreements, renew them under their current terms, or, upon the expiration of such agreements, negotiate new agreements in a favorable and timely manner or without work stoppages, strikes, or similar protests.

While in the last 10 years the Group has not experienced any material disruption to its business as a result of strikes, work stoppages, or other labor disputes, such events could disrupt its operations, harm its reputation, result in increased wages and additional benefits, and therefore have a material adverse effect on its business, results, financial position or outlook.

Risks related to employer reputation and Group image

The Group's image, its primary brand Elis, and its reputation are fundamental elements of its positioning and its value. The Group's success over the years has largely been due to its ability to establish its brand image as a leading provider of a broad range of flat linen, workwear, and HWB appliance services.

Accordingly, the Group's image, brand, and reputation are important assets to its ability to market its services and win new customers.

Although the Group closely monitors the quality of its services, it may not be able to protect its business against damage to its image, brand or reputation vis-à-vis current and potential customers and, more generally, in the geographic regions where the Group is present and in the sectors in which it operates.

Any such event or perception could have a material adverse effect on the Group's business, results, financial position or outlook.

As a multi-service company, Elis relies on the quality and commitment of the people who join it and develop within the Company. The ability to hire, retain and support high-quality teams is a critical success factor for the Group.

With the rapid development of social media and company referral websites, Elis has to adapt accordingly, position itself in these public, open spaces, and build a positive, transparent employer reputation. However, that reputation could be tarnished by potentially negative testimonials from employees or former employees dissatisfied with their situation and who decide to use these new media to express themselves.

To counter the potential impact of such action, in 2016 the human resources and communications teams began a digital transformation process to better control Elis's online reputation. A structured "community management" policy was introduced, firstly to monitor multiple communication channels and secondly to provide information about the Company's culture, strategy and key projects. A number of employees volunteered to relay information about the Group, answer questions from internet users (job applicants, customers, etc.) and share their own experience.

Risks related to hiring and retaining key personnel

The Group's success is largely dependent on the skills of its existing management team. The Group cannot guarantee that it will be able to retain its executives and other key personnel. If one or more executives or other key personnel are unable or unwilling to continue in their current role, the Group could find itself less able to succeed in its industrial and commercial strategy.

In addition, if any of the Group's executives or other key personnel joins a competitor or forms a competing company, the Group may lose customers, know-how and other key personnel, which may have an adverse effect on its business, results, financial position or outlook. Given that the Group's business depends to a certain extent on its relationships with customers, departing members of its central or local management teams could attract customers and persuade them to reduce or discontinue their business with the Group.

To limit the potential impact of these risks, the Group has set up a number of resource management mechanisms, including annual performance appraisals, talent reviews, succession plans for key personnel, and free performance share plans.

Risks related to IT systems

The Group has several information technology (IT) systems which manage the operations of its centers and central support services.

The centers' IT systems cover the customer order and supply processes, as well as the activities related to production, dispatching, delivery of services and billing. These processes apply to all the service lines (workwear, flat linen, HWB appliances and pest control 3D Prevention).

The Group's central systems cover marketing, purchasing, accounting and finance, human resources, communication tools, and the supply of digital services to customers.

The primary risk concerns disturbances or failures of IT systems which could have a material adverse effect on the quality and timeliness of the services offered by the Group, leading to efficiency losses in internal processes. To mitigate this risk, the Group regularly renews its hardware and has put in place security and/or redundancy procedures for its critical systems. Recovery operations are documented. In addition, the Group relies on a single communication network whose access is secured via a split (each Center has two parallel access points on two networks that are able to provide network security to each other).

The second risk is related to internal or external threats of theft, duplication or destruction of information (virus, malware, etc.). In order to protect itself, the Group follows a specific segregation policy for information access rights. The systems of high technical complexity are entrusted to specialized service providers. All the workstations and servers are equipped with protection tools

systematically updated at defined time intervals. However, constantly evolving threats require us to strengthen the resources dedicated to information security.

The third risk concerns the flexibility and upgradeability of the IT system. As the applications have a long life span, their upgrading must be managed over the long term. Following its recent acquisitions, the Group is updating its four-year strategic plan which details these upgrades. The IT systems for central support services were recently replaced and are not expected to be revisited. In contrast, the systems for the centers are older and more diverse. A target has been set but is awaiting operational validation. It will then be deployed in all the Group's centers over a period of several years.

The fourth risk concerns the multiplicity of IT solutions resulting from the many acquisitions. This slows down the deployment of best operating practices (production, marketing, purchasing, traceability, etc.) in new centers. Elis is considering reorganizing its IT services to better safeguard local solutions and speed up the deployment of the Group's standard solutions. This multiplicity of solutions also entails a risk of non-compliance with the many existing country-specific standards. Continuously monitoring such compliance requires us to implement new methods and tools.

Lastly, a final risk concerns the IT skills that we need. Technical staff are more difficult to recruit, which limits our capacity for innovation and complicates the maintenance of existing solutions. The management of human resources is more important than ever to limit the effects of any loss of know-how.

The Group plans to spend around 2% of its revenue on IT systems. In particular, it will invest in customer-oriented systems to either improve marketing efficiency or offer new digital services to its customers.

Risks related to the use of third-party suppliers

The Group may source the services it provides to its customers from third-party suppliers. In this context, in 2017 the Group bought textiles from suppliers for €264.6 million and industrial equipment for €143.7 million (including HWB appliances for €22.0 million and vehicles for €13.1 million). Reliance on such third parties reduces the Group's ability to directly control the quality of services it provides. This risk is greater for those markets in which the customer sometimes sets the choice of the supplier, as is the case with certain bids for professional clothing. Lastly, the frequent integration of newly-acquired companies also increases the risk, temporarily multiplying the number of suppliers for which control is limited and remains local.

Accordingly, it is exposed to the risk that these third-party suppliers may fail to meet agreed quality standards under the contract or to generally comply with applicable legislative or regulatory requirements.

As such, damage claims involving such third-party suppliers may be brought against the Group. Such claims could include accrued expenses for allegedly defective work or alleged breaches of warranty or health and safety requirements. The claims and accrued expenses can involve the payment of damages, as well as contractually agreed-upon liquidated sums. These claims, as well as any other legal action involving the Group, its customers, suppliers, or other parties, if not resolved through negotiation, could result in lengthy and expensive litigation or arbitration proceedings that could have a material adverse effect on the Group's business, financial position, results, or outlook.

Furthermore, third-party suppliers may have inadequate insurance coverage or inadequate financial resources to honor claims or judgments resulting from damages or losses inflicted on a Group customer as a result of their actions. Any failure of such third parties to meet their obligations could harm the Group's reputation, as well as result in lost customers and additional costs, which could have a material adverse effect on the Group's business, operating results, financial position or outlook.

Risks related to the use of subcontractors

The Group has a strategy of avoiding the widespread use of subcontractors. However, the Group does occasionally call on subcontractors that act on behalf of and for the Group to provide services to the Group's customers, either because the Group has acquired an entity that uses subcontractors or because the Group does not have a processing center in a given region but must, for example, meet the needs of a customer's place of business in that location.

The Group thus faces risks related to managing its subcontractors, including the risk that subcontractors do not deliver their services in a satisfactory manner or within the agreed timeframe. Such a situation could make it difficult for the Group to keep its commitments to its customers, comply with applicable regulations, or meet customers' needs. In extreme cases, the failure of a subcontractor to properly execute its services could cause a customer to terminate its contract with the Group. Such an event could damage the Group's reputation, hinder its ability to win new contracts, and incur its liability. In addition, if a subcontractor fails to properly execute its services, the Group may be required to perform unplanned work or provide additional services to fulfill the initial contract with the customer, without receiving any compensation for the extra work or services.

Lastly, some subcontractors may have inadequate insurance coverage or inadequate financial resources to honor claims resulting from damages or losses related to their services.

Any failure of subcontractors to meet their contractual or legal obligations could therefore have a material adverse effect on the Group's business, results, financial position or outlook.

Risks related to economic dependency on certain suppliers or subcontractors

In the context of its relations with suppliers or subcontractors, even if it endeavors to conduct business with a sufficiently large number of subcontractors to avoid any situation of economic dependency, the Group can nevertheless not exclude the possibility of being faced with such a situation (see chapter 1, section 1.10 of this registration document). In such a case, the Group may not be able to terminate its contracts with suppliers or subcontractors in a situation of economic dependency due to potential litigation and termination fees or the need to extend the notice period for terminating the contract. Additionally, in the event of the bankruptcy of or a default by one of its subcontractors, the Group cannot exclude the possibility that it could be considered a co-employer of the failed subcontractor, and, as such, be obligated to redeploy or indemnify the subcontractor's employees, particularly in the event of layoffs.

Such scenarios could have a material adverse effect on the Group's business, results, financial position or outlook.

Risks related to intellectual property rights

The Group's principal brand names, such as Elis, the Elis logo, Berendsen, the Berendsen logo, Le Jacquard Français, SNDI, AD3, Magic Rambo, Poulard and Prévention Nuisibles are key assets of the Group.

The Group also wholly owns a portfolio of more than 40 patents active in more than 15 countries and also has a large portfolio of patterns for the creation of workwear and table linen, among other things.

The Group relies on a combination of copyright, brand, and patent laws and regulations to establish and protect its intellectual property rights, but it cannot guarantee that the actions it has taken or may take in the future will be adequate to prevent violations of or challenges to its intellectual property rights. There can be no assurance that litigation will not be necessary in order to enforce the Group's brand or other intellectual property rights or to defend against third-party claims of infringement of their rights. Should any such litigation occur, there is no guarantee that it will have a favorable outcome for the Group. The adverse publicity of any such legal action could harm the Group's brand image, which could in turn lead to decreased consumer demand and have a material adverse effect on its business, results, financial position or outlook.

2.1.2 RISKS RELATING TO ACQUISITIONS AND DISPOSALS, I.E., RISKS RELATING TO ELIS'S ACQUISITION OF BERENDSEN PLC

Risks related to acquisitions and disposals

The Group's business has grown significantly in recent years, in large part through acquisitions in several countries across Europe and Latin America. The Group intends to continue to develop and expand its business through acquisitions, primarily in the regions where it already has operations.

The risks associated with acquisitions that could adversely affect the Group's business, operating results, financial position or outlook to a significant extent include the following:

- the Group may not find suitable acquisition targets;
- the Group may not be able to plan or manage an acquisition efficiently;
- the Group may face increased competition for acquisitions as the flat linen, workwear, and HWB appliance services markets undergo continuing consolidation;
- the Group may incur significant costs, delays or other operational or financial problems in integrating acquired businesses, in particular due to potential incompatibilities of their information systems and accounting procedures with those of the Group;
- the Group may experience problems in adapting its services to their local markets and local business practices, and its ability to predict the profitability of acquired businesses may be reduced if the Group has less experience in the market of those businesses than in the markets in which it already operates;
- the Group may not be able to retain the key personnel or key account contracts of acquired businesses;
- the Group may incur impairment losses or unforeseen liabilities, or encounter other financial difficulties with completed acquisitions; and
- the occurrence of unforeseen events, circumstances, litigation or legal obligations relating to acquired businesses or customers, without the Group being able to ascertain that it will be compensated by the vendor(s) pursuant to the guarantees and compensation commitments, if any, granted in connection with the acquisitions concerned, including with respect to the commitments and liabilities that the Group has been able to identify in the context of due diligence carried out upstream of the acquisition (the Group may not be able to enforce its claims for compensation against the sellers and/or these claims may not be sufficient in terms of amount, scope or duration).

In addition, there can be no assurance that, following its integration, an acquired business will be able to maintain its customer base consistent with expectations or generate the expected margins or cash flows or achieve the anticipated synergies or other expected benefits. Although the Group carefully studies each acquisition target, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, interest rates and company valuations. There can be no guarantee that the Group's assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from expectations.

For example, the acquisition of the Indusal business completed at the end of 2016 and the acquisition of Lavebras could incur higher integration costs or fewer than expected synergies or other benefits.

Despite the Group's solid experience in acquiring other entities and the benefits resulting from these acquisitions, Elis's integration process, while effective, nevertheless carries inherent uncertainties and costs. The Group could end up having to bear significant costs, delays or other operational or financial challenges in connection with the integration of it acquisitions. The synergies and other benefits expected from these acquisitions (including opportunities for growth, cost optimization, tax-related goodwill amortization, and increased revenue and profits), described in chapter 5 of this 2017 registration document, may not materialize as expected if the Group is unable to successfully integrate Indusal's information systems and operating processes, retain key personnel or key customer contracts of the acquired companies, or cope with the occurrence of unforeseen events, circumstances, litigation or legal obligations related to the acquired companies or their existing customer bases. There can be no assurance that, following their integration into the Group, the businesses of acquired companies will be able to maintain their existing customer bases, or generate the expected margins or cash flows, or achieve the anticipated synergies or other expected benefits. Although the Group has carefully studied the operations and earnings of acquired companies, including Indusal and Lavebras, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, interest rates, and valuations of these acquired companies. There can be no guarantee that the Group's assessments of these companies, including Indusal and Lavebras, and the assumptions and opportunities pertaining thereto will prove to be correct, and actual developments may differ significantly from expectations. Although the estimated synergies and other benefits of these acquisitions are significant, any failure, major delay or unexpected costs during the integration process could have a negative impact on the Group's ability to achieve its objectives and on its operational and financial position.

In any event, the successful integration of acquired companies requires a high degree of involvement on the part of the Group's management teams, which is likely to adversely affect the ability of these teams to carry out their activities efficiently during the integration period, even when specific teams have been set up to implement the integration.

Furthermore, acquisitions of companies expose the Group to the risk of unforeseen legal obligations to public authorities or to other parties such as employees, customers, suppliers, and subcontractors of acquired businesses and in relation to real estate owned or leased by acquired businesses. Such obligations could have a material adverse effect on the Group's business, results, financial position or outlook.

The Group could also face risks related to the disposals it may undertake, which could have a material adverse effect on the Group's business, results, financial position or outlook, and which are notably those related to the following factors:

- the Group may not obtain a required waiver under its financing agreements in order to carry out a planned disposal (see chapter 1, section 1.13 of this registration document and note 8.3 to the 2017 consolidated financial statements, included in chapter 6 of the 2017 registration document);
- disposals could result in losses or lower margins;
- disposals could lead to an impairment of goodwill and other intangible assets (see Note 6 to the 2017 consolidated financial statements included in chapter 6 of the 2017 registration document);
- disposals could result in the loss of qualified personnel associated with the entities sold.

The Group may encounter unanticipated events or delays and retain or incur legal obligations related to the divested business with respect to employees, customers, suppliers, subcontractors of the divested business, public authorities and other parties.

The policy for managing the risks related to acquisition and disposal plans relies in particular on a dedicated team. During the analysis phase prior to any major acquisition or disposal plan, the Group carries out due diligence to review financial, legal, tax, labor, regulatory and environmental information in order to identify relevant information on each of the acquired companies, particularly potential problems or significant liabilities. The risks identified may be covered by a guarantee given by the sellers (subject to certain financial and time limits, however).

There can nevertheless be no guarantee that the documents and information provided to the Group as part of the due diligence process, particularly financial data, are comprehensive, appropriate or accurate, and as such that the due diligence performed has identified or assessed all potential problems, risks or significant liabilities within the acquired entities. In particular, there can be no guarantee that the due diligence process has identified or made it possible to anticipate all risks related to litigation and disputes, past, present or future, of the acquired companies, or all risks related to possible breaches by the acquired companies, their executives or their employees of laws and regulations governing anti-corruption and money laundering.

If the Group failed to correctly identify or assess certain risks, it may be exposed to significant undisclosed liabilities of the acquired companies and forced to impair or derecognize assets, restructure its operations or bear other costs that could result in losses that may not be covered by the indemnity undertakings negotiated within the framework of the acquisitions because of limits in the amount and term of these undertakings.

All of the above factors could lead to a weaker performance than originally anticipated and have an adverse effect on the Group's ability to achieve its objectives and on its financial position.

Risks related to unidentified liabilities of Berendsen

In launching the Berendsen Acquisition and setting its terms and conditions, the Company relied on publicly available information relating to Berendsen, including periodic disclosures and other reports by Berendsen made available to the public under English law. The negotiations between Berendsen and the Company that led to setting the terms and conditions of the Berendsen Acquisition were conducted on the basis of publicly-available information relating to the Company and to Berendsen, respectively, and information voluntarily exchanged between the parties in the course of their talks. Neither the Company nor Berendsen conducted detailed due diligence on one another. Consequently, following the completion of the Berendsen Acquisition, the Group may have to face unknown liabilities on Berendsen's part. In addition, the Group may face (i) the occurrence of some or all of the risks described in Berendsen's 2016 annual report and their consequences, whether or not described in that report, or (ii) the occurrence of other risks not identified by Berendsen in its 2016 annual report. This could therefore have an adverse impact on the Group's business, financial position, results or outlook as well as on the Company's share price. Accordingly, the Group's consolidated results and consolidated statement of financial position may differ materially from the expected results and statement of financial position.

Risks related to the occurrence of unforeseen difficulties related to the integration of Berendsen

The benefits expected from the Berendsen Acquisition will depend in part on the successful integration of Berendsen's activities with those of the Group. To this end, the Group intends to integrate Berendsen's activities with its own. The aim of this integration by the Group is to increase its revenues through greater growth opportunities and to achieve cost savings by leveraging the significant synergies anticipated from the Berendsen Acquisition.

However, the integration of Berendsen involves the merger of two large groups that previously operated independently. The Group may encounter difficulties in integrating its activities with those of Berendsen, some of which may not have been planned or may be

beyond the Company's control, including differences between the standards, controls, procedures and rules, the corporate culture and organization of the two groups, and the need to integrate and align the different operating systems and procedures specific to each group, such as financial and accounting systems and information technology.

The Company's management will have to devote significant time and resources to the integration process. This task could therefore divert management's attention and resources from other strategic opportunities and day-to-day operational management during the integration process.

Integration efforts could also entail significant costs. This could have a material adverse effect on the Group's financial position and operating results. If these difficulties are significant, they could have a material impact on the Group's businesses, financial position and profitability.

Risks related to expected future synergies

The Company expects that the Berendsen Acquisition will achieve cost synergies of at least €80 million per year by 2020, including €50 million in 2018, corresponding mainly to structural savings ("Cost Synergies"). However, there can be no assurance that the expected Cost Synergies will materialize or be achieved within the expected timeframe because the existence and scope of any expected synergies depend on a number of factors and assumptions, some of which are beyond the Group's control. The Company's ability to achieve the expected Cost Synergies could be compromised by the materialization of one or more of the risks related to the activities of the Group (including Berendsen) described in this registration document. In addition, the costs incurred to achieve the Cost Synergies could be higher than anticipated, or unforeseen additional costs over and above the expected synergies could arise, resulting in a reduction of shareholder value.

The inability to achieve the expected Cost Synergies or to control the cost increases generated as part of this process could have a material adverse effect on the Group's business, operating results, financial position and outlook.

Risks relating to a possible future impairment of goodwill following the Berendsen Acquisition

Goodwill represents the excess value paid by the Company on the Berendsen Acquisition in relation to the fair value of Berendsen's identifiable net assets. If actual business results and forecasts change, the estimate of the recoverable amount of goodwill could decrease significantly and require impairment. No guarantee can be given that there will be no significant impairment in the future, particularly if market conditions continue to deteriorate.

Risks related to the implementation of the desired strategy for the Group's activities in the United Kingdom

As part of the preparation of the Berendsen Acquisition, the Company used publicly-available information relating to Berendsen to analyze the strategy adopted and implemented in the United Kingdom.

The Company has analyzed the situation in the United Kingdom in detail in order to provide appropriate operational responses. However, the political, economic and competitive environment could disrupt the strategy that Elis wishes to implement in the United Kingdom and not allow the anticipated results to be achieved.

Risks relating to claims and disputes against the Company, Berendsen or the Group

As part of the Berendsen Acquisition, the Group could face new claims and disputes, in particular from Elis's or Berendsen's partners and suppliers, or from investors concerned by the Berendsen Acquisition.

2.1.3 RISKS RELATED TO THE GROUP'S BUSINESS SECTORS

Risks related to trends in the outsourcing of services provided by the Group and the repatriation of those services by some customers

The decision by an existing or potential customer to outsource flat linen, workwear, and HWB appliance services is dependent upon, among other things, that customer's perception regarding outsourcing in general and the price and quality of such outsourced services in particular. The Group estimates that the average outsourcing rate for services in Europe is 30% (see chapter 1, section 1.7.2 of this registration document). Negative perceptions regarding outsourcing may adversely impact trends in the outsourcing of flat linen, workwear, and HWB appliance services, lead to decreased consumer demand, cause the Group to lose contracts, and prompt the repatriation of certain services provided by the Group—this risk mainly relating to HWB services—which would have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, the development of new, more cost-effective methods that can be directly performed by customers could have a material adverse effect on the Group's business, results, financial position or outlook. For example, replacing the textiles currently used in operating rooms with disposable textiles could lead to a reduction in the demand for the Group's services. This could have a material adverse effect on the Group's business, results, financial position or outlook.

Risks related to the competitive landscape

The Group faces significant competition from a variety of companies across each of its markets and host countries. Its success is therefore dependent on its service quality and prices, especially relative to its competitors. The Group's customer segments and types of services face specific competitors. In France, one of the Group's main markets, it competes against some large companies such as Rentokil Initial, RLD, and Anett, as well as smaller local or regional service providers. Some of the Group's customers may decide to use their in-house resources to not only launder their own flat linen and workwear required for their activities, but also to offer supply and maintenance services to third parties for flat linen, workwear and HWB appliances. For example, in flat linen and workwear services, the Group faces competition in the public health market from the shared laundry facilities that some hospitals have pooled resources to create. These facilities serve many different hospitals and could also serve other customers, such as nursing homes. In particular, under France's administrative reform of July 1, 2016, public health organizations are required to form regional hospital groups (GHTs), one of the purposes of which is to pool logistics. As a result, such organizations may only use shared laundry facilities and no longer issue tenders to outsource them.

The Group's competitive positioning could also be affected by new market entrants, such as cleaning and facility management companies that offer a full range of services including HWB services.

If customers or potential customers do not value the quality and cost value of the Group's services, or if there is not sufficient demand for new services, its business, results, financial position or outlook could be adversely affected to a significant extent.

In addition, the markets for some services – such as the provision of basic flat linen to small and medium-sized companies – are relatively fragmented, with many companies competing primarily on price. Over time, the Group's competitors could merge or further consolidate, and the diversified service offerings or increased synergies of these consolidated businesses could increase the intensity of the competition the Group faces, especially if it cannot take part in the consolidation trend.

The development of new products or new technology by competitors may also affect the Group's competitive positioning. For example, the widespread adoption of electric hand-dryers and paper hand towels has had a negative impact on the Group's rental and laundry services for textile hand towels. The Group's failure to adapt successfully to these or other changes in the competitive landscape could also result in a loss of market share, decreased revenue, or a decline in profitability, and could therefore have a material adverse effect on its business, results, financial position or outlook.

Risks related to price and margin pressure on the Group's services

The Group might be forced to cut prices for its services or be unable to raise prices to the level necessary to stabilize or grow margins, due to a number of factors such as challenging macroeconomic conditions and existing competition, especially during contract renewals or the periodic renegotiation of pricing terms for contracts. The Group may be unable to offset these price decreases or insufficient price increases by attracting new business, reducing its operating costs or otherwise, which could lead eventually to a decline in its earnings.

As regards new contracts, the Group might poorly evaluate the price level necessary for the provision of the service and the contract might not produce the expected results.

In addition, the impact of laws and regulations, particularly in terms of labor and environmental protection, may restrict the Group's ability to achieve cost reductions and other efficiency gains and may increase its operating costs. Price and margin pressure may therefore lead to a reduction in the Group's margins and the average prices for the Group's services, which could have a material adverse effect on its business, results, financial position or outlook.

Risks related to the capital intensive nature of the Group's business

The Group's flat linen and workwear purchases for rental and laundry services are classified as capital expenditure, meaning its flat linen and workwear activities are capital intensive. These activities are also capital intensive because a high degree of mechanization is required to launder flat linens and workwear.

In order to continue to provide reliable, high-quality services, the Group must continue to invest in new equipment and products that can improve its laundering and manufacturing processes, and to renew its service vehicle fleet as needed. The Group might experience technical failures and may not be able to invest adequate resources into state-of-the-art equipment, which could impair its service quality and consequently have a material adverse effect on its business, results, financial position or outlook.

The Group's total capital expenditure for 2017 was approximately 21.7% of revenue.

Risks related to fluctuations in textile prices

The Group is exposed to changes in the prices of the raw materials used to make the consumables and textile products (flat linens and workwear) it provides as part of its rental and laundry services. The price of textiles, especially those made from cotton and polyester, is primarily determined by the cost of the production time required to manufacture them. To a lesser extent, the price of textiles is also determined by the price evolution of their ingredients—mainly cotton and polyester—which are subject to considerable price volatility. If textile prices increase again, and if the Group is not able to fully or immediately offset the higher costs by raising the prices it charges customers – in particular due to the scale of the higher costs, price pressure from existing competitors, or market conditions – the Group's business, results, financial position or outlook could be adversely affected to a significant extent. In 2017 the Group spent €178.3 million on textile items (excluding Berendsen, Lavebras and Indusal).

Risks related to energy prices

Most of the services the Group provides rely on frequent delivery and collection services by its vehicle fleet. As a result, the Group uses a great deal of gasoline. The Group estimates that its fuel consumption for the commercial fleet and deliveries in 2017 was 23,944 m^3 (kiloliters) for an aggregate weekly distance of approximately 3,453,500 kilometers (excluding Indusal, Lavebras and Berendsen).

In addition, the Group's laundry facilities and processing centers run on natural gas and electricity. In 2017, the Group (excluding Berendsen) consumed 161,953 MWh of electricity and 841,969 MWh PCI of natural gas. These figures do not include the electricity and natural gas consumption of Indusal (11,018 MWh and 124,593 MWh, respectively) or Lavebras (42,450 MWh and 37,098 MWh, respectively).

The price of the natural gas and electricity necessary for the operation of the Group's laundries and processing centers and the price of the gasoline necessary for its delivery and collection vehicles are unpredictable and fluctuate, sometimes substantially, based on events outside the Group's control including: the supply and demand for gas, electricity, and gasoline, actions by central governments, local governments, and government agencies; actions by oil and electricity producers, war and political unrest in oil and gas producing countries, limits on refining capabilities, natural disasters, and environmental concerns.

Moreover, the water used by the Group comes primarily from wells at its processing centers that tap into underground reservoirs, requiring the Group to pay water royalties of an amount set by local authorities and subject to change.

The Group has not set up a hedge against the risk of fluctuations in energy costs but has nevertheless concluded fixed-price gas procurement contracts covering supplies for 2016, 2017 and 2018. If the Group is not able to increase the prices it charges to customers as a result of increases in gas, electricity, water, or gasoline prices, its business, results, financial position or outlook could be affected. In addition, any disruption in the supply of the Group's various sources of energy may impair its ability to conduct its business and meet customer demand, and could have a material adverse effect on its business, results, financial position or outlook.

Environmental information is more fully presented in chapter 3 of this registration document.

Risks related to the overall economic conditions

The growth in demand for some of the Group's services, such as the services it provides to customers in the Hospitality, Industry, and Trade and Services sectors, is generally linked to the economic environment and in particular to the growth in gross domestic product in the markets in which the Group operates, and to the growth in gross domestic product in the other countries where the Group operates. Periods of recession or deflation, when combined with potential customers' financial troubles and downsizing of their activities, could have an adverse impact on prices and payment terms, and make customers delay their outsourcing projects, or reduce their demand for services.

The Group's financial and operating performance could be adversely affected by declining economic conditions in the countries in which it operates and by international trading conditions. Customers indeed typically scale back such services in a difficult economic environment because they either reduce staff working hours or view some HWB services as non-essential. Accordingly, the Group's ability to maintain business volumes and growth and other countries where the Group operates will depend on the economic circumstances of these countries and on the growth in their demand for the Group's services. But the economies of countries in which the Group operates may not experience growth – or may experience insufficient growth – in the future, thereby negatively affecting general outsourcing trends, and therefore growth in demand for the Group's services in these markets. In addition, further expansion into new sectors or geographic markets may not be successful in a depressed economic context.

Lastly, the Group's business is sensitive to developments that materially impact the economic activity of the countries in which it operates. Although demand for the Group's services is typically not highly affected by a slowdown in GDP growth, since the Group generally provides services essential for its customers, negative developments a country in which it operates, including with respect to the general business climate, could impact the activities of the Group's customers. If these risks materialize, they could adversely affect the Group's business volumes, ability to win new customers or contracts, increase the cost of acquiring new customers, or negatively impact the Group's prices and, accordingly, have a material adverse effect on its business, results, financial position or outlook.

Risks related to public spending

In some of the countries in which the Group operates, a portion of its revenue comes from contracts with the government and other public sector agencies. In 2017, the Group estimates that at least 10% of its revenue was generated with public sector agencies. The Group's public sector business may be adversely affected by political and administrative decisions about levels of public spending. Moreover, decisions to reduce public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on the Group's business, results, financial position or outlook.

2.1.4 FINANCIAL RISKS

Credit or counterparty risk

Credit or counterparty risk is the risk that a party to a contract with the Group fails to meet its contractual obligations, leading to a financial loss for the Group.

The main financial assets that could expose the Group to credit or counterparty risk are as follows:

- trade receivables: the Group insures its customer's risk in France with a well-known insurance company. Trade receivables are managed in a decentralized manner by operational centers and by the key account management. Their amount and age are monitored in detail as an integral part of the monthly reporting system. Because of the large number of Group customers, the risk is distributed and there is no material concentration of credit risk (meaning no one counterparty or group of counterparties accounts for a material proportion of trade receivables); The Group's 10 largest customers represent less than 10% of consolidated revenue;
- financial investments: against a backdrop of historically low and significantly negative interest rates, the Group's policy is to place its cash on short-term money market UCITS or in deposits with the Group's financing counterparties or to deposit it in accounts with the bank counterparties that finance the Group, in compliance with diversification and counterparty rules. Thus, as at December 31, 2017, short-term investments totaled €0.9 million and consisted mainly of money market UCITS. In the Group's view, therefore, those investments do not expose it to any material counterparty risk.

As part of its policy for managing interest rate and exchange rate risks, the Group arranges hedging contracts with top-ranking financial institutions and the Group's lending banks, and believes that counterparty risk in this respect can be regarded as insignificant.

Liquidity risk

The Group must always have financial resources available, not just to finance the day-to-day running of its business, but also to maintain its investment capacity.

The Group manages liquidity risk by paying constant attention to the duration of its financing arrangements, the permanence of its available credit facilities, and the diversification of its resources (bank or capital market financing). The Group also manages its available cash prudently and has set up cash management agreements in the main countries in which it operates in order to optimize and facilitate cash flow to M.A.J., the Group's central treasury entity, for Group companies (excluding Berendsen as at December 31, 2017).

As at December 31, 2017, the Group's adjusted net debt was €3,296.6 million. Loan agreements relating to this debt include the legal and financial commitments that are customary in such transactions, and specify accelerated maturities in the event of non-compliance with these commitments.

The breakdown of financial liabilities by contractual maturity as at December 31, 2017, the Group's financial debt and the related legal and financial commitments are described in note 8.1 to the 2017 consolidated financial statements.

The Senior Credit Facilities Agreement described in section 1.13 of this 2017 registration document contains a single covenant limiting the consolidated financial ratios: the Group's adjusted net debt/ EBITDA pro forma financial ratio must be less than 4 until December 31, 2017, inclusive, and less than 3.75 thereafter. The Group reviewed its future payments and considers that it is able to meet them. Moreover, across each of its business lines, the Group relies on the ability of its customers to pay for the services it provides.

If a customer is experiencing financial difficulties, its payments can be significantly delayed and ultimately the Group may not be able to collect amounts payable under the corresponding contracts, resulting in write-offs of such debt. The Group maintains reserves for doubtful accounts and amounts past due and has credit insurance to protect it against bad debt. However, there can be no assurance that those reserves and insurance are sufficient to cover the credit risks the Group faces. Significant or recurring payment defaults could have an adverse effect.

Risks related to goodwill and deferred tax assets

Under IFRS, the Group evaluates and measures the potential impairment of the value of goodwill annually or at interim closing dates if an impairment indicator, whether internal or external, is identified. The Group recognizes any impairment losses in its financial statements. Impairment may result from, among other things, deterioration in Group performance, a decline in expected future cash flows, unfavorable market conditions, unfavorable changes in applicable laws and regulations and a variety of other factors. The amount of any impairment losses must be immediately recognized in the Group's income statement and cannot be reversed. Sensitivity to the assumptions used for impairment tests as at the date of filing of this document is shown in Note 6.5 to the 2017 consolidated financial statements.

Any further impairment losses on goodwill may result in material reductions of the Group's income and equity under IFRS. In particular, in connection with the Berendsen Acquisition, if actual results and business forecasts change or if market conditions continue to deteriorate, the estimate of the recoverable amount of goodwill could decrease significantly and require impairment.

Furthermore, the Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuations of the assets and liabilities or in respect of tax loss carryforwards from Group entities or tax credit carryforwards the Group has benefited from. The actual realization of these assets in future years will depend on tax regulations, the outcome of any tax audits and tax claims, and the future results of the relevant entities. Any reduction in the Group's ability to use these assets due to changes in regulations, potential tax reassessments, or lower-than-expected earnings could have an adverse effect on its results, financial position or outlook.

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt and, to a lesser extent, as a result of foreign currency transactions. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize any potentially adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest rate risk

Interest rate risk mainly includes the risk of future fluctuations in flows relating to floating-rate debt, which is partly linked to Euribor. As at December 31, 2017, the Group had €2,074.7 million in gross floating-rate debt outstanding (before taking into account any hedging instruments).

To manage this risk effectively, the Group has entered into certain derivatives contracts (swaps), under which it has undertaken to swap, at specific times, the difference between the fixed rate agreed to in the swap contract and the floating rate applying to the relevant debt, based on a given notional amount. As at December 31, 2017, the Group was a party to interest rate hedging contracts covering a total nominal amount outstanding of €450.0 million of debt. These contracts effectively convert some of the Group's floating-rate debt into fixed-rate debt. However, no guarantee can be given regarding the Group's ability to manage its exposure to interest rate fluctuations appropriately in the future or to continue doing so at a reasonable cost.

The interest rate risk exposure and sensitivity analysis (calculated before tax) are presented in Note 8.1 to the 2017 consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2017" of the 2017 registration document.

Currency risk

The Group is present in 28 countries, with a significant portion of its revenue denominated in euros, British pounds, Swedish kroner, Danish kroner, Norwegian krone, Swiss francs and Brazilian reals. For the year ended December 31, 2017, countries outside the euro area accounted for 29.5% of the Group's consolidated revenue (Brazil: 8.8%, UK: 6.6%, Switzerland: 4.8%, Sweden: 3.3% and Denmark: 2.9% of consolidated revenue). When the Group prepares its consolidated financial statements, it must translate the financial statements of its non-eurozone subsidiaries into euros at the applicable exchange rates. As a result, the Group is exposed to fluctuations in exchange rates, which have a direct accounting impact on the Group's consolidated financial statements. This creates a risk relating to the conversion into euros of non-eurozone subsidiaries' balance sheets and income statements. The Group's financial results and ratios could therefore be sensitive to foreign exchange rate movements, and changes in foreign exchange rates could have a negative impact on the Group's results and financial ratios, irrespective of any hedging strategies. The Group's external financing is generally denominated in euros.

The sensitivity analysis of this risk, calculated before tax, is detailed in Note 8.1 to the 2017 consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2017" of the 2017 registration document.

The Group is also exposed to operational exchange rate risk through its purchases of goods, which are partly denominated in US dollars and to a lesser extent in pounds sterling. In 2017, purchases of goods denominated in foreign currencies totaled US$49.2 million and £4.6 million for the Elis consolidation scope (excluding Berendsen). However, the Group seeks to reduce the impact of exchange rate movements on its income by using currency hedging for the procurement of goods for resale. As at December 31, 2017, the Group had made forward purchases with a 2018 maturity amounting to US$50 million.

Risks related to the holding company structure

The Company is a holding company and its assets consist primarily of the equity interests it holds, directly or indirectly, in each of its subsidiaries, which generate the Group's cash flow. In the event of a decline in the earnings of its operating subsidiaries, the Group's cash flow and earnings could also be affected and such subsidiaries may not be able to meet their obligations, including their financial liabilities, or pay dividends to the Company or other subsidiaries. The Company's cash flow essentially comes from dividends, interest, and intra-group loan repayments from its subsidiaries.

The ability of the Group's operating subsidiaries to make these payments depends on economic, commercial, contractual, legal and regulatory factors. Any decline in earnings, or the incapacity or inability of subsidiaries to make payments to the Company or to other Group subsidiaries, could adversely affect to a significant extent the subsidiaries' ability to pay their debts or meet their other obligations, which could have a material adverse effect on the Group's business, results, financial position or outlook.

2.1.5 LEGAL, REGULATORY, TAX AND INSURANCE RISKS

Risks related to compliance with antitrust regulations

The Group is subject to various country-specific, European and international antitrust laws and regulations. In particular, in France, in accordance with Decision No. 07-D-21 of the French antitrust authority *(Autorité de la concurrence)* of June 26, 2007 – which imposed a penalty for specific anti-competitive practices – and as part of a compliance program, the Group has adopted internal directives regarding compliance with antitrust laws and regulations and has set up a warning mechanism. In addition, mandatory annual compliance reports are prepared and made available to the French antitrust authorities.

Although the application of those internal directives is closely monitored, executives and employees working within and outside France could fail to comply with the Group's instructions and, either voluntarily or involuntarily, breach the relevant laws and regulations by engaging in prohibited practices, such as colluding on price or working with competitors in certain markets or for certain customers. Such actions could damage the Group and, if the Group were found liable, could lead to considerable fines and other penalties. If such events occur, this could have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, the Group occasionally faces claims from suppliers, customers and other commercial partners asserting that, given its position as market leader, its pricing policies could be considered as abusive (excessive, improper or predatory pricing), and damaging competition in the markets concerned. Although the Group's policy is to strictly comply with applicable antitrust laws and regulations and it has adopted the antitrust compliance program described above, commercial partners or the relevant authorities could commence proceedings for non-compliance with those rules and the outcome of such proceedings could be damaging to the Group, for example requiring a change in some of the Group's pricing practices, which could have a major adverse effect on the Group's financial position, results or outlook. The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed by a self-catering cottage, a customer of the Group, with the Pays de Loire DIRECCTE (the regional Board for companies, competition, consumption, labor and employment). The Group cannot rule out the investigation being extended to practices other than pricing practices.

The Group may also face competition investigations or proceedings involving companies acquired by the Group and initiated prior to the acquisition or relating to events prior to the acquisition. For example, the company Prolav Servicos Tecnicos Ltda. ("Prolav"), a subsidiary of Lavebras, is the subject of proceedings initiated by the Brazilian competition authority (CADE) (see the description of this "administrative proceedings initiated by CADE" in the "Risks related to disputes and litigation" section below).

Similarly, Berendsen Cleanroom Services Limited, a subsidiary of Berendsen, was fined £1.2 million (approximately €1.4 million) on December 14, 2017 by the UK Competition and Markets Authority (CMA) for colluding with another player in the Ultra-Clean sector in Great Britain. CMA's investigation involved a trademark licensing agreement to which Berendsen Cleanroom Services Limited was a party (then known as "Micronclean (Newbury) Limited"). Berendsen acquired this company in 2014; the trademark licensing agreement was terminated in February 2016, before the start of the CMA investigation. As of the date of this registration document, the fine imposed on Berendsen Cleanroom Services Limited has been paid; the decision has not been appealed. In light of this sentence, the Company cannot exclude that actions (including legal actions) may be brought by customers of Berendsen Cleanroom Services Limited, current or former, to obtain compensation for the harm they may claim to have suffered as a result.

The relevant authorities and courts, and some governments of certain countries, could adopt measures or decisions aimed at maintaining or increasing competition in certain markets, to the detriment of the Group's economic and financial interests, which could have a material adverse effect on the Group's image, business model, business, strategy, results, financial position or outlook.

There are no other governmental, arbitration or legal proceedings, including any unsettled or threatened proceedings which are or were in the past twelve months liable to have material adverse effects on the Group's financial position or profitability.

Risks related to disputes and litigation

In the normal course of its business, the Group is involved or may be involved in a certain number of administrative, court or arbitration proceedings. In some of these proceedings, the amounts claimed or potentially claimed from the Company are significant, and penalties, including administrative and criminal penalties, may be handed down against the Group. If such penalties were handed down against the Group, their application could have a material adverse effect on the Group's business, financial position, results or outlook. In addition, any provisions set aside by the Company in respect of administrative, court or arbitration proceedings in its financial statements could prove insufficient, and this could have material adverse consequences on the Group's business, results, financial position, liquidity or outlook, regardless of whether or not the underlying claims are well founded.

In particular, the Group is subject to an inquiry by the French competition authorities referred to earlier in this registration document. Additionally, the Group is involved in various labor disputes and labor relations court proceedings involving employees in France and abroad, particularly in Brazil, usually regarding compliance with working time regulations and payment of termination benefits. In general, although none of these proceedings involve large sums taken separately, if taken together, or if they were to increase in number, they could have a material adverse effect on the Group's business, results, financial position or outlook. As at December 31, 2017, the provision for tax, commercial and employee-related disputes amounted to €31.0 million (see Note 7.1 to the 2017 consolidated financial statements, included in chapter 6 of this registration document).

The Group could be held liable for the acts or omissions of some of its employees. As part of the Group's activities, its employees provide services on customers' premises. As a result, the Group could be the subject of claims for safety breaches or damage to the assets, premises or agents of a customer, or for spreading infections in healthcare facilities. Such claims could have a material adverse effect on the Group's business, results, financial position or outlook.

A proceeding is currently underway in the State of Rio de Janeiro (Brazil) against Atmosfera and other industrial laundry service providers (Prolav) related to alleged acts of administrative improbity vis-à-vis officials regarding industrial laundry services provided by Atmosfera to public entities in the State of Rio de Janeiro that date back to the 2003-2011 period. Atmosfera filed a preliminary response in December 2014. The public prosecutor rejected arguments put forward by Atmosfera and ruled to continue the public action.

As at the date of filing of this registration document, and if Atmosfera and Prolav were to be held liable for administrative improbity, the sanctions that may be imposed could be either or both of the following: (i) reimbursement to the public treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) a civil fine of up to three times the amount referred to in (i). In addition, Atmosfera and Prolav could potentially be prohibited from entering into agreements with any Brazilian public entities or receiving tax benefits in Brazil for five or ten years. In 2017, a major portion of Atmosfera's revenue (including its subsidiaries) was generated with Brazilian public entities. If such sanctions were handed down against Atmosfera and Prolav, they could have a material adverse effect on the Group's business, results, financial position or outlook. Even though a notice regarding these proceedings has been served by the Group on Atmosfera's former owners under the guarantee agreement relating to the acquisition of Atmosfera, the Group cannot guarantee that the consequences of these proceedings will be effectively covered by an indemnification pursuant to this agreement.

Moreover, after the inspection in February 2014 by the Brazilian federal police of the premises of Maiguá – one of Atmosfera's suppliers – and the sanction announced by the Ministry of Labor against Atmosfera, two proceedings were launched, namely a public action by the national prosecuting authority and an action brought by Atmosfera in the Labor Relations Court to challenge the decision of Brazil's Ministry of Labor.

With regard to the proceedings initiated by Brazil's public prosecutor, in December 2016 the public prosecutor filed a public civil action aimed at preventing Atmosfera from using subcontractors to carry out its main business activities, in particular with regard to manufacturing textile products used in its business, and to comply with certain provisions of Brazil's legislation in the area of labor law, hygiene and safety related to findings by the federal police during the aforementioned inspection. The inquiry lodged by the public prosecutor also sought damages from Atmosfera in the amount of €830,000 under a collective moral damages charge. Since the 2016 financial year-end, on the invitation of the judge, Atmosfera and the public prosecutor have reached a judicial settlement, putting a definitive end to the proceedings with the payment by Atmosfera of a fine of R$350,000 (approximately €90,000) and subject to certain commitments made by Atmosfera (acting on its own behalf as well as on behalf of its Brazilian subsidiaries and some of its suppliers), consisting mainly of complying with the regulations in force in various fields such as health and safety, the hiring of foreign employees, etc.). On December 1, 2017, the judge in charge of the case ratified the judicial settlement.

As regards the proceedings in the Labor Relations Court, it should be noted that the Ministry of Labor's sanction included adding Atmosfera to the "blacklist" described below. The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. This first-instance decision was appealed by the administration, resulting in a new proceeding. Even though it has no knowledge of any specific dates, the Company anticipates that a decision will be handed down in this appeal in 2018.

If the Ministry of Labor's sanction are upheld on the aforementioned appeal, Atmosfera will be put on the "blacklist." Inclusion on the blacklist lasts for two years from the date of its publication.

If Atmosfera is included on the "blacklist" and even if such inclusion is not mandatory, ministries, federal agencies and public sector bodies could terminate service agreements with Atmosfera on the next renewal date. Furthermore, some private companies may have internal regulations that require them not to work with suppliers on the "blacklist," even if this is not stated in the contracts.

Regulations for the states of São Paulo, Rio de Janeiro and Bahia require removal of the state tax number *(Inscrição Estadual)* of any companies added to the "blacklist," and the regulations of the states of São Paulo and Bahia require this to be done for a period of 10 years (the state of Rio de Janeiro does not provide a time frame). The loss of Atmosfera's state tax number could make it necessary to use external service providers for transportation relating to Atmosfera's rental and laundry business.

If Atmosfera is included on the blacklist, it is possible that Atmosfera's image and that of the rest of the Group could be tarnished by negative publicity, especially in the Brazilian press. It is nevertheless possible that more Brazilian customers may decide to terminate their contracts with Atmosfera, even if the Company has now opened its internal manufacturing workshop and has launched a major advertising campaign targeted at its customers.

The inclusion of Atmosfera on the blacklist could therefore have a material adverse effect on the Group's business, results, financial position or outlook. Note that in this sense, Atmosfera's legacy scope represents approximately 50% of the Group's revenue in Brazil (totalling €194 million during the financial year ended December 31, 2017).

Although a risk management system has been implemented within Atmosfera and its subsidiaries, it is possible that events may occur that result in legal proceedings or litigation and that these may become known to the Group belatedly, or such events may occur in the future.

Administrative proceedings initiated by CADE

In December 2008, CADE initiated an inquiry into a number of industrial laundry service providers, including Prolav, regarding alleged deals and collusion in industrial laundry services for public health institutions in the state of Rio de Janeiro between 1999 and 2005. In February 2016, CADE ordered Prolav to pay a fine of R$2.5 million (approximately €630,000). Any late payment of this fine incurs interest on arrears at the benchmark rate of Brazil's central bank (SELIC). This may lead to significant additional costs if Lavebras decides to challenge CADE's decision before the courts and a final ruling is not issued for several years.

Prolav has not, to date, paid the aforementioned fine and has set aside a provision in the amount of R$1.25 million (approximately €315,000). Lavebras (as a Prolav shareholder) appealed the aforementioned decision, an appeal that was rejected by CADE on June 28, 2016. As at the date of this registration document, Prolav has not been able to reach an agreement with CADE's prosecutor on the amount of the reduced fine to be paid by Prolav and on the terms of payment of this amount. Prolav is now is awaiting the enforcement phase of the sanction before the courts having jurisdiction over the case. In addition to the fine imposed by CADE, Prolav could incur other penalties resulting from other actions initiated to challenge the CADE's decision or from other proceedings relating to the allegations. In particular, it could be ordered to compensate the Brazilian government for any losses sustained by the government as a result of the alleged deals and collusion.

To date, the Company has no information allowing it to assess the liability amount incurred by Prolav as a result of these proceedings in the event of an unfavorable outcome.

Proceedings against NJ Lavanderia Industrial e Hospitalar Ltda

Proceedings initiated by Brazil's Federal District public prosecutor

Proceedings are underway against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a Lavebras subsidiary, and the Government of the Federal District ("GDF") as part of a public civil action initiated in 2014 by Brazil's Federal District public prosecutor regarding the validity of a public-service contract between NJ Lavanderia and GDF under which NJ Lavanderia provides industrial laundry services to public health institutions in the Federal District of Brasilia. The action brought by the public prosecutor aims to annul the aforementioned contract and compel GDF to implement a restructuring plan for the laundry services that must be provided to four regional public hospitals located in Brazil's Federal District. At the end of the hearing, which took place in May 2016 before the district court, the court agreed to GDF's request to stay proceedings for a period of 60 days so that GDF could present a restructuring plan for improving laundry services in three of the four affected public hospitals. However, this stay did not result in a settlement. No decision on the merits has yet been reached; it is expected to be forthcoming, without any specific time frame being communicated to the parties.

Further proceedings are also underway against NJ Lavanderia as part of a public civil action initiated in 2015 by Brazil's Federal District public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public-service contract described above was entered into. To date, these proceedings are still in the preliminary stage and to the best of the Company's knowledge, no provisional timetable for proceedings has been set.

To date, the Company has no information allowing it to assess the liability amount incurred by NJ Lavanderia as a result of these proceedings in the event of an unfavorable outcome. To the Company's knowledge, no provision has been set aside by Lavebras or NJ Lavanderia in relation to these proceedings.

Proceedings before Brazil's Federal Court of Accounts

NJ Lavanderia is also party to administrative proceedings initiated in August 2016 by the Democratas political party against the Health Secretariat of Brazil's federal government alleging that NJ Lavanderia continued to provide services under two public-service contracts (one being the contract involved in the proceedings initiated by Brazil's Federal District public prosecutor described above) entered into as emergency agreements, beyond their respective terms. The sanctions and penalties incurred by NJ Lavanderia, should the latter respond to the allegations, include repayment of profits derived from the contracts in question, fines, and inclusion in the blacklist described above. This proceeding has been examined by the Federal Court of Accounts, which is considering converting it into a special proceeding, i.e., a proceeding that increases the court's investigative capacity. To the Company's knowledge, no provisional timetable for proceedings has been set.

To date, the Company has no information allowing it to assess the liability amount incurred by NJ Lavanderia as a result of this proceeding in the event of an unfavorable outcome, or the impact on the Group's financial position, business, reputation or earnings. No provision has been set aside by Lavebras or NJ Lavanderia in relation to this proceeding.

Proceedings against Lavebras

The Group was informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, which may involve Lavatec Lavanderia Técnica Ltda. ("Lavatec"), a former subsidiary merged into Lavebras in 2014.

As at the date of this registration document, Lavebras has not received any official notification of these potential violations, with the exception of a separate proceeding brought by the tax authorities against a social services organization, the Instituto Cidadania e Natureza ("ICN"), in which Lavebras has been implicated, as have other companies not belonging to the Group, because of its business relationship with ICN.

In the tax proceeding against ICN, the Brazilian tax authorities argue that Lavebras – as well as other companies – must be held jointly and severally liable for ICN's obligations in view of (i) the illegal nature of the payments made by ICN under contracts it entered into and under which Lavebras and ICN had a business relationship, and (ii) the lack of cooperation shown by ICN during the audit by the Brazilian tax administration. The amount of the

dispute is approximately R$307 million, i.e., approximately €77 million (including all penalties but excluding the potential effect of inflation). Lavebras has submitted its arguments in defense and is awaiting a first instance administrative decision. Lavebras believes that it has strong arguments to contest the Brazilian tax administration's point of view. The Group therefore considers that Lavebras' risk of being held jointly and severally liable with ICN for payment of the tax penalty is limited.

In the event that Lavebras is notified and, following the investigation, is held liable for the aforementioned offenses, Lavebras could be subject to various sanctions, including (i) the prohibition of benefiting from incentives or receiving subsidies, grants, donations or loans from public entities and financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unfairly received, (iii) a prohibition on entering into contracts with public entities for up to 10 years, and (iv) an obligation to compensate the public administration in full for any damage actually suffered thereby. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of gross revenue excluding tax in the financial year preceding the filing of the administrative proceeding. As a consequence of Lavatec's merger into Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated on the basis of Lavebras' gross revenue instead of Lavatec's, which Lavebras will contest on the basis that Lavebras' total liability (including the amount of the fine and any compensation due for the damage that may be caused) should be limited to the amount of the Lavatec assets transferred to Lavebras in connection with the merger. Such sanctions, if Lavebras were to be subject to them, could have a material adverse effect on the Group's business, results, financial position or outlook.

The Group is closely monitoring the situation and has undertaken a comprehensive internal audit to assess the risks that may result from these proceedings. Following the acquisition of Lavebras in May 2017, the Group extended the anti-corruption procedures implemented at Atmosfera to Lavebras to ensure that Lavebras and its employees comply with the regulations in force, and in particular with the Brazilian anti-corruption rules.

The Group notified the former shareholders of Lavebras and Lavatec of the existence of these proceedings, in accordance with the share purchase agreements signed at the time of the acquisitions of these two companies. However, the Group may not be able to enforce its claims for compensation under these share purchase agreements and the claims may not be of sufficient amount, scope or duration to cover all the consequences that may result from these proceedings.

To the Company's knowledge, as at the date of filing of this registration document, there were no other governmental, arbitration or legal proceedings, including any unsettled or threatened proceedings which are or were in the past twelve months liable to have material adverse effects on the financial position or the profitability of the Company and/or the Group.

Generally, it is nevertheless possible that in the future, new proceedings – connected with those described above and currently underway – may be brought to the Company's knowledge or initiated against Atmosfera and its subsidiaries or other Group companies in Brazil, including Lavebras and its subsidiaries. Such proceedings, as well as those described above, could therefore have a material adverse effect on the Group's business, results, financial position, cash flow or outlook.

Risks related to restrictive regulations in some of the Group's business sectors

The Group provides services to certain companies operating in highly regulated sectors, such as the Healthcare segment. In those sectors, the Group and its customers are subject to very complex and restrictive laws and regulations applying to the provision of services. For example, the collection of potentially infectious clinical waste (ICW) is subject to particularly strict regulations, especially regarding its transportation. In addition, specific activities related to Berendsen entities are governed by specific European standards. These include Clinical Solutions, which supplies surgical and medical procedure packs, and the activity related to cleanroom supply.

The Group could be liable if it failed to comply with the relevant standards and if that failure caused damage to natural or legal persons, including, for example, if workers wearing workwear provided by the Group were to suffer injuries.

In these highly regulated sectors, the need to comply with increasingly restrictive standards means that the Group has to dedicate an increasing proportion of its technical and financial resources to complying with standards. For example, compliance monitoring and control of Group departments involved in healthcare activities (particularly the supply of healthcare linen), certain types of workwear classified as personal protective equipment, "Ultra-Clean" (lint-free) workwear and beverages activities (water fountains and coffee machines) are monitored and managed through ISO 9001 and/or RABC certified Quality Management Systems (QMS). The Group also allocated special resources to the rollout of its pest control services to ensure they were in compliance with specific pest-control standards.

Finally, the industrial towel cleaning business presents risks specific to this activity and is therefore governed by potentially restrictive standards. Violations of those standards could expose the Group to fines, penalties, claims for injury or property damage and other charges or liabilities, as well as negative publicity. In addition, the introduction of stricter laws and regulations could have an adverse impact on the long-term growth of sectors in which the Group provides services, and on the level of demand from customers operating in those sectors. This could have a material adverse effect on the Group's business, results, financial position or outlook.

Risks related to compliance with employment laws and regulations

The Group's activity is subject to a large number of employment laws and regulations. Due to the scale of the Group's workforce – more than 46,000 employees in 2017 – and the significant amount of the Group's employee expenses (equal to 42% of Group revenue for the year ended December 31, 2017), a change in laws and regulations relating to labor and employment in the countries in which the Group operates could limit the Group's ability to provide services to customers or increase its operating costs. This could have a material adverse effect on the Group's business, results, financial position or outlook. In addition, the failure to comply with labor and employment regulations in the countries in which the Group operates – particularly Brazil, Chile and Colombia, where regulations are complex and constantly changing – could result in substantial fines, penalties, litigation or claims.

Any adverse development in laws and regulations relating to labor law or increase in the mandatory minimum wage or social security contributions in the countries in which the Group operates could have a material adverse effect on the Group's business and profitability. In France, for example, the Group benefits from reductions in employer social security contributions on certain salaries (such as the "Fillon exemption" or the exemption from contributions in respect of family allowances) and from the competitiveness and employment tax credit (CICE). Any adverse development in the Fillon exemption, the CICE or any other law or regulation relating to labor or employment law, and any change in the terms of collective bargaining agreements applicable to the Group's activities in countries or sectors in which the Group operates, could increase its employee expenses and adversely affect its operating margins and operational flexibility. This could have a material adverse effect on the Group's business, results, financial position or outlook. Some of the Group's commercial partners such as customers and suppliers could demand a share of the benefits arising from the CICE, and this could affect the Group's revenue and margins, reducing or canceling out the impact of the CICE.

Risks related to compliance with health and safety regulations

Since human resources are the foundation of the Group's business, employment regulations, particularly relating to health and safety at work, have a significant impact on its business. Although the Group makes significant efforts to ensure compliance with those regulations, it cannot guarantee the absence of potential non-compliance. If the Group, its employees or its subcontractors failed to comply with such obligations, this could lead to significant fines, claims against the Group in relation to regulatory non-compliance, and the loss of authorizations and qualifications. In addition, regulations change frequently as the authorities seek to strengthen them. Adjusting the Group's organization in order to comply with changing regulations may lead to significant additional costs.

Group employees working in processing centers are exposed to risks arising in their workplaces and from their working conditions, which naturally show a higher level of hazard. A significant number of Group employees also drive Elis service vehicles daily and may cause or be the victims of road accidents. Despite its attention to safety and working conditions, the Group cannot rule out an increase in the frequency or number of occupational accidents and illnesses (see chapter 3, section 3.2.7 of this registration document).

In addition, new technologies and the introduction of new procedures, services, tools and machines may have unexpected effects on the working conditions of employees of the Group.

The occurrence of such events could have a material adverse effect on the Group's business, financial position, results or outlook.

Risks related to road traffic accidents

With a total automobile fleet of approximately 7,000 vehicles, road accidents represent a significant risk for the Group in terms of human (bodily injury) and financial (vehicle repair costs) resources. A steady increase in the number of accidents could have a major financial impact for the Group. As the centers manage their own vehicles, each immobilized vehicle could disrupt rounds planning, with adverse financial consequences for the Group. In the event of major claims, the Group's image could also be affected, which could result in the loss of customers and legal proceedings against the Group.

Therefore, for many years the Group has used a proactive approach to prevent road risks based around two areas: accident risk mitigation and penalties. To this end, the Group has implemented the following initiatives:

- user training to promote awareness about road risks;
- targeted communication intended for field and marketing agents;
- internal bonus-malus system for assessing the various centers according to their performance;
- individual post-accident interviews.

New prevention initiatives are implemented on a regular basis to maintain a strong road risk prevention culture within the Group (see chapter 3, section 3.2.7 "Health and safety" of the 2017 registration document).

Risks related to fires and industrial accidents

The Group's processing centers present a certain number of safety risks, due in particular to the flammable nature of textiles, the toxic nature of substances used in processing them and the potential for malfunctions affecting industrial facilities and equipment. In particular, the Group's processing centers show a high risk of fire and industrial accidents. It is also possible that the Group's liability may be invoked in relation to accidents involving the Group's activities or products. The occurrence of such events could have a material adverse effect on the Group's business, results, financial position or outlook.

Across Elis, the Group has therefore used a proactive prevention/protection approach to industrial hazards related to its business by relying in particular on its insurer for over 17 years. For Berendsen, the Group also relies on its insurer. The Group therefore ensures an average of over 40 prevention inspections per year of its processing plants by the insurer and its safety department, both of which have expertise in engineering, fire prevention and consulting.

Furthermore, specialized firms appraise the real value of the operating premises and their content. The sites are visited regularly, on average every four years, so that the values declared to the insurers are as close as possible to the real values of the properties and their content.

Environmental risks

The Group's activity is subject to particularly strict environmental regulations. Changes in laws and regulations relating to the environment, the use, transportation and disposal of hazardous substances, individual safety equipment, rodent control, insect control, disinfection and energy efficiency could have a material adverse effect on the Group's business, results, financial position or outlook. Environmental standards applicable to the Group's processing centers, defined by law or expected or desired by the Group's customers, are increasingly restrictive. The Group's processing centers in France are regarded as facilities classified for protection of the environment (ICPE facilities) under the French Environmental Code, requiring the Group to obtain and maintain authorizations and/or representations required to operate those processing centers. Similar requirements exist in the other countries in which the Group operates. These authorizations and/or representations provide for numerous obligations and restrictions relating to the Group's activities, including the types of chemicals that may be used, the type of methods for processing and disposing of waste, management of water resources and management of industrial waste water, protection of soil and sub-soil, as well as risk control and potential land and groundwater rehabilitation. The public authorities and courts may impose fines or civil, administrative or criminal penalties in response to a failure to comply with relevant environmental regulations, and may also require remediation or pollution clean-up work. In addition, in certain cases, the authorities could amend or revoke the Group's operating authorizations, which could force it to close sites temporarily or permanently and to pay the resulting shutting down, maintenance and repair costs.

In certain processing centers, the Group uses and handles hazardous chemical substances on a daily basis. For example, some of the Group's processing centers in France, Germany, Switzerland and England use hazardous chemicals such as perchloroethylene or other alternative solvents in the dry-cleaning process. More generally, as part of the laundry process, the Group uses large quantities of detergents. As a result, the Group is exposed to risks related to the use of chemicals and the storage, transportation and disposal of hazardous substances, products and waste. Industrial environmental risks (such as any potential contamination or pollution of ground or water on or close to land that the Group owns, leases or operates, or has in the past owned, leased or operated or may acquire in the future), could give rise to civil proceedings or criminal prosecutions, along with claims relating to property damage or personal injuries suffered by the Group's employees, customers or third parties. This could have a material adverse effect on the Group's business, results, financial position or outlook.

As a result, the Group could also be liable for material financial expenses due to the cost of cleaning up land it owns or occupies as lessee.

The Group could also be the subject of nuisance claims, given the large proportion of its processing centers located in urban areas. In addition, some of the Group's products and services, such as workwear, rodent and insect eradication and disinfection, water fountains as well as ICW and Clinical Solutions activities are subject to very strict environmental, safety and cleanliness standards.

The Group could also face significant costs, including costs and fines and other penalties under environmental laws and regulations, arising in particular from specific regulations applicable to waste management or the presence of asbestos.

The Group expects to be exposed to expenditure arising from the need to comply with applicable environmental laws and regulations and with future or existing clean-up obligations relating to former and current processing centers, and to other environmental liabilities, to the extent that such expenditure is not covered by its insurance policies or other third-party compensation agreements. The Group cannot guarantee that such expenditure will not exceed its estimates or that it will not have a material adverse effect on its business, results, financial position or outlook.

As at December 31, 2017, the provision for environmental risks totaled €23.9 million (see Note 7.1 to the 2017 consolidated financial statements included in chapter 6 of this registration document).

Provisions for environmental risks carry a high level of uncertainty regarding the amount and timing of obligations. Environmental risks that are currently unknown, such as the discovery of new contamination, changes to local urban development programs or the imposition of additional clean-up obligations at former, current or future sites or at third-party sites, could lead to material additional costs, and material expenditure could be necessary to comply with future changes to environmental laws and regulations or to their interpretation or application.

Environmental information is more fully presented in chapter 3 of this registration document.

Risks related to insurance policies

The Group has taken out insurance policies of various kinds, including policies for property damage, general liability, executive liability and automobile risks. Although the Group seeks to maintain adequate levels of coverage, its insurance policies may provide only partial coverage of certain risks to which it may be exposed. Insurers may also seek to limit or challenge the Group's claims following a loss, which could limit the Group's ability to receive full compensation or any compensation at all under its insurance policies. Such limitations, challenges or delays could affect the Group's results, financial position or outlook. In addition, the occurrence of several events giving rise to substantial insurance claims during a given insurance year could have a material adverse effect on the Group's insurance premiums in the short or medium term. Lastly, the Group's insurance costs may increase in the future due to significant price increases in the insurance market generally related to external events. The Group may not be able to maintain its current level of insurance cover or maintain it at a reasonable cost, and this could have an adverse effect on its business, results, financial position or outlook.

To address these risks, the Group's centralized management of insurance policies enables it to insure its activities, sites and vehicles upstream of any developments of new products or services and/or in connection with new acquisitions. Moreover, the Group is very attentive to the evolution of market conditions related to insurance guarantees and favors long term relationships with the insurers.

Risks related to tax and social security mandatory deductions

The Group is exposed to risks related to tax and social security deductions in the various countries in which it operates.

The Group organizes its commercial and financial activities on the basis of varied and complex legislative and regulatory requirements in its various host countries, particularly as regards tax and social security deductions. Changes in regulations or their interpretation in the various countries in which the Group operates could affect the calculation of the Group's overall tax burden (income tax, social security contributions and other taxes), along with its financial position, liquidity, results or outlook.

In addition, the Group must interpret French and local regulations, international tax agreements, legal theory and administrative practice in each of the jurisdictions in which it operates. The Group cannot guarantee that its application and interpretation of such provisions will not be challenged by the relevant authorities or that the tax and social security treatment adopted by the Group in respect of reorganizations and transactions involving affiliates of the Group, their shareholders and their representatives or employees will not be challenged by the competent authorities in the relevant jurisdictions.

In general, any breach of tax laws or regulations applicable in the countries in which the Group operates may lead to tax adjustments, late-payment interest, fines and penalties. The Group's business, results, financial position, liquidity or outlook could be materially affected if one or more of the aforementioned risks materialized.

Risks related to climate change

Because the Group's processing centers are primarily involved in laundering linens, they require water either from an underground supply or from the district drinking water network. From time to time, some sites in Brazil get their water supplies trucked in. Water resources are therefore crucial for the sustainability of the industrial laundry business. Periods of drought could therefore impact the Group's business.

In this context, the Group pursues initiatives to reduce its water consumption (see chapter 3 "Corporate social responsibility" of this registration document), performs studies ahead of establishing new facilities, and conducts audits on acquisitions.

Risks related to climate change also include potential changes to flood risk prevention programs, primarily by strengthening construction-related measures. The Group could therefore be liable for additional costs especially with regard to construction.

2.2 ELIS GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

This part of the report is based on the AMF reference framework published in July 2010, which takes into account legislative and regulatory changes since its first issue in 2007, including the French law of July 3, 2008 and the Order of December 8, 2008, transposing European directive 2006/46/EC into French law and supplementing the French Financial Security Act of August 1, 2003.

The AMF framework draws not only on the aforementioned French and European legislative and regulatory requirements, but also on best practices and international internal control and risk management standards, in particular ISO 31000 and COSO II.

Scope of internal control and risk management

This report covers all controlled companies included in the Group's consolidation scope and sets out the internal control and risk management framework adopted by the Group to guarantee the reliability of its parent company and consolidated financial statements.

Definition of internal control and risk management

The Group's internal control and risk management framework is based on a set of resources, policies, behaviors, procedures and adapted actions aimed at ensuring that the necessary measures are taken in order to manage:

- business activities, the effectiveness of operations and the efficient use of resources;
- risks that may have a material impact on the Group's assets or its achievement of objectives, whether of an operational or financial nature or related to compliance with laws and regulations.

Internal control and risk management are defined as processes conducted by the Management Board under the oversight of the Supervisory Board, implemented by the Executive Committee and all staff.

Regardless of its quality and degrees of application, it cannot provide an absolute guarantee of the achievement of the objectives falling under the following categories:

- compliance with applicable laws and regulations;
- application of instructions and guidelines set out by the Management Board;
- proper functioning of internal processes, notably processes for safeguarding assets;
- reliability of financial and accounting information.

The likelihood of achieving these objectives is subject to the limitations inherent in any internal control system, and in particular:

- human error or malfunctions while making or applying decisions;
- cases of deliberate collusion between several people making it possible to elude the control system in place;
- cases where the implementation or maintenance of control would be costlier than the risk it is supposed to mitigate.

Furthermore, in pursuing the aforementioned objectives, companies face events and uncertainties that are independent of their desire – such as unexpected market changes, competition and the geopolitical situation, and errors with forecasts or estimates of the effects of these changes on the organization.

Environment of internal control and risk management

The Group's internal control and risk management framework is based on a decentralized organizational structure with a clear definition of responsibilities, in particular by means of job descriptions, delegations of powers and organizational structures distributed to all departments. It includes principles and values governing the behavior and ethics of all employees, as presented in the Group's Code of Ethics. It is also based on human resources management ensuring the skills, ethics and involvement of employees.

Code of Ethics

The Group's ethical principles are set out in the Group Code of Ethics, distributed initially in 2012 to all Group employees, and updated in 2017. This Code is available on the Group's website (www.corporate-elis.com) in the "Sustainable Development" section.

The Code of Ethics contains the Group's commitments and rules of conduct towards its main stakeholders, namely, its employees, its customers and the consumers, its commercial partners and its competitors, the environment and civil society.

The Internal Control Charter

In 2015, the Elis Group established a Group Internal Control Charter which presents internal control, its components and its limits, to all managers. It also reminds them that internal control is everyone's business, from the Executive Committee to each and every one of the Group employees.

Management remains the operational player of internal control and must adopt a proactive behavior in the tasks and controls that it carries out or delegates.

Human resources policy

The quality of human resources and management cohesion are key factors in the Group's success.

Elis therefore ensures that its various subsidiaries pursue human resources policies suited to their contexts and the challenges they face, while also meeting the best local standards. The principle of autonomy and accountability of its subsidiaries is applied, but the Group ensures that the policies implemented are consistent and aligned with Elis's values and actions defined centrally.

In terms of labor relations policy, subsidiaries practice high standards of dialogue and involvement of employees in the Company, while the Group supports dialogue with employees at the level of employee representative bodies.

As regards executives and senior managers, Elis is involved directly in the management of the Group's key men and women in order to guarantee consistency between subsidiaries. The Group therefore develops cross-functional training programs and performs yearly people reviews of subsidiaries' management resources. Elis thereby ensures that these management resources fit the challenges faced by subsidiaries. These reviews translate into promotions and transfers between departments, as well as external recruitment where necessary to acquire new skills.

The Group has set up cross-functional training programs which are described in chapter 3 of this 2017 registration document.

Furthermore, the Group has developed cross-functional tools for assessing individual performance and external competitiveness of compensation packages. In this regard, one of the duties of the Appointments and Compensation Committee is to make recommendations in light of market practices on the compensation paid to members of the Executive Committee, including members of the Management Board, as well as that of the main directors.

Coordination and oversight of internal control and risk management

The Group's risk management and internal control process is coordinated by the Management Board, under the oversight of the Supervisory Board, with the assistance of the Audit Committee. The Audit Committee's task is to notably ensure the quality of the risk management and internal control system and to monitor issues relating to the preparation of and controls on accounting and financial information.

The operating departments of each Group's subsidiaries are responsible for risk management and internal control. The role of central support services is to define the framework in which subsidiaries fulfill their risk management and internal control responsibilities, and to coordinate the whole system.

Responsibilities for control activities

Control activities are performed first by functional and operating departments of subsidiaries and then by central support functions.

Monitoring the management of internal control procedures is primarily the responsibility of the Audit Committee and the Risk Management and Internal Audit Department.

Audit Committee

The composition and operation of the Audit Committee are detailed in the Supervisory Board's report on corporate governance, included in chapter 4 of this registration document.

Risk Management and Internal Audit Department

The Risk Management and Internal Audit Department reports to the Group's Administrative and Finance Department. It informs the Management Board, the Administrative and Finance Department and the Audit Committee of the main results of its work (identification and monitoring of risks, preparation of the audit plan, and follow-up of the implementation of action plans).

The operating procedures for internal audit are described in the Audit Charter.

The Risk Management and Internal Audit Department assesses the operation of internal control and risk management procedures, and makes recommendations to improve their effectiveness. It also monitors internal control best practices.

The Risk Management and Internal Audit Department initiates, coordinates and reviews procedures formalized by the operating departments.

The role of the Risk Management and Internal Audit Department is to provide independent, objective assurance and support services helping to create added value and improve the degree of control of the Group's operations at all of its subsidiaries and in all of its activities. Internal audit helps the organization to achieve its targets by using a regular and methodological approach to assess its management, control and corporate governance processes, and by making suggestions to improve their effectiveness.

Internal audit also helps to ensure that all management, control and corporate governance processes are appropriate and guarantee that:

- risks are identified and managed appropriately;
- executives' and employees' actions comply with applicable rules, standards, procedures, laws and regulations;
- resources are acquired and used efficiently;

- significant financial, management and operating information is accurate, reliable and issued in due course;
- the targets defined and validated by the Executive Committee are respected.

Internal audit activities are performed in concert with the Audit Committee and the recommendations presented by the Statutory Auditors on completion of their review of internal control.

The annual audit plan is prepared by the Risk Management and Internal Audit Department using a risk-based approach and takes into account of specific requests from the Executive Committee and operating departments.

The Risk Management and Internal Audit Department presents a report to the Audit Committee at least twice per year on progress made in the audit plan, as well as follow-up of action plans.

Internal control and risk management analysis

Overall risk management and internal control framework

The overall risk management and internal control system has several components, the most important of which are:

- managing operational risks;
- managing Group risks at various levels (entities, operational departments and subsidiaries);
- monitoring the preparation of accounting and financial information;
- internal audit, which assesses how the internal control and risk management system works and makes recommendations in order to improve it;
- preventing and combating fraud and corruption.

The risks to which the consolidated subsidiaries that carry out most of the Group's activities are exposed are handled through specific procedures forming part of the following operating processes:

- investment decisions and monitoring of fixed assets;
- purchasing decisions and monitoring of trade payables;
- monitoring of inventories and production costs;
- monitoring of work in progress (workshops, work sites and IT projects);
- selling decisions and monitoring of trade receivables (credit and recovery);
- monitoring of petty cash and bank transactions;
- payroll validation and monitoring of employee benefits;
- accounting entries relating to transactions and monitoring of monthly accounts closings; and
- monitoring of IT access and protection of data and hardware.

Risk management process (Group risk map)

The Group has mapped the main risks to which it is exposed. The main risk categories are based around four areas: strategic, operations, financial and compliance. Each of these risks is described above in section 2.1 of this chapter 2.

The risks have been identified by the primary managers of the Group and prioritized based on their criticality and level of control.

The incorporation of this exercise in strategic planning responds to the double objective of high involvement of management in managing risks and a focus on the action plans to carry out in order to better guarantee the fulfillment of the Group's strategic and operational targets.

These action plans are then regularly monitored during an Executive Committee meeting and reported to the Audit Committee twice per year. An operational follow-up is carried out by the Operations Committee, which is composed mainly of the chief operating officers, regional directors and country directors.

The risk map is updated annually with the main "risk owners" by incorporating possible new risks and monitoring the action plans.

Risk management at the local level

Each subsidiary's management team ensures that risk management and internal control procedures are properly applied. It is the duty of each operational manager to check that risk exposure is consistent with the directives issued by the management teams of the divisions concerned. The quality and effectiveness of the controls carried out within operating subsidiaries are then reviewed during assignments performed by the Internal Audit Department, which informs the divisional management teams of the results.

Assessment of internal control and follow-up of action plans

The internal control self-assessment questionnaires

The Group has set up self-assessment questionnaires on the main activities carried out centrally, in each country and at each processing and service center. This exercise is one of the key components of the Group's risk management and internal control system. For the new countries included in the "Berendsen scope" self-assessment questionnaires on financial and accounting processes will be gradually introduced.

For 2017, the following activities were self-assessed in France and abroad: corporate finance and accounting, finance and accounting in the centers, production, sales, maintenance, logistics and human resources.

During the self-assessment, the operational staff was asked to assess the level of internal control across key controls called "imperative" for the proper exercise of their activity, in order to identify areas of improvement and to implement corrective actions.

The questionnaire relating to the corporate finance and accounting process (for Group and countries) takes into account the AMF reference framework and, in particular, its application guide. It includes about 50 key controls for the Group.

The objectives of this exercise, which is repeated each year, are as follows:

- to create a trade knowledge base for operational staff members;
- to allow the centers to assess their degree of mastery of Elis's imperatives;
- to identify areas for improvement and initiate action plans;
- to capture best practices from the field;
- to contribute to the improvement of operational efficiency;
- to create a management tool (assessment of current situation, identification and follow-up of action plans).

These self-assessment questionnaires are reviewed annually by the Risk Management and Internal Audit Department, as well as by the support functions during visits to centers and foreign subsidiaries. The exercise consists in assessing the extent to which the "imperatives" are complied with. This approach makes it possible to:

- identify immediately and independently any gaps between the prescribed key control and how effectively it is being exercised;
- create a map of any remaining points requiring attention (by business line, geographic region, subsidiary and nature of shortcoming);
- define action plans to correct the gaps identified.

The results of the review together with the main action plans are shown to the Audit Committee which ensures that corrective measures are implemented effectively.

The follow-up of action plans

One of the responsibilities of the Risk Management and Internal Audit Department is to assess the functioning of the internal control and risk management system and make recommendations to improve its operating procedures, if needed.

The engagements included in the annual audit plan are presented and approved by the Audit Committee. The aim is to examine all of the Group's sites in France as well as foreign subsidiaries at least once every two years. A total of 100 engagements were conducted in 2017 across all business lines.

The audit reports are systematically commented by the management of the audited sites, then are communicated to the Group's Executive Committee, as well as to managers at the headquarters and the audited centers or countries. After the final presentation of conclusions and after a concerted action plan has been agreed upon, the centers or subsidiaries concerned must remedy quickly any deficiencies according to a set timetable.

The audited entities are responsible for implementing the action plans. The Risk Management and Internal Audit Department monitors the implementation of the action plans at least on a quarterly basis and reports its findings to the Audit Committee on a biannual basis.

The Group created a monitoring database centralizing all of the action plans related to the various types of assignments carried out, with the aim to monitor over time the action plans communicated by the operational staff following the recommendations issued, but also to compile and disseminate the best practices identified.

Efforts to combat fraud

Preventing and combating fraud is a major issue for the Group and all of its employees. In this respect, and given its decentralized organization, the Group has set up a framework to improve its preventive measures and combat fraud with the specific aim of protecting its assets. In 2017, this meant sending regular alerts primarily to the Group's operational entities to raise awareness about the economic risks of fraud.

The fight against corruption and influence peddling

In order to comply with the obligations of French Law 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (the "Sapin II Law") and as part of its risk management strategy, the Group has set up a program to prevent and combat the risks of corruption and influence peddling which covers France and all countries within the Group.

During financial year 2017, based on the eight pillars required by the Sapin II Law, the Group began to roll out the following measures:

- a mapping of the Group's corruption risks, broken down by country, identifying the functions and the countries most exposed to the risks of corruption and influence peddling;
- the revision of its Group Code of Ethics, which includes the Code of Conduct. This Code sets out and illustrates the rules applicable in the fight against corruption and influence peddling, among other things, and is intended to be disseminated across all Group countries (on a case-by-case basis, where appropriate, after having been adapted to any local requirements);
- the establishment of a single Group warning system and a procedure for handling alerts;

- the reinforcement of its procedures, including the introduction of a guide on gifts, invitations, donations and sponsoring;
- the implementation of training for managers and staff at risk, giving priority to the most sensitive geographical areas.

The program to prevent and combat the risks of corruption and influence peddling will continue to be rolled out throughout the current financial year.

This program is in addition to programs already being implemented in some Group countries, in particular Brazil, as well as the existing programs within Berendsen and its subsidiaries under British anti-corruption regulations. The Company intends to merge these programs to prevent and combat corruption risks into its own, in order to have a single program for the entire Group.

Internal control relating to the preparation of accounting and financial information

The Audit Committee monitors the preparation and control of accounting and financial information, and ensures the high quality of the risk management and internal control system, in order to facilitate the Supervisory Board's control and checking duties.

Based on the organization of the Management Control Department, the Group has set up a system allowing the internal dissemination of relevant, reliable information that helps all staff to carry out their duties in a timely fashion. The Company has also set up budget procedures, reporting procedures and procedures for the preparation of full- and half-year consolidated financial statements. Monthly reporting documents from subsidiaries are sent each month to the chief financial officers or managers of each country concerned, and to the Group's Consolidation Department.

Statutory Auditors

The role of the Statutory Auditors is to certify the regularity, accuracy and fair presentation of the Group's parent company and consolidated financial statements and deliver a review report on the Group's half-year consolidated financial statements.

On performing their procedures, the Statutory Auditors present the Audit Committee with a summary of their work and the accounting options used in preparing the financial statements.

On reviewing the financial statements, the Statutory Auditors present to the Audit Committee a report highlighting the key aspects of the scope of consolidation, the results of the statutory audit, in particular the accounting options selected, audit adjustments and material internal control weaknesses identified in their work.

The Statutory Auditors' main recommendations are incorporated in an action plan and a monitoring procedure presented to the Audit Committee and the general management at least once per year.

The audit engagements are divided between Mazars and PricewaterhouseCoopers, the Company's Principal Statutory Auditors.

Developments and outlook of internal control

The Group is continuing to develop its internal control and risk management system. This process of continuous improvement relies in particular on updating the Group's risk map and on devising and disseminating new internal audit self-assessment questionnaires across the Group. Accordingly, the Berendsen countries will gradually join in the self-assessment and testing process on the Group's key controls, depending on the level of implementation of business processes by the country-level support functions. Self-assessment questionnaires on financial and accounting processes will be implemented across all countries in 2018.

2.3 GROUP INSURANCE

2.3.1 POLICY ON INSURANCE

The Group's policy on insurance is coordinated by the Administrative Department, whose role is to identify the main insurable risks and to quantify their potential consequences. The aim is to:

- keep the intensity of some risks to a minimum by implementing prevention measures in collaboration with other Group departments;
- partially or fully cover risks by taking out insurance policies. This is the case of exceptional risks with high potential impact and low frequency, and risks relating to the services provided (claims from third parties and customers).

The Administrative Department is assisted by the Group's various departments, each Group entity in France and each Group subsidiary outside France, in obtaining the information needed to identify and quantify insured and insurable risks, and in activating the necessary resources to ensure business continuity in the event of a loss. The insurance unit negotiates with major insurance and reinsurance providers to arrange the coverage that is best suited to insuring those risks.

Local entities also take out specific insurance policies to cover risks for which local coverage is necessary or required, such as auto insurance policies.

Insurance policies are arranged on the basis of the level of coverage needed to deal with the materialization, based on reasonable estimates, of liability risks, property and casualty risks or other risks. That analysis takes into account assessments made by insurers as risk underwriters, and by brokers and the Group as specialists in the insurance market and experts of the business and the risks involved.

2.3.2 INSURANCE PROGRAMS

The Group's insurance programs are taken out with leading insurers.

The Group has comprehensive insurance programs in place, covering both Elis and Berendsen with Master Property & Casualty, Liability, Environmental Liability and Fraud policies. This insurance coverage is supplemented by local policies taken out as necessary in certain countries where they are customary and/or the Group so chooses.

The Group-level insurance programs aim to cover the business activities when local policies are insufficient or do not apply.

The insurance policies taken out by the Group contain:

- coverage exclusions, which are public policy exclusions, meaning they cannot be removed under insurance law. Those exclusions are common to insurance policies provided by all insurance companies. However, where legally possible and where appropriate given the risk concerned, the Group pays to remove certain coverage exclusions; and
- coverage limits and deductibles, the amounts of which are set and reviewed at the end of each term according to changes in the Group's risks.

The two "property and casualty" insurance programs primarily cover the Group's property, additional costs and potential operating losses, in particular those of its processing centers.

They have an overall coverage of €100 million per claim for Elis and £65 million for Berendsen, with deductible levels that vary based on the nature of the insured sites.

The two general liability insurance programs were set up for all Group entities to cover damage, injury or loss caused to third parties arising in the course of the Group's business or due to goods/services and products delivered to third parties.

They have an overall coverage of €50 million per claim per year for Elis and £75 million for Berendsen, with deductible levels that vary based on the nature of the claim.

For both entities, a single executive liability insurance program protects both managers (as individuals) and the Company (as a legal entity), in connection with the Company's management and executive actions.

An automobile fleet program has been set up for France to insure all of the fully owned vehicles and vans under long-term leases. All foreign entities have local coverage.

Several transportation insurance (Marine Cargo) policies are intended to cover merchandise imported by the Group's Purchasing and Procurement Department and dispatched by road, sea or air, as well as some of the Group's exports.

To standardize the coverage levels of each program, the next program renewals (according to their expiration dates) will take into account the entire Group.

2.4 VIGILANCE PLAN

2.4.1 PURPOSE OF THE VIGILANCE PLAN

In accordance with French Law 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies, the vigilance plan presented in this section includes reasonable measures to identify risks and prevent serious violations of human rights and fundamental freedoms, and harm to the health and safety of individuals and the environment, resulting from:

- the activities of the Company and those of the companies it controls, directly or indirectly;
- the activities of subcontractors or suppliers with whom an established commercial relationship is maintained.

In the interest of complete transparency, the Group has chosen to distinguish between these two areas in the presentation of the various measures [(1)] of the vigilance plan already implemented by Elis.

2.4.2 RISK MAPPING

The elements presented below constitute the Group's response to Measure 1: "Risk mapping for risk identification, analysis and prioritization"

Risks resulting from the Company's activities

In the area of risk management and internal control, the 2015-2017 cycle was launched by an update of the risk mapping at Group level with the assistance of various departments, in particular Human Resources, Quality, Safety and Environment, and Purchasing and Procurement. Through working groups, self-assessments of processing centers, criticality analysis and controlled elements, the main CSR risks have been prioritized under the four main components: strategic, operational, financial and compliance. The risk map is updated annually with the main risk owners. The Group's internal control and risk management system enables the prevention and monitoring of identified risks. Risk prevention is managed by each risk owner using the appropriate processes, the main measures of which are detailed below.

The Elis Group has formalized its commitments under the Code of Ethics based on the Group's values of integrity, responsibility and exemplarity in its commercial environment, respecting each of its employees, reducing its impact on the environment and continuous improvement in its performance.

CSR reporting is also a vector for raising awareness and, through the use of performance indicators, a tool for monitoring and controlling the actions implemented and their results. Each measure presented below refers to subsections in the CSR chapter detailing the results.

Risks resulting from the activities of subcontractors or suppliers

Since 2006, the standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety and environmental protection have been formalized in a Sustainable and Ethical Purchasing Charter. This document, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing and Procurement Department. The latter supports the deployment of this charter among all of its tier 1 suppliers (i.e., suppliers with whom Elis has a direct business relationship) and its weavers as tier 2 suppliers (Elis imposes the choice of weaver on its manufacturers). It also manages strategic suppliers through a rigorous and structured selection and evaluation system. This measure covers over 90% of strategic revenue.

The measures already in place described below are detailed in subsections of the CSR chapter that detail the system and its results.

(1) Article L. 225-102-4.-I. of the French Commercial Code requires a five-point vigilance plan.

2.4.3 OTHER MEASURES OF THE VIGILANCE PLAN

Activities of the Company and its subsidiaries	Activities of suppliers and subcontractors
Measure 2: **"procedures for regular assessment of the risk mapping position"**	
– Signature of *the UN* Global Compact and annual reporting of corporate social responsibility results. – Self-assessment in France of human resource and safety processes in particular, as part of the development of the Group's risk management and internal control system (see section 3.1.2 of chapter 3 of this registration document). – Biannual Social Barometer survey of each center (see section 3.2.5 of chapter 3 of this registration document). – Annual quantification and consolidation of the impacts of processing plants (see sections 3.5.2 and 3.5.3 of chapter 3 of this registration document). – Periodic energy efficiency and resource utilization audits of processing sites (see section 3.5.3 of chapter 3 of this registration document). – Systematic environmental audits during laundry site acquisitions (see section 3.5.3 of chapter 3 of this registration document). – Identification and assessment of risks and processes *implemented* for specific Elis activities through the ISO 9001 quality management system certification.	– Upstream evaluation of all potential new suppliers against the requirements of the Sustainable and Ethical Purchasing Charter (see IN53). – Listing dependent on a satisfactory CSR assessment according to a standard analysis grid (see PR39). – Mapping of tier 1 suppliers and weavers as tier 2 suppliers. – Identification of suppliers at risk. – Periodic CSR assessment of suppliers against the requirements of the Sustainable and Ethical Purchasing Charter. – CSR audits of suppliers at risk by an independent third party.
Measure 3: **"appropriate actions to mitigate risks or prevent serious harm"**	
– Development of a new Code of Ethics and ongoing dissemination to all employees. – Anti-corruption compliance program within the Group and its main subsidiaries (see section 3.3.4 of chapter 3 of this registration document). – Assessment of corrective actions resulting from the Social Barometer surveys and their integration into the risk management system (see section 3.2.6 of chapter 3 of this registration document). – Implementation of the policy on the promotion of diversity and the fight against discrimination through diversity advisers and annual training. – Annual review and validation of the QHSE & energy policy and associated targets by the Chairman of the Management Board. – Annual review of the priority prevention action plan (see section 3.2.7 of chapter 3 of this registration document). – Fire prevention program in partnership with the Group's insurer. – Annual training in best environmental practices for all new technical managers (see section 3.5.1 of chapter 3 of this registration document). – Annual resource impact reduction targets (water, energy).	– Listing subject to triple validation through a written procedure (applicant, segment purchasing manager and purchasing directors) and to the systematic and binding signature of the Sustainable and Ethical Purchasing Charter by all new suppliers. – Strict supervision of the use of subcontracting which requires a written agreement from the Group. – Training of buyers in the charter principles and supplier evaluation procedures. – Involvement of suppliers in achieving performance objectives, particularly those relating to the environment.

Activities of the Company and its subsidiaries	Activities of suppliers and subcontractors
Measure 4: **"a warning and reporting system relating to the existence or occurrence of risks, established in consultation with the representative trade unions within the Company"**	
– Reporting channels set up by the Human Resources, Safety and Environment contact networks. – In the event of an incident, the HR and QSE departments are responsible for defining the corrective actions to be implemented and for establishing long-term preventive measures (see sections 3.3.4 and 3.5.1 of chapter 3 of this registration document). – Duty of vigilance and notification by employee representatives to the Human Resources Department. – Procedure for receiving and handling alerts related to the setting up of a warning system.	– Centralization and alignment of purchasing organizations and deployment of tracking tools throughout the value chain. – Development of long-term supplier relationships through "Corporate" and "Local" buyers, including coordination of their supplier communities and regular dialogue. – Suppliers' duty to inform about any incident that may have an impact on the Elis service or the products delivered.
Measure 5: **"system for monitoring the measures implemented and assessing their effectiveness"**	
– Annual review by the risk management and internal audit department and the departments concerned of the actions implemented following the self-assessments of processing sites. – Internal audit by the risk management and internal audit department of essential safety requirements (see section 2.2 of this chapter 2). – Thirty safety inspections per year as part of the insurance program (see section 3.2.7 of chapter 3 of this registration document). – Monitoring of the performance and environmental compliance steering indicators. – Action and improvement plans developed based on the results of internal and external audits and inspections, as well as social climate surveys. – Assistance to operational staff in their progress plan through support functions (HR, QSE, etc.).	– Action plan prepared according to the results of external audits to address critical and major non-compliances identified (see PR40). – Compliance deadlines imposed by management. – Systematic follow-up audits in case of non-compliance (see PR40). – Delisting in the event of non-compliance with the required corrective measures. – Annual business review of the activity to measure suppliers' CSR coverage (see PR40).

"Elis is the European and Latin American leader in the rental, laundry and maintenance of flat linen, workwear, and hygiene and well-being appliances, and plays a pioneering role in its business sector. This leadership position rewards the work of the entire Elis workforce and makes us all the more committed to being an ethical, responsible and eco-friendly company."

Xavier Martiré, Chairman of the Management Board

3 Corporate social responsibility

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3.1 ELIS'S CSR APPROACH

3.1.1 VISION

Elis's prime responsibility is to ensure the well-being and professional development of its employees. Our human resources are a pillar of the common culture which underpins all our actions and is based on the values that have always constituted our DNA: respect for others, exemplarity, integrity and responsibility.

Our Group's ethical and responsible conduct will assure us of success and longevity.

Respect for others and exemplary conduct under all circumstances figure strongly in the fulfillment of Group employees.

The principles shared by all Elis employees can be summarized as follows:

- act with integrity, responsibility and exemplarity;
- respect the dignity and rights of each person;
- act in a way that respects the environment;
- respect laws and regulations;
- continuously improve performance.

Respect for those principles and values are a major factor in the Group's positive reputation and performance.

The Elis Group has built its business model around the concept of the product-service economy, offering a range of high-quality products and services. Its concern about the life cycle of its products has led the Group to work on their eco-design and sustainability. In contrast to traditional modes of consumption that encourage disposable products or plan for obsolescence, the Group's business model puts less pressure on the environment.

The Elis Group does not make any compromises when it comes to integrity, which it believes must govern its business relations and professional practices on a daily basis.

Intent on limiting its environmental footprint, in particular by reducing its greenhouse gas emissions and making better use of natural resources, the Elis Group stepped up its efforts by obtaining the ISO 50001 Energy Management Systems certification for 54 French sites. This certification was delivered by AFNOR Certification in December 2015. The professional expertise that the Group upholds on a daily basis has already made it possible to improve its thermal energy performance by 18.7% across its European sites over the past five years. Drawing on its extensive experience and through this process, the Group asserts its resolve to strengthen its leading position, securing the involvement of all players (from the design phase to the purchase of equipment and daily operation of its plants) in the constant search for optimal energy use. This approach, initiated in 2015 and extended to 56 sites (including two in Germany), is fully in line with the Elis Group's drive for operational excellence.

3.1.2 THE GROUP'S COMMITMENTS

The Group's commitments are reflected in the priority given to employee well-being and safety, the attention focused on employees' career development, the promotion of the appropriate valuation of work, and profit-sharing.

Its Ethics Charter, updated in 2017 following the entry into force of the Sapin II Law regarding transparency, the fight against corruption and the modernization of economic life (the "Sapin II Law"), formalizes the principles that apply to all of the Company's actions and provides a reference framework for what the Group expects from all its employees, its leadership and its partners. The Charter is intended to help each individual seek and make the right decision in a given situation in compliance with prevailing laws and regulations in each of the Group's host countries.

The Charter sets the rules of conduct to be adopted by all stakeholders in respect of four major themes:

- protecting employees;
- promoting conduct consistent with the values of integrity, responsibility and exemplarity with all stakeholders;
- protecting the assets;
- limiting environmental impact.

The Charter is furthermore intended to form the foundation on which all internal standards and charters adopted by the Group are based. Those include the Sustainable and Ethical Purchasing Charter, the Code of Conduct for Trading and Market Activities, and methods developed by the Group to combat the risk of corruption.

The Ethics Charter and its principles apply to the Group as a whole and to all its activities, whether with regard to its employees, to the way in which it does business with suppliers, customers and stakeholders, or to its activities with other players.

Each Group employee, regardless of rank, reporting entity or geographical region of activity must be both a promoter and guardian of this Ethics Charter.

The Group's principles are consistent with the fundamental principles laid down by:

- **the United Nations Universal Declaration on Human Rights and the European Convention on Human Rights;**
- **the United Nations Convention on the Rights of the Child;**
- **the United Nations Global Compact.**

Since 2006, Elis has pledged its support to the Secretary-General of the United Nations to uphold the Global Compact's ten principles concerning human rights, international labor standards, the protection of the environment and the fight against corruption. Elis renewed its commitment to respect and implement these principles through its strategy, business culture and values. On a yearly basis, the Group reports to the United Nations on the progress made in terms of corporate social responsibility.

Conventions of the International Labour Organization (ILO)

Measures were adopted with Elis Group suppliers to support human rights, particularly in countries at risk.

In accordance with its Sustainable and Ethical Purchasing Charter, Elis asks its suppliers to comply with the ILO Code, in particular concerning:

- the prohibition of forced labor (Conventions 29 and 105);
- the prohibition of child labor (Conventions 138 and 182);
- the elimination of employment and professional discrimination (Conventions 100 and 111);
- freedom of association and protection of the right to organize;
- freedom of trade unions (Convention 87);
- the right to collective bargaining (Convention 98);
- the right to a minimum subsistence income to meet basic needs (Conventions 26 and 131);
- compliance with minimum standards in respect of hours of work (Convention 1);
- the right to a healthy working environment and occupational safety;
- health and safety (Convention 155).

The Elis Group strictly regulates the use of subcontracting in its Sustainable and Ethical Purchasing Charter by preventing suppliers from subcontracting all or part of a contract awarded to them without its written consent.

Lastly, as part of the ongoing implementation and enhancement of the Group's risk management and internal control system, a human resource self-assessment was begun in 2016 in all human resources departments of operating centers in France. Under this self-assessment, HR managers and assistants were asked to appraise the level of internal control through key checks deemed essential for the proper exercise of their activities in order to identify areas for improvement and implement corrective actions, as needed. The result of this self-assessment was reported at regional meetings in 2016, which provided the opportunity to share good practices and launch the required action plans. Progress has been measured since 2017. The self-assessment questionnaires are reviewed annually by the head of the Risk Management and Internal Audit Department and the head of the Human Resources Department during their visits to the centers, and help improve operating efficiency and management.

A model that generates local jobs

With its network of around 200 service and production centers across Europe and Latin America (the CSR scope), Elis has developed extensive geographic coverage. The Group thus plays a major role in the local development of the areas in which it operates and is an essential provider of sustainable, local (non-offshorable) jobs. The employees work in close contact with customers to deliver a high-quality local service.

A summary of the Group's environmental and social performance in all areas covered by Article R. 225-105-1 of the French Commercial Code is included on pages 121 and 122 of this registration document.

3.1.3. SCOPE OF CSR AND REPORTING METHODOLOGY

The CSR report produced since 2011 by Elis – a company that has been listed since February 11, 2015 – is in line with the provisions of Article L. 225-102-1 of the French Commercial Code.

Scope of CSR reporting

The CSR report for the year under review covers the Group entities for which consolidation is possible and verifiable. Every year, the CSR Department is thus informed of any disposals or acquisitions in order to adjust the scope of CSR reporting.

The Elis Group's CSR approach applies to all Group companies.

For the 2017 financial year, the CSR report covers the calendar year from January 1 to December 31, 2017.

The data in the CSR report corresponds to the scope defined by Article L. 225-102-1 of the French Commercial Code, as amended by the Law of August 8, 2016. This data covers the activities of Elis and its subsidiaries from January 1 to December 31, 2017.

Entities and sites included in or excluded from the scope

With the exception of the companies listed below that were acquired in 2016, the following companies acquired during the 2016 financial year were included in the 2017 CSR reporting: Textilpflege Stralsund GmbH & Co, Wismarer Wäscherei GmbH, KlinTex GmbH, Puschendorf Textilservice GmbH, Puschendorf Textilservice Mannheim GmbH and Servicegesellschaft des Zenhalwäscherei in Germany; Prontlav Lavanderia Ltda, Toalhao Locaçao e Higienizaçao de Enxoval Ltda – Me, Uniforme Lavanderia e Locaçao Eirelli EPP, MPW Lavanderia Commercio e Servicios Ltda, Megalav Lavanderia Hospitalar Ltda, and Martins e Lococo Lavanderia in Brazil; On My Way, Hygienis SA and Wäscherei Mariano AG in Switzerland; and BMF and Hygiène Technique et Protection de l'Environnement in France.

The following entities acquired in 2016 and 2017 are excluded from the 2017 reporting scope. This concerns in particular and mainly the Berendsen Group entities. The following entities are also excluded:

- Brazil: Totalqualy Higienizaçao Textil Ltda, Uniforme Higienizaçao e Locaçao Texteis Ltda, Lavebras Gestao de Texteis SA, Rdx Gestao e Higienizaçao Textil Ltda, Biolav Lavanderia Ltda, Indoor Lavanderia Ltda, Lavanderia Bpf Ltda, Prolav Serviços Tecnicos Ltda, NJ Lavanderia Industrial e Hospitalar Ltda and Global Service Lavanderia Ltda;
- Spain: Indusal Navarra S.A.U., Indusal Centro S.A.U., Indusal S. Aa.U., Servicios de Lavanderia Industrial de Castilla la Mancha, Indusal Sur SA, Casbu SL and Goiz Ikuztegia SL;
- Hungary: Elso Magyar Tisztareri Mosoda KFT – Emtm;
- Colombia: Centro de Lavado y Aseo – Cla, Lavanser and Servicios Industriales de Lavado – Sil (for social data);
- France: Blanchisserie Blésoise;
- Switzerland: On my Way.

It should also be noted that following internal restructuring (merger) transactions in 2017, the following entities were merged or liquidated:

- in Germany: Textilpflege Stralsund GmbH merged with Textilpflege Stralsund GmbH & Co, which changed its name to Textilpflege Stralsund GmbH;
- in Brazil: Brazilian company Reis & Nobrega Lavanderia Ltda, merged with Teclav; Lavanderia Espirito Santo Norte merged with Megalav; and Lavanderia Verde was liquidated;
- in Spain, Explotadora de Lavanderias SA and Azelab Productos, S.L.U. merged with Elis Manomatic; and Lavalia sur Servicios y Renting Textil was liquidated;
- in Switzerland, Lavotel changed its name to Elis (Suisse) SA; Grosswäscherei Domeisen AG, Blanchâtel SA, Blanchisserie des Épinettes SA, Blanchival SA, Laventex SA, Wäscherei Papritz AG and Prohotel Wäscherei merged with Elis (Suisse) SA; Wts and Wtsbr merged with Washtex Holding AG which took the name Wts;
- in France, M.A.J. absorbed Lovetra and Grenelle Service through a merger.

The following table shows the Group companies included in the 2017 CSR reporting:

	Country	Number of entities	Type of entities (head office, offices, factory, processing sites, branches, etc.)	New entity vs. 2016 reporting (yes/no)
	France	17	Head office, offices, processing sites and service centers	Yes (3)
	Brazil	9	Head office, offices, processing sites and service centers	Yes (6)
	Germany	13	Head office, offices, processing sites and service centers	Yes (6)
	Switzerland	7	Head office, offices, processing sites and service centers	Yes (3)
	Italy	1	Head office, offices, processing site and service centers	No
	Spain & Andorra	3	Head office, offices, processing sites and service centers	No
	Portugal	2	Head office, offices, processing sites and service centers	No
	Belgium	1	Head office, offices, processing site and service centers	No
	Luxembourg	1	Head office, offices and service center	No
	Czech Republic	1	Head office, offices, processing site	No
	United Kingdom	1	Head office, offices, processing site	No
	Chile	2	Head office, offices, processing sites	No
TOTAL	**13**	**58**		**17**

Indicators show consolidated figures for the Elis Group and its subsidiaries.

Pursuant to Article L. 225-102-1 of the French Commercial Code, the metrics concerning M.A.J. are explained in the environmental and social performance summary included on pages 121 and 122 of this 2017 registration document. The qualitative data concerning M.A.J. is detailed in this chapter 3.

Data collection and validation

The CSR strategy is defined by the CSR Department, which reports to the Group's Human Resources Department.

Elis's Human Resources & CSR Director is responsible for the final validation of the data.

Four Elis departments are involved in the CSR reporting process: the Corporate Office, the Quality, Safety & Environment Department, the Human Resources Department and the Purchasing and Procurement Department.

Each department involved in the data collection process identifies all contributors who must have access to the CSR reporting software. The data is translated into the various languages used within the Elis Group to ensure the thorough understanding of the definitions.

The data is consolidated by the Human Resources Department, the Quality, Safety & Environment Department and the Purchasing and Procurement Department, based on the information collected in each entity.

The heads of these departments perform the required procedures and stringent checks to ensure the accuracy and reliability of the data collected.

Collection of social data

To collect and consolidate non-financial information concerning its social performance, the Elis Group uses an online CSR reporting, processing and consolidation software package. All Group contributors involved in the process of collecting social data have access to this software and input non-financial information.

Collection of environmental data

The Group collected non-financial information relating to its environmental performance in 2017 by sending out an internal form to be completed by each operating entity. Data for each site was consolidated by the Environment Support Department, at central level. This consolidated environmental data was then entered by staff from the Environment Support Department into the CSR reporting software.

Collection of supply chain data

Non-financial information related to the supply chain is collected by the Purchasing and Procurement Department. Data are then uploaded by teams using the online collection, processing and consolidation software.

Indicators

The CSR reporting software presents the indicators in a tree structure, the main portions being social, environmental and supply chain data. Each indicator is accompanied by a precise definition in French and English. For each piece of data, the scope covered is specified in order to calculate the rate of coverage.

As standard:

- the coverage rate for social indicators is calculated on the basis of the number of employees (total employees of contributing entities / total consolidated employees);
- the coverage rate for environmental indicators is calculated on the basis of revenue.

No comparison can be made between 2016 and 2017 indicators due to the change in scope following the consolidation of new entities within the Group in several countries, as well as the increase in the rate of coverage of the indicators with respect to the 2016 scope:

- the coverage rate for social indicators rose from 91% to 99%;
- for the environmental indicators, the number of sites covered increased from 201 in 2016 to 209 in 2017.

Methodology and limitations

The Elis CSR reports meets the requirements of Article R. 225-102-1 of the French Commercial Code.

The methodologies used to calculate certain indicators may present some limitations as a result of:

- the lack of recognized international definitions (e.g. employee statuses or types of employment contracts);
- the limited availability and/or absence of a number of underlying figures required for calculations, resulting in the need for estimates;
- difficulties with collecting data.

Checks and verifications

Data is subject to consistency checks at the time of consolidation.

For 2017, PricewaterhouseCoopers Audit (PwC), appointed as independent third party (ITP), provided support to Elis for this fourth review of the fairness and comprehensiveness of the Elis Group's consolidated CSR information.

The ITP report appears after section 3.6 in this chapter 3.

3.2 SUPPORTING OUR EMPLOYEES, OUR COMPANY'S VITAL FORCE

"We employ more than 46,000 [(1)] people in Europe and Latin America. Our culture of service and quality mainly relies on the commitment of our employees, our Company's main capital."

Didier Lachaud, Elis's Human Resources & CSR Director.

Ongoing dialogue with employees

As a company that is committed to its employees' wellbeing, Elis makes every effort to ensure ongoing close contact between employees and management at every level. Since the Group's employees underpin the quality of its service, the trust that it builds every day in its relations with them is essential.

Participation, sharing and recognition

Every day, on each site, Elis employees create value. This value is the fruit of a close relationship between the Company and its employees, that has always been built on a shared vision and a common ambition which naturally promote and contribute to performance.

(1) Workforce as at December 31, 2017, including that of entities acquired in 2017.

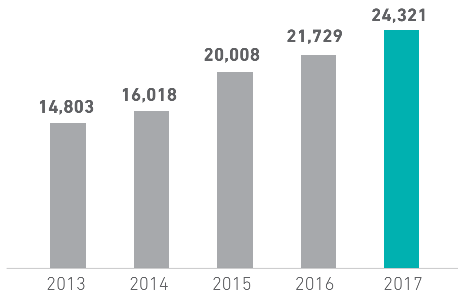
3.2.1 EMPLOYMENT

Total workforce (permanent and non-permanent) and breakdown of workforce by gender, age and geographic region

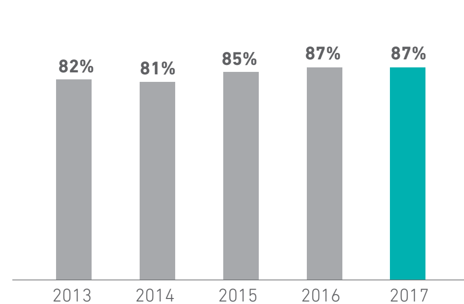
Breakdown of permanent and non-permanent workforce by gender

The charts below show the changes in the Group's registered employees over the past five years (including at M.A.J.):

NUMBER OF EMPLOYEES [(1)]



PROPORTION OF OPEN-ENDED CONTRACTS



As at December 31, 2017, the Elis Group had 24,321 [(1)] employees, an increase in the workforce of almost 12% compared with 2016. This growth is mainly attributable to the external growth policy pursued by the Group over recent years and the development of its activities in European countries (other than France), in Brazil and in Chile.

In terms of diversity, Elis strives to achieve a good gender balance within the Group. However, an imbalance remains in certain categories of personnel.

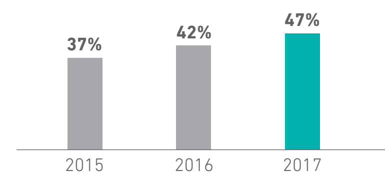
The proportion of women in the permanent workforce [(2)] has remained stable over the past four years, standing at 52%.

As at December 31, 2017, 13% of Elis Group employees were not permanent, mainly due to the seasonal nature of part of its business, requiring the hiring of employees under fixed-term contracts, representing an average of 2,931 full-time equivalents in 2017.

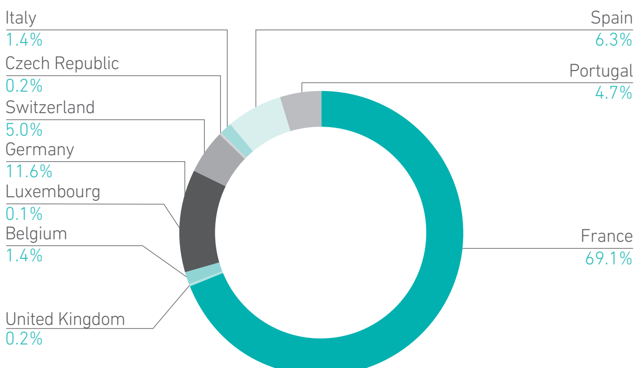
Breakdown of total workforce (permanent and non-permanent) by region as at December 31, 2017

As a result of the external growth policy pursued by the Group over recent years and the development of its activities in European countries (other than France), in Brazil and in Chile, **47% of Group employees are now based outside France**.

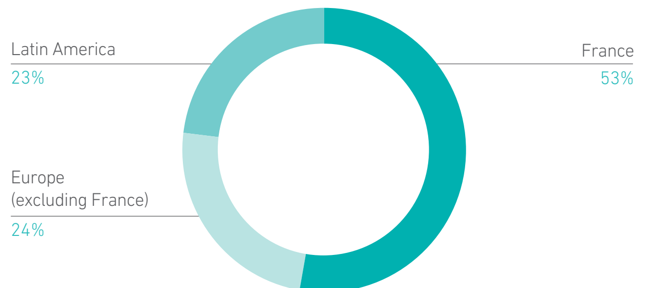
PROPORTION OF WORKFORCE OUTSIDE FRANCE



WORKFORCE – EUROPE



WORKFORCE – WORLD

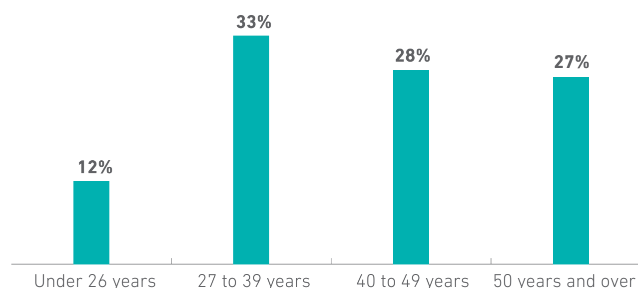


(1) CSR headcount.

(2) In 2015 and 2016, the permanent workforce consisted solely of employees under permanent contracts, while in 2014 it covered employees under permanent contracts and those under fixed-term contracts when there was no reason for their replacement. In 2014 the number of employees included trainees, which is no longer the case since 2015.

Breakdown of permanent employees by age

The chart below shows the age breakdown of the Elis Group's permanent employees (including M.A.J. employees) in France and worldwide [(1)]:



New hires and departures

During the 2017 financial year, the Group hired 26,075 [(2)] permanent and non-permanent employees across the 12 [(3)] countries covered in the CSR report [(4)].

Employee departures are broken down below by reason of departure and remain stable compared with 2016:

(Permanent and non-permanent workforce, in number of employees)	2017
Retirement and early retirement	218
Voluntary terminations	1,531
Involuntary terminations [(a)]	2,652
Other departures [(b)]	20,995
TOTAL DEPARTURES	**25,396**

(a) Including 2,218 dismissals.
(b) Terminations by mutual agreement, deaths and internal transfers for permanent employees and ending of fixed-term contracts.

3.2.2 COMPENSATION

Total payroll for 2017 was €520.8 million.

3.2.2.1 Compensation policy

The compensation policy is determined by the Human Resources Department.

Within the Elis Group in France (including M.A.J.), wage negotiations take place every year with employee representatives to raise the wages of employees paid on an hourly basis in the interests of promoting internal fairness and external competitiveness at all times. Accordingly, in 2017 a general wage increase of 1% for these employees was negotiated within the Elis Group in France (including within M.A.J.). Managers' wages are subject to increase on an individual basis.

Compensation consists of a base salary, individual or collective variable compensation mechanisms, and employee benefits. Managers' fixed compensation is re-assessed individually each year.

For sales representatives and managers, performance-based compensation schedules are established each year by taking into account targets set by business line and by profit center.

The table below presents 2017 compensation by category [(5)]:

(Permanent and non-permanent workforce, in millions of euros)	2017
Fixed and variable compensation [(a)]	520.8
Of which collective bonus and discretionary profit sharing payments	11.5

(a) Fixed and variable compensation are gross amounts excluding employer contributions.

A total of 20,073 permanent or non-permanent employees received a collective bonus and/or discretionary profit sharing payments.

3.2.2.2 Compensation of executive corporate officers

The compensation policy for executive corporate officers is determined each year by the Supervisory Board, which annually assesses performance related to the variable compensation components recommended by the Appointments and Compensation Committee.

The Company's Supervisory Board has chosen to adopt the AFEP/MEDEF Corporate Governance Code as a guideline for its corporate governance and therefore abides by the Code's recommendations for the compensation of executives of listed companies. It considers

(1) The coverage rate of this indicator is 98.9%.
(2) The coverage rate of this indicator is 98%.
(3) Spain and Andorra are counted as a single country.
(4) This indicator's coverage rate is 98% for permanent contracts and 98% for non-permanent contracts.
(5) The coverage rate was 99.8% in 2017.

that these recommendations are consistent with the corporate governance approach described in more detail in chapter 4 "Corporate governance" of this 2017 registration document.

As required by the Sapin II Law, which entered into force on December 11, 2016, the compensation policy for corporate officers for 2017 was submitted for shareholder approval for the first time at the annual general meeting, held on May 19, 2017, as part of the *ex-ante* vote. The shareholders voted in favor of the 2017 policy.

The fixed, variable and non-recurring elements comprising total compensation and benefits of any kind paid or granted to the Chairman and members of the Management Board and to the Chairman of the Supervisory Board pursuant to the compensation policy previously approved by the shareholders are also submitted annually for shareholder approval as part of the *ex-post* vote provided for under the terms of the Sapin II Law. An *ex-post* vote will take place for the first time at the annual general meeting convened for May 18, 2018. It should be noted that the payment of variable and non-recurring elements comprising compensation is subject to a vote in favor of the resolution pertaining to compensation elements.

The compensation policy for executive corporate officers for 2018 and the fixed, variable and non-recurring compensation elements comprising the compensation paid to corporate offers in respect of the 2017 financial year as determined based on the 2017 compensation policy are described in chapter 4, section 4.1.2 "Compensation of corporate officers" of this 2017 registration document. The resolutions relating to the 2018 compensation policy and to the compensation elements granted and paid in respect of the 2017 financial year are presented in chapter 7 of this 2017 registration document.

3.2.3 TALENT ACQUISITION AND DEVELOPMENT

The Group's development strategy relies on its ability to recruit and retain competent high-performing employees. **In 2017, Elis hired more than 5,900 [(1)] employees under permanent contracts (as this term is defined above).**

To become better known and be able to recruit talent, Elis must increase its visibility with students and more experienced professionals. This objective can be achieved through the Group's presence on social media to enhance the employer brand and communicate job opportunities.

In 2016, the Group initiated its digital communications strategy, with a specific editorial line and regular events (chats, posts, announcements, etc.) on these new media. They are managed by the HR and Communications teams with the help of external experts. In 2017, Elis revamped its external recruitment site as part of the launch of the Group's new website.

DEPLOYMENT OF THE EMPLOYER BRAND

The Group's Communications and HR teams have worked together to develop a new social media communications strategy aimed at promoting the jobs available within the Group and increasing the applicant pool, as well as uniting employees and strengthening internal cohesion.

As a result, Elis is present on the following social networks: Facebook and Twitter to communicate quickly and release the latest news, LinkedIn and Viadeo for recruitment ads and to present career opportunities, YouTube to promote internal initiatives, JobTeaser to reach a specific audience consisting of students and recent graduates, and Monster, primarily to attract sales talent.

For these communications, Elis uses its new visual identity, developed with the help of employees, that bears the slogan "You are Elis."

In a more traditional way, Elis took part in numerous events in 2017 to increase its brand awareness with students. These events included conferences, forums, trade shows, workshops and challenges in all the countries where the Group operates. In France, Elis (including M.A.J.) took part in a major event called Tous HanScène®, which aims to encourage, on the one hand, young people with disabilities to pursue higher education opportunities and, on the other, higher education institutions and their communities to be open to people with disabilities.

In terms of young people's employment and training, the Group uses several distinctive approaches:

- **apprenticeship,** which promotes the transfer of expertise, helps to increase knowledge of our professions and makes it possible to take in future young talent with the right skills for the Group. Elis employs apprentices in France, Germany and Brazil, where the Group follows the government program aimed at facilitating the professional integration of young people under the age of 24;
- **international exchange programs,** which were ramped up in 2017, and cover France, Spain, Portugal and Brazil. Each of these countries recruits recent graduates, trains them in one of the Group's key areas (in the fields of production and sales), then sends them to another country for 12 to 24 months to complete their training, share best practices and strengthen the Group's culture.

(1) *Including internal transfers.*

3.2.4 CAREER MANAGEMENT AND DEVELOPMENT

To create a stimulating work environment promoting personal development, Elis implements a human resource policy aimed at encouraging internal promotion, geographic mobility and training.

Elis (including M.A.J.) is committed to recognizing and developing the skills of all employees to promote mobility and career development.

Annual interviews are performed throughout the Group; all managers use the same means, now digitized in the TalentSoft tool, to appraise performance levels and skills and identify development needs, career prospects and the actions to be implemented, particularly in terms of employee support and training.

In 2017 Elis introduced Talentsoft, a tool for managing careers in France and aimed at senior and middle management. The tool provides employees with a dedicated online personal space that they can use throughout the year to express and update what they are seeking in terms of career progression and geographical location. This in turn gives senior managers and HR heads precise information as to the most suitable career path for that employee, taking into account their personal plans and job description.

In France, a **Mobility Committee** meets every two months to review new vacancies and the managers' requests for transfers or promotions.

The **talent review** – managed by the HR Department in coordination with the regional and country departments and the head office's support departments – also makes it possible to identify and develop the potential of managers to ensure their advancement within the Group on the short, medium and long terms.

Training is a key factor of success for the Group. It starts upon the arrival of new employees, with a program enabling them to discover Elis's values, culture, organizational structure and functions, and build themselves an internal network.

MANAGER ONBOARDING PROGRAM

All Group managers benefit from a comprehensive personalized program lasting two to five weeks combining site visits, the discovery of the main functions and operational positions, and meetings with other managers.

For French-speaking managers, the program ends with two days at the training center of Janville (Normandy), with the participation of several members of the Executive Committee, under the coordination of the HR Department.

In 2017, more than 80 employees benefited from this program, which the Company views as a genuine investment.

The purpose of Elis's training policy is to:

- **promote the dissemination of the Group's service culture and expertise within its centers.** The Group has chosen to have its own training center – located in Janville (Normandy, France) – which acts as a full-fledged training institution. It benefits from negotiated fees, programs validated by the Group's teams, and training provided by Elis employees. Several job-specific programs are thus available in order to roll out the Group's key know-how. The training is provided within 24 months of onboarding;
- **professionalize employees by developing specific skills,** according to the needs identified during the annual interviews or talent reviews. This training is primarily geared toward leadership, management or the acquisition of targeted skills; it is provided either in-house at the Group's training center or at the other Group centers, or by specialist external providers. For example, in 2017 Elis rolled out new training courses on negotiating skills for center directors and managers, customer service managers, and account managers. The goal is to provide training for center directors and managers in business strategy management and improve the sales techniques of customer service managers and account managers. A total of 346 employees received this type of training in France.

In 2017, employees benefited from over 147,000 hours of professional training, 60,700 of which were in France (including M.A.J.).

LEARNING THROUGH PLAY

Driven by an ongoing commitment to improve its in-house training, the Group has decided to create innovative training tools, in the form of educational game platforms which meet the employees' need for more effective and practical training, and their desire to learn in a collaborative way. The use of these game platforms improves the participating employees' learning capabilities, performance and commitment.

The games were developed in-house by the Engineering Department in order to closely match the Group's functions and operational needs. The five games created can be used to model an entire processing line for flat linen and workwear, target the sorting of dirty flat linen and the sorting of workwear to be dispatched, as well as learn to identify a bottleneck in a production line.

They help participants identify areas of potential optimization in their production lines.

In 2017, a total of 25 employees in different roles, including managers and non-managers, were trained through these games. These training platforms achieved a higher satisfaction rate than traditional in-person training.

Moreover, there are specific professional development programs to meet future skill requirements for the following roles:

- Production team leaders, through the ***École de maîtrise*** program: this enabled a number of production operators to move into team-leader positions in 2017;
- Sales development managers, through the ***Filière d'Excellence Disco* (FED)** program: since 2010, this genuine social ladder has enabled 50 field agents to advance within the Company and to now account for more than 20% of the current roles in this area;
- Production engineers, through **international exchange programs,** which were extended to new countries in support of the Group's strong growth in Spain, in Portugal and in Brazil, in order to spread best practices and the Group's culture.

3.2.5 COMMITMENT

The commitment of everyone is essential for the Group's success. It has been measured every two years for over twenty years, through a survey conducted with all employees, in an individual and anonymous way. This survey appraises the employees' perception of their workplace and working conditions, their interest in their work, their vision of their future within the Company, their customer focus, as well as the quality of management and internal communications.

Each site is given a social rating, highlighting its strong points as well as the areas requiring improvement. These results are monitored by the entire management team and are reported to employees, along with an action plan. This social barometer is an essential indicator of Elis's human resource policy. It shows the importance given to social climate and the work environment at all levels. The survey is conducted in France, Spain and Portugal.

In France, through optional incentive plans and profit-sharing plans, employees are directly involved in the Company's performance. The calculation of the profit share is based on the earnings of ten Group companies (including M.A.J.), while incentive bonuses are determined based on the profit centers, which further reinforces each person's role within their home entity and the importance given to local management.

In 2017, over 20,000 employees benefited from optional plans, with the distribution of a total of nearly €11.5 million.

3.2.6 WORKING TIME AND WORKING CONDITIONS

Working time

Working time is organized in keeping with Group needs. Within the various sites, the employees' work is organized in accordance with local regulations, which vary from one country to another.

Agreements on the length and organization of working hours have been negotiated in the French entities of the Elis Group (including M.A.J.). Different organizational structures have been adopted for each business line:

- working hours for non-management production staff are annualized;
- flat-rate pay agreements covering hours worked have been signed with the majority of non-management sales and distribution staff;
- administrative staff work 35 hours a week;
- working hours of management staff are organized on a flat-rate basis covering days worked over the year, with the exception of senior executive managers, who are exempt from the requirements of the French Labor Code relating to working hours and manage their working hours independently.

Given the nature of the services provided to customers, some employees may have to work night shifts. The organization of night shifts is strictly governed by specific agreements signed at the level of the entities concerned. Similarly, some employees may have to work on Sundays, within the framework of exceptions provided by law.

In other countries, depending on applicable regulations, working hours are regulated by law or the employment contract.

The percentage of part-time employees has remained stable and is very low – less than 5% of permanent staff. This mainly consists of voluntary part-time work.

The absenteeism rate (i.e., the number of hours of absence, whether paid or unpaid, over the theoretical number of hours worked) is 5.55%.

Social dialogue

As a company that is committed to its employees' well-being, the Elis Group makes every effort to ensure ongoing close contact between employees and management at every level. This closeness is crucial to the relationship of trust that the Group builds with its staff on a daily basis and which underpins the quality of its service.

Staff representation

Within the French subsidiaries (including M.A.J.), 95% of employees have works councils representing them in accordance with legal requirements. These councils meet on a regular basis. The representatives are informed and consulted on the mandatory subjects and on the Company's and/or facility's plans.

Collective bargaining agreements

Within the French subsidiaries (including M.A.J.), numerous issues (such as salaries, working time, the prevention of arduous working conditions, gender equality, etc.) are negotiated on a periodic basis between labor and management, either at entity level or at site level.

In 2017 in France, Elis implemented the various agreements signed in 2016, including agreements relating to the prevention of occupational stress, professional gender equality, quality of life in the workplace, and employment and career planning.

The main purpose of this collective bargaining in France in 2017 was to raise the salaries of non-managers and revise social welfare provisions for managers.

In France, 51 agreements (of which 15 at M.A.J.) were negotiated in 2017.

None of the agreements signed in France have had significant adverse impacts on compensation.

The table below shows the number of agreements in force and/or signed in 2017 for each issue, in each country.

	Working hours	Compensation	Classification	Gender equality	Employment and career planning (GPEPP)	Protection sociale complémentaire	Supplementary social protection	Prevention of occupational stress and psycho-social risks	Intergenerational agreements	Social dialogue	Other
France	**179**	**60**	**6**	**8**	**6**	**30**	**73**	**12**	**7**	**8**	**9**
Of which M.A.J.	*103*	*35*	*1*	*1*	*1*	*4*	*33*	*2*	*1*	*4*	*9*
Italy		1									1
Spain/Andorra	2	2	2								
GRAND TOTAL	**181**	**63**	**8**	**8**	**6**	**30**	**73**	**12**	**7**	**8**	**9**

The "Social Barometer" survey

To enable everyone to express themselves, an in-house survey has been conducted at each French site every two years for the past couple of decades. Such social barometer surveys are also conducted in Spain and Portugal.

In 2017, the Elis Group (including M.A.J.) conducted 21 social barometer surveys in France and nine in Portugal.

In France, the "Social Barometer" survey was recognized by both labor and management as an appropriate tool for the direct and collective expression of employees and was thus included in agreements on gender equality and the quality of life at work. Employees can thus give their opinions on a variety of issues such as working conditions, training, career development, working time and safety via anonymous individual questionnaires. The eagerly awaited results of this social barometer survey make it possible to determine areas of improvement for each center.

The results are reported to the employees, along with the ensuing actions defined.

SOCIAL DIALOGUE IN FRANCE

Strengthening of our anti-discrimination policy through the inclusion of discrimination-awareness modules in our training programs relating to recruitment, managerial skills and the management of human resources, and through the appointment of diversity advisors.

Introduction of the right to disconnect to help employees balance their professional and personal lives.

Commitment to employee representatives to conduct a "Social Barometer" opinion assessment every two years in each center, this "Social Barometer" survey having been in existence for more than 20 years and recognized as an important tool in employees' right to direct and collective expression.

3.2.7 HEALTH AND SAFETY

The Elis Group is committed to a safety approach which is based on the active dedication and involvement of each employee and management at every level. Safety and the improvement of working conditions are a priority for the Company with the aim of achieving "zero accidents".

Health and safety in the workplace, occupational illnesses and workplace accidents

Health and safety in the workplace

Frequency and severity rates are monitored on a monthly basis by senior management and disseminated at each operating site. **The Group's targets for reducing accidents is a frequency rate of 26 and a severity rate of 1.** As part of this effort and to guide operational staff, prevention fact sheets on various topics highlighting the main risks of their activities are disseminated to these employees on a regular basis. Priority prevention measures deployed in 2017 were mainly the strengthening of the Group's fire prevention efforts in each of its host countries and the continued provision of safety information.

WORKPLACE ACCIDENTS

(Permanent and non-permanent staff)	2017	2017 coverage rate
Fatal accidents	0	100%
Lost time accidents	1,069	
Frequency rate [(a)]	24.35	99.8%
Severity rate [(b)]	1.07	99.8%

(a) Frequency rate = Number of accidents resulting in lost time, excluding commuting accidents, during the year/Total number of theoretical hours × 1,000,000.
(b) Severity rate = Number of calendar days of lost work due to workplace accidents with lost work of more than 1 day, excluding commuting accidents/Total number of theoretical hours × 1,000.

In 2017, the main preventive actions and initiatives to improve health and safety conditions were as follows:

- integrating ergonomics and safety principles into all new work equipment and new production lines with our main suppliers;
- encouraging collective protection in order to better prevent certain risks;
- strengthening the Group's fire prevention strategy and defining the action plan for 2017 and 2018;
- standardizing the operating procedures of the new 3D Prevention service.

Occupational illnesses

In order to prevent occupational illnesses (mainly Musculoskeletal Disorders – MSDs), the French entities implemented the Gest'Elis program in 2012 as provided in our agreements on the prevention of arduous working conditions.

For each of these jobs, data sheets suggest solutions to improve working practices and organization, equipment and tools used. Data sheets describing correct actions and highlighting "know-how with caution" are created for the jobs concerned, accompanied by a video to raise awareness about best practices for each job category. This video is shown in order to train and raise awareness among employees and their managers.

Moreover, the Methods Department has provided assistance for the posting of appropriate data sheets at the Elis Group's production sites, including the M.A.J. subsidiary.

Training sessions on job-specific body movements and postures were provided to **689 employees (including 311 M.A.J. staff) in 2017.**

A special booklet aimed at production operators was created in collaboration with a dedicated partner. This booklet entitled "Prevention of risks associated with repetitive occupational tasks" presents effort-saving principles and illustrates them in various work situations. A similar booklet was made available to Field Agents.

Ergonomic studies of jobs have been carried out on an ad hoc basis in order to improve working conditions for employees with medical restrictions.

In France, 34 processing sites (including within the M.A.J. subsidiary) have launched the TMS Pro program aimed at reducing work-related musculoskeletal disorders in the companies. This program benefits from the support of the French retirement and occupational health agencies (CARSAT). The first job studies carried out by dedicated experts were presented to the CHSCT (Health, Safety and Working Conditions Committee).

Appropriate initiatives are taken at other European subsidiaries, for example regularly changing the type of work done, or introducing mandatory breaks for physical exercise (10 minutes exercise for four hours of work).

Results and agreements signed

Elis's centers in France are covered by agreements regarding the prevention of occupational burnout and occupational stress.

3.2.8 DIVERSITY

Elis complies with the laws of the countries in which it operates and the local regulations aimed at fighting discrimination. In fact, Elis recruits employees who reflect the diversity of the areas where the Group operates, providing opportunities for everyone.

The Group solely focuses on its employees' skills and rejects all forms of discrimination based on origin, age, gender, marital status, disability, sexual orientation or identity, physical appearance, last name, place of residence, health status, genetic characteristics, morality, political opinions, trade union activity, or belonging to a particular ethnic group, race, nation or religious group, in both the handling of its recruitments and the management of its employees.

All human resource and management training programs include a session on non-discrimination.

In France, several sites use a simulation-based recruitment method which is non-discriminatory and is based on the detection of skills and abilities which the applicants are often unaware of. Role play exercises have been created then validated by Elis's human resources teams; they do not take account of the applicants' qualifications or age.

Measures to promote the employment of younger and older people

In France, the Elis Group (including M.A.J.) has set itself targets for the hiring of younger people (under the age of 27). It implements actions to hire, train and integrate younger people in the Company (observation day, onboarding program, coach, initial training, etc.). At the same time, the Elis Group has set itself targets for the hiring and retention of employees age 50 and over.

In France, as part of agreements or action plans (set up under the legal requirements for intergenerational agreements), Elis renewed its commitments in 2016 in order to:

- help younger people find sustainable employment by providing them with permanent employment contracts;
- promote the hiring and retention of older people;
- ensure the transfer of knowledge;

while taking into consideration the actions already undertaken in this regard, in compliance with the principle of gender equality and equal opportunity, as part of the fight against discrimination during the hiring process and throughout employees' careers.

These commitments also aim to create synergy between the various employee generations which make up Elis and provide it with their knowledge and viewpoints, which constitute great assets and innovation power. For this reason, these commitments do not solely concern younger and older people, but also apply to intermediate generations, who are entrusted with important roles in the onboarding of younger people, the transfer of knowledge, and training. Indeed, beyond these specific measures, these commitments are an essential tool for age management within the Company.

These commitments are in line with the actions already undertaken within the Company to promote the employment of senior staff, gender equality, the improvement of working conditions, and the prevention of arduous working conditions.

Moreover, to ensure the transfer of knowledge and skills, in particular key skills, specific actions are undertaken such as the sharing of experiences on best production and maintenance practices, training on the fundamentals of production, maintenance and commercial distribution functions (courses designed by operational staff and adapted based on the feedback received).

Measures to promote the recruitment and integration of people with disabilities

The Elis Group employs 578 people with disabilities at its sites in France, which is 5.84% of its permanent employees (5.81% at M.A.J.). In other countries, it is sometimes difficult to obtain precise figures on the number of employees with disabilities, in view of local regulations.

The Elis Group must match the profiles of mobility impaired people with its vacant positions, most of which involve manual tasks and the carrying of loads or are static positions.

In France, the sites (including M.A.J. sites) implement actions to hire, train and retain persons with disabilities. The objective is to enable those people to work in an ordinary environment. In exceptional cases, in order to preserve the jobs of people with severe disabilities, home-based working solutions may be implemented. Measures to promote the employment of disabled people have been included in the agreements on gender equality and the quality of life at work.

Actions are also undertaken to integrate people with mental disabilities: presence of their guardians and special monitoring by the managers whenever these persons work in an industrial environment with stringent safety requirements. Six sites (including M.A.J. sites) employ people with severe disabilities.

For numerous years now, the sites of the Elis Group have had close ties with the sheltered employment sector. In 2017, the Elis Group signed 82 service contracts with French sheltered employment institutions *(Établissements et Services d'Aide par le Travail and Entreprises Adaptées)*. These services include cleaning, linen laundering/processing, the repair of trolleys and hangers, the purchase of supplies, and the maintenance of green areas.

Elis is a sponsor of the 6th edition of the Tous HanScène® student disability video contest, which opened in October 2017. This is the second consecutive year that Elis has participated in this contest, which is another of the company's initiatives to promote disability.

The aim of the contest is to encourage young people with disabilities to pursue higher education opportunities and to encourage higher education institutions and all their communities to be open to people with disabilities.

These educational institutions put together teams of between two and four students to spotlight disability through a two- to three-minute video which is then posted online at www.toushanscene.fr. Teams can choose from six different categories to depict their perception of disability: Arts and Essays, Humor, Sports, Student Life, Working Life, and Daily Life.

The voting phase begins once the students have posted their videos online. Elis employees can then vote for their favorite video. Prizes are awarded for the best videos at a closing ceremony.

In Switzerland, Elis has established a partnership with one of the country's biggest rehabilitation clinics, which helps people with disabilities re-enter the workforce.

3.3 INVOLVING OUR SUPPLIERS IN OUR SUSTAINABLE PURCHASING POLICY AND MAKING A COMMITMENT TO OUR STAKEHOLDERS

3.3.1 LOCAL, ECONOMIC AND SOCIAL IMPACT OF THE GROUP'S BUSINESS

Employment and regional development

Both in France (including M.A.J.) and abroad, jobs are filled locally and are not "offshorable."

In France, local partnerships with non-profit organizations and local authorities are entered into to promote the employment of people living near the sites. For instance, the Group partners with local young people's employment centers (*Missions Locales*) and job centers *(Pôle Emploi)*.

Local residents

In the case of specific requests from neighbors of Elis Group processing sites (including M.A.J.) relating to the environment (noise, smells, etc.), dialogue is established with local residents and local authorities and specific ad hoc action plans are implemented in order to take such requests into account as quickly as possible (for example by carrying out studies and if necessary, works to limit noise pollution).

3.3.2 SUBCONTRACTORS AND SUPPLIERS

Building stable long-term relationships

At Elis (including M.A.J.), the quality of the products is a constant priority. Purchases of textile products and HWB appliances are thus a major concern. The Purchasing and Procurement Department plays an important role by selecting suppliers, products and services everywhere in the world that respect people and the environment. It thus strives to form genuine partnerships, fostered by recurrent collections and stable production cycles. Most of the Company's suppliers have built and continue building strong relationships with Elis, some of them going back more than 20 years.

Supporting European suppliers

Elis procures its supplies from Europe, Asia and Africa. However, most are sourced from Europe and especially France. For example, Elis's coffee supplier, Malongo, and its paper and soap suppliers are all based in France. Moreover, to ensure the sustainability of the French supply chain, **Elis has chosen to guarantee constant volumes to its French partners, helping them to remain competitive and safeguard local jobs. In 2017, for instance, over 25% of Elis's table and bed linen was purchased in France.**

Driving progress which takes account of social and environmental issues

Since 2006, the Group's commitment has been detailed in its Sustainable and Ethical Purchasing Charter, which describes Elis's relations with suppliers beyond the mere purchase of goods and services. These relations are essential for the Company's long-term success and the satisfaction of its customers.

This Charter, which is incorporated in the Purchasing and Procurement Department's ISO 9001/2008 repository, supplements aspects of the ILO Code and describes Elis's purchasing commitments, as well as the requirements and recommendations

applicable to suppliers and subcontractors, in particular concerning the following matters:

- subcontracting;
- certification;
- business ethics;
- respect for employees;
- child labor;
- discrimination;
- working hours;
- compensation;
- forced labor;
- foreign manpower;
- freedom of association and collective bargaining;
- health, safety and well-being in the workplace;
- the fight against corruption and money laundering;
- the fight against unfair competition;
- environmental protection;
- essential consumer health and safety requirements;
- fair trade and organic products.

Elis deploys this Charter in combination with a control of strategic suppliers that pose a potential or high risk. It also requests SA 8000 and ISO 14001 certifications. In the event a supplier does not have such certifications, Elis will appoint an independent body to conduct a CSR audit based on Elis's own specifications. Elis monitors the action plans stemming from such audits. The CSR risk is defined according to criteria which help to prioritize country risks (low, potential or high) and decide on the audits that need to be conducted. This measure covers over 90% of strategic revenue and the suppliers who pose risks.

In 2017, the 195 strategic suppliers were closely monitored. A total of 67 posed little or no CSR risk, and 18 were audited. The emphasis was on suppliers of flat linen, and workwear manufacturers and weavers.

Encouraging certification policies

Elis's suppliers are also encouraged and guided in their **voluntary ISO 14001 certification regarding environmental aspects** and **SA 8000 certification regarding social aspects.** These certifications are held by the main textile product suppliers.

Elis also requires the **Oeko-Tex certification for all textiles delivered.** This standard is a worldwide control and certification system involving tests for harmful substances including prohibited and regulated substances, chemicals which are known to pose health risks, as well as precautionary parameters relating to health care.

3.3.3 RELATIONS WITH STAKEHOLDERS

Conditions for dialogue with stakeholders

In order to ensure the satisfaction of our customers, "Satisfelis" satisfaction surveys are conducted on a regular basis with the customers of Elis (including M.A.J.) by a call center. Action plans are subsequently devised and implemented. In order to improve the satisfaction of its customers, Elis has set up a Customer Experience Department focused on improving its customer relations and the quality of its service. In 2017, Elis had a customer satisfaction rating of 86.7% and will continue to improve its quality of service. The Group also introduced the "net promoter score" indicator in its customer satisfaction monitoring. This is currently the best known and most highly regarded tool for collecting data on customer satisfaction and gauging customer loyalty.

Satisfaction surveys are also conducted on a regular basis (every two years) with all employees. The results and action plans are then communicated to employees.

Partnerships and philanthropy

The main partnerships established with non-profit organizations and local authorities for the purpose of promoting employment continued in 2017 with:

- local organizations, which contribute to the employment of people living near Elis sites;
- Pôle Emploi, with the set-up of a non-discriminatory recruitment methodology (M.R.S.) aimed at skill-based recruitment (see the section on recruitment), and pre-employment training;
- APEC (the French management employment agency), with the posting of all our manager vacancies on the dedicated portal;
- Défense Mobilité, which is focused on the re-integration of military personnel in civilian life.

Relations with educational institutions were maintained in 2017, to enhance the image and reputation of the Group with students, while promoting its recruitment and employment policy for recent graduates. Elis thus conducted various initiatives with engineering and business schools: presence in forums, participation in judging panels and plant visits. Such initiatives are great opportunities to promote exchanges between operational staff and students, and

allow the latter to discover the Company's professions and daily operation.

The initiatives were deployed by numerous sites to increase knowledge of our professions with students of all ages through plant visits and presentations in elementary schools, middle schools and high schools.

The Elis Group signed a sponsorship agreement with the NGO *"1,001 fontaines pour demain"* (1,001 fountains for tomorrow) to provide access to drinking water in developing countries. Still today, 11% of the world's population has no access to drinking water. As a supplier of water fountains, Elis provides support to this NGO to sustainably improve the health of poor, remote rural populations by enabling them to locally produce and consume clean drinking water. Elis is thus participating in the launch of a drinking water treatment plant intended for families without access to drinking water in Cambodia. Its contribution will finance the acquisition of the land, the construction of the plant, its equipment and the support to be provided to the local manager for at least 12 months. In the longer term, the Elis plants will be fully managed locally and provide access to drinking water to numerous Cambodian families.

In 2017 in Brazil, Elis continued its program of providing assistance to NGOs working with children and participated in a program promoting education for children from disadvantaged neighborhoods. Linens were also donated to non-profit associations in Germany, Portugal and Brazil.

INITIATIVES RELATED TO OUR ACTIVITIES

Linens donated to non-profit associations in Germany, Portugal and Brazil.

As a water fountain supplier, Elis continues to support the non-profit association *"1,001 fontaines pour demain"*, which promotes the local production of safe drinking water in several countries, including Cambodia, so that many families can have access to safe drinking water.

3.3.4 FAIR PRACTICES

Measures adopted to prevent corruption

The Group (including M.A.J.) has formalized its commitment to human rights (most notably through compliance with all the rules laid down by the International Labor Organization) and ethical business practices (respect for the law, fair practices, anti-corruption, conflicts of interest, respect for the environment, etc.) as part of its Ethics Charter, which was updated following the entry into force of the Sapin II Law. The Ethics Charter applies to the Group's entire consolidation scope and is designed to promote conduct consistent with the values of respect, integrity, responsibility and exemplarity promoted by the Group. The Charter is available in several languages and distributed to all Group employees. It is also available on the Company's website.

As part of the fight against corruption and more broadly against unethical practices, the Group has continued to roll out its compliance program within its subsidiaries. This has involved introducing a program to prevent and combat the risks of corruption and influence-peddling tailored to the risks the Group is likely to face and in accordance with the requirements of French law and, where necessary, applicable foreign legislation (for more details, see chapter 2, section 2.2). The Group will continue to roll out its anti-corruption program throughout the current year.

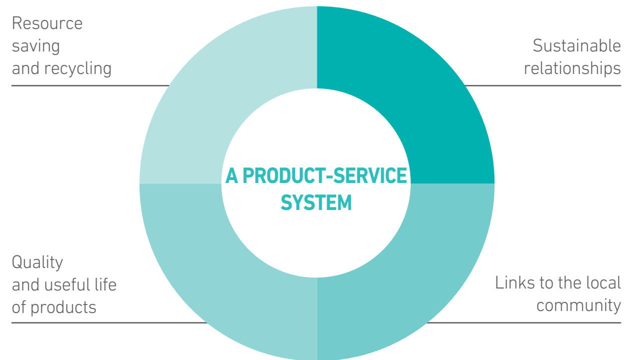
3.4 PRODUCTS AND SERVICES: DEVELOPING A SUSTAINABLE OFFERING AT THE HEART OF THE CIRCULAR ECONOMY

The circular economy is a generic expression referring to an economic concept that falls within the category of sustainable development and in particular draws on the notions of a green economy, a use-oriented product-service economy, a product-service economy, a performance economy or industrial ecology (which requires that waste from industry be recycled into raw materials for that same industry or another industry).

Its objective is to produce goods and services while significantly reducing the consumption and waste of raw materials and of non-renewable energy sources.

Unlike traditional modes of consumption, the rental and maintenance model – which fully fits into the product-service economy – enables Group customers to benefit from Elis's services without having to purchase any products (workwear, etc.).

Elis is thus a trailblazer in this model, which has been adopted by numerous other sectors, such as car rental in municipalities. This model simplifies the life of customers, while also reducing pressure on natural resources and the environment. This approach also extends the life of products, maximizing their use by naturally promoting their repair, their reuse and their recycling. Economic growth and environmental footprint are thus reconciled.



3.4.1 ECO-DESIGN

Since the Elis Group is responsible for the care, maintenance and end of life of its products, it naturally uses eco-design when developing product ranges. The Environment and Marketing Departments thus work together from the earliest product research phases, on possible alternatives to simple disposal.

Environmental benefits of the Elis model

In 2008 the Elis Group participated in the “Chantier 31” working group to study the product-service economy as part of France’s Grenelle de l’Environnement initiative. Specifically, it demonstrated the benefits of this model on its workwear service. This service’s life cycle analysis was updated in 2015. Through process optimization, **Elis’s workwear rental and laundry service is able to reduce water and non-renewable energy consumption by nearly 50%** compared to a solution based on the purchase of workwear and its in-house laundering.

Eco-designed products

Across the life cycle of the products, the Marketing team bases its reflection on three key aspects: reducing waste at source, product maintenance and recycling the materials used. For the HWB range, for instance, the development of new products is based on technical specifications including:

- the choice of materials that are 100% recyclable or recoverable;
- reducing the appliances' energy consumption and number of batteries.

ECO-DESIGNED DUSTMATS

Elis' Phoenix range of protective dust mats are made from fiber produced entirely from recycled water bottles. The fiber has the same characteristics as that in a standard dust mat.

Moreover, the water of the fountains serviced by Elis stems from a dense network of sources. The bottles are refillable and can be reused for around six years. Since 2012, none of the new bottles introduced on the market by Elis has contained BPA. The Company completed the replacement of its stock in 2015.

Reduction of waste at source

To reduce its waste at source, the Elis Group implements measures with its suppliers and its employees. Here are a few examples of best practices:

- **plastic detergent containers,** once empty, are retrieved by suppliers for their re-use. The detergents used in industrial laundries thus require less packaging and transport than domestic containers (ETSA publication of May 2014);
- **packaging materials** are standardized: the boxes delivered by our suppliers to the Purchasing and Procurement Department are reused for shipments to Group sites, which in turn reuse or recycle them;
- **worn-out hangers** are routinely restored and reused (2 million hangers per year).

Extending product useful life

All electrical and electronic devices are regularly maintained by Field Agents during delivery rounds. Moreover, since the 1980s, a technical workshop has been dedicated to more advanced maintenance and repair of water fountains and hand-drying devices at sites in France. In 2017, this workshop thus repaired several thousands of water fountains and hand dryers, refurbished for our customers.

Moreover, workwear is designed for a longer useful life. Damaged workwear is also repaired (study on cost-effective seams and training program for seamstresses at the centers to optimize the useful life of workwear).

Eco-labeled hygiene range

For restroom hygiene, the **Natur'Elis range** includes items such as paper hand-towels, soap dispensers, toilet paper and consumables bearing the European Ecolabel. This widely recognized label guarantees a reduced environmental impact throughout the product life cycle, from manufacturing through disposal.

Elis and Max Havelaar France

To promote fair trade, Elis signed a license agreement with Max Havelaar France in 2009, thus becoming the first rental company with the **Fairtrade/Max Havelaar** license.

The fair trade standards guarantee a minimum income for producers based on a fair purchase price, irrespective of market fluctuations, as well as respect of fundamental rights.

The Fairtrade/Max Havelaar standard encourages producer organizations to progressively adopt democratic structures and transparent administration to enable members to have real control over the organization's management.

3.4.2 FOOD WASTE

The Elis Group's beverage offering includes the supply of water fountains. Elis has long offered fountains to its customers to provide water from the customers' own drinking water systems. Concerning its bottled water fountains service, Elis offers its customers water bottles on a set delivery schedule based on the customers' needs. To cater to customers who do not consume all the water contained in 18.9-litre bottles in 15 days (recommended use-by time after opening), Elis broadened its range in 2016, offering the delivery of 11-liter bottles.

For its coffee offering, the product is delivered in 100-count boxes and the number of boxes to be delivered on each Field Agent round is agreed with customers based on their consumption levels, thereby reducing coffee waste.

3.4.3 MEASURES TAKEN TO PROMOTE CONSUMER HEALTH AND SAFETY

Within the Elis Group (including M.A.J.), a risk map was established, particularly covering the risks relating to the health and safety of consumers and customers. In order to control these risks, procedures are rolled out at the level of support departments and operating centers. They are part of the quality management system for Elis's Ultra-Clean, water fountains and workwear activities, which have been ISO 9001 certified by AFNOR Certification for more than 15 years. Within the framework of this pro-active policy concerning certification and continuous improvement, quality audits are conducted annually across a sample of centers by an accredited external organization (AFNOR Certification) and at least every three years internally for each center. Lastly, with regard to its beverage business (water fountains and coffee machines), the Elis Group has implemented the HACCP (Hazard Analysis Critical Control Point) system which defines very precise control measures to ensure impeccable service quality for its customers and consumers. Elis's service in France is also certified under the AFIFAE standard (the professional standard for water fountain businesses).

In addition, in response to customer expectations, the Elis Group (including M.A.J.) is NF EN 14065-certified (RABC standard) at 26 Elis sites (23 in France and three in Switzerland) and five AD3 sites that focus primarily on health or agri-food products.

The Elis Group (including M.A.J.) also offers its customers environmentally friendly products, some of which have EU Ecolabel certification, and products that support fair trade (e.g. Moka coffee from Ethiopia and fair trade organic cotton textiles in the Bio's Fair collection).

3.4.4 BEYOND USE WITH THE CIRCULAR ECONOMY

Waste management

The Elis Group has put in place the following measures aimed at reducing its waste:

- sorting of waste at its source when possible to promote its recycling and waste-to-energy processes;
- reducing the production of textile waste at its source, by setting up an in-house linen exchange;
- continuing to recycle cotton fabric (flat linen, spools) with dedicated partners;
- partnership with dedicated partners with a view to developing recycling for workwear;
- taking back empty packaging of laundry products as part of the services provided by the detergent manufacturers;
- distribution of an updated memo on the proper management of waste electrical and electronic equipment (WEEE).

Written Group procedures distributed to everyone concerned and available on an intranet site, and also explained via training and internal awareness campaigns, describe waste management best practices at the level of operating centers.

These procedures are fully applied by M.A.J.

A few examples of waste management

- **Textiles:** when textiles are considered to have reached the end of their useful life as they no longer meet the customers' quality requirements, the Group's plants call on specialized recycling firms. After collection, the textiles are sorted and most of them are transformed into insulation materials or rags for the automotive and aeronautics industries and home improvement stores. A total of **3,484 tons was recycled in 2017 (including 1,498 tons for M.A.J.).**
- **Waste electrical and electronic equipment:** when they can no longer be repaired, the devices from the hygiene and beverage ranges become waste electrical and electronic equipment (WEEE). For their recycling, **a dedicated process was set up in 2007** with an external collection firm. **In 2017, 159 tons of such waste were collected via this process.**
- **Batteries and accumulators:** the batteries used in the devices are collected from customer premises by the Field Agents, then stored in appropriate containers on Elis sites before their collection and processing by Corepile.

WORKWEAR RECYCLING GAINING MOMENTUM

Elis is eager to increase the recycling rate of its workwear and as such increased the volume of its recycled end-of-life workwear to 679 tons in 2017.

TOTAL WASTE PRODUCTION

(In tons)	2017	Coverage rate
Hazardous waste generated	2,698	90.9%
Proportion of hazardous waste recovered	35%	90.9%
Non-hazardous waste generated	15,586	90.9%
Proportion of non-hazardous waste recovered	57%	90.9%
TOTAL WASTE	**18,284**	
Amount spent on waste treatment *(millions of euros)*	3.1	93.4%
Amount generated by waste recovery *(millions of euros)*	0.8	96.7%

3.5 USING OUR EXPERTISE TO IMPROVE ENVIRONMENTAL PERFORMANCE

Leader in the field of industrial laundry, the Elis Group has gained genuine expertise, backed by strong innovation capability. On the environmental front, the Elis Group's strategy is straightforward: guaranteeing the quality of Elis's laundry service while using a minimum amount of water, energy and laundry products.

To this end, the Group has a proactive environmental policy that involves tight control over its environmental impacts, as well as a sustainable raw-material management policy.

Water

28%

savings per kilogram of washed laundry since 2010

Energy

22.9%

savings per kilogram of washed laundry since 2010

3.5.1 GENERAL ENVIRONMENTAL POLICY

Elis's Ethics Charter, updated in 2017, defines the main CSR policies of the Group (including M.A.J.). This approach is endorsed and built upon by Elis's QHSE (Quality, Health, Safety and Environment) policy, validated each year by a senior management review and included in the quality manual within the framework of ISO 9001 certification.

The QHSE policy, signed by the Chairman of the Elis Management Board, lays down the following environmental commitments:

- reduce energy consumption (gas and electricity) in processes;
- optimize water consumption;
- reduce the environmental impact of our activities;
- increase the life span and recycling of our textiles;
- develop our ranges with the Max Havelaar label made from organic cotton.

Lastly, Elis is committed to respecting applicable local regulations. For example, the activities of each French processing site (including those of M.A.J.) washing more than five tons of linen per day are governed by registration requirements or operating authorizations from the local authority, under regulations for Facilities Classified for Environmental Protection (ICPE), setting among other things limits for discharges into water, air emissions and noise pollution.

Organization of the Group to take account of CSR and procedures implemented to protect the environment

The steering and deployment of the Elis Group's targets concerning the environment are handled by two closely linked units within the Engineering Department:

- an **environment unit** composed of three engineers, within the Quality, Safety & Environment (QSE) Department, tasked with helping Elis Group sites with the monitoring of ICPE procedures in France, technical and legal oversight, the management of environmental indicators and compliance with the Group's good environmental practices. The Group's QSE Director, in charge of preventing environmental risks, reports to the Group's Engineering and Procurement Director, who is a member of Elis's Executive Committee. Moreover, an environment officer based in Brazil is responsible for good environmental practices and compliance with the country's applicable regulations;
- a **process engineering unit** composed of five people, to improve maintenance standards and the life span of the products maintained, and to control water and energy consumption across the entire Group;
- an **ISO 50001** project manager within the QSE Department.

Operational deployment at the level of each processing center (including those of M.A.J.) is handled by a network of over 130 correspondents (the plants' technical managers) trained in good environmental practices.

The Elis Group periodically carries out environmental audits on each of its processing sites. Moreover, at each acquisition of laundry sites, it carries out a "Phase I – Risk Assessment" audit focused on environmental aspects.

ISO 50001 certification: energy, the reflection of Elis's operational excellence

Intent on limiting its environmental footprint, by reducing its greenhouse gas emissions and making better use of natural resources, Elis stepped up its efforts by obtaining, in December 2015, the ISO 50001 energy management systems certification delivered by AFNOR Certification, **covering 54 French sites (including 31 M.A.J. sites) in 2017.**

Through the professional expertise that it nurtures on a daily basis, the Elis Group improved its thermal energy performance by 18.7% between 2010 and 2017 in Europe. Drawing on this experience, and through this approach, the Elis Group is asserting its will to reinforce its leading position and involve all players (from the design of the equipment purchased through to the daily operation of its production centers) in the constant search for energy optimization.

In addition, the Energy policy signed by the chairman of the Elis Group's Management Board demonstrates Elis's commitment to improving its thermal energy performance in France by 25% between 2010 and 2020. To date, the French segment has already improved its performance by 22.9%, thus getting closer to the target.

This policy, which fully fits into the Elis Group's drive for operational excellence, underpins the following program:

- to continuously improve the energy performance of processes, buildings and vehicle fleet by incorporating energy efficiency criteria as early as the facility design phase, encouraging the purchase of energy-efficient appliances and services, and implementing best practice for efficient and rational use of energy at existing facilities;
- to analyze where most energy is consumed (gas, fuel oil, electricity and fuel) by developing a suitable measurement plan to monitor appliances as soon as possible; To continue efforts to improve the quality of electricity and fuel consumption reporting;
- to monitor improvements in energy performance through appropriate indicators and communicate them to all relevant levels of the organization to help achieve the objectives and targets set;

- to adapt energy practices and consumption and maintain the equipment and buildings so that they are always in compliance with legal and other relevant requirements;
- to involve all employees and external partners so that everyone is aware of their role and responsibility in the Group's overall energy performance.

In the rest of the Elis Group, **14 sites** have deployed an environment management system that is **ISO 14001-certified, and two sites in Germany are ISO 50001-certified.**

Training and information for employees on protecting the environment

All French-speaking operating managers (including within M.A.J.) in charge of environment-related issues attend a Water, Energy and Environment training course. Moreover, all operating directors receive awareness training on environmental topics during Group onboarding. The implementation of the ISO 50001 and ISO 14001 certification policies has further increased employee awareness of the need to preserve resources.

Amounts and resources dedicated to compliance and prevention of environmental risk and pollution

(In millions of euros)	2017
Compliance costs	3.3
Provisions and environmental guarantees	20.9
Compensation paid for environmental litigation	0.0

The coverage rate was 100% in 2017.

Compliance measures taken during the year

In 2017, Elis invested €3.3 million to bring its environmental performance into compliance and improve upon it. This investment essentially involved upgrading on-site pre-treatments of water discharges, monitoring action plans following inspections by government offices for the environment, and rehabilitating non-operating sites.

Resources dedicated to the prevention of environmental risk and pollution

On the sites, including those of M.A.J., maintenance officers are in charge of environmental matters, in particular managing any incidents that could cause pollution outside a facility. Safety equipment such as stoppers is provided at sites, and posters are put up to remind people of what to do in the event of an accident, as well as best practices to prevent accidents. Maintenance officers receive specific training in these procedures during dedicated training sessions, and then train the people concerned on site. There is therefore a procedure for decanting chemicals and only authorized staff, who receive periodical training, are allowed to supervise decanting by suppliers of cleaning products.

The QSE Department, along with the Environment Manager at Elis Brazil, also help operational sites in the event of an accident that could have an impact on the outside environment, by defining immediate safety measures, communicating with external organizations, and implementing prevention measures over the long term. Monitoring of management indicators – relating to the environmental performance of each site as well as environmental compliance – also helps to prevent risk.

3.5.2 CONTROL OF ENVIRONMENTAL IMPACTS

The service provided by Elis rests on the principle of the longest possible use of high-quality products. To guarantee the most optimized life span for Elis products, the staff in charge of product innovation design products suited to customer uses and which outlast fashions, using sturdy and reliable materials. The rental and maintenance business model thus implies the need to take account of the product life cycle, right from the design phase.

Pollution

The environmental impacts of the Group's activities, especially discharges into the air and water, and the production of waste are efficiently monitored. Prevention and reduction measures are set up in this regard.

Air pollution and measures to prevent, reduce or remedy discharges into the air with a serious impact on the environment

Within the framework of the aforementioned greenhouse gas emission assessments, the Elis Group has put together its action plan for reducing emissions, based on optimizing energy and fuel consumption across the entire Group (see section 3.5.3 "Sustainable use of resources" below).

Discharges into the water and soil, and prevention and reduction measures implemented

	2017
Proportion of water treated	100%

For Elis, the coverage rate for these items was 100% in 2017.

Control of discharges into water

Thanks to the self-monitoring of effluents on most sites through regular analyses, the Elis Group has acquired in-depth knowledge of the quality of its wastewater and is working on improving its characteristics. Since the nature of this wastewater is the same as household effluents, the large majority of the Elis Group's laundry facilities are connected to the municipal wastewater networks in France and across Europe (100% for M.A.J.). All industrial wastewater discharged into municipal networks is pre-treated or treated on site before its discharge. It is then treated by a collective treatment plant for the great majority of centers.

In France, discharges into water are also subject to the delivery of authorizations by local authorities (discharge agreement or decree) setting the conditions for discharges into collective networks, before their treatment in wastewater plants, as well as a Prefectoral Order for sites subject to Registration or Authorization under the ICPE regulation.

Effluent quality is controlled (self-monitoring) through periodic analyses, the results of which are regularly sent to the competent French authorities. The same type of systems are in place in Spain, in Portugal, in Germany, in Belgium, in Italy and in Brazil. In addition, pre-treatment equipment is systematically installed to ensure the consistency of discharges and their quality.

The key measures to prevent the risks of water pollution are the following:

- establishing network obturation systems;
- areas dedicated to the decanting and storage of laundry products; retention of product storage;
- training operators in chemical risks; specific training and certifications for certain types of intervention;
- training maintenance officers in pollution risks (by the QSE Department);
- advertising and implementing safety measures (fire risks and chemical risks);
- regular controls of installations subject to regulations;
- in France: continued roll-out of the nationwide program to reduce dangerous substances in water (RSDE), with the adoption at the sites concerned of permanent monitoring of a certain number of micropollutants measured in industrial waste.

Measures to prevent soil pollution

The Elis Group is putting in place measures aimed at preventing any risk of soil pollution. Detergents are unpackaged on concrete surfaces with retaining walls, where required. The detergents used for the washing process are stored in such a way as to avoid any accidental spillage onto the ground (braces, leak detectors, etc.). All necessary measures are taken to protect groundwater abstraction installations at sites using borehole water. The majority of waste dumpsters (mainly containing waste that is not hazardous) are stored within concreted areas.

Taking account of noise pollution and any other form of pollution specific to an activity

In order to reduce the noise impact of its activities, the Elis Group (including M.A.J.) works to improve the locating of new sites in areas far from restricted areas such as residential areas.

3.5.3 SUSTAINABLE USE OF RESOURCES

Since 2008, each year the Elis Group has set a target of reducing its annual water, energy and laundry product consumption by 2% to 5% as part of its voluntary investment policy. In 2017, over €13 million was thus allocated to increasing environmental performance. Production sites are equipped with the industry's most efficient technologies. For example, the use of **heavy-duty washing tunnels** has been mainstreamed: equipped with separate compartments, they allow the laundry to progress through the different stages of treatment, from one compartment to another. The laundry is continuously fed into the tunnel, thereby optimizing energy consumption by increasing the amount of laundry processed. **Air/air and water/water exchangers** are installed to save energy and recycling systems are automated to recover water from one stage to the next, whenever possible. Clean rinsing water is thus reinjected in pre-wash compartments, thereby saving water, detergent and energy.

Water

The Elis Group has been pursuing a policy of more efficient water consumption for a number of years, optimizing the washing process (better tunnels and washing machines, water recycling systems within the washing process, control of detergents, etc.) and strictly monitoring water consumption. This has led to a reduction in the Group's average total water consumption ratio (liters/kg of linen treated). **Since 2010, this ratio has dropped by 28% and in the past year has exceeded the 2020 target of a 25% reduction.**

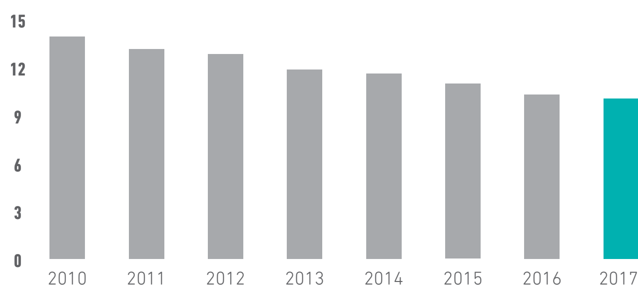
ANNUAL USE OF WATER FOR THE GROUP'S ACTIVITIES: CONSUMPTION, AMOUNT SPENT AND VOLUMES DISCHARGED/TREATED

(In millions of m^3)	2017
Water consumption	8.8
Amount spent on water consumption *(In millions of euros)*	6.0
Volume of water discharged	7.7
Volume of water treated (internally or externally)	7.7

In 2017, the coverage rate was 100%.

Measures implemented in 2017 to optimize total water consumption, prevent pollution risks and remedy discharges into water

ELIS GROUP WATER CONSUMPTION RATIO (L/KG OF LINEN TREATED)



Compared with 2016, the Elis Group reduced its water consumption in 2017 by 2.5% per kilo of linen treated Group-wide.

The optimization measures implemented during the year, spearheaded by the Process Engineering Department, were based on:

- monitoring of the plants' water meters allowing the prevention of any losses;
- water and energy audits (16 audits conducted in 2017);
- optimization of washing equipment (adjustment and close monitoring of water flows) and related washing programs;
- the recycling of washing equipment;
- updating of washing equipment as soon as possible;
- control over the quantity of detergents used for the industrial process (which affects water consumption);
- gradual replacement of powdered detergents by liquid detergents, which are easier to rinse and therefore consume less new water.

Using ***"the right product, in the right amount"*** is one of the keys to process optimization, and therefore to the proper use of resources. The amount of detergent used has an impact on water consumption, thereby modifying energy consumption. Laundry product dosing therefore requires thorough knowledge of all parameters involved in the "chemistry of the washing process": efficiency of laundry products, types of item being washed, degree of soiling, physical quality of the water, etc. Since 2007, the distribution of these products has been done automatically and computer-controlled for precise dosing while reducing manual operations. Through dedicated technologies and thorough control of the washing process, **an Elis wash uses seven times less detergent** than a home wash.

STARTUP OF THE NEW ELIS PLANT IN AIX-LES-BAINS: ELIS FRANCE BEGINS RECYCLING ITS INDUSTRIAL WASTEWATER ON A LARGE SCALE

The new plant at Aix-les-Bains, which began operations in September 2017, recycles some of its industrial wastewater. This passes through a state-of-the-art water treatment plant, with some of the treated water being reused as process water. It is another step forward in water recycling for Elis!

In treating its wastewater in this way, Elis is helping to conserve water resources.

Water supply in accordance with local constraints

When choosing sites for its new production plants, the Elis Group (including M.A.J.) conducts a hydrogeological survey to determine whether the water supply can be obtained from wells or comes from other sources (recycled water, municipal water, etc.) and consults with the competent authorities regarding the technical and regulatory feasibility of its process water supply. Sustainable access to water is a vital requirement for the laundry business.

Water supply aspects in accordance with local constraints are examined within the scope of the required environmental permit applications.

The Group also complies with any exceptional measures that may be determined by the authorities in the event of drought: these go hand-in-hand with the continuous reduction of water consumption (see previous section).

Textiles

The most commonly used material within the Elis Group (including M.A.J.) is the textile made available to customers in the linen rental and laundry service.

The Group's total consolidated consumption of this raw material represents an investment of €178 million.

To maximize the life of its textiles, for many years the Elis Group has had a monitoring system in place to track indicators related to linen management and thereby ensure optimal use of current inventories and efficiently manage purchases of new linen. These indicators were upgraded in 2016 to allow linen managers to identify linen investments related to new contracts, the scrapping of end-of-life textiles and linen losses.

In 2017, teams from the Textile Department focused mainly on deploying best practices and textile management tools in Elis's new territories (Indusal in Spain, Switzerland, and Germany, including Puschendorf), some of which had different ERP systems. The goal is still to make sure that local teams have as much knowledge of their inventories as possible in order to manage their linen needs more effectively. At the end of 2017, a total of 42 workwear warehouses were computerized, enabling local teams to manage workwear and flat linen inventories and make decisions based on measurable data.

Lastly, new benchmark indicators were rolled out in 2017 for each center to identify the most virtuous and costly practices and bring greater uniformity to textile investment operations and stock management at our centers.

An internal "linen exchange" has also been established between the different centers, promoting the exchange of textiles between plants.

FOCUS ON RFID

Elis has equipped its very first flat linen plants (the two plants located in the French municipality of Nanterre) with traceability systems via the installation of chips and RFID readers. Elis is thus improving the services offered to its customers through an accurate view of deliveries, enabling them to optimize their inventories and orders. The Company thus has better visibility over the life cycle of its textile products.

Energy

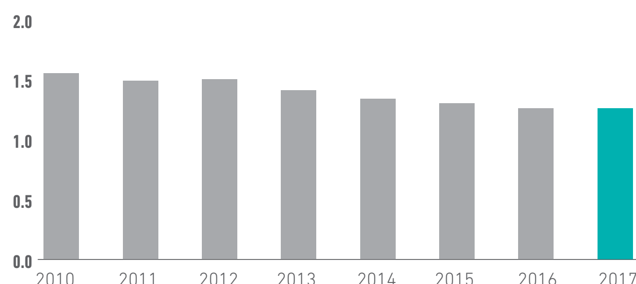
Consumption of energy (excluding fuel) and reduction measures implemented

Elis continues to implement measures to reduce its thermal energy consumption (mainly natural gas) per kilogram of linen treated, and in 2017 improved its performance in France by 2.5% compared with 2016.

(In MWh)	2017
Electricity	161,953
Renewable energy	237,636
Natural gas – butane and propane *(In MWh NCV)*	841,969
Heavy fuel oil and domestic fuel oil	44,134
Other energy sources	14,093
TOTAL ENERGY CONSUMPTION	**1,299,785**
Amount spent on energy *(In millions of euros)*	54.4

The coverage rate for Elis for energy consumption in 2017 was between 96.3% and 99.6%.
The coverage rate for Elis for amount spent in 2017 was 90.9%.

ELIS GROUP ENERGY CONSUMPTION RATIO (KWH/KG OF LINEN TREATED) FOR EUROPE (I.E. EXCLUDING BRAZIL)



The Group continues to implement measures to reduce its energy consumption. these measures mainly include the following:

- 16 "energy" diagnostics performed in 2017 at selected sites by the Process Engineering team in collaboration with the processing center teams;
- central management of energy indicators (gas and electricity consumption). Consumption reduction goals defined annually for each of the centers;
- centralized monitoring of heat exchanger output and of the condition of steam trapping equipment;
- investment in equipment that allows energy recovery or lower consumption (synchronized heat exchangers, latest technology burners and drying equipment consuming less gas, systematic installation of gas meters, installation of low pressure heaters and reverse osmosis units in boilers);
- equipment with LED at sites in Nice, Aix-les-Milles and Aix-les-Bains;
- ongoing insulation in points of concern.

Lastly, the Process Engineering team also reviewed “standard” settings in order to get the best compromise between quality and energy consumption, and successfully tested low-temperature washing. This led to the creation of two fact sheets, “tunnel finisher settings” and “ironing machine suction settings,” that were disseminated to the processing plants.

Fuel consumption

With several hundreds of thousands of customers in Europe and Latin America, the logistics service provided by the Group’s vehicles accounts for a significant part of the Group’s CO_2 emissions. It is covered by an optimization strategy deployed in close coordination with the Group’s sites, with ongoing priority objectives: limiting fuel consumption and reducing emissions of pollutants and nitrous oxides (NO_x). The various tests conducted by the Elis Group on alternative energy vehicles should allow the Group to make further progress in its objectives. In particular, following studies and meetings with various manufacturers in 2016 and 2017, Elis is examining the possibility of switching to natural gas vehicles, which may offer interesting prospects for its delivery fleet. In line with this approach, a hybrid 7.5-ton HGV was included in Elis’s vehicle catalog. By the end of 2017, seven such vehicles had been added to the Group’s fleet.

Density of the network

The density of the Group’s distribution network is a major advantage in reducing the distances traveled by service vehicles. With its depots and plants in Europe, forming a network of logistics centers across the region, this network is the key to a genuine local service policy!

To optimize each kilometer traveled, the Logistics Department takes the required measures to optimize customer deliveries on a daily basis. These operations aim to concentrate deliveries on a limited number of sectors and allocate customers to the nearest delivery centers. The logistics manager of each site is in charge of adding any new customer to the most appropriate existing round, in terms of optimization.

Reducing the distances traveled

Optimization of delivery rounds: reducing the distances traveled is the most important factor to optimize delivery rounds. Since 2012, all of the Logistics Department’s optimization measures have been implemented using round-optimization software. In 2017, the department optimized:

- distribution sectors in the Rhône-Alpes region following the opening of the new plant at Aix-les-Bains;
- delivery-round sectors in the Île-de-France region;
- delivery sectors for the Spanish sites following the integration of the Indusal sites.

Rationalization of journeys: thanks to the diversity of the Elis Group’s offering, a vehicle generally handles several services for a given customer. For example, a single vehicle handles the delivery of clothing, mats, beverages and hygiene products.

Adjustment of the frequency of customer deliveries: the Group is committed to providing each customer with high-quality service, while adapting the number of journeys required in keeping with its multi-service offering. Various options exist to meet the customers’ specific needs, from daily delivery for certain customers to monthly rounds. Delivery routes are regularly reviewed to optimize the distances traveled by our delivery drivers.

Concerning the AD3 entity, which handles residents’ laundry, most AD3 sites are integrated in customer premises. No transport of linen is thus required.

Maximization of vehicle fill rate

To optimize travel while guaranteeing high-service quality, the Group’s delivery drivers have one objective: “full vehicles in both directions.” A delivery vehicle never returns empty, as the return journey to the center is the opportunity to transport soiled linen/clothing, empty water bottles, used batteries, etc.

In this respect and to support the service centers affected by strong seasonal activity, Elis has worked on a solution to optimize seasonal rounds. This solution aims to supplement existing rounds in keeping with the progressive opening of customer premises according to the season, and offer the creation of new rounds if necessary. It is also a decision-making tool for the cancellation of rounds when the workload drops due to the closing of customer premises at the end of the season.

Improved performance of the vehicle fleet

The control of fuel consumption also involves the improvement of the vehicle fleet’s performance. Since 2008, the Elis Group has been upgrading its vehicle fleet on a regular basis, thereby increasing the payload of its light vehicles from 800 kg to 1,200 kg. Moreover, the replacement of the former “Euro 6 standard” light vehicles and heavy goods vehicles means that all new vehicles are equipped with the latest-generation particle filters.

Elis introduced seven hybrid 7.5T HGVs into its fleet in 2017.

Management of fuel performance

To manage energy performance related to fuel consumption, the Group has deployed a unique vehicle fleet management tool that uploads fuel consumption data. This software – so far deployed in France, western Switzerland, Belgium and Spain with data centralized by a single server – is user-friendly and provides a single vehicle nomenclature. Training sessions in the tool have been provided. The roll-out of this tool will continue in 2018 in the other territories where the Group operates.

The fuel consumption of each vehicle is thus easier to monitor and tracked locally and centrally.

Eco-driving awareness

A total of 54 French sites obtained the ISO 50001 energy management system certification from AFNOR Certification, with the aim of limiting their environmental footprint by reducing their greenhouse gas emissions and making better use of natural resources. With regard to fuel, the objectives consist in defining consumption reduction targets and constantly improving the vehicle fleet's "fuel" energy performance. Best practices have been strengthened (tire control, eco-driving awareness, etc.) and action plans drawn up at each center.

Field Agents are audited via rounds in tandem with their managers in order to assess, reiterate and raise awareness of good driving practices.

In 2017, Elis began testing an eco-driving assistance system at four Elis centers in France with three publishers. Fuel performance results to date are considered encouraging.

2017 FUEL CONSUMPTION (GASOLINE AND DIESEL) AND RELATED AMOUNTS

(In thousands of liters)	2017
Gasoline	153.9
Diesel	23,789.8
TOTAL FUEL	**23,943.6**
Total amount spent *(In millions of euros)*	23.7

The coverage rate was 99.9% in 2017.

Land

Land use is reviewed in the due dilige nce performed by the Elis Group (including within M.A.J.) as part of its acquisition process whenever processing plants are involved. Diagnostics and impact assessments are also performed when setting up a new facility.

3.5.4 CLIMATE CHANGE

Greenhouse gas emissions

ASSESSMENT OF GHG EMISSIONS IN 2017

(In Kt CO_2e)	2017
Scope 1 [(a)]	303
Scope 2 [(b)]	25
TOTAL	**328**

The coverage rate is 96.1%.
(a) Scope 1 emissions are emissions relating to consumption of fossil fuels at the site (gas, fuel oil), consumption of fuel by vehicles and refrigerant leaks.
(b) Scope 2 emissions are emissions relating to electricity generation and steam.

Adaptation to the consequences of climate change

To participate in the collective effort to reduce water consumption during periods of drought, the Elis Group (including M.A.J.) complies with the instructions issued by local and national authorities.

3.5.5 PROTECTION OF BIODIVERSITY

In France, the Elis Group (including M.A.J.) ensures that its operations are compatible with regional or local plans (SDAGE, SAGE, etc.) in its applications for authorizations to operate. Lastly, Elis prefers to locate its new production sites in industrial areas, thereby limiting its environmental impact (on neighborhood, biodiversity etc.).

In France, industrial effluent discharges are fully treated by municipal wastewater treatment plants or on site, thereby limiting the impact of activities on aquatic ecosystems.

3.6 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

Financial year ended December 31, 2017

To the Shareholders,

In our capacity as Statutory Auditors of Elis, appointed as an independent third party and certified by COFRAC under number 3-1060 (scope available at www.cofrac.fr), we hereby report to you on the consolidated social, environmental, and societal information for the financial year ended December 31, 2017, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Management Board is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the Company's 2017 CSR Reporting Protocol (hereinafter the "Guidelines"), and available on request from the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory texts, the French Ethics Charter governing the audit profession, and the provisions of Article L. 822-11-3 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the Ethics Charter and applicable legal and regulatory texts.

Responsibility of the Statutory Auditor

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- draw a conclusion expressing moderate assurance on the fact that all the material aspects of the CSR Information, taken as a whole, have been presented in a fair manner in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

It is not, however, our responsibility to comment on compliance with any other legal provisions that may apply, particularly those provided for by Article L. 225-102-4 of the French Commercial Code (vigilance plan) and by Law 2016-1691 of December 9, 2016 known as the Sapin II Law (anti-corruption law).

Our work called on the expertise of five people and took place between December 2017 and February 2018 over a total engagement period of approximately three weeks. We were assisted in our work by our specialists in corporate social responsibility.

We conducted the work described below in accordance with the auditing standards applicable in France and the Order of May 13, 2013 laying down the conditions under which the independent third party is to conduct its review and, concerning the reasoned opinion on the fairness of the information, in accordance with international standard ISAE 3000 (Assurance engagements other than audits or reviews on historical financial information).

1. Statement of completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives it has implemented as a result.

We compared the CSR Information presented in the management report with the list referred to in Article R. 225-105-1 of the French Commercial Code.

For any consolidated Information that was not disclosed, we verified that explanations were provided in compliance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We checked that the CSR Information covered the scope of consolidation, namely the company and its subsidiaries, within the meaning of Article L. 233-1 of the French Commercial Code, and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code.

Conclusion

Based on this work, we attest that the CSR Information required is included in the Management Report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted about ten interviews with about ten individuals responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the appropriate nature of the Guidelines in terms of their relevance, completeness, reliability, objectivity, and comprehensibility, taking good sector practices into consideration, where applicable;
- verify the implementation of an information-gathering, compilation, processing and control process aimed at providing complete and consistent CSR Information, and familiarize ourselves with the internal control and risk management procedures relating to the preparation of the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the labor and environmental challenges of its activities, its sustainable development policy and best practices.

In the case of the CSR Information that we considered to be most material and the list of which is presented in the appendix:

- we consulted the documentary sources and held meetings to corroborate the qualitative information (organization, policies and initiatives), we implemented analytical processes in the case of the quantitative information, and checked the calculation and the consolidation of the data based on spot checks, and also checked their coherence and consistency with the other information provided in the Management Report at the level of the consolidated entity;
- for a representative sample of sites (Milan and Elis France for environmental criteria, and Elis Italy and Elis France for social criteria) that we selected on the basis of their business activities, their contribution to the consolidated indicators, their operating location, and a risk analysis, we held meetings to check the correct application of procedures, and conducted detailed tests on the basis of samples, which consisted in checking the calculations made and in cross-checking them with the data in the supporting documents. The sample selected represents 20.9% of the workforce considered to be characteristic of the labor-related component and an average of 59.4% of the environmental data.

For the other consolidated CSR Information, we assessed consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, in our professional judgment, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot provide absolute assurance that the CSR Information disclosed is free of material misstatement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, March 6, 2018

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Bruno Tesnière	Pascal Baranger
Partner	*Director, Sustainable Development Department*

APPENDIX

LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST MATERIAL

Social information:

- Total workforce and breakdown of employees by gender, age and geographical area;
- New hires and terminations;
- Working hours;
- Absenteeism;
- Organization of social dialogue, particularly procedures for informing, consulting and negotiating with employees;
- Collective bargaining agreements;
- Workplace accidents, including their frequency and severity, and occupational illnesses;
- Total number of training hours;
- Measures taken to promote the employment and integration of people with disabilities.

Environmental information:

- Measures to prevent, reduce or remedy discharges into the air, water and soil that severely affect the environment;
- Measures to prevent, recycle, re-use, recover or dispose of waste;
- Water consumption and supply depending on local constraints;
- Energy consumption and measures taken to improve energy efficiency and increase the use of renewable energy;
- Significant greenhouse gas emission items resulting from the company's activities and especially from the use of goods and services produced by the company.

Societal information:

- Local, economic and social impact of the company on employment and regional development;
- Social and environmental concerns factored into the purchasing policy;
- Importance of subcontracting and raising awareness among suppliers and subcontractors about corporate social responsibility;
- Anti-corruption initiatives.

3.7 CROSS-REFERENCE WITH THE UNITED NATIONS GLOBAL COMPACT

Category	Principles of the United Nations Global Compact	Sections
Human Rights	**1.** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	3.1 3.1.2
	2. Businesses should make sure that they are not complicit in human rights abuses.	3.1 3.1.2 3.3.2
Labor rights	**3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	3.1 3.2.6
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	3.1
	5. Businesses should uphold the effective abolition of child labor.	3.1 3.3.2
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	3.1 3.2.8
Environment	**7.** Businesses should support a precautionary approach to environmental challenges.	3.1 3.4
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	3.1 3.4 3.5.3
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	3.1 3.4 3.5.3
Fight against corruption	**10.** Businesses should work against corruption in all its forms, including extortion and bribery.	3.1

3.8 SUMMARY OF ENVIRONMENTAL AND SOCIAL INFORMATION

The indicators are presented in the order in which they appear in this chapter 3.

3.8.1 SUMMARY OF ENVIRONMENTAL INFORMATION

	Unit	Group, 2017	M.A.J., 2017
Scope			
Gross revenue of sites within the scope	Millions of euros	1,662.2	666.4
Number of sites included in the scope	Number of sites	209	70
General environmental policy			
ISO 14001 certified sites	Number of sites	14	0
ISO 50001 certified sites	Number of sites	56	31
Amount of compliance costs	Millions of euros	3.3	0.7
Amount of environmental provisions and guarantees	Millions of euros	20.9	11.7
Amount of compensation paid for environmental litigation	Millions of euros	0.0	0.0
Pollution prevention and waste management			
Total amount of waste generated	Tons	18,284	7,928
Amount of hazardous waste generated	Tons	2,698	1,031
Proportion of hazardous waste recovered	%	35	58
Amount of non-hazardous waste generated	Tons	15,586	6,897
Proportion of non-hazardous waste recovered	%	57	64
Amount spent on waste treatment	Millions of euros	3.1	1.4
Amount generated by waste recovery	Millions of euros	0.8	0.3
Sustainable use of resources			
Total volume of water consumed	Millions of m^3	8.8	2.7
Amount spent on water consumption	Millions of euros	6.0	1.3
Volume of industrial effluents discharged	Millions of m^3	7.7	2.3
Volume of industrial effluents treated	Millions of m^3	7.7	2.3
Amount spent on textile purchases	Millions of euros	178	N/A
Total energy consumption	MWh	1,299,785	339,938
Electricity consumption	MWh	161,953	52,927
Consumption of renewable energy	MWh	237,636	0
Consumption of natural gas/propane/butane	MWh (NCV)	841,969	285,429
Consumption of fuel oil (excluding vehicle fuel)	MWh	44,134	1,582
Consumption of other energy sources	MWh	14,093	0
Amount spent on energy consumption	Millions of euros	54.4	15.4
Total fuel consumption	Thousands of liters	23,943.5	7,901.8
Gasoline consumption	Thousands of liters	153.9	0.8
Diesel consumption	Thousands of liters	23,789.6	7,901.0
Amount spent on fuel consumption	Millions of euros	23.7	8.1
Fight against climate change			
Direct GHG emissions – Scope 1	Kt CO_2e	303	87
Direct GHG emissions – Scope 2	Kt CO_2e	25	4
Total GHG emissions	Kt CO_2e	328	92

3.8.2 SUMMARY OF SOCIAL INFORMATION

The indicators below are not exhaustive.

	Unit	Group	M.A.J.
TOTAL WORKFORCE	**Number of employees**	**24,321**	**7,435**
Permanent workforce		**21,211**	**5,902**
Permanent female workforce		11,118	2,866
Permanent male workforce		10,093	3,036
Permanent female managers		453	125
Non-permanent workforce		3,110	1,533
Total workforce – France		12,914	7,435
Total workforce – Europe (excluding France)		5,766	
Total workforce – Latin America		5,641	
Permanent workforce age 17 or under as at December 31		20	
Permanent workforce age 18-26 as at December 31		2,498	606
Permanent workforce age 27-39 as at December 31		7,002	1,917
Permanent workforce age 40-49 as at December 31		5,828	1,634
Permanent workforce age 50 and over as at December 31		5,819	1,745
Based on the social reporting scope			
Number of new permanent and non-permanent hires	**Number of employees**	**26,075**	**11,840**
Number of departures of permanent and non-permanent workforce		**25,396**	**10,560**
Of which involuntary terminations of permanent staff		2,652	389
Of which voluntary terminations of permanent staff		1,531	351
Retirement (incl. early retirement) of permanent workforce		218	90
Other departures		20,995	9,730
Compensation	**Euros**		
Fixed and variable compensation, collective and individual		520,843,560	174,431,810
Of which bonuses and collective compensation and discretionary profit-sharing		11,486,981	4,729,785
Organization of work	**%**		
Proportion of full-time permanent workforce		95	98.3
Proportion of part-time permanent workforce		5	1.7
Absenteeism rate		5.55	5.94
Workplace accidents	**Number**		
Number of fatal accidents		0	0
Number of accidents with lost time		1,069	380
Frequency rate	**%**	24.35	31.38
Severity rate	**%**	1.07	2
Number of hours of training provided	**Hours**	**147,679**	**31,010**
Number of employees with disabilities in France	**Number of employees**	**578**	**343**

13

Supervisory Board
Meetings in 2017

60%

Independence of the
Supervisory Board
as at March 6, 2018

94.44%

Attendance of members
in 2017

4

5

Gender diversity of the Supervisory Board
as at March 6, 2018

The Company is a French joint-stock corporation *(société anonyme)* with a Management Board and Supervisory Board. It is governed by applicable laws and regulations and its articles of incorporation following the decision made by the general meeting of shareholders of September 5, 2014, which approved this mode of management of the Company.

This dual organization segregates the management duties of the Management Board, and the management oversight duties of the Supervisory Board, a shareholders' representative body.

The Supervisory Board is assisted by two special committees, the Audit Committee and the Appointments and Compensation Committee.

The Company's articles of incorporation and the Supervisory Board's rules of procedure are available at the Company's registered office and may be viewed on the Company's website at www.corporate-elis.com.

Corporate governance

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4.1 SUPERVISORY BOARD'S REPORT ON CORPORATE GOVERNANCE AFR

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, the Supervisory Board's report provides information regarding corporate governance. The report includes information appropriate to companies with supervisory boards referred to in Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code, as well as the Supervisory Board's observations regarding the Management Board's report and the financial statements for the period.

The Chairman of the Supervisory Board tasked the Finance, Legal and Internal Audit Departments with carrying out preparatory steps for this report, which was then reviewed by the Appointments and Compensation Committee and approved by the Supervisory Board on March 6, 2018.

Note that the Appointments and Compensation Committee assisted with the preparation of the section of the report that presents the principles and criteria for determining, structuring and awarding corporate officers' elements of compensation for 2018 and the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to members of the Management Board and Chairman of the Supervisory Board for financial year 2017.

4.1.1 GOVERNANCE

4.1.1.1 Corporate governance code

At its meeting of January 26, 2015, the Supervisory Board, having reviewed the recommendations issued by the French Association of Private Sector Companies (*Association française des entreprises privées* – AFEP) and the French Employer Federation (*Mouvement des entreprises de France* – MEDEF) in the AFEP-MEDEF Corporate Governance Code for listed companies, deemed that these recommendations were consistent with the Company's corporate governance approach and consequently decided to adopt them, including for the drafting of this report by the Supervisory Board on corporate governance.

In this regard, the Company has ensured the presence of independent members on its Supervisory Board and endowed the Supervisory Board with special committees in charge of providing it with recommendations on strategy, financial statement auditing and executive compensation. Additionally, the taking of a certain number of decisions, which may have significant consequences on the Company's business or the business of one of the Group companies, their assets and their earnings, is subject to the Supervisory Board's preliminary approval.

In the context of the "comply or explain" rule stipulated in Article L. 225-37-4 of the French Commercial Code to which reference is made in Article L. 225-68 of the Commercial Code, and as referred to in Article 27 of the AFEP-MEDEF Code of November 2016, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF Code, with the exception of the following recommendations:

Deviations from the provisions of the AFEP-MEDEF Code	Explanation
Board of Directors and strategy Article 3.2: *"The rules of procedure of the Board of Directors must specify the cases that require prior approval by the Board of Directors and establish their principle, which may vary depending on the Company's branches concerned, according to which any material transaction outside the announced strategy of the Company must be approved in advance by the Board of Directors."*	The restrictions on management board powers are laid out in Article 20.IV of the Company's articles of incorporation and referred to in the Board's rules of procedure (see "Powers and obligations of the Management Board" on page 128 of this 2017 registration document). This difference is technical and has no substantive consequences.
Board sessions and committee meetings Article 10.3: *"It is recommended that one meeting be held every year from which executive corporate officers are excluded."*	There is no formal meeting specifically excluding executive officers, but such officers do not attend Supervisory Board discussions about compensation policy or the level of achievement of targets related to their variable compensation.

4.1.1.2 Group general management

The Group's general management is assured by the Management Board and Executive Committee, both of which are chaired by the Chairman of the Management Board, Xavier Martiré. The Executive Committee is composed of members of the Management Board and the Group's chief operating officers and support function directors. The simplified organization chart that appears in section 1.3, "Group operation," shows the Group's organization as from mid-November 2017, after the Berendsen Acquisition.

The professional experience of Executive Committee members is described below, along with details of the offices and positions held by Management Board members.

Management Board

Composition of the Management Board – terms of office – termination of office

The Management Board is comprised of three to seven members, appointed by the Supervisory Board in accordance with Article 12 of the Company's articles of incorporation. The Management Board performs its duties under the Supervisory Board's oversight in accordance with the law and the articles of incorporation.

The members of the Management Board may be chosen from outside the shareholders. They must be individuals. They are always re-electable. No member of the Supervisory Board may be part of the Management Board.

The age limit for performing duties as a member of the Management Board is set at 68 years. Members of the Management Board will be deemed to have resigned from office after the general meeting called to approve the financial statements for the year in which they turn 68.

Each member of the Management Board may have an employment contract with the Company that remains in effect for their entire term of office and after expiration of their term of office.

Each member of the Management Board is subject to the legal and regulatory provisions applicable to holding multiple offices. Article 3.3 of the Supervisory Board's rules of procedure provides that each member of the Management Board must obtain the preliminary approval from the Supervisory Board before accepting a new corporate office in a listed company outside the Group, pursuant to the recommendations of the AFEP-MEDEF Code of November 2016 (Article 18.2).

The members of the Management Board are appointed for four years. In case of a vacancy of a seat, pursuant to law, the Supervisory Board appoints a replacement member for the remaining duration of their predecessor's term of office.

Any member of the Management Board may be removed from office, either by the Supervisory Board or by the general meeting on a proposal from the Supervisory Board. If the removal is decided without just cause, it may give rise to damages.

The removal of members of the Management Board does not bring about the termination of their employment contract, if they have an employment contract with the Company.

Article 13 of the Company's articles of incorporation provides that the Supervisory Board will appoint one of the members of the Management Board as Chairman. The Chairman of the Management Board performs the duties of Chairman of the Board for the term of office as a member of the Management Board. The Chairman represents the Company in its relations with third parties.

The Supervisory Board may attribute the same representation powers to one or more members of the Management Board, who then have the title of Chief Executive Officer.

The Supervisory Board may remove members of the Management Board from the position of Chairman, and, if applicable, Chief Executive Officer, at any time.

Vis-à-vis third parties, all acts that are binding on the Company must be duly performed by the Chairman of the Management Board or by any member having received the title of Chief Executive Officer from the Supervisory Board.

During financial year 2017, the composition of the Management Board did not change and as at the date of filing of this registration document remains at three members: Xavier Martiré, Chairman of the Management Board, Louis Guyot, and Matthieu Lecharny, whose term of office expires on September 5, 2018.

Role, responsibilities and operation of the Management Board

MEETINGS OF THE MANAGEMENT BOARD (ARTICLE 14 OF THE ARTICLES OF INCORPORATION)

The Management Board meets as often as the Company's interests require it to do so, upon a call to a meeting from its Chairman or by at least one half of its members, either at the registered office or at any other location stated in the notice of meeting. The meeting agenda may be completed at the time of the meeting. Calls to meetings may be provided by any means, and even verbally.

A member of the Management Board may be represented at a meeting by another member of the Management Board, who may not hold more than one proxy. The Chairman of the Management Board chairs the meetings. If the Chairman is absent, the Management Board appoints one of its members to chair the meeting.

The deliberations of the Management Board are valid only if at least one-half of its members are present or represented. Decisions are made by a majority of the votes of members who are present or represented. In case of a tie, the meeting's Chairman casts the deciding vote.

Members of the Management Board may participate in the Management Board's meetings via video conference or telecommunications on the terms authorized by the regulations in force that are applicable to the Supervisory Board's meetings. They are then deemed present for the purposes of quorum and majority.

Deliberations are recorded in minutes established in a special register held at the registered office and signed by the Chairman and by the Secretary or another member of the Management Board. Copies or extracts of these minutes are duly certified by the Chairman, Secretary or a member of the Management Board.

POWERS AND OBLIGATIONS OF THE MANAGEMENT BOARD (ARTICLES 15 AND 20 OF THE ARTICLES OF INCORPORATION)

The Management Board is vested with the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the powers expressly attributed by law and the articles of incorporation to the Supervisory Board and the shareholders' meetings.

In addition to the legal obligations requiring preliminary approval from the Supervisory Board (for sureties, endorsements and guarantees), the Company's articles of incorporation (Article 20.IV) and the Supervisory Board's rules of procedure (Article 3.2) provide for certain procedures designed to control the powers of the Company's Management Board, and require that the following transactions within the Company or any of its subsidiaries controlled within the meaning of Article L. 233-3 of the French Commercial Code be submitted to the Supervisory Board for preliminary approval:

- proposals to the general meeting of the Company for any amendments to the Company's articles of incorporation;
- any proposal of resolutions to the general meeting of the Company relating to the issuance or repurchase of shares or securities giving access, immediately or in the future, to the Company's share capital;
- any transaction that may lead, immediately or in the future, to an increase or decrease in the Company's share capital, by issuance of securities or cancellation of securities;
- any proposal to the general meeting of the Company to allocate earnings, distribute dividends, or distribute interim dividends;
- any implementation of stock option plans or bonus share plans, and any grant of stock options or bonus shares within the Group;
- the appointment, reappointment or removal of the Company's Statutory Auditors;
- the significant transactions likely to affect the Group's strategy and modify its financial structure or its business scope, and which may have an impact of 5% or more on the Group's EBITDA;
- the adoption of the Company's annual budget and investment plan;
- any loan, financing or partnership agreement, and any issuance of non-convertible bonds of the Group if the amount of the transaction or agreement, whether occurring at a single time or several times, exceeds €100 million;
- acquisitions, extensions or disposals of investments made by the Group in any companies formed or to be formed in an amount greater than €20 million in enterprise value;
- any transaction plan of the Group whose investment or divestment amount is greater than €20 million if such transaction has not been included in the budget or in the investment plan;
- any decision to perform a merger, demerger, partial asset contribution or similar transactions involving the Company;
- in case of disputes involving the Group, the arbitration awards and settlement agreements greater than €5 million;
- any significant change in the accounting policies applied by the Company other than those based on amendments to IAS/IFRS;
- any agreement subject to Article L. 225-86 of the French Commercial Code.

No restrictions on the powers of the Management Board are enforceable against third parties, and third parties may make claims against the Company to perform the commitments undertaken in its name by the Management Board's Chairman or a Chief Executive Officer, if their appointments have been duly published.

The members of the Management Board may, with the Supervisory Board's authorization, allocate management tasks among themselves. However, such allocation does not under any circumstances release the Management Board from meeting and deliberating on the most important matters for the Company's management. Nor may such allocation be asserted as a cause for releasing the Management Board and each of its members from joint and several liability.

The Management Board may assign one or more of its members or any person chosen outside the Management Board special, permanent or temporary duties, as those are defined by the Board, and delegate to them for one or more predetermined purposes, with or without the right to further delegate, the powers it deems necessary.

The Management Board prepares and presents to the Supervisory Board the reports, budgets and quarterly, half-year and annual financial statements, the forecast management documents and the terms of the Group's management report. These documents are submitted to the Supervisory Board for review.

The Management Board calls all general meetings, sets their agenda and carries out their decisions.

The members of the Management Board are liable to the Company or to third parties, individually or jointly and severally, as applicable, for any violation of the statutory provisions governing French joint-stock corporations (sociétés anonymes), for any violation of the articles of incorporation and for any breach of duty committed in their management, all on the terms and subject to the penalties provided by applicable laws.

Executive Committee

The Management Board is assisted in its duties by an Executive Committee chaired by Xavier Martiré and composed of the principal chief operating officers and support function directors. The Executive Committee had 11 members as at the date of filing of this registration document.

Information about the members of the Management Board

In accordance with Article L. 225-37-4 of the French Commercial Code, the information below shows the personal details of and main offices and positions held by the members of the Management Board as at the date of filing of this registration document:

XAVIER MARTIRÉ

CHAIRMAN OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis Loucheur – 92210 Saint-Cloud – France

Date of birth: January 18, 1971

Nationality: French

Date of first appointment: October 21, 2008
(President of the Company under its former structure as a French simplified limited liability company)

Number of Elis shares held: 55,558

Date of current appointment to office: September 5, 2014

Date of expiration of current term of office: September 5, 2018

Main activity: Chairman of the Management Board

BIOGRAPHY: Xavier Martiré began his career at SNCF in 1997 as TGV (high-speed train) maintenance workshop foreman. He joined the Elis Group in 1999 as a Profit Center Director and subsequently held positions as Regional Manager and Deputy CEO in charge of business in France, before being appointed Chairman of the Company in 2008. Xavier Martiré holds degrees from *École polytechnique* and *École nationale des ponts et chaussées*.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Chairman and Chief Executive Officer of Elis Services SA
- Chairman and Chief Executive Officer of M.A.J. SA
- Director of Pierette – TBA SA
- Director of Compañía Navarra de Servicios Integrales SL
- President of Elis Luxembourg SA (Luxembourg)
- Director of Elis Manomatic SA (Spain)
- Director of Lavalia Balears Servicios y Renting Textil SA (Spain)
- Director of Elis Italia SpA (Italy)
- Director of SPAST SA (Portugal)
- Director of Gafides SA (Portugal)
- Chairman of the Supervisory Board of Atmosfera Gestão e Higienização de Têxteis S.A. (contractual) (Brazil)
- Director of Albia SA (Chile)
- Director of Servicios Hospitalarios SA (Chile)
- Director of Wäscherei Mariano AG (Switzerland)
- Director of Compaña Navarra de Servicios Integrales SL (registered in Spain)
- Director of Berendsen Plc
- Director of Berendsen A/S
- Director of Lavanderia Hotelera Del Mediterraneo SA (Spain)

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- President of Quasarélis SAS
- President of Novalis SAS
- Director of Blanchatel SA (Switzerland)
- Director of Wäscherei Papritz AG (Switzerland)
- Director of Grosswäscherei Domeisen AG (Switzerland)
- Director of Lavalia Sur Servicios y Renting Textil SA (Spain)

LOUIS GUYOT

MEMBER OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis Loucheur – 92210 Saint-Cloud – France

Date of birth: May 23, 1972

Nationality: French

Date of first appointment: September 5, 2014

Number of Elis shares held: 44,530

Date of current appointment to office: September 5, 2014

Date of expiration of current term of office: September 5, 2018

Main activity: Member of the Management Board and Chief Financial Officer

BIOGRAPHY: Louis Guyot joined the Group in 2013. Louis Guyot began his career in 1998 in the Treasury Department as deputy head of the Housing and Local Government Financing Office. Subsequently, he was Chief Financial Officer and Chief Information Officer of Medica France from 2001 to 2004, Development and Strategy Director of Compagnie des Alpes from 2004 to 2007, Finance and Operations Director of Dalkia's Development Department from 2007 to 2010, then Chief Financial Officer and Chief International Officer of Korian (2010-2013). Louis Guyot holds degrees from *École polytechnique, École nationale des ponts et chaussées* and *Collège des ingénieurs*.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- President of Pro Services Environnement SAS
- Director of Elis Services SA
- Director of Pierette – TBA SA
- President of Hygiène Contrôle Île-de-France SAS
- General Manager of Blanchisserie Professionelle d'Acquitaine SARL
- President of BMF SAS
- Chairman of the Board of Directors of Hades SA (Belgium)
- Director of Elis Manomatic SA (Spain)
- Director of Elis Italia SpA (Italy)
- Director of Elis Luxembourg SA (Luxembourg)
- Director of SPAST SA (Portugal)
- Director of Gafides SA (Portugal)
- Director of Blanchisserie Blesoise SAS
- Director of InoTex Bern AG (Switzerland)
- Director of Albia SA (Chile)
- Director of Servicios Hospitalarios (Chile)
- Member of the Board of Berendsen Textil Service Oy (Finland)
- Member of the Board de Berendsen Textil Service Filial Finland AB (Finland)
- Member of the Board de Berendsen Tekstile Service A/S (Norway)
- Member of the Board of Berendsen Textil Service AB (Sweden)
- Member of the Board of S Berendsen AB (Sweden)

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of the Management Board and Chief Executive Officer of Korian SA (*)
- Director of Segesta SpA (Italy)
- Permanent representative of Korian SA on the Board of Directors of Holding Austruy Burel
- Permanent representative of Korian SA on the Board of Directors of La Bastide de la Tourne
- Permanent representative of Korian SA on the Board of Directors of Le Brevent
- Permanent representative of Korian SA on the Board of Directors of CFR Siouville
- General Manager of Compagnie Foncière Vermeille SARL
- Manager of Bonaparte SARL
- Manager of Le Belvedere Dune SARL

(*) Listed company.

MATTHIEU LECHARNY

MEMBER OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis Loucheur – 92210 Saint-Cloud – France

Date of birth: December 26, 1969

Nationality: French

Date of first appointment: September 5, 2014

Number of Elis shares held: 21,275

Date of current appointment to office: September 5, 2014

Date of expiration of current term of office: September 5, 2018

Main activity: Member of the Management Board and Chief Operating Officer

BIOGRAPHY: Matthieu Lecharny joined the Elis Group in 2009. He is Chief Operating Officer responsible for operations in two French regions, Portugal, Spain, Andorra, Italy, and Latin America, and acquisitions.
Matthieu Lecharny began his career at Procter & Gamble in sales. He then joined Unilever, where, from 1996 to 2009, he held various senior positions in the Marketing Department, both in France and abroad.
Most notably he was Brand Director Oral Care for Europe from 2001 to 2003, and Personal Care Marketing Director for France from 2003 to 2005. Before joining the Group, he was Global Marketing Director for the Cif brand. Matthieu Lecharny holds a degree from *École supérieure de commerce* in Paris (ESCP Europe).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Member of the Supervisory Board (contractual) of Atmosfera (Brazil)
- Director of Albia SA (Chile)
- Director of Servicios Hospitalarios SA (Chile)
- Director of Elis Manomatic SA (Spain)
- Director of Compañía Navarra de Servicios Integrales (Spain)
- Director of Lavanderia Hotelera Del Mediterraneo SA (Spain)
- Director of Lavalia Balears Servicios y Renting Textil SA (Spain)
- Director of Servicios Hospitalarios (Chile)
- Director of SPAST (Portugal)

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- President/Sole Director of GIE Eurocall Partners
- Chairman of Kennedy Hygiene Products Limited (United Kingdom)
- Chairman of Kennedy Exports Limited (United Kingdom)
- General Manager of Le Jacquard Français SARL
- Director of Lavalia Sur Servicios y Renting Textil SA (Spain)

Information about members of the Executive Committee (who are not members of the Management Board)

François Blanc, aged 60, is Transformation and IT Director. He joined the Company at the end of 2014. Previously, François Blanc was IT Director at Matra Défense, Matra-BAe Dynamics and Valeo. He led global transformation programs for production, research and development, financial control and purchases. He holds degrees from *École polytechnique* and *École des mines* of Paris.

Alain Bonin, aged 54, has been Deputy Chief Executive Officer since 2012, and Chief Operating Officer since 2009. He is responsible for Key Accounts in the Sales Departments of the Hospitality and Healthcare segments as well as the Group's operations in four French regions and Switzerland. Alain Bonin has been with the Group for more than 30 years and has held various managerial positions, including Director of several profit centers and a regional department. He holds a *diplôme d'études universitaires* (DUT) in marketing techniques.

Frédéric Deletombe, aged 45, has been Engineering Director since 2009 and Purchasing and Supply Chain Director since 2015. He joined the Group in 2006 and has held different managerial responsibilities. Previously, Frédéric Deletombe held managerial positions in various Operating and Industrial Departments at IBM Microelectronics then at Altis Semiconductors. Frédéric Deletombe holds degrees from *École polytechnique* and *École nationale supérieure de techniques avancées* (ENSTA). He also holds a DEA (a French advanced degree) in Business and Production Organization (ENPC).

Didier Lachaud, aged 58, has been Human Resources and Corporate Social Responsibility Director of the Elis Group since 2010. Before joining the Group, Didier Lachaud held various positions in the Human Resources Departments at Schlumberger and Air Liquide and was Human Resources Director of the Fives Group and the Gemplus Group (now Gemalto). Didier Lachaud was also a consultant at Vacoas Management and Neumann International. He is a graduate of *Institut d'études politiques* in Paris and also holds a Master's degree in Private Law.

Yann Michel, aged 44, has been Chief Operating Officer since March 1, 2015. He is responsible for pest control activities, operations in two French regions, and operations in the United Kingdom and Ireland. Yann Michel has been with the Group for more than 13 years and held various operational positions, including Director of two regional departments. He is a graduate of *Université de technologie de Compiègne*.

Caroline Roche, aged 45, has been the Group's Marketing and Innovation Director since 2016. Before joining Elis, she held executive positions for more than 15 years in marketing, digital-technology and e-commerce, and worked in distribution, most notably at the Go Sport Group, Marionnaud Europe, and the Galeries Lafayette Group. She also has experience as an entrepreneur and consultant with web agencies and in marketing services. Caroline Roche is a graduate of *École supérieure de commerce de Montpellier* (finance section) and holds a Master's degree in international marketing from Complutense University of Madrid.

Andreas Schneider, aged 51, is Chief Operating Officer for Germany, Austria, Poland, the Baltic States, Russia, the Czech Republic, Slovakia and Hungary. Andreas Schneider joined Berendsen in 2008 as Finance Director before being appointed Finance Director, Workwear in 2012. Prior to that, he was responsible for the Business Turnaround Unit of an international consulting firm and worked for one of Germany's biggest printing and publishing houses. He also served as Finance Director and Chief Operating Officer at Deutsche Bahn Group. Andreas Schneider hold an MBA in economics.

Erik Verstappen, aged 59, is Chief Operating Officer for the Nordic region and responsible for the Cleanroom Commercial Business Unit. Erik Verstappen began his career in sales at Kyocera. He then joined Ricoh where he held various sales and marketing positions and served on the Management Board between 1993 and 2007. In 2007, Erik Verstappen became Chief Executive Officer at Berendsen for the Netherlands. He has a professional background in business administration and holds an MBA.

Changes in general management

In financial 2017, the Group's general management team was strengthened with the arrival of two new Executive Committee members, Erik Verstappen and Andreas Schneider. The new structure was set up following the acquisition of Berendsen Plc. General management is organized by country, with operational staff supported by the central functions (see chapter 1, section 1.3, "Group operation," of this registration document).

4.1.1.3 Supervisory Board

Composition of the Supervisory Board – terms of office – Office of the Supervisory Board – termination of offices

Diversity policy for the composition of the Supervisory Board

The Supervisory Board carefully selects its members to ensure diversity of expertise and age, and a balanced representation of men and women, in proportions that comply with the requirements of the provisions of Article L. 225-69-1 of the French Commercial Code relating to the balanced representation of women and men on boards of directors and supervisory boards and workplace equality. As at the date of filing of this registration document, the proportion of women on the Supervisory Board was 55.55%, in accordance with Article L. 225-69-1 of the aforementioned Code. As at December 31, 2017, the proportion was 40%.

Pursuant to the provisions of Article 17 of the Company's articles of incorporation and Article 1 of the Supervisory Board's rules of procedure, the Supervisory Board is composed of a number of members which may not be less than three or greater than eighteen, subject to exemptions provided for by law.

The members of the Supervisory Board are appointed by the ordinary general meeting; except in cases in which the Supervisory Board has the right, in the event of one or more vacant positions, to co-opt replacement members, each for the remaining duration of the term of office of such member's predecessor, subject to ratification by the next ordinary general meeting. The number of members of the Supervisory Board who have reached the age of 70 cannot exceed one-third of the members of the Supervisory Board in office. If such proportion is exceeded, the eldest member of the Supervisory Board, excepting the Chairman, must resign from office after the next ordinary general meeting.

Subject to the legal provisions applicable for provisional appointments, Article 17 of the Company's articles of incorporation sets the term of office for members of the Supervisory Board to four years. They may be re-elected. The term of office of a member of the Supervisory Board expires at the end of the ordinary general meeting called to approve the financial statements for the previous year and held in the year during which such member's term of office expires.

Additionally, Article 17 of the articles of incorporation stipulates that the members of the Supervisory Board may be removed at any time by the ordinary general meeting.

As part of a process of better governance and to comply with the recommendations of the AFEP-MEDEF Code, a staggered renewal of the terms of office of Supervisory Board members was decided upon, on the recommendation of the Appointments and Compensation Committee and in order to avoid all terms of office being due for renewal at the same time, and to facilitate a smooth reappointment process for its members. This staggering thus allows the general meeting of shareholders to approve the renewal of several offices each year. The Company's articles of incorporation thus stipulate that the general meeting may provide, at the time of the appointment of certain members of the Supervisory Board, that their term of office is less than four years so as to permit the staggered renewal of the terms of office of the members of the Supervisory Board.

Pursuant to Article 18 of the Company's articles of incorporation and Article 1.3 of the Supervisory Board's rules of procedure, the Supervisory Board elects a Chairman and a Vice-Chairman from among its members, for the duration of their term of office. Pursuant to these Articles, Thierry Morin and Marc Frappier serve as the Chairman and the Vice-Chairman, respectively, of the Supervisory Board.

Representation of employees on the Supervisory Board

As at the date of filing of this registration document, there were no members elected by employees or members representing shareholder employees on the Supervisory Board.

REPRESENTATION OF EMPLOYEES (ARTICLE L. 225-79 OF THE FRENCH COMMERCIAL CODE)

With respect to the members representing shareholder employees, Article 17.VI of the Company's articles of incorporation provides for the appointment of a member from among the shareholder employees pursuant to Article L. 225-79 of the French Commercial Code, when it has been established that the shares held by the employees of the Company and its affiliates within the meaning of Article L. 225-180 of the French Commercial Code represent more than 3% of the Company's share capital, insofar as the Supervisory Board does not already have among its members one or more members appointed from among the members of the supervisory boards of the employee shareholding mutual funds (FCPE) representing employees, or one or more employees elected pursuant to Article L. 225-79 of the French Commercial Code if the articles of incorporation have used this provision. As the 3% threshold for the share capital above has not been reached (see chapter 8 "Information about the Company and its capital", section 8.5.1 "Ownership of share capital and voting rights" of the 2017 registration document), this member category is not currently represented on the Supervisory Board.

REPRESENTATION OF EMPLOYEES (ARTICLE L. 225-79-2 OF THE FRENCH COMMERCIAL CODE)

In accordance with the provisions of Law 2015-994 of August 17, 2015 on social dialogue and employment, which amended Article L. 225-79-2 of the French Commercial Code introduced by the French Employment Protection Act of June 14, 2013, the Company, on the advice of the Works Council, laid out the terms and conditions for appointing members representing employees to the Company's Supervisory Board. These were approved by the shareholders at their general meeting of May 19, 2017 and introduced into Article 17 of the Company's articles of incorporation.

Also note that as M.A.J., the Group's main French operating subsidiary, has implemented measures necessary to ensure employees are represented on its Board of Directors pursuant to Article L. 225-27-2 of the French Commercial Code, this employee representative rule will be implemented within the Company at the end of the term of the employee directors serving on the Board of Directors of M.A.J., in accordance with the provisions of Article II of the Rebsamen Law.

Accordingly, as at the date of filing of this registration document, Elis's Supervisory Board comprised nine members, five of them women and five of them independent members as per the criteria set by the AFEP-MEDEF Code explained below. The proportion on the board of both women and independent members was therefore 55.55%, it being specified that there are no employee-elected members nor members representing employee shareholders serving the Supervisory Board for the reasons explained above.

The table below is a summary of the composition of the Supervisory Board as at the date of filing of this registration document.

Name or company name	Capacity	Independent [a]	Expiration date of term of office General meeting called to approve the financial statements for the year that will end on:
Thierry Morin	Chairman of the Supervisory Board	●	December 31, 2018, to be held in 2019
Marc Frappier	Vice-Chairman of the Supervisory Board		December 31, 2019, to be held in 2020
Magali Chessé [b]	Member of the Supervisory Board		December 31, 2018, to be held in 2019
Philippe Delleur	Member of the Supervisory Board	●	December 31, 2018, to be held in 2019
Florence Noblot	Member of the Supervisory Board	●	December 31, 2020, to be held in 2021
Agnès Pannier-Runacher	Member of the Supervisory Board	●	December 31, 2017, to be held in 2018
Maxime de Bentzmann	Member of the Supervisory Board		December 31, 2017, to be held in 2018
Anne-Laure Commault [b]	Member of the Supervisory Board	●	December 31, 2020, to be held in 2021
Joy Verlé [c]	Member of the Supervisory Board		December 31, 2020, to be held in 2021

(a) The independence criteria used by the Company are described below in the section "Independence of members of the Supervisory Board" on page 142 of the Supervisory Board's report on corporate governance.
(b) Appointed by the general meeting of May 19, 2017 for a four-year term.
(c) Co-opted by the Supervisory Board on March 6, 2018.

Information and details about the members of the Supervisory Board

Pursuant to Article L. 225-37-4 of the French Commercial Code, the information below shows personal information of the members of the Supervisory Board as at the date of filing of this registration document, and for each of them, the main offices and positions held as at December 31, 2017:

MAGALI CHESSÉ

MEMBER OF THE SUPERVISORY BOARD

Business address:
16-18, boulevard de Vaugirard – 75724 Paris Cedex 15 – France

Date of birth: September 19, 1974

Nationality: French

Date of first appointment: June 1, 2016

Number of Elis shares held: 500

● Member

Date of current appointment to office: June 1, 2016

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2018

Main activity: Investment Manager and Head of Private Equity at Crédit Agricole Assurances

BIOGRAPHY: Magali Chessé has been Head of Equity Investment Strategies at Crédit Agricole Assurances since 2010. She began her career in private equity in 1999 (venture capital/growth capital). She served as Investment Director at Crédit Agricole Private Equity before joining Predica to head up the management and monitoring of equity, private equity and infrastructure asset classes. Magali Chessé holds degrees in economics and management from the Universities of Strasbourg and Paris Dauphine and a diploma from the French Society of Financial Analysts.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Member of the Supervisory Board of Infrapark SA (Indigo Group)
- Member of the Supervisory Board of Arcapark SA (Indigo Group)
- Permanent representative of Crédit Agricole Assurances on the Board of Directors of Ramsay Générale de Santé SA
- Permanent representative of Predica on the Board of Directors of FREY SA (*)
- Permanent representative of Predica on the Supervisory Board of Effi Invest II SCA
- Representative of Predica, non-voting member on the Board of Directors of Siparex Associés SA
- Representative of Predica, non-voting member on the Supervisory Board of Tivana France Holdings (TDF Group)
- Director: 2i AEROPORTI SPA

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Director of Predica Infrastructure SA
- Director of Ramsay Santé SA
- Member of the Supervisory Board of Infra Foch Topco
- Permanent representative of Predica on the Supervisory Board of Effi Invest I SCA

(*) Listed company.

● Audit Committee ● Appointments and Compensation Committee ✪ Independent

ANNE-LAURE COMMAULT

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
50, avenue du Président Wilson –
93214 La Plaine-Saint-Denis Cedex – France

Date of birth: October 19, 1974

Nationality: French

Date of first appointment: May 19, 2017

Number of Elis shares held: 500

Date of current appointment to office: May 19, 2017

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2020

Main activity: Chief Executive Officer of Générale de Téléphone, a wholly owned subsidiary of Orange France

BIOGRAPHY: Since April 2016, Anne-Laure Commault has been Chief Executive Officer of Générale de Téléphone, the distribution subsidiary of the Orange Group, which she joined in 2002 as Marketing Manager (2002-2005). She then went on to serve as Project Manager (2005-2006), Office Manager for the chief executive officer (2006-2008), Senior Vice-President, Sales (2008-2010), Senior Vice-President, Marketing – mobile offers (2010-2013) and Operational Senior Vice-President, Marketing – retail offers (2013-2016). Prior to that she was a consultant with Expertel Consulting (1998-1999) and Project Manager for telecommunications in the Foreign Commercial Service of the French Embassy in Malaysia (1999-2001). Anne Laure Commault is a graduate of *École des hautes études commerciales* and holds a master's degree in telecommunications management and new media from Paris Dauphine University.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:
None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:
None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:
None

MAXIME DE BENTZMANN

MEMBER OF THE SUPERVISORY BOARD

Business address:
1, rue Georges-Berger – 75017 Paris – France

Date of birth: September 30, 1984

Nationality: French

Date of first appointment: March 9, 2016

Number of Elis shares held: 500 (loan of Eurazeo shares)

Date of current appointment to office: March 9, 2016

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ended December 31, 2017

Main activity: Principal of Eurazeo Capital

BIOGRAPHY: Maxime de Bentzmann joined Eurazeo in 2011. In particular, he has been involved in making or monitoring investments in Idinvest, IM Square, Sommet Education, Edenred, Elis, Asmodée and Desigual. Prior to that, he was part of the consulting teams in Mergers & Acquisitions at Rothschild & Cie. Maxime de Bentzmann graduated from ESSEC and University of Mannheim.

MAIN TERMS OF OFFICES AND POSITIONS HELD DURING THE PAST FIVE YEARS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:
None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:
- Member of the Supervisory Board of Asmodee Holding
- Director of Graduate SA (Luxembourg)
- General Manager of Graduate GP SARL (Luxembourg)
- Member of the Board of Directors of WH Holdings Acquisition Inc. (USA)
- Member of the Management Committee of Lakeland Holdings LLC (USA)

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:
- Member of the Board of Directors of Holdelis (now Elis) (*)

(*) Listed company.

● Audit Committee ● Appointments and Compensation Committee ✪ Independent

PHILIPPE DELLEUR

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
48, rue Albert Dhalenne – 93400 Saint-Ouen – France

Date of birth: April 11, 1958

Nationality: French

Date of first appointment: June 24, 2015

Number of Elis shares held: 500

Date of current appointment to office: June 24, 2015

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2018

Main activity: Senior Vice President, Public Affairs of the Alstom Group (*)

BIOGRAPHY: Philippe Delleur is Senior Vice President, Public Affairs of the Alstom Group. He joined Alstom in 2006 where he was successively Director for Southern Europe, Africa and the Middle East, President of the Alstom subsidiary in Brazil and Director for Latin America, and President of Alstom International from 2011 to 2015. Prior to that he worked at France's Ministry of the Economy and Finance, where over a period of 23 years he held the positions of Director of the Central Purchasing Agency, manager in the Foreign Economic Relations Department, and technical advisor in the office of Michel Sapin. He is an alumnus of *École nationale d'administration*, a graduate of *Sciences Po Paris* and holds a degree in Law.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Independent Director of Biosev, a Brazilian subsidiary of the Louis Dreyfus Group (*)

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

None

(*) Listed company.

Audit Committee · Appointments and Compensation Committee · Independent

MARC FRAPPIER

VICE-CHAIRMAN OF THE SUPERVISORY BOARD

Business address:
1, rue Georges-Berger – 75017 Paris – France

Date of birth: May 28, 1973

Nationality: French

Date of first appointment: January 8, 2013 (member of the Board of Directors of the Company under its former structure as a French simplified limited liability company)

Number of Elis shares held: 500 (Eurazeo securities lending) and 101,407 shares via Ascent Capital SAS, a legal entity related to Marc Frappier

Member

Date of current appointment to office: May 27, 2016

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2019

Main activity: Managing Partner of Eurazeo(*) – Head of Eurazeo Capital

BIOGRAPHY: Marc Frappier is Managing Partner of Eurazeo, which he joined in 2006. In particular he has been involved in making or monitoring investments in Accor/Edenred, Apcoa, Elis, Foncia, Rexel, Asmodée, IM Square and Fintrax. He began his career in 1996 as a financial auditor at Deloitte et Touche. From 1999 to 2006, he worked at the Boston Consulting Group (BCG) in Paris and Singapore, where he carried out many assignments involving strategy and operational efficiency in the industrial goods and services, energy, and media and telecommunications sectors. He holds a degree in Accounting and Finance (DECF).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Managing Partner of Eurazeo SE (*)
- Chairman and member of the Board of Directors of IM Square
- Member of the Supervisory Board of Asmodee Holding
- Chairman and member of the Supervisory Board of Novacap Group Holding
- General Manager of Sphynx S.à.r.l (Luxembourg)
- Director of Franklin Ireland Topco Limited, Franklin UK Bidco Limited, Franklin UK Midco Limited, Franklin Ireland Bidco Limited and Connacht SPV1
- Permanent representative of Legendre Holding 36 on the Supervisory Board of IM Global Partner
- Member of the Board of Directors of WH Holdings Acquisition Inc. (USA)
- Member of the Management Committee of Lakeland Holdings LLC (USA)

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Vice-Chairman of the Advisory Board of APCOA Parking Holding GmbH
- Vice-Chairman of the Supervisory Board of the Foncia Group
- Member of the Supervisory Board of APCOA Parking AG
- Representative of Eurazeo as member of the Supervisory Board of Rexel SA
- General Manager of ECIP Elis S.à.r.l, ECIP Agree S.à.r.l, Sphynx 1 S.à.r.l and Sphynx 2 S.à.r.l
- Member of the Board of Directors of Holdelis (now Elis) (*)
- Vice-Chairman of the Supervisory Commitee of Foncia Holding
- Director of Eurazeo Management Lux, RES 1 SA, RES 2 SA, ManFoncia 1 and ManFoncia 2

(*) Listed company.

Audit Committee · Appointments and Compensation Committee · Independent

JOY VERLÉ

MEMBER OF THE SUPERVISORY BOARD

Business address:
40 Portman Square – 2nd Floor – London, W1H 6LT – United Kingdom

Date of birth: May 23, 1979

Nationality: French and British

Date of first appointment: March 6, 2018

Number of Elis shares held: –

Date of current appointment to office: March 6, 2018

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2020

Main activity: Principal in Relationship Investments at CPPIB

BIOGRAPHY: Joy Verlé joined Canada Pension Plan Investment Board (CPPIB) in 2016 and is responsible for Relationship Investments (investments in public equities or soon-to-be-public companies). In particular, she was involved in CPPIB's investment in Elis. She began her career in 2003 at Morgan Stanley in London, where she was an analyst in the M&A and Global Capital Markets teams. In 2006 she joined the private equity firm Bregal Capital as partner and was involved with investments in the education, renewable energy and healthcare sectors. Joy Verlé is a graduate of *École des hautes études commerciales,* Paris.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Director of Orpea (*)
- Member of the Audit Committee of Orpea (*)

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of Bregal Capital LLP
- Director of Cerigo Développement SARL and Cerigo Développement Un SARL
- Director of Cognita UK Holdings Limited, Cognita Funding 1 Limited, Cognita Limited and Cognita Holdings Limited
- Director of Studialis SAS

(*) Listed company.

Audit Committee   Appointments and Compensation Committee   Independent

THIERRY MORIN

CHAIRMAN OF THE SUPERVISORY BOARD

Business address:
5, rue Quentin-Bauchart – 75008 Paris – France

Date of birth: March 27, 1952

Nationality: French

Date of first appointment: June 23, 2014 (member of the Board of Directors of the Company under its former structure as a French simplified limited liability company)

Number of Elis shares held: 1,233

Member Member

Date of current appointment to office: June 24, 2015

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2018

Main activity: President of Thierry Morin Consulting, General Manager of TM France

BIOGRAPHY: Thierry Morin began his career in 1977 as an engineer in the sales department at Burroughs. Between 1978 and 1986, he worked as a financial controller, Chief Accounting Officer and then financial controller for EMEA (Europe, Middle East and Africa) within the Schlumberger Group. In 1986, he joined the Thomson Electronics Group as Chief Information Officer, and then Finance Director for the Audio Department. In 1989, Thierry Morin joined the Valeo Group as Finance Director of the Transmission segment. He then moved on to become Chief Financial Officer, Chief Strategy Officer, Chief Operating Officer and finally Chairman and Chief Executive Officer from 2000 to 2009. Since 2009, Thierry Morin has managed seed-capital investments in new technologies, as well as an industrial consultancy company. In 2013, he acquired Sintertech, France's leading producer of metal powders for industrial markets, and restructured the company. In 2015, he acquired F2R, wheel producer for the automobile market (number one in France). He is also former Chairman of the Board of Directors of the French Patent and Trademark Office (INPI) and of *Université Technologique de Compiègne* (UTC). Thierry Morin has a Master's degree in management from University Paris IX-Dauphine.

He is an officer of the French Order of Merit, Knight of the French Legion of Honor and Knight of the French Order of Arts and Letters (*Officier de l'Ordre National du Mérite, Chevalier de la Légion d'Honneur* and *Chevalier des Arts et des Lettres*).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Director of Arkema (*)
- President of Thierry Morin Consulting (TMC)
- Manager of TM France
- President of TMPARFI SA (Luxembourg)

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of the Board of Directors of Elis (*)
- Chairman of the Board of Directors of *Université de Technologie de Compiègne* (UTC)

(*) Listed company.

Audit Committee Appointments and Compensation Committee Independent

FLORENCE NOBLOT

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
Le Mermoz, 53, avenue Jean-Jaurès –
93350 Le Bourget – France

Date of birth: May 15, 1963

Nationality: French

Date of first appointment: July 31, 2014 (member of the Board of Directors of the Company under its former structure as a French simplified limited liability company)

Number of Elis shares held: 1,000

Chairman (Appointments and Compensation Committee) (Independent)

Date of current appointment to office: May 19, 2017

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ending December 31, 2020

Main activity: Chief Customer Officer, Europe, Middle-East and Africa, in the DHL Supply Chain division

BIOGRAPHY: Florence Noblot has served as Chief Customer Officer (Europe, Middle-East and Africa) in the DHL Supply Chain division since May 2016. Prior to that she was Senior Vice President, EMEA, Technology Sector at Deutsche Post DHL Group, which she joined in 1993. She started her career in 1987 as an account manager for Rank Xerox France. In 1993 she joined DHL Express as head of key accounts, and from 2003 to 2006 served as Sales Director, then Senior Vice President of Global Customer Solutions (GCS) for the Asia-Pacific region. From 2008 to 2012 she was President of DHL Express France and also a member of the Executive Committee for DHL Express Europe. In 2012, she became Director for sales projects in Europe for DHL Express Europe before being appointed Senior Vice President Technology Sector EMEA (Europe, Middle East and Africa) in 2013, covering all activities of the Deutsche Post DHL Group. Florence Noblot studied economic science at University Paris II Panthéon Assas and in 2011 attended the General Management Program at Harvard University in the United States.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Chief Customer Officer, EMEA (Europe, Middle-East and Africa) in the DHL Supply Chain division
- Director of SOMFY

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Senior Vice President, EMEA, Technology Sector of the Deutsche Post DHL Group
- Managing Director, Commercial Projects of DHL Express
- President of DHL Express France SAS
- Member of the Board of Directors of Elis (*)

(*) Listed company.

Audit Committee | Appointments and Compensation Committee | Independent

AGNÈS PANNIER-RUNACHER

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
52, boulevard Haussmann – 75009 Paris – France

Date of birth: June 19, 1974

Nationality: French

Date of first appointment: October 8, 2014

Number of Elis shares held: 615

Chairman

Date of current appointment to office: October 8, 2014

Date of expiration of current term of office: Ordinary general meeting called to approve the financial statements for the year ended December 31, 2017

Main activity: Chief Operating Officer of Compagnie des Alpes (*)

BIOGRAPHY: Agnès Pannier-Runacher is Chief Operating Officer of Compagnie des Alpes, which she joined in 2013. She previously worked as a senior public servant *(inspecteur des finances)* at France's Ministry of the Economy, Finance and Industry, before becoming Chief of Staff and a member of the Executive Committee at Assistance Publique-Hôpitaux de Paris in charge of financial and economic issues. In 2006, she joined Caisse des Dépôts as Deputy Chief Finance and Strategy Officer, in charge of subsidiary monitoring, strategic equity investments and M&A. In 2009 she helped launch the Strategic Investment Fund *(Fonds stratégique d'investissement)* and became a member of its Executive Committee. In 2011, she joined Faurecia Systèmes d'intérieur as Customer Relations Director of Tata-JLR, GME and Volvo. She is a graduate of *École des hautes études commerciales* (HEC) and of *École nationale d'administration* (ENA), and holds a CEMS (HEC-Köln-Universität) Master's degree.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Chief Operating Officer of Compagnie des Alpes (*)
- Director and Chairman of the Audit Committee of the Bourbon Group (*)
- Director and member of the Strategic Committee of Compagnie du Mont Blanc (*) (listed investment held by Compagnie des Alpes)
- Member of the Supervisory Board of Futuroscope (Compagnie des Alpes Group)
- Director of MAC
- Director of Eiffarie
- Director of APRR
- Director of ADELAC

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Director of Grévin & Cie (the Compagnie des Alpes Group)
- Director and member of the Audit Committee of BPI France
- Director of AFP

(*) Listed company.

Audit Committee · Appointments and Compensation Committee · Independent

Changes in the composition of the Supervisory Board in 2017 and since the start of financial year 2018

The table below shows the changes to the Supervisory Board in 2017 and since the start of the current financial year:

Member of the Supervisory Board	Type of change	Date
Michel Datchary	Resignation	March 6, 2018
Philippe Audouin	Resignation	December 14, 2017
Anne-Laure Commault	Appointed for a four-year term	May 19, 2017
Philippe Audouin	Reappointed for a four-year term	May 19, 2017
Florence Noblot	Reappointed for a four-year term	May 19, 2017
Magali Chessé	Ratification of co-optation	May 19, 2017

Changes in the Supervisory Board in financial year 2018

On March 6, 2018 the Supervisory Board took note of Michel Datchary's decision to resign from his duties on the Company's Supervisory Board and the Appointments and Compensation Committee. It consequently appointed Thierry Morin as a new member of the Appointments and Compensation Committee and Florence Noblot as Chairman of the Supervisory Board.

At the next general meeting to be held on May 18, 2018, the shareholders will be asked to vote on the reappointment of Maxime de Bentzmann and Agnès Pannier-Runacher for a four-year term as members of the Supervisory Board. Agnès Pannier-Runacher also serves as Chairman of the Audit Committee. The shareholders will also be asked to ratify the appointment of Joy Verlé, who was co-opted by the Supervisory Board at its meeting of March 6, 2018 to replace Philippe Audouin, who had resigned, for the remainder of his term of office, i.e., until the end of the general meeting of shareholders that will be called to approve the financial statements for the year ending December 31, 2020.

The draft resolutions relating to these proposals are presented in chapter 7 "Combined general meeting of May 18, 2018" of this registration document, section 7.3 "Draft resolutions."

Independence of the members of the Supervisory Board

Article 1 of the rules of procedure of the Supervisory Board provides that with each reappointment or appointment of a member of the Supervisory Board and at least once per year before publication of the Company's annual report, the Supervisory Board assesses the independence of each of its members (or candidates), in accordance with the recommendations of the AFEP-MEDEF Code. During such assessment, the Supervisory Board, after having received the opinion of the Appointments and Compensation Committee, assesses, on a case-by-case basis, the qualifications of each of its members (or candidates) based on the criteria mentioned below, the relevant party's particular circumstances and situation vis-à-vis the Company. The shareholders are informed of the conclusions of such assessment in the annual report and, if applicable, at the general meeting when the members of the Supervisory Board are elected.

The independence criteria for the members of the Supervisory Board used by the Company are those of the AFEP-MEDEF Code as amended in November 2016. They are as follows:

- is not and has not been in the past five years:
  - an employee or executive corporate officer of the Company,
  - an employee, executive director or director of a company consolidated by the Company,
  - an employee, executive director or director of the Company's parent company or a company consolidated by that parent company;
- not be an executive corporate officer of a company in which the Company directly or indirectly holds an office as director or in which an employee nominated as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds an office as director;
- not be a major customer, supplier, investment banker or financing banker:
  - of the Company or its Group,
  - for which the Company or its Group represents a significant share of its business;
- not have close family ties with another corporate officer;
- not have been the Company's Statutory Auditor in the past five years;
- not have been a director or member of the Supervisory Board of the Company for more than 12 years.

Article 1 of the rules of procedure of the Supervisory Board lists the aforementioned independence criteria.

For members of the Supervisory Board holding 10% or more of the share capital or of the Company's voting rights, or representing a legal entity holding such stake, upon a report by the Appointments and Compensation Committee, the Supervisory Board decides on whether the member is independent by specifically taking into account the composition of the Company's share capital and the existence of potential conflicts of interest.

The Supervisory Board may consider that a member of the Supervisory Board, although they satisfy the above criteria, must

not be deemed independent given their particular situation or the Company's situation, vis-à-vis its shareholders or for any other reason. Conversely, the Supervisory Board may consider that a member of the Supervisory Board who does not satisfy the above criteria is nevertheless independent.

In accordance with Article 1 of its rules of procedure and Article 8.4 of the AFEP-MEDEF Code of November 2016, the Appointments and Compensation Committee and the Supervisory Board at their meetings of February 15, 2018 and March 6, 2018, respectively, carried out an annual review of the independence of the Board members.

At those meetings, the Appointments and Compensation Committee and then the Supervisory Board reviewed in particular the business relationships between Elis and the companies in which the independent members of the Supervisory Board hold executive positions. The Supervisory Board uses a quantitative criterion, in this case consolidated revenue, for both the Group and the other company in which the Board member holds executive positions, to assess whether the business relationship is material or not.

It thus appears that the nature of the business relationships between Elis and the company or group in which the members of the Supervisory Board hold executive positions does not affect their independence and is immaterial, considering that:

- on the one hand, the percentage of consolidated revenue (below 1%) achieved by the Group with the companies or with the group in which the members of the Supervisory Board hold executive positions; and
- on the other hand, the percentage of consolidated revenue of the company or group in which the members of the Board hold executive positions and resulting from the business relationships between the other company or the group and Elis is also below 1%.

In light of the above, the Supervisory Board deemed that the business relationships conducted by the companies in which some independent board members held executive positions did not affect their independence.

At the end of its review, and based on the report of the Appointments and Compensation Committee, the Supervisory Board concluded that all of those criteria had been met, and confirmed that the independence criteria continue to be met by Florence Noblot, Philippe Delleur, Thierry Morin, Anne-Laure Commault and Agnès Pannier-Runacher; this makes the proportion of independent members 55.55% of members.

SUMMARY TABLE ON THE SITUATION OF THE INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD

(The table below concerns only the members deemed independent by the Supervisory Board as at the date of filing of this registration document.)

Criteria for assessing independence	Agnès Pannier-Runacher	Thierry Morin	Philippe Delleur	Florence Noblot	Anne-Laure Commault
Is not and has not been in the past five years:					
– an employee or executive corporate officer of the Company; – an employee, executive corporate officer or director of a company consolidated by the Company; – an employee, executive corporate officer or director of the Company's parent company or a company consolidated thereby	●	●	●	●	●
– an executive corporate officer of a company in which the Company directly or indirectly holds an office as director or in which an employee nominated as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds an office as director	●	●	●	●	●
– a major customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant share of business	●	●	●	●	●
– does not have close family ties with another corporate officer	●	●	●	●	●
– the Company's Statutory Auditor	●	●	●	●	●
– a director or member of the Supervisory Board of the Company for more than 12 years	●	●	●	●	●

The rules of procedure provide that members who are deemed independent are required to inform the Chairman of the Supervisory Board, as soon as such members become aware of it, of any change in their personal situation with respect to these same criteria.

Diversity policy for the composition of the Supervisory Board

The Supervisory Board carefully selects its members to ensure diversity of expertise and age, and a balanced representation of men and women, in proportions that comply with the requirements of the provisions of Article L. 225-69-1 of the French Commercial Code relating to the balanced representation of women and men on boards of directors and supervisory boards and workplace equality. As at the date of filing of this registration document, the proportion of women on the Supervisory Board was 55.55%, in accordance with Article L. 225-69-1 of the aforementioned Code.

Preparation and organization of the work of the Supervisory Board in 2017

Rules of procedure of the Supervisory Board

The operating rules of the Supervisory Board are set by the Company's articles of incorporation and the Supervisory Board's own rules of procedure, which can be viewed in full on the Company's website (www.corporate-elis.com).

The rules of procedure of the Board of Directors and those of its special committees were approved by the Supervisory Board at its meeting of September 5, 2014, and their provisions have been applicable since February 11, 2015, the date of admission of the Company's shares for trading on the Euronext Paris regulated market. Since their adoption, these rules are regularly reviewed so they can be tailored to the regulatory context and changes in the recommendations of the AFEP-MEDEF Code.

Role and responsibilities of the Supervisory Board

Pursuant to legal provisions, the Company's articles of incorporation (Articles 17 and 20) and the Supervisory Board's rules of procedure (Articles 1, 2 and 3), the Supervisory Board exercises permanent oversight over the Company's management by the Management Board, under the conditions provided by law, the Company's articles of incorporation and the rules of procedure of the Board and its committees. At any time of the year, it carries out the checks and controls it considers appropriate and may request any documents it deems useful in fulfilling its responsibilities.

Such oversight will under no circumstances give rise to management acts being directly or indirectly performed by the Supervisory Board or its members.

The Supervisory Board appoints and may remove from office members of the Management Board on the terms provided by law and by Article 12 of the Company's articles of incorporation.

The Supervisory Board approves the draft resolution proposing to the general meeting to appoint Statutory Auditors, as provided by law.

As part of its oversight duties and in addition to transactions relating to the granting of any endorsements and guarantees which must have the preliminary approval of the Supervisory Board by virtue of applicable laws and regulations, Article 20.IV of the Company's articles of incorporation as well as Article 3.2 of the Supervisory Board's rules of procedure provide that transactions, within the Company or its subsidiaries controlled within the meaning of Article L. 233-3 of the French Commercial Code, must obtain the preliminary approval of the Supervisory Board (see section 4.1.1.2 "Group general management").

The involvement of the Supervisory Board in shareholder relations is exercised through the control of information provided to shareholders and participation at general meetings.

Information provided to the Supervisory Board

To carry out its duties, the Management Board presents a report to the Supervisory Board at least once per quarter, retracing the Company's primary management actions or facts, with all information allowing the Supervisory Board to be fully informed of the development of corporate business, as well as the half-year financial statements and quarterly accounting information. The Management Board also presents to the Supervisory Board the budget and investment plans once every six months.

In order to allow it to fulfill its duties, the Supervisory Board is regularly informed by the Management Board of developments in the Group's business, the goals of the Group's management and their achievement (in particular compared to the annual budget and the investment plan) as well as investment policies, control of risk exposure, human resources management policies and their implementation within the Group, the financial position, the cash position and the commitments made by the Company. The Supervisory Board is informed by the Management Board of any special situation, as needed.

Accordingly, the Management Board presents a report at least once per quarter, retracing the Company's primary management actions or facts, with all information allowing the Board to be fully informed of the development of corporate business, as well as the half-year financial statements and quarterly accounting information. The Management Board also presents to the Supervisory Board the budget and investment plans once every six months. In particular, after each financial year and each financial six-month reporting date and within the statutory time limits, the Management Board presents to the Supervisory Board, for the purpose of checks and controls, the parent company financial statements, the consolidated financial statements, the half-year consolidated financial statements and its report to the general meeting of shareholders. The Supervisory Board reviews the half-year financial reports, the quarterly financial information and the financial press releases to be published by the Company. The Supervisory Board presents to the general meeting its observations on the Management Board's report and the Company's parent company and consolidated financial statements.

In addition, pursuant to Article 4.4 of the Supervisory Board's rules of procedure, the Management Board communicates to the Supervisory Board and, as needed, to its special committees, the following information:

- generally, any document or information regarding the Company or the Group whose preparation by the Management Board or whose publication is necessary pursuant to the applicable regulations or to properly inform the market, at the time they are prepared and prior to publication;

- within ninety (90) days of the reporting date of the Company's parent company financial statements, the certified consolidated financial statements, including a statement of financial position, an income statement, a statement of cash flows and notes to the financial statements, and the Company's certified parent company financial statements, including a statement of financial position, an income statement and notes to the financial statements, accompanied by the Statutory Auditors' reports;
- twice per year, a summary table of the breakdown of the Company's securities;
- once per month, a summary of the key financial and operational information regarding the Company and the Group;
- at least once per quarter and, in any event, each time the Supervisory Board asks it to do so or when it deems it useful, a review and analysis of the business of the Company and the Group;
- within two months of the reporting date of the first half, the Management Board presents to the Audit Committee, then to the Supervisory Board, for verification and auditing purposes, the Company's consolidated financial statements and the related half-year management report;
- within two months of the end of the year, the Management Board will present to the Audit Committee, then to the Supervisory Board, for the verification and auditing work, the Company's annual separate and consolidated financial statements and the related half-year financial report;
- the management forecasts and analysis report on those forecasts mentioned in Articles L. 232-2 and L. 232-3 of the French Commercial Code, within eight days of their preparation and after having been reviewed by the Audit Committee;
- the Company's and the Group's annual budget and mid- and long-term investment and financial plan, with the Supervisory Board having the right to request that the Management Board communicate a monthly monitoring statement thereon;
- the Management Board informs the Audit Committee of any significant changes planned in the chain of shareholding control or in the percentages or types of control exercised over the Company's subsidiaries and/or consolidated entities;
- pursuant to the Audit Committee's rules of procedure and at least once per year, the Management Board presents to the Audit Committee its policy for controlling and monitoring all types of risk to which the Company and the Group are exposed, as well as the programs and resources implemented, along with a report on the effectiveness of the internal control, internal audit and risk management systems in the Group.

The Management Board must provide to the Supervisory Board all other information and all other documents that it deems useful for the Supervisory Board to perform its duties; in particular, the Management Board must communicate to the Supervisory Board, at any time and promptly, all information regarding the Company or the Group, if its importance or urgency so requires.

The Board's rules of procedure also stipulate that Supervisory Board members may request additional training on the specific features of the Company and the companies it controls, their businesses and their business sectors, and may also obtain information occasionally or hear from members of the Board of Directors or members of the Executive Committee. Lastly, the rules also stipulate that Board members will, in general, receive a periodic but permanent flow of information about the Company's results, activities and developments.

Operation of the Supervisory Board: meetings and decisions

Articles 19 and 5 of the Company's articles of incorporation and Supervisory Board's rules of procedure respectively set the terms and conditions under which the Supervisory Board meets and deliberates.

Accordingly, Supervisory Board meetings are convened by the Chairman or, in the event of an impediment, by the Vice-Chairman, and by any means, including verbally.

However, the Chairman must convene a meeting when at least one member of the Management Board or at least one-third of Supervisory Board members submit a justified written request to do so, within fifteen days of receipt of such request. If the request goes unanswered, its authors may convene the meeting themselves, providing the agenda for the meeting.

Meetings are held at the Company's registered office or at any other location stated in the notice of meeting. The Chairman of the Supervisory Board chairs the meetings. If the Chairman is absent, the Vice-Chairman chairs the meeting. In the event that both are absent, the meetings are chaired by a Board member designated by the Board.

The deliberations of the Supervisory Board are valid only if at least half of its members are present or represented. Decisions are made by a majority vote of the members present or represented. In case of a tie, the Supervisory Board's Chairman casts the deciding vote; if the person chairing a meeting is not the Chairman of the Supervisory Board, such person does not have a deciding vote.

Members participating in Supervisory Board meetings by video conference or telecommunication systems allowing to identify them and to confirm their attendance are deemed to be present, on the terms provided by the applicable statutory and regulatory provisions.

The Board meets at least four times a year according to a schedule mutually agreed before the end of the previous financial year which may be modified during the year if so requested by several members of the Board or if significant events so warrant; the purpose of the meetings is to examine the quarterly report that the Management Board must present to it, as needed by the Audit Committee, and to verify and audit the documents and information provided by the Management Board.

The Board may meet at any other time when this is in the Company's interest. In particular, in the event of exceptional transactions, Board members may be required to arrange telephone meetings. The frequency and length of meetings must be such that they allow for the review and in-depth discussion of matters falling within the Supervisory Board's responsibility.

At each meeting, the members of the Supervisory Board are provided with a set of documents they may need to deliberate and

reach a fully-informed decision. The documents are sent to the members of the Supervisory Board by email several days in advance of regular Board meetings. The full set of documents is provided at the beginning of the meeting and the main items are generally presented in the meeting and commented upon during the presentation.

For special Supervisory Board meetings, the documents are sent, if possible, by email within a time limit allowing the Board members to discuss items on the agenda submitted to them. Moreover, the set of documents may also be provided in paper form upon request.

Pursuant to the rules of procedure of the Supervisory Board and the rules of procedure and charters of its committees, certain matters are reviewed by the various committees, according to their specialization, before being presented and submitted to the Supervisory Board for approval. These matters may include (i) for the Audit Committee, the review of the financial statements, the internal control procedures, the Statutory Auditors' engagements and the financial transactions, (ii) for the Appointments and Compensation Committee, the appointment of new members to the Supervisory Board and Management Board, the composition of the committees and the compensation of corporate officers. Their respective chairmen present the minutes of the work meetings of the various committees to the Supervisory Board during its meetings.

Company managers may also be invited to Supervisory Board meetings to present particular reports and/or answer questions from Board members depending on the matters discussed and the specialties of said people.

The minutes of the Supervisory Board's meetings are prepared, and copies or extracts of them are provided and certified in accordance with the law. The minutes of each meeting are formally approved during the following meeting.

Supervisory Board's work in 2017

The Supervisory Board is convened by its Chairman and meets according to a schedule jointly agreed upon before the end of the previous financial year. This schedule may be modified during the year if several members so request or if unforeseen events so warrant.

The year 2017 was marked by two major transactions that were transformative for the Group – the acquisitions of Lavebras and Berendsen. These acquisitions and their financing generated a considerable amount of work for the Supervisory Board. As a result, the Board met 13 times in 2017 with an attendance rate of 94.44%. The meetings were held in person and via conference call. Meetings held in person lasted an average of approximately three hours.

In accordance with its assigned role and responsibilities, and on the terms described above, the Supervisory Board focused on the following topics:

Governance and risks:

- Approval of the compensation policy for corporate officers;
- Review of reports on corporate governance and internal control prepared by the Chairman of the Supervisory Board for the 2016 financial year, and monitoring of market abuse regulations;
- Review of the independence of Supervisory Board members and the Board's composition;
- Review of the regulated agreements and commitments and authorization of their signing in accordance with Article L. 225-86 of the French Commercial Code;
- Review of the Company's risk prevention program as it applies to corruption;
- Review of the regular reports of the Appointments and Compensation Committee;
- Implementation of the assessment of the Supervisory Board.

Strategy and financing:

- Review and approval of the Group's strategy, planned acquisitions and intra-group restructuring, particularly the strategic acquisitions of Lavebras in Brazil and Berendsen in the United Kingdom;
- Review and approval of the Group's financing policy and especially the terms and conditions for financing major acquisitions:
  - the capital increase in an amount of €325 million approved by the Management Board on January 17, 2017,
  - the underwriting of two syndicated senior credit facilities agreements,
  - the underwriting of a new bridge loan agreement in connection with the Berendsen Acquisition,
  - the issue of bonds with the option of conversion and/or exchange for new or existing shares *(Océanes)*,
  - the setting up of an EMTN program,
  - the multi-tranche private placement (under German law) called *"Schuldschein."*

Financial performance:

- Audit of the parent company and consolidated financial statements for financial year 2016, the results and financial statements for the first half of 2017, the 2017 quarterly financial information, and the 2017 half-year financial report and related financial communication;
- Review of the Audit Committee's regular reports.

General meeting of shareholders:

- Preparation of the annual general meeting of shareholders of May 19, 2017;
- Review of the Management Board's report on the Group's management and operations for financial year 2016;
- Approval of the reports to be presented to the shareholders;
- Audit of the information provided to shareholders and participation in the general meeting of shareholders.

Specific duties of Supervisory Board members during financial year 2017

In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board decided to set up an ad hoc committee composed of Thierry Morin, Marc Frappier and Magali Chessé in connection with the Berendsen Acquisition, given the transaction's strategic implications for the Group and the Company's need to be able to react quickly in the context of negotiations with Berendsen's management. The committee was set up on April 26, 2017 and tasked with (i) steering discussions and negotiations between the Company's Management Board and Berendsen, and (ii) making recommendations to the Supervisory Board on the appropriateness and terms of the Transaction.

The committee's operation was governed by the Supervisory Board's internal operating rules and its members had access to all the information it needed in connection with the Berendsen Acquisition in order to be able to make its recommendations regarding the appropriateness and proposed terms of said Berendsen Acquisition.

As part of these duties, the Supervisory Board Chairman worked closely with the Company's Management Board.

Committee members received no additional compensation for this special ad hoc work.

No other Supervisory Board member was assigned any special duties in addition to that entrusted to them under the provisions of the articles of incorporation and applicable rules of procedure.

SUPERVISORY BOARD MEMBERS' ATTENDANCE AT THE MEETINGS OF THE BOARD AND ITS COMMITTEES

The table below shows the members' participation in the meetings of the Supervisory Board and its committees during financial year 2017:

	Supervisory Board		Audit Committee		Appointments and Compensation Committee	
Members	Attendance rate	Number of meetings	Attendance rate	Number of meetings	Attendance rate	Number of meetings
Philippe Audouin [(a)]	84.61%	11/13	100%	–	–	–
Michel Datchary [(b)]	100%	13/13	–	–	100%	4/4
Marc Frappier	92.30%	12/13	–	–	100%	4/4
Magali Chessé	100%	13/13	75%	3/4	–	–
Thierry Morin	100%	13/13	100%	4/4	–	–
Florence Noblot	84.61%	11/13	–	–	100%	4/4
Agnès Pannier-Runacher	100%	13/13	100%	4/4		
Maxime de Bentzmann	92.30%	12/13	–	–	–	–
Philippe Delleur	92.30%	12/13	–	–	–	–
Anne-Laure Commault [(c)]	100%	8/8	–	–	–	–

(a) Resigned on December 14, 2017.
(b) Resigned on March 6, 2018.
(c) Appointed by the general meeting of shareholders of May 19, 2017.

Shareholdings of members of the Supervisory Board

Pursuant to the recommendations of the AFEP-MEDEF Code, the Company's articles of incorporation and the rules of procedure of the Supervisory Board stipulate that:

- every member of the Supervisory Board must be a personal shareholder and hold at least 500 shares during the entire term of their office;
- the Supervisory Board members are required to increase the number of shares they hold in order to bring the total to the equivalent of one year of directors' fees at the time of their reappointment (Article 2.9 of the Supervisory Board's rules of procedure).

The shares acquired by the members of the Supervisory Board must be held as registered shares.

As at the date of filing of this registration document, each of the members of the Supervisory Board satisfied the statutory requirement (see above section, "Information and details about the members of the Supervisory Board," for details of the number of shares held by each member).

The provisions relating to the number of shares that have to be held by a member of the Supervisory Board are not applicable to the members representing employees and shareholder employees. Nonetheless, each member of the Supervisory Board representing shareholder employees must hold, either individually or through an employee shareholding mutual fund created within the framework of the Group's employee savings plan, at least one share or a number of members' shares in such fund equal to at least one share.

Assessment of the Supervisory Board

In accordance with the AFEP-MEDEF Code, Article 8 of the rules of procedure of the Supervisory Board provides for an annual assessment of the Supervisory Board on a report of the Appointments and Compensation Committee on its operating modes, and for a formal assessment of the Supervisory Board and its committees every three years, possibly led by an independent member of the Supervisory Board, and where necessary, with the help of an outside consultant.

As part of the work conducted by the Supervisory Board to improve its composition, operation, organization and relations with special committees, the Appointments and Compensation Committee conducted a preliminary self-assessment of this body in 2016 through an individual self-assessment questionnaire featuring pre-selected topics based on relevant recognized practices and tailored to the Elis Group's specific characteristics. At its meeting of March 6, 2018, the Supervisory Board once again reviewed its operation and the operation of its committees, primarily to assess any changes made in comparison with the previous self-assessment. The main conclusions of the discussions were as follows:

- members were of the unanimous opinion that the Supervisory Board operates smoothly and discussions are open. The number and duration of meetings are adequate;
- Supervisory Board members wanted to meet at least once a year without Management Board members in attendance in particular to discuss the performance of executives and their compensation. Members of the Supervisory Board also wanted board meetings to include more discussion about the Group's strategy.

Code of Conduct for Trading and Market Activities

At its meeting of January 26, 2015, the Company's Supervisory Board adopted a Code of Conduct for Trading and Market Activities whose purpose is to reiterate the legal and regulatory provisions applicable in matters of distribution and use of the information relating to the Company, more particularly privileged information, and the preventive measures implemented by the Company to allow everyone to invest in its shares, while following the rules related to market integrity. This Code thus tends to prevent defaults and insider trading by prohibiting any insider from using and/or communicating privileged information and to carry out transactions in securities of the Company. The Code was adapted in 2016 following the entry into force on July 3, 2016 of regulation (EU) No. 596/2016 of April 16, 2014 on market abuse (the Market Abuse Regulation or "MAR") one of the provisions of which led to amendments to the disclosure obligations of executives and individuals related to them in respect of transactions in the financial instruments of listed companies.

Beyond the legal periods of prohibition from trading in securities of the Company provided for in Articles L. 225-177 and L. 225-197 of the French Commercial Code, the Code of Conduct for Trading and Market Activities provides for periods of refraining from trading in securities related to financial reporting.

The Code is given to each of the members of the Supervisory Board and to each insider who undertakes to follow its terms in all circumstances during the entire term of their corporate office.

Article 2.8 of the rules of procedure of the Supervisory Board also provides that each member of the Supervisory Board must disclose to the Company any transaction carried out in the Company's securities in accordance with the applicable legal and regulatory provisions. These provisions will be reiterated annually to all of the members of the Supervisory Board and occasional information will be provided in the event of significant changes.

Details of the transactions in the Company's securities carried out by the members of the Management Board and the Supervisory Board during financial year 2017 and since the start of the current financial year are shown in chapter 8, section 8.5.4 "Share transactions carried out by executives and associated persons" of this 2017 registration document.

The Supervisory Board designated a compliance officer responsible for ensuring the observation of the provisions of the Code and responding to any questions and inquiries of insiders relating to this document.

Disclosure statements on the members of the Management Board and the Supervisory Board

As at the date of filing of this registration document and to the best of the Company's knowledge:

- there are no family ties among the members of the Company's Management Board and Supervisory Board identified above;
- none of the members of the Company's Management Board or the Supervisory Board identified above have been convicted of fraud, or had a sentence imposed upon them or received a public sanction from a legal or regulatory authority in the past five years;
- none of the members of the Company's Management Board or the Supervisory Board identified above have been an executive or corporate officer of a company that has been declared bankrupt, or placed in liquidation or receivership in the past five years;
- none of the members of the Company's Management Board or the Supervisory Board have been prohibited by a court from serving as a member of an administrative, management or supervisory body, or from being involved in the management or conducting the business of a public company in the past five years;
- no current or potential conflicts currently exist between the duties with regard to the Company, and private interests and other duties of any of the members of the Management Board and the Supervisory Board.

Management of conflicts of interest

In order to prevent conflicts of interest between a member of the Supervisory Board and the Management Board or any Group company, the Appointments and Compensation Committee monitors the independence of the members with respect to the criteria of the AFEP-MEDEF Code, and discusses this topic in its meetings at least once per year.

With regard to preventing and managing conflicts of interest, Article 10 of the Supervisory Board's rules of procedure stipulates that, in a situation in which the interests of the Company and the direct or indirect personal interests of a member of the Supervisory Board, or of a shareholder or group of shareholders represented by such shareholder, are or may be in conflict with the interests of the Company, the member of the Board concerned must inform the Supervisory Board as soon as he or she becomes aware of such conflicts, and draw any consequences from this in respect of exercising his or her office. Accordingly, depending on the case, he or she must either:

- abstain from voting in the corresponding deliberations and from participating in the discussions of the Supervisory Board relating to the conflict of interest situation for the period during which the member is in a conflict of interest situation; or
- resign as member of the Supervisory Board.

Failure to comply with these rules of abstention or resignation could give rise to liability on the part of the Supervisory Board member.

4.1.1.4 Supervisory Board committees

Pursuant to the stipulation of Article 20.VI of the Company's articles of incorporation and Article 9 of its rules of procedure, at its meeting of September 5, 2014 the Company's Supervisory Board decided to create two special standing committees: an Audit Committee and an Appointments and Compensation Committee.

These committees are in charge of assessing the questions that the Supervisory Board or its Chairman submits for review and to issue proposals, recommendations and opinion, as applicable, in their field of expertise. The rules governing their operation and powers are set forth in the rules of procedure of each committee and are approved by the Supervisory Board.

Each committee has its own rules of procedure. The main stipulations regarding their composition and operation are described below.

Audit Committee

COMPOSITION OF THE AUDIT COMMITTEE (ARTICLE 9 OF THE SUPERVISORY BOARD'S RULES OF PROCEDURE)

The Audit Committee is composed of three to seven members, who are appointed on an individual basis and may not be represented by another party. They are chosen freely from its own members by the Supervisory Board, which ensures that it includes independent members based on the independence criteria adopted by the Company (see above for the concept of "independence," page 142).

The term of office of a member of the Audit Committee is equal to the term of office of a member of the Supervisory Board, with the understanding that the Supervisory Board may at any time modify the composition of the Audit Committee and, consequently, end the term of office of a Committee member.

Upon appointment, all members of the Appointments and Compensation Committee must receive training on the Company's accounting, financial and operational specificities.

The composition of the Audit Committee did not change during financial year 2017 and, as at the date of filing of this registration document, the Committee is composed of three members, two of whom are independent in accordance with the AFEP-MEDEF Code (paragraph 15.1): Agnès Pannier-Runacher, independent member and Committee chair, Thierry Morin, independent member, and Magali Chessé.

The secretarial duties for the Audit Committee's work may be provided by any person appointed by the Committee's Chairman.

EXPERTISE OF AUDIT COMMITTEE MEMBERS

In accordance with the AFEP-MEDEF Code, the Supervisory Board considers that all members of the Audit Committee have specific financial expertise, as stipulated by the provisions of Article L. 823-19, paragraph 2 of the French Commercial Code, proven by their experience, professional background and training, which are presented above in section 4.1.1.3 of this chapter 4. The chairing of the Committee was entrusted to Agnès Pannier-Runacher, who has the required skills, especially in view of her position as deputy Chief Executive Officer of Compagnie des Alpes and her directorships with large groups.

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE (ARTICLE 1 OF THE RULES OF PROCEDURE OF THE AUDIT COMMITTEE)

The role of the Audit Committee is to ensure the monitoring of questions regarding the preparation and auditing of accounting and financial information and to ensure that the risks monitoring and operational internal auditing processes are efficient, in order to assist the Supervisory Board's exercise of its auditing and verification duties in these matters.

In this respect, the principal duties of the Audit Committee are as follows:

- monitoring of the process of preparing financial information;
- monitoring of the effectiveness of internal control, internal audit and risk management systems relating to financial and accounting information;
- monitoring of the statutory audit of parent company and consolidated financial statements by the Company's Statutory Auditors; and
- monitoring of the Statutory Auditors' independence.

The Audit Committee's rules of procedure were adapted to take account of the audit reform and now include an authorization procedure to be followed by the Audit Committee for non-audit services authorized under the regulations.

WORK CARRIED OUT IN 2017

In 2017 the Audit Committee met four times, with an attendance rate of 91.66%. Its work primarily focused on the review of the key points of the financial statements for 2016 and for the first half of 2017. It also focused on the presentation of the main risks for the Group, especially through the presentation of the risk map, on the assessment of the internal audit, on the review of the main results of the audit engagements carried out throughout the year, on the results of the self-assessment campaign and internal control testing, and on the monitoring of the 2017 audit plan. During the review of the draft press releases on the annual and half-year results, the Committee ensured that the presentation of the financial information to the market was consistent with the financial statements. The committee consistently worked with the Statutory Auditors.

Since the beginning of the financial year on January 1, 2018, the Audit Committee has met once and all of its members were present. The work mainly focused on the review of the parent company and consolidated financial statements for the year ended December 31, 2017.

OPERATION (ARTICLE 2 OF THE RULES OF PROCEDURE OF THE AUDIT COMMITTEE)

The Audit Committee may duly deliberate either during physical meetings or by telephone or video conference, on the same terms as the Board, called by its Chairman or Secretary, provided that at least one-half of the members participate in the meeting. Committee members cannot give a proxy to another member to represent them.

The recommendations issued by the Audit Committee are adopted by a simple majority of the members present. In case of a tie, the committee's Chairman casts the deciding vote.

Calls to meetings must include an agenda and may be transmitted verbally or by any other means.

The Audit Committee meets as often as needed and, in any event, at least two times per year when the annual financial statements and the half-year financial statements are being prepared.

Audit Committee meetings take place before Supervisory Board meetings and, to the extent possible, at least two days before such meetings if the agenda includes the review of the half-year and annual financial statements prior to their review by the Supervisory Board.

Appointments and Compensation Committee

COMPOSITION OF THE APPOINTMENTS AND COMPENSATION COMMITTEE (ARTICLE 9 OF THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD)

As at the date of filing of this registration document, the Appointments and Compensation Committee was composed of three members, which is the minimum number provided for in its rules of procedure, two of whom are independent in accordance with the AFEP-MEDEF Code (paragraph 16.1): Florence Noblot, independent member and committee chair since March 6, 2018, Thierry Morin, independent member appointed on March 6, 2018 to replace Michel Datchary, and Marc Frappier.

The number of members comprising this Committee may not exceed seven. Members of this Committee are appointed on a personal basis and may not be represented at meetings by another party. They are chosen freely from its own members by the Supervisory Board, which ensures that it includes independent members based on the independence criteria adopted by the Supervisory Board (see above for the concept of "independence", page 142 of this report by the Chairman of the Supervisory Board).

The term of office of a member of the Appointments and Compensation Committee is equivalent to the term of office of a member of the Supervisory Board, with the understanding that the Supervisory Board may at any time modify the composition of the Appointments and Compensation Committee and, consequently, end the term of office of a committee member.

The secretarial duties for the Appointments and Compensation Committee's work are provided by the Group Human Resources Director.

ROLE AND RESPONSIBILITIES OF THE APPOINTMENTS AND COMPENSATION COMMITTEE (ARTICLE 1 OF THE RULES OF PROCEDURE OF THE APPOINTMENTS AND COMPENSATION COMMITTEE)

The main role of the Appointments and Compensation Committee is to assist the Supervisory Board in forming the Company's management bodies and in determining and regularly assessing all the compensation and benefits of the members of the Management Board, including all deferred benefits or severance pay for voluntary or forced departure from the Group. With regard to governance, the duties of the Committee are monitoring changes in the governance regulations of listed companies and keeping track of recommendations by both the market and issuer representatives in order to advise the Supervisory Board accordingly.

In this context, the duties of the Appointments and Compensation Committee are as follows:

- issuance of proposals for appointments of independent members of the Supervisory Board, the Management Board and Board committees, and analysis of the candidacy of non-independent members of the Supervisory Board;
- annual assessment of the independence and multiple offices held by the members of the Supervisory Board;
- review and proposals to the Supervisory Board of the principles and criteria for determining, structuring and awarding corporate officers' compensation elements;
- review of the succession plan for executives;
- review and proposals to the Supervisory Board pertaining to the allocation method for Directors' fees; and
- review and proposals on special compensation relating to special projects that may be assigned, as applicable, by the Supervisory Board to some of its members.

OPERATION OF THE APPOINTMENTS AND COMPENSATION COMMITTEE (ARTICLE 3 OF THE RULES OF PROCEDURE OF THE APPOINTMENTS AND COMPENSATION COMMITTEE)

The Appointments and Compensation Committee meets as often as needed and, in any event, at least once per year before the Supervisory Board meeting called to assess the situation of the Supervisory Board members based on the independence criteria adopted by the Company (for the concept of "independence," see page 142 of this report) and, in any event, before any Supervisory Board meeting called to set the compensation of the members of the Management Board or the allocation of Directors' fees.

The Appointments and Compensation Committee may duly deliberate in person, by telephone or by video conference, on the same terms as the Supervisory Board, at meetings called by its Chairman or the Secretary, provided that at least one-half of the members participate in the meeting. Committee members cannot give a proxy to another member to represent them. Calls to meetings must include an agenda and may be transmitted verbally or by any other means.

The Appointments and Compensation Committee makes its recommendations by indicating to the Supervisory Board the number of favorable opinions collected. As part of the selection process for Supervisory Board members, the Committee may use the services of a specialized firm. It may also use other methods of sourcing when making its selection. It then recommends one or two candidates to the Chairman of the Supervisory Board and the Chairman of the Management Board. In all cases the Management Board Chairman is involved in the Committee's work with regard to selecting Supervisory Board members.

The Committee must also ensure that the Supervisory Board carries out regular assessments and proposes improvements.

WORK CARRIED OUT BY THE APPOINTMENTS AND COMPENSATION COMMITTEE IN FINANCIAL YEAR 2017 AND SINCE THE BEGINNING OF THE FINANCIAL YEAR ON JANUARY 1, 2018

This Committee met four times in 2017 with an attendance rate of 100% and has met once since the beginning of financial year 2018.

The main agenda items have been governance-related issues, the Board's composition, and the compensation of corporate officers.

With regard to its work on the composition of the Supervisory Board, the Committee ensured that the composition of the Supervisory Board complied with the recommendations of the AFEP-MEDEF Code and the legal provisions governing the Board's gender diversity, the independence of its members, particularly with regard to their business relationships, and the composition of the Board committees.

The Committee made proposals on the criteria for selecting members to the Supervisory Board and worked on the appointment of a new member to the Board in 2017 (Anne-Laure Commault) and on the succession plan for executives of the Company and the Group's main subsidiaries. The Appointments and Compensation Committee also coordinated the work on the Supervisory Board's self-assessment.

The Committee also gave its opinion on the compensation of corporate officers. In this regard, the Committee issued recommendations to the Supervisory Board on the principles and criteria for determining, structuring and awarding corporate officers' compensation elements for financial year 2017, examined the extent to which the targets related to the variable compensation of Management Board members for financial year 2016 had been met, and examined the rules for allocating Directors' fees among the members of the Supervisory Board and committees for financial year 2017. The Committee also studied the principle and the terms for granting performance shares to certain managers and executives of the Group.

Over financial year 2017, it was regularly informed about the Group's human resources policy and in particular as regards organization, compensation, employee relations and talent management.

In addition, and given the Berendsen Acquisition, the Committee discussed (i) the situation of the Group's management, whose responsibilities have changed significantly as the Group gets bigger, (ii) the integration of Berendsen, and (iii) the retention of key individuals from Berendsen. As part of these discussions and based on a study conducted by a firm specializing in compensation, the Committee made recommendations to the Supervisory Board on changes in the compensation policy for corporate officers for financial year 2018, which are set out in greater detail below in section 4.1.2 of this report by the Supervisory Board on corporate governance.

Since the beginning of 2018, the Appointments and Compensation Committee has met once and all of its members were present. The main topics at that meeting were the review of Board member independence and of the candidacy of a new Supervisory Board member (Joy Verlé) to replace a member who had resigned (Philippe Audouin). The Committee also issued recommendations on the departure arrangements for executive corporate officers in the context of their reappointment in 2018. Lastly, the Committee also managed the work on the Supervisory Board's self-assessment.

4.1.1.5 Regulated agreements and commitments

Regulated agreements that remained in effect or were signed in 2017

In accordance with the provisions of Article L. 225-88-1 of the French Commercial Code, at its meeting of March 6, 2018 the Supervisory Board reviewed the regulated agreements and commitments signed and authorized during previous years that remained in effect in 2017, and took note of the following agreements and commitments signed during financial year 2017:

- the "Underwriting Agreement" signed by the Company with Legendre Holding 27 and the banks charged with investing the shares in connection with the Company's IPO (led by BNP Paribas, Deutsche Bank AG London Branch and Goldman Sachs International and composed of Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co International plc and Société Générale) on February 10, 2015;

- the commitments made by the Company to Xavier Martiré, Louis Guyot and Matthieu Lecharny in connection with their termination benefits, in particular the payment of severance in the event of their forced departure, subject to performance conditions, and the payment of non-compete compensation. These commitments are described below in section 4.1.2 of the Supervisory Board's report on corporate governance.

As part of its annual review of agreements and commitments, the Supervisory Board also assessed whether the aforementioned agreements and commitments continued to meet the criteria that led it to authorize their signing and decided to keep them in effect in 2018. Note also that, given the renewal of the Management Board in 2018, the commitments made by the Company in favor of its members will again be submitted for shareholder approval in respect of regulated commitments, based on a special report by the Statutory Auditors, at the general meeting to be called for May 18, 2018 under specific resolutions per officer in question (see chapter 7, section 7.3 of this registration document).

Furthermore, in 2017 the Supervisory Board voted in favor of signing an intra-group loan agreement between the Company and Berendsen Plc and into two chargeback agreements, one between the Company and Berendsen, and the other between the Company and Berendsen A/S. The main terms of these agreements are presented in the Statutory Auditors' special report on regulated agreements, which is included in section 4.2 of this registration document.

Note that since the entry into force on August 3, 2014 of Order 2014-863 of July 31, 2014, the agreements entered into by the Company and any of its subsidiaries that are fully owned, directly or indirectly, are excluded from the scope of regulated agreements and therefore are not discussed in this section or in the Statutory Auditors' special report mentioned above.

Service agreements among the members of the administrative, management or supervisory bodies and the Company or its subsidiaries

As at the date of filing of this registration document and to the best of the Company's knowledge, there is no:

- service agreement linking members of the Management Board or the Supervisory Board;
- pact or agreement signed with the shareholders, customers, suppliers or other parties pursuant to which one of the members of the Supervisory Board or Management Board has been appointed in that capacity;
- service agreement signed by the Company or its subsidiaries and any of the members of the Management Board or the Supervisory Board.

Agreements signed by a subsidiary (Article L. 225-102-1 par. 13)

To the best of the Company's knowledge, no agreement has been made, directly or through an intermediary, between, on the one hand and as applicable, one of the members of the Company's Management Board or Supervisory Board or one of the Company's shareholders holding a portion of the voting rights greater than 10% and, on the other hand, a company in which the Company directly or indirectly holds more than half of its share capital.

4.1.2 COMPENSATION OF CORPORATE OFFICERS

Below are the principles and criteria for determining, structuring and awarding corporate officers' compensation elements, as well as details of the total compensation elements and benefits of any kind paid or awarded for the financial year ended December 31, 2017 to corporate officers on which the shareholders will be called upon to express their opinion as a result of the adoption of the Sapin 2 Law of December 9, 2016 on transparency, anti-corruption and the modernization of the economy (known as the "Sapin 2" Law), with a double binding vote as from the 2018 general meeting which, pursuant to Article L. 225-82-2 of the French Commercial Code, requires:

- an *ex-ante* vote on the compensation policy for executive corporate officers, consisting in presenting a resolution to the shareholders on the principles and criteria for determining, structuring and awarding the fixed, variable and special elements of total compensation and benefits of any kind that may be awarded to the Chairman and members of the Management Board and Supervisory Board commensurate with their office. **This *ex-ante* vote is applicable as from the date of the compensation attributable for financial year 2017, as a result of which, the compensation policy for corporate officers for that financial year was submitted to the general meeting held on May 19, 2017, which voted in favor;**
- an *ex-post* vote on the implementation of the compensation policy, consisting in submitting for shareholder vote the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded for the prior financial year. This vote must be the subject of separate resolutions for the Chairman of the Management Board, the members of the Management Board and the Chairman of the Supervisory Board. **The *ex-post* vote as provided for under the Sapin 2 Law is applicable as from the date of the compensation attributable or paid for financial year 2017, as a result of which, it will be submitted for the first time at the 2018 general meeting in respect of 2017 compensation.**

The draft resolutions to be put to the vote of the shareholders at the general meeting of May 18, 2018 are presented in chapter 7 of this registration document.

4.1.2.1 Compensation policy for executive corporate officers

Pursuant to Article L. 225-82-2 of the French Commercial Code, the compensation policy for executive corporate officers approved by the Supervisory Board at its meetings of December 14, 2017 and March 6, 2018 based on the recommendations of the Appointments and Compensation Committee is presented below.

General principles of compensation for executive corporate officers

The general principles of the compensation policy for the Chairman and members of the Management Board and the Chairman and members of the Supervisory Board are decided upon by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee.

This policy includes the principles of:

- balance (ensuring that no compensation item is disproportionate);
- competitiveness (carrying out compensation studies, including by outside firms, as needed), linked to the performance of the Company, especially through variable compensation dependent on the achievement of defined, measurable and demanding targets;
- company performance: the compensation of Management Board members is closely associated with the Group's performance, mainly through annual variable compensation dependent on the achievement of targets based on quantifiable and qualitative criteria related to the Group's performance and strategy;
- alignment of the interests of management with those of the shareholders: a portion of the compensation of the members of the Management Board, including that of the Chairman, is awarded in shares and measured over longterm economic and share-price performance.

The compensation policy for the members of the Management Board and the Supervisory Board has been adapted to the usual practices of listed companies following the Company's IPO on February 11, 2015. These principles for determining the compensation policy for corporate officers were established in line with the recommendations of the AFEP-MEDEF Code as amended in November 2016. The compensation policy is reviewed annually by the Supervisory Board based on the recommendations of the Appointments and Compensation Committee and is subject to shareholder approval pursuant to applicable legal provisions.

Compensation structure for executive corporate officers

The compensation structure for each of the members of the Management Board comprises **cash compensation** made up of a fixed component and an annual variable component, and **share-based compensation** represented by performance shares (unchanged from 2017). The members of the Management Board, including the Chairman, receive no compensation in the form of Directors' fees or otherwise in respect of the positions and offices held in the Group's companies. (For more details on the offices held by Management Board members, see the above section, "Information and details about the members of the Management Board" of this report on corporate governance.)

The Supervisory Board reviews all of the elements of compensation for the Chairman and members of the Management Board on an annual basis, and sets the amount of said components at the beginning of each year based on the recommendations of the Appointments and Compensation Committee, which may refer to studies produced by independent firms.

In light of the Group's transformation since the Company's IPO in 2015, the Supervisory Board re-examined at the end of 2017 the compensation conditions for Management Board members that had not changed since the Company's IPO in February 2015.

Consequently, during its discussions on updating the 2018 compensation policy for corporate officers, the Supervisory Board, on the recommendations of the Appointments and Compensation Committee, took into consideration the following changes in the scope since the Company's IPO:

- revenue growth that had risen from €1.3 billion to more than €3 billion pro forma as a result of the acquistions of 2017;
- the increase in the number of employees from 15,000 to 45,000;
- the increase in the number of centers from 154 to 440;
- the internationalization of the Group, which is now present in 28 countries versus 12 at the time of the IPO; and
- the increase in market capitalization to approximately €5 billion at December 31, 2017 versus €1.5 billion at the time of the IPO.

As part of this review and in order to take the above changes into account, the Board commissioned consulting firm Mercer, which specializes in compensation, to produce a study pertaining to the compensation of members of the Company's Management Board. The methodology used for this study focused on incumbents in similar-sized companies with comparable responsibilities and job content. The reference markets selected include France, Germany and the United Kingdom. The benchmark is therefore both comprehensive and representative of market practices.

The elements analyzed related to:

- the quantum of compensation (2016 base salaries, bonuses paid in 2017 for financial year 2016, target bonuses and maximum percentage of base salary, total cash compensation including annual base salary, bonuses paid and any benefits in kind/ Directors' fees, 2016 long-term compensation in fair value (stock options, bonus shares, performance shares, etc.), total compensation including all of the above); and
- compensation structures (annual base salaries, bonuses paid, long-term compensation).

For 2018 the Supervisory Board did not wish to change the structure of executive corporate officers' compensation. Nevertheless, as the aforementioned study revealed a gap between the compensation of Management Board members and the market, the Supervisory Board decided to adjust the monetary compensation of Management Board members to take this gap into

account as described below, in strict application of the 2017 compensation policy approved by the shareholders at the general meeting of May 19, 2017;

Annual monetary compensation of executive corporate officers

Fixed compensation

The fixed compensation of each Management Board member reflects their responsibilities and expertise.

The fixed compensation of the members of the Management Board was set at the time of the Company's IPO in February 2015 and has remained unchanged since that date.

Following Mercer's study, which highlighted the gap between the compensation of the members of the Management Board and that of the reference panel, and given the significant changes in responsibilities of the members of the Management Board due to the Group's size, the Supervisory Board decided to upgrade the members' fixed compensation and set the fixed compensation of the Chairman of the Management Board at €800,000, that of Louis Guyot at €400,000, and that of Matthieu Lecharny at €300,000, in line with the market practices revealed by the Mercer study.

This adjustment to the Management Board members' fixed compensation, applicable as from January 1, 2018, is consistent with both the three-year review process and with events that have impacted the Company and with market practices since its IPO, in accordance with the compensation policy approved by the shareholders at the general meeting of May 19, 2017.

Lastly, the Supervisory Board also maintained the principle according to which the fixed compensation may only be revised every three years, unless an earlier revision is considered warranted due to special circumstances (change in scope of consolidation, major gap in relation to the reference panel, etc.). Such circumstances must be explained by the Supervisory Board and made public.

In the event that a new Management Board member is appointed, that member will be subject to the general fixed compensation policy approved by the shareholders; however, the fixed compensation of the Chairman of the Management Board may not exceed €800,000, and that of the other members of the Management Board may not exceed €400,000.

Variable compensation

The variable compensation of the Management Board members aims to closely associate the executives with the Group's short-term performance. In line with the AFEP-MEDEF Code, the variable compensation of all members of the Management Board corresponds to a percentage of their fixed compensation.

Determined on an annual basis, this variable component is composed of triggering thresholds below which no compensation is paid, target levels when the targets are reached, and maximum levels reflecting outperformance relative to set targets. Only outperformance relative to the financial indicators can give rise to a bonus amount higher than the target level.

The indicators taken into account for determining the variable part and the level of the targets to be achieved are defined by the Supervisory Board each year, on the recommendations made by the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The targets are determined on the basis of the Group's key financial, non-financial and qualitative indicators in line with the Group's activities, strategy and goals, as regularly presented. This allows executives' variable compensation to be aligned with the Group's economic performance and strategy implementation.

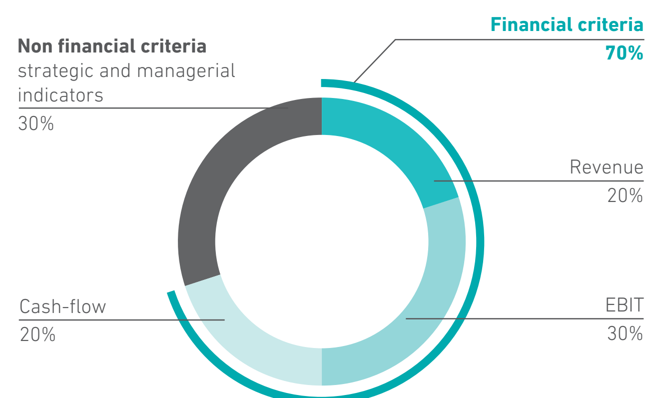
The quantitative targets based on financial indicators are set entirely on the basis of the budget pre-approved by the Supervisory Board and are subject to a triggering threshold whereby no sum is due in respect of the criterion in question if performance does not reach this minimum performance threshold.

With regard to determining the variable part of the compensation of the members of the Management Board, the Supervisory Board agreed at its meetings of December 14, 2017 and March 6, 2018 to maintain the principle whereby the financial performance indicators, their targets and their weighting would be strictly identical for each of the members of the Management Board.

The non-financial criteria used to determine annual variable compensation are individualized according to the responsibilities of each member and may be based on a qualitative and quantitative assessment of the member's performance. As in 2017, non-financial criteria in 2018 will account for 30% of the total variable part and will only give rise to additional compensation in the event of outperformance.

At its meetings of December 14, 2017 and March 6, 2018, the Supervisory Board decided that with regard to the non-financial indicators applicable to yearly variable compensation, the following principles will apply:

- retention of the principle of individualized criteria based on the responsibilities of each member of the Management Board;
- inclusion of at least one quantitative non-financial indicator based on one or more quantifiable factors determined each year against the Group's scope, strategy, objectives, and priorities, and tailored to the responsibilities of each member of the Management Board.



On that basis, at its meeting of March 6, 2018, the Supervisory Board defined the principles for determining the target-based annual variable compensation component for the Chairman and members of the Management Board for 2018, as recommended by the Appointments and Compensation Committee at its meeting of February 15, 2018 as follows:

CHAIRMAN OF THE MANAGEMENT BOARD

The Chairman of the Management Board's target-based annual variable compensation remains at 100% of the amount of his fixed compensation and can range from 0 to 170% in the event of outperformance. This target-based variable component is based on the following financial and non-financial indicators and in the proportions shown (which remain unchanged):

- ***financial indicators* counting for 70% of variable compensation (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance):** the economic indicators used are unchanged and correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Board, said target being itself in line with the outlook communicated to the market. The Supervisory Board wished to use the same financial criteria as previously, since they are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow;
- ***non-financial indicators* counting for 30% of the variable component (i.e., 30% of fixed compensation, this percentage being the maximum)** and based on strategic and management criteria assessed either qualitatively or quantitatively.

With regard to performance measurement through financial indicators for determining the annual variable part of compensation for members of the Management Board, the variable part is achieved if an indicator is equal to the budget. The variable part ranges on a straight-line basis from 0 to 200% when the indicator is within +/- 3% of the target value (+/-5% for the revenue indicator): 0 at target -3% ; 100% at target; 200% at target +3%.

For example: the EBIT target is 100. The variable part linked to EBIT (i.e., 30%) is set at:

- 0 if EBIT = 97 (-3%);
- 30% if EBIT = 100 (i.e., the target);
- 60% if EBIT = 103 (+3%);
- 45% if EBIT = 101.5 (+1.5%).

The tables below show the breakdown of financial and non-financial indicators used to determine Xavier Martiré's variable compensation targets for 2018, together with the weighting of each indicator:

Xavier Martiré	Respective weight in the variable part (100%) - Target			
Financial indicators	**70%**	**0%**	**70%**	**140%**
		Budget -5%	Budget	Budget +5%
– Revenue compared to budget	20%	0%	20%	40%
		Budget -3%	Budget	Budget +3%
– EBIT compared to budget	30%	0%	30%	60%
		Budget -3%	Budget	Budget +3%
– Operating cash flow compared to budget	20%	0%	20%	40%
Non-financial indicators	**30%**	**0%**	**30%**	**30%**
		Not achieved	Achieved	Max
– Successful integration of Berendsen (synergies)	7,5%	0%	7,5%	7,5%
– Build-up in strategic countries (e.g., United Kingdom, Germany)	7,5%	0%	7,5%	7,5%
– Development of the Group's CSR policy	7,5%	0%	7,5%	7,5%
– Innovation as a driver of organic growth	7,5%	0%	7,5%	7,5%
		Min	**Target**	**Max**
		0%	100%	170%

MEMBERS OF THE MANAGEMENT BOARD

Since the aforementioned study conducted by Mercer also revealed a gap between the variable compensation of the Management Board members and that of the market, and taking into account the significant expansion of the Group's scope and challenges, and the increase in the Management Board's responsibilities in view of the Group's size, especially following the Berendsen Acquisition, the Supervisory Board decided to update variable compensation and increase Louis Guyot's and Matthieu Lecharny's target-based variable compensation to 70% of fixed compensation, which can range from 0 to 119% in the event of outperformance. This target-based variable component is based on the following financial and non-financial indicators and in the proportions shown (unchanged from 2017):

- ***financial indicators* counting for 70% of the variable component (i.e., 49% of fixed compensation up to a maximum of 98% in the event of outperformance):** as noted above, these indicators are identical to those used to determine the variable compensation of the Chairman of the Management Board as shown above, and are determined based on the same goals;
- ***non-financial indicators* counting for 30% of the variable component (or 21% of the fixed compensation, this percentage being a maximum)** are based on strategic and management criteria specific to each member of the Management Board.

The tables below show the breakdown of financial and non-financial indicators used to determine the annual variable compensation of each Management Board member for financial year 2018, together with the weighting of each indicator, which are respectively for Louis Guyot and Matthieu Lecharny:

Louis Guyot	Variable compensation weighting (at 100%)
Financial indicators	**70%**
– Revenue compared to budget	20%
– EBIT compared to budget	30%
– Operating cash flow compared to budget	20%
Non-financial indicators	**30%**
– Deployment of processes and reporting tools across the entire scope	10%
– Group financing	10%
– Quality of financial communications	10%

Matthieu Lecharny	Variable compensation weighting (at 100%)
Financial indicators	**70%**
– Revenue compared to budget	20%
– EBIT compared to budget	30%
– Operating cash flow compared to budget	20%
Non-financial indicators	**30%**
– Increase in consolidation scope in Spain	10%
– M&A in Germany and in Berendsen's countries	10%
– Strong sales momentum in Brazil	10%

The Supervisory Board deemed that the financial and non-financial indicators on which the targets of the annual variable compensation of the members of the Management Board, including the Chairman, were based reflect the direct link between the compensation of Management Board members and the changes in the Group's results and overall performance.

The triggering threshold and expected level of achievement of the targets set for each of the quantitative criteria represent strategic and economically sensitive information that cannot be made public. With regard to budgetary targets, these are in line with the outlook communicated to the market by management at the beginning of the year and on which analysts' consensus is based.

The Supervisory Board also decided that in the event of the recruitment of a new member of the Management Board, those same principles will apply; should the recruitment occur during the second half of the financial year, the performance assessment will take place on a discretionary basis based on the recommendations of the Appointments and Compensation Committee.

Note that payment of the elements of variable compensation is subject to shareholder approval, in accordance with Article L. 225-100 of the French Commercial Code.

In the event that a new Management Board member is appointed (and this includes the Chairman), that member will be subject to the general fixed compensation policy approved by the shareholders. However, the target may not exceed 100% for the Chairman and 70% for the other members of the Management Board of the fixed compensation.

Long-term equity-based compensation

In accordance with the general principles governing Elis's compensation policy, the Group wanted to align the interests of employees with the Company's performance by granting them performance shares. Accordingly, it set up a general policy of equity-based compensation which is described in Note 5.4 to the consolidated financial statements for the year ended December 31, 2017, appearing in chapter 6 of this registration document. These grants also enable the alignment of shareholders' interests with those of management.

Since the Company's IPO, performance shares have been granted to several hundred employees based on recorded performance, and this includes the three members of the Management Board.

These grants fall under the scope of the authorizations granted to the Management Board by shareholders at the general meetings of October 8, 2014 (21st resolution) and May 27, 2016 (22nd resolution), and the authorizations granted by the Supervisory Board.

Management Board members are eligible for performance share grants as part of performance share plans set up by the Management Board on the authorization of the Supervisory Board under the Group's general equity-based compensation policy.

On that basis, when reviewing the principles for determining the compensation of members of the Management Board 2018, the Supervisory Board maintained the principle of equity-based compensation for each member of the Management Board in the form of performance shares to which is attached a medium-term economic and share-price performance condition in order to align the interests of the shareholders with those of the beneficiaries. It also reviewed the vesting conditions of said shares.

In light of this, and on the recommendation made by the Appointments and Compensation Committee at its meeting of February 15, 2018, the Supervisory Board approved the following principles for 2018 at its meeting of March 6, 2018 with regard to the granting of performance shares to members of the Management Board, including the Chairman, and the vesting thereof:

- the maximum proportion of performance shares that can be granted annually to the members of the Management Board (including the Chairman) is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with market practices of SBF 120 companies;
- the rights granted to the Chairman and members of the Management Board may not exceed 0.55% of the Company's share capital as established at the date of the award in accordance with the 22nd resolution of the annual general meeting of May 27, 2016;
- performance shares granted to the Chairman and members of the Management Board will vest only after a minimum period of three years and subject to the following conditions:
  - employment in the Group for the full vesting period starting from the grant date (except in special circumstances described below), the vesting period being a minimum of three years,
  - economic and share-price performance conditions assessed over a period of at least three years, which is a stricter vesting condition than the previous policy which involved an assessment over two years. With regard to economic criteria, the Supervisory Board will use appropriate criteria that can be assessed over time and may, where necessary, be identical to the financial criteria used to determine annual variable compensation. Share-price performance will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120;
- each member of the Management Board has an obligation to retain shares as follows:
  - for the Chairman of the Management Board, one-third of the shares vested to be retained until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation,
  - for the other members, one-third of the shares vested to be retained until their Company share portfolios reach a value representing two times the amount of their annual fixed compensation.

It should also be noted that the members of the Management Board are subject to lock-up periods when trading in the Company's securities is not allowed, and each member has stated that they have not used hedging instruments.

The number of performance shares that be vested to the Management Board members at the end of the performance assessment period of at least three years will be calculated by applying to the number of performance shares initially granted a coefficient measuring the performance of each criterion, with the understanding that achievement of each target is binary such that if the criterion is not achieved, the proportion of performance shares attached to the achievement of the target will not vest.

At the end of the vesting period, the employment condition will be verified, it being specified that the Supervisory Board has adopted the principle whereby in the event of departure from the Group of members of the Management Board during the vesting period for reasons other than termination for gross negligence or willful misconduct, said members may, on the recommendation of the Appointments and Compensation Committee, in accordance with the recommendations of the AFEP-MEDEF Code, retain their rights to outstanding performance shares as at the date of departure, subject to the fulfillment of the performance conditions; in such case, the overall grant will be pro-rated to take into account the continued employed of the officer concerned with the Group during the vesting period.

In the event that a new Management Board member is appointed, the general policy regarding long-term equity-based compensation approved by the shareholders will be applied to that member according to the same rules as apply to the other Management Board members (amount, duration, etc.).

Special compensation

The Supervisory Board has maintained in 2018 the principle whereby the Chairman and other members of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (maximum fixed + variable); the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.

In the event that compensation of this nature is paid, such compensation will be determined in principle in accordance with the AFEP-MEDEF Code.

In the event that a new Management Board member is appointed, that member may be compensated for loss in an amount not to exceed the fixed annual compensation. The general policy regarding special compensation approved by the shareholders will then apply.

Directors' fees

The Board has maintained the principle whereby no member of the Management Board receives directors' fees for any office held within a Group company.

Termination benefits for the members of the Management Board

Severance pay in the event of forced departure

At its meeting of October 10, 2014 and on the recommendations of the Appointments and Compensation Committee, the Supervisory Board approved the award by the Company to each of the members of the Management Board of termination benefits in the event of termination of their respective terms of office due to forced departure, with the understanding that the payment will not be due in the event of departure for negligence or if as at the date of forced departure the member concerned is eligible to claim retirement benefits in the short term.

The amount of benefits that may be due is capped at 18 months of gross fixed and variable compensation calculated based on the average compensation received during the two full years preceding the departure.

In addition, the payment of the benefits is subject to the achievement of performance conditions defined and measured based on two quantitative criteria tied to revenue and EBIT calculated over the 12 consecutive months preceding the date of the last half-year-end prior to departure. Performance is measured in relation to the targets approved by the Supervisory Board for the same period.

The benefits are subject to achievement conditions, such that no benefit is payable if no target is achieved, whereas if one target is achieved, two-thirds of the benefit is payable (i.e., 12 months of average fixed and variable compensation) and if both targets are achieved, the benefits are payable in full.

These commitments made to the members of the Management Board were authorized by the Supervisory Board at its meeting of October 10, 2014 on the recommendations of the Appointments and Compensation Committee, and were approved by the shareholders at the ordinary general meeting of June 24, 2015.

No sum was paid in 2017 in respect of these commitments.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders, in particular with regard to severance pay in the event of forced departure under the same conditions with regard to the amount.

Compensation relating to a non-compete clause

Considering the expertise acquired by each of the members of the Management Board, they are subject to a conditional non-compete commitment for a one-year period in the case of the Management Board Chairman and six months in the case of the other Management Board members. This commitment starts at the end of their term of office or employment contract and is intended to protect the Group's interests in the event of their departure.

If the Supervisory Board decides to implement said non-compete commitment it will result in the payment, during the entire period of the commitment, of non-compete benefits equal to 50% of the gross fixed and variable compensation received over the last full year prior to departure. The payment of these benefits is not subject to performance conditions.

If the severance payment in the event of forced departure mentioned above and non-compete payment were both to become payable, the total amount of compensation that may be received by each of the members of the Management Board (including compensation for the termination of their employment contract or any other compensation) will be capped at 24 months of compensation in accordance with the recommendations of the AFEP-MEDEF Code.

No sum was awarded in 2017 in respect of these commitments.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders, in particular with regard to compensation relating to the non-compete clause under the same conditions (amount, duration) as those set out above.

In view of the expiration in 2018 of the terms of office of Management Board members, at its meeting of March 6, 2018 the Supervisory Board, based on the recommendations of the Appointments and Compensation Committee, re-examined the forced departure arrangement and the non-compete commitment of the members of the Management Board and decided to renew the existing arrangement on the same basis.

Pursuant to legal provisions, and in connection with the reappointment of Management Board members, these commitments made in favor of the Management Board members will again be submitted for approval, based on a special report by the Statutory Auditors, at the general meeting of shareholders, since a new authorization is required for each reappointment. At its meeting of March 6, 2018, the Supervisory Board decided to submit this approval to the next general meeting scheduled for May 18, 2018 under specific resolutions per officer in question (see chapter 7, section 7.3 of this 2017 registration document).

Employment contracts of the members of the Management Board

With the exception of Xavier Martiré, the members of the Management Board combine an employment contract with their corporate office. Louis Guyot and Matthieu Lecharny have an employment contract with the Company for their respective positions as Chief Financial Officer and Chief Operating Officer.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders.

Xavier Martiré, Chairman of the Company's Management Board and previously President of the Company under its former structure as a French simplified limited liability company *(société par actions*

simplifiée), had a permanent employment contract which was suspended after his appointment as President of the Company under its former structure as a French simplified limited liability company. Xavier Martiré resigned from the Company on February 11, 2015 in accordance with the recommendations of the AFEP-MEDEF Code that the Company adopted after its IPO.

Benefits in kind

Within the framework of the general compensation policy for executive corporate officers, the Supervisory Board confirmed that each member of the Management Board is entitled to a company car which represents a benefit in kind.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders.

Supplementary retirement plans

No member of the Management Board benefits from a specific retirement plan beyond the plans legally required. Therefore, the Company did not reserve any specific amounts to pay pensions, retirement or other similar benefits to the members of the Management Board. As Company employees, Louis Guyot and Matthieu Lecharny benefit from the statutory retirement plan applicable to employees in France.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders.

Shareholder approval of the compensation policy for the Chairman and members of the Management Board

Pursuant to Article L. 225-82-2 of the French Commercial Code, the principles and criteria for determining, structuring and awarding the fixed, variable and non-recurring components of total compensation and benefits of any kind attributable to the Chairman and members of the Management Board commensurate with their office as described above will be submitted to the shareholders for approval. The resolutions relating to the compensation policy for the Chairman and members of the Management Board can be found in chapter 7, section 7.3 of this 2017 registration document.

4.1.2.2 Elements of fixed, variable and special compensation and benefits of any kind paid or awarded to executive corporate officers for financial year 2017

In 2017, the Supervisory Board ensured that the policy and principles that have governed the determination of the Management Board members' compensation were aligned with the Group's strategic priorities and tailored both to the Group's economic performance and to the personal performance of each Management Board member.

Since the Company's IPO, the compensation package of the Management Board Chairman and members comprises direct monetary compensation and long-term compensation in the form of a performance share grant entirely subject to performance conditions.

Note that no member of the Management Board received directors' fees in respect of any office held within the Elis Group.

Furthermore, all Management Board members are entitled to a compensation package in the event of termination of office.

Lastly, Management Board members were entitled to a company car in connection with their respective positions.

Monetary compensation of members of the Management Board for financial year 2017

Principles for determining monetary compensation

As a reminder, at its meeting of March 14, 2017, the Supervisory Board, on the recommendation of the Appointments and Compensation Committee, decided on the principles set out below for determining, structuring and awarding the compensation of Management Board members for financial year 2017 which had been approved by the shareholders at their general meeting of May 19, 2017 pursuant to the 12th resolution with regard to the Chairman of the Management Board, and the 13th resolution with regard to the other Management Board members.

Accordingly, the annual monetary compensation of the Chairman and members of the Management Board for financial year 2017 was as follows:

- **a fixed component** established on the basis of a study conducted in 2014 by a firm specializing in compensation analysis and based on a sectoral panel and SBF 120 companies. The 2017 fixed compensation of Management Board members was €550,000 for Xavier Martiré and €250,000 for the other members, unchanged since 2015;
- **a variable component** based on financial and non-financial criteria aligned with the Group's variable compensation policy and corresponding, in the case of the Chairman of the Management Board, to 100% of his fixed compensation and in the case of the Management Board members, to 40% of their fixed compensation. For each member of the Management Board, including the Chairman, this annual target-based variable compensation is determined on the basis of financial and non-financial indicators as presented below:

CHAIRMAN OF THE MANAGEMENT BOARD

- **Financial indicators common to all members of the Management Board:** (70% of variable compensation, or 70% of fixed compensation that can range from 0 to 140% in the event of outperformance): revenue versus budget (20%), EBIT vs budget (30%) and operating cash flow vs budget (20%). The level of achievement required for these targets was established in a precise manner in relation to the items corresponding to the budget;

- **Non-financial indicators:** (30% of variable compensation, which is the maximum, i.e., 30% of target-based fixed compensation) based on strategic and management criteria assessed qualitatively or quantitatively.

MEMBERS OF THE MANAGEMENT BOARD

- **Financial indicators common to all members of the Management Board:** (70% of variable compensation, or 28% of fixed compensation that can range from 0 to 56% in the event of outperformance): revenue versus budget (20%), EBIT vs budget (30%) and operating cash flow vs budget (20%). The level of achievement required for these targets was established in a precise manner in relation to the items corresponding to the budget;
- **Non-financial indicators:** (30% of variable compensation, which is the maximum, or 12% of target-based fixed compensation) based on strategic and management criteria specific to each Management Board member.

Achievement of the performance conditions related to the annual variable compensation of members of the Management Board for financial year 2017

At its meeting of March 6, 2018, the Supervisory Board reviewed the achievement of the performance conditions for the variable compensation of the Chairman of the Management Board and each Management Board member based on the principles outlined above, and decided that the level of achievement and satisfaction of the 2017 performance conditions for financial year 2017 was as follows:

FINANCIAL INDICATORS

Revenue (20% weighting): 130% achieved.

In 2017 the Group's revenue was up by 46.4% at €2,215 million. Restated for the acquisition of Berendsen, this performance exceeded budget, which itself was in line with the outlook communicated to the financial markets (€1.75 billion).

Organic growth was 2.4% for the full year, a good performance given the dynamics of the underlying markets and base effects:

- in France, organic growth stood at 1.4% in a still-challenging market (state of emergency, unemployment, growth lower than that of neighboring countries);
- in Europe, organic growth stood at 2.9%, despite significant base effects. In particular, performance continued to be buoyant in Spain and Portugal, well beyond the support provided by these growth markets in 2017;
- in Latin America, organic growth stood at 7.0%, which was an excellent performance given the sharp recession that is hitting Brazil and the base effect of invoicing related to the 2016 Olympic Games.

Meanwhile, external growth stood at 43.6%, reflecting the huge momentum generated by the acquisitions made in 2016 and 2017. Eleven acquisitions were integrated over a two-year period, representing revenue of approximately €2 billion for the full year. These acquisitions were perfectly aligned with the Group's strategic goals:

- business lines strictly within the Group's core business;
- and hit three targets:
  - small-scale platform consolidations: Germany, France, Brazil, Colombia,
  - pivotal transactions in an individual country: Lavebras (Brazil) and Indusal (Spain),
  - strategic and transformative transactions: Berendsen.

EBIT (30% weighting): 193% achieved.

In 2017 the Group's EBIT stood at €299 million or 13.5% of revenue. Restated for the acquisition of Berendsen, this performance exceeded budget, which itself was in line with the outlook communicated to the market at the beginning of the year. It reflected three major productivity efforts:

- in terms of operating expenses, the Group continued to achieve productivity gains and improve its EBITDA margins in all its geographical regions, including France, which posted EBITDA of 35%;
- the integration of Indusal in Spain and Lavebras in Brazil were in line with the business plan, while announced synergies were slightly ahead of schedule;
- in the area of linen procurement, the action plan pursued involved greater discipline in terms of order placement justification, which kept linen investment at a satisfactory level, despite the pick-up of hotel business in most markets, and had an immediate impact on depreciation expenses.

Operating cash flow (20% weighting): 200% achieved.

In 2017 the Group's current operating cash flow was €103 million. This indicator measures cash flow after capex, changes in WCR and taxes, but before interest. Restated for the acquisition of Berendsen, this performance exceeded budget, which itself was in line with market consensus.

In addition to its good performance on EBIDTA and linen investment as described above, the Group stepped up its control over:

- plant and machinery (Elis consolidation scope), which remained in line with the usual ratio despite some major projects under way (new plant in Aix-les-Bains delivered in September 2017, new plant in Lisbon that will be delivered in 2018, and new plant in Barcelona that will also be delivered in 2018);
- changes in WCR, with more control over customer payment terms, among other things, despite an unfavorable schedule for year-end receipts (Saturday, December 30).

NON-FINANCIAL INDICATORS

Type of target	Respective weighting	Achievement level	Justification
Xavier Martiré, Chairman of the Management Board			
Integration of Indusal	6%	6%	The company was integrated in 2017 as planned: headquarters were merged and the new operational and business structure was set up speedily. Synergies were rolled out in accordance with the business plan: four sites were shut down, logistics were reorganized and textile ranges were consolidated. Risk control was stepped up through the introduction of a compliance program.
Integration of Lavebras	6%	6%	Following its acquisition at the end of May 2017, Lavebras was integrated at the end of 2017 in accordance with the established plan. Headquarters were merged and the new operating and business structure was quickly set up. Synergies were rolled out in accordance with the business plan, with the closure of four sites, reorganized logistics and centralized procurement. Risk control was stepped up through the introduction of a compliance program.
Customer satisfaction	6%	5%	The creation of the Customer Experience Department led to the roll-out of tools for measuring customer satisfaction. The results were highly satisfactory, with a satisfaction rate close to 87% in 2017.
Improvement in cash flow generation	6%	6%	In the Board's view, the Group has implemented structural measures to improve cash generation, especially: – improved EBITDA; – control over plant and machinery; – the linen program, which exercises firm control over reasons for placing orders; and – procedures for customer collections.
Acceleration in innovation and in the search for growth drivers	6%	4%	In 2017 the Group pursued a number of initiatives in the area of innovation: – products: RFID pilot programs with hotel customers in Paris, connected hygiene appliances, new hand dryer; or – offers: offers to private individuals through OnMyWay; partnership with Accor Hotels.
Louis Guyot, member of the Management Board			
Quality of financial communications	10%	10%	The resources and results in terms of financial communication were outstanding in 2017: – 14 analysts now cover the Group's stock, which is six more than during the IPO. All had given it a 'buy' rating at December 31, 2017; – more than 450 investors were met at roadshows or forums; – feedback points to the high quality of management's communications; – the share price outperformed the SBF120 by 32% despite the dividend paid. Furthermore, in 2017 Louis Guyot was awarded the bronze medal in the Best Investor Relations Awards (CFO category), and the silver medal in the Leaders in Finance Awards (services sector). Euronext awarded Elis the finance transaction of the year award.
Improvement in risk control	10%	8%	At its meeting of November 22, 2017, the Audit Committee noted a marked improvement in risk control; internal control is now incorporated into the Group's culture and action plans are in place. In particular, the Group rolled out its compliance program in all sensitive countries and set up prevention procedures provided for in the Sapin 2 Law.
Improvement in cash flow generation	10%	9%	In the Board's view, the Group has implemented structural measures to improve cash generation, especially: – improved EBITDA; – control over plant and machinery; – the linen program, which exercises firm control over reasons for placing orders; and – procedures for customer collections.

Type of target	Respective weighting	Achievement level	Justification
Matthieu Lecharny, member of the Management Board			
Integration of Indusal	10%	9%	The company was integrated in 2017 as planned: headquarters were merged and the new operational and business structure was set up speedily. Synergies were rolled out in accordance with the business plan: four sites were shut down, logistics were reorganized and textile ranges were consolidated. Risk control was stepped up through the introduction of a compliance program.
Integration of Lavebras	10%	9%	Following its acquisition at the end of May 2017, Lavebras was integrated at the end of 2017 in accordance with the established plan. Headquarters were merged and the new operating and business structure was quickly set up. Synergies were rolled out in accordance with the business plan, with the closure of four sites, reorganized logistics and centralized procurement. Risk control was stepped up through the introduction of a compliance program.
Strong sales momentum in France	10%	6%	Central-eastern and south-western regions showed growth rates in line with French growth. Sales were brisk, particularly in flat linen and workwear, which offset the previous year's losses.

- For **Xavier Martiré,** Chairman of the Management Board, the targets achieved for financial year 2017 based on financial indicators was 123.9% of fixed compensation, and those achieved based on non-financial indicators was 27% of fixed compensation, giving a variable compensation level equal to 150.9% of fixed compensation, corresponding to variable compensation of €829,846.
- For **Louis Guyot,** member of the Management Board, the targets achieved for financial year 2017 based on financial indicators was 49.6% of fixed compensation, and those achieved based on non-financial indicators was 10.8% of fixed compensation, giving a variable compensation level equal to 60.4% of fixed compensation, corresponding to variable compensation of €150,881.
- For **Matthieu Lecharny,** member of the Management Board, the targets achieved for financial year 2017 based on financial indicators was 49.6% of fixed compensation, and those achieved based on non-financial indicators was 9.6% of fixed compensation, giving a variable compensation level equal to 59.2% of fixed compensation, corresponding to variable compensation of €147,881.

The amount of the variable compensation for financial year 2017 of each of the members of the Management Board is provided in Table 2 below in section 4.1.2.5, "Summary tables of corporate officers' compensation for 2017."

Bonus related to the Berendsen Acquisition

As a reminder, as part of the vote on the compensation policy for executive corporate officers, the general meeting of May 19, 2017 authorized the payment under certain circumstances of a bonus not to exceed the maximum amount of annual monetary compensation (maximum fixed + variable), the Supervisory Board decided at its meeting of December 14, 2017, that given the decisive nature of the Berendsen Acquisition in the Group's strategy, it would mark the exceptional quality of the transaction's execution by awarding a bonus to the Chairman of the Management Board and to Louis Guyot equal to their fixed compensation for financial year 2017, namely €550,000 for Xavier Martiré and €250,000 for Louis Guyot.

Long-term equity-based compensation

Long-term equity-based compensation awarded to members of the Management Board in 2017

In accordance with the authorization granted by the general meeting of May 27, 2016 under its 22nd resolution and by the Supervisory Board of March 24, 2017, a new performance share plan was implemented in the first half of 2017, on the recommendation of the Appointments and Compensation Committee. The plan reflects the new provisions of the Macron Law of August 6, 2015.

Accordingly, on March 24, 2017, a total of 100,000 performance shares were granted to Xavier Martiré in his capacity as Chairman of the Management Board, and 23,350 performance shares were granted to the other two Board members, namely Louis Guyot and Matthieu Lecharny, in their respective capacities as Chief Financial Officer and Chief Operating Officer. This grant was part of an overall plan benefiting more than 230 senior managers and executives, for a total of 577,050 shares (representing 0.41% of the Company's share capital on the date of the grant decision, of which, 0.10% is for the members of the Management Board).

The characteristics of the Management Board's performance share plan of March 24, 2017 are as follows:

- Performance shares will not vest until the end of a minimum vesting period of three years and will be subject to the following terms and conditions:
  - condition of employment in the Group for the entire vesting period as from the grant date (except under special circumstances);
  - economic and share-price performance conditions assessed over several year: the determination of the definitive number of vesting shares at the end of the vesting period will be assessed at the end of a performance period of two years (i.e., at the end of financial year 2019) for 66% of performance shares granted, and at the end of a performance period of three years (i.e., at the end of financial year 2020) for 34% of performance shares granted;
  - performance conditions are defined with reference to three economic criteria linked to consolidated revenue, consolidated EBIT and stock market performance, the latter being assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared with that of the SBF 120.

    As the first two criteria are related to revenue and EBIT forecasts in the business plan, they cannot be made public for confidentiality reasons. However, they are in line with market expectations. The number of shares that will vest will be communicated at the end of the performance assessment period.
- The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest.

  On this basis, the beneficiaries will acquire 20% of granted shares if one target is achieved, 50% if two targets are achieved and 100% if all three targets are achieved.
- There is no lock-up period under this plan, but each Management Board member is required to retain their shares until such time as they step down from their duties, according to the terms described below (unchanged from 2017):
  - for the Chairman of the Management Board, one-third of the shares vested to be retained until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation;
  - for the other members, one-third of the shares vested to be retained until their Company share portfolios reach a value representing two times the amount of their annual fixed compensation.

The valuation of the free performance shares and the method used for that valuation are presented in Summary Table 1 "Summary of the compensation, options and shares granted to Management Board members' in financial years 2016 and 2017," section 4.1.2.5 of this registration document.

Performance share plans whose assessment period ended in 2017

None.

Long-term equity-based compensation received by the members of the Management Board in 2017

At its meeting of March 14, 2017, the Supervisory Board examined the performance attached to the performance share plan implemented on April 7, 2015, under the 21st resolution of the general meeting of shareholders of October 8, 2014, and of the Supervisory Board meetings of January 26 and April 3, 2015, the assessment period of which had ended on December 31, 2016. Note that the implementation of this plan was conditional on the successful listing of the Company's shares on the Euronext Paris regulated market.

Under the plan's terms and conditions, the performance shares granted on April 7, 2015 to the members of the Management Board are subject to the achievement of conditions of continued employment and performance defined based on three criteria linked to consolidated revenue, consolidated EBIT and the Company's share price performance relative to the SBF 120 index as established at the end of 2016. Achievement of each of the targets is binary such that 20% of the shares granted will vest if one of the criteria is achieved, 50% if two targets are achieved, and 100% if all three targets are achieved. No share will vest if none of the three criteria is achieved.

It should be noted that the number of rights granted to all beneficiaries of the plan approved by the Management Board on April 7, 2015 was subject to an adjustment related to maintaining beneficiaries' rights under the issue of new shares with preferential subscription rights carried out in February 2017, said share issue having had a dilutive effect on the share's value following the removal of the preferential subscription rights. This adjustment was made by transposing the rules on stock options provided for in paragraph 1, Article R. 228-91 of the French Commercial Code.

Accordingly, in accordance with the aforementioned provisions, the new bases for granting rights associated with performance shares were recalculated to take into account the relationship between first, the value of the preferential subscription rights, and second, the value of the share after removal of preferential subscription rights, as reflected in the average of the opening share prices at all market trading sessions during the capital increase subscription period.

At its meeting of March 14, 2017, the Supervisory Board noted that two of the three criteria had been achieved: revenue, which stood at €1,512.8 million, and TSR (total shareholder return), which outperformed the SBF 120 (+39% versus +4%).

However, the EBIT criterion was not achieved (€214.5 million) and therefore counted for zero. In accordance with the vesting rules, on March 14, 2017 the Supervisory Board decided that the number of shares that vested on April 7, 2017 for each Management Board member was equal to 50% of the adjusted grant, namely:

Performance share plan	Xavier Martiré	Louis Guyot	Matthieu Lecharny
Number of performance shares initially granted [(a)]	104,108 [(a)]	13,253 [(a)]	13,253 [(a)]
Number of performance shares granted after rights adjustment	110,504 [(a) (b)]	14,068 [(a) (b)]	14,068 [(a) (b)]
Number of performance shares vested on April 7, 2017 in application of the performance conditions	55,252	7,034	7,034
Percentage of shares vested on April 7, 2017 compared with the number of performance shares granted on April 7, 2017 as adjusted	50%	50%	50%

(a) Number corresponding to a target performance with 100% of targets achieved.
(b) After the €325-million capital increase, the necessary adjustments were made such that beneficiaries' rights to outstanding performance shares as at January 20, 2017 will be maintained in accordance with applicable laws and regulations and the performance share plan rules. This information was published in the French Bulletin of Mandatory Legal Announcements (BALO) on January 20, 2017.

Benefits in kind

Each member of the Management Board is entitled to a company car which represents an in-kind benefit amounting to a total of €13,520 for financial year 2017. The amount represented by this benefit in kind for financial year 2017 for each Management Board member is shown in Table 2, "Compensation due and paid to the members of the Management Board," in chapter 4, section 4.1.2.5 of this registration document.

Under the compensation policy for Management Board members, at its meeting of March 6, 2018 the Supervisory Board agreed to maintain the principle of this benefit in kind.

Summary table of commitments made to the members of the Management Board

(TABLE 10 – AFEP-MEDEF CODE & TABLE 11 – AMF)

Members of the Management Board	Employment contract		Supplementary retirement plan [(f)]		Benefits due or potentially due on termination or change of role		Non-compete benefits [(e)]	
	Yes	No	Yes	No	Yes	No	Yes	No
Xavier Martiré Chairman of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018		● [(a)]		●	● [(b)]		●	
Louis Guyot Member of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018	● [(c)]			●	● [(b)]		●	
Matthieu Lecharny Member of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018	● [(d)]			●	● [(b)]		●	

(a) In accordance with the provisions of the AFEP-MEDEF Code that the Company adopted after its initial public offering, Xavier Martiré resigned from his roles on February 11, 2015 and no longer has an employment contract with the Company.
(b) The commitments made by the Company to Xavier Martiré, Louis Guyot and Matthieu Lecharny because of termination or change in roles are detailed in this chapter 4 and are described in the Company's Statutory Auditors' special report incorporated in this chapter, section 4.2 of the 2017 registration document.
(c) Louis Guyot has an employment contract with Elis.
(d) Matthieu Lecharny has an employment contract with Elis.
(e) The compensation due or likely to be due by the Company for the non-compete commitment made by Xavier Martiré, Louis Guyot and Matthieu Lecharny, members of the Management Board, is detailed above in this chapter, and described in the special report of the Statutory Auditors, incorporated in this chapter, section 4.2 of the 2017 registration document.
(f) No member of the Management Board benefits from a supplementary retirement plan.

Shareholder approval of the elements of compensation and benefits of any kind paid or awarded to members of the Management Board

Pursuant to the provisions of Article L. 225-100 II of the French Commercial Code, the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to the Chairman and members of the Management Board will be submitted for shareholder approval at the general shareholders' meeting convened for May 18, 2018 as part of the *ex post* vote introduced by the Sapin 2 Law. The corresponding resolutions for each member of the Management Board are presented in chapter 7, section 7.3 of this 2017 registration document.

It should be noted that the payment of both the variable monetary compensation and bonus for the Berendsen Acquisition is subject to the shareholders approving said elements of compensation.

4.1.2.3 Compensation policy for non-executive corporate officers

The Company's general meeting of shareholders of May 27, 2015 set the annual overall budget for Directors' fees to be allocated to members of the Supervisory Board and its committees at €500,000.

The rules governing the allocation of Directors' fees are reviewed at the beginning of each year by the Supervisory Board. These rules are based on an allocation formula including fixed compensation component and a variable compensation component linked to the level of attendance at the Supervisory Board meetings and the special committee meetings, in accordance with the recommendations of the AFEP-MEDEF Code; this mechanism applies to all members of the Supervisory Board.

In 2017 the Board commissioned a study on the positioning of the compensation of Supervisory Board members in relation to companies of comparable size. The study, carried out by Mercer, compared the Company's policy for allocating Directors' fees with market practices. As the results of this study showed that the compensation level of the members of the Company's Supervisory Board was slightly below market, the Supervisory Board decided on the following changes to the fixed and variable compensation of Supervisory Board members for 2018, the compensation of members of the Audit Committee and the Appointments and Remuneration Committee remaining unchanged compared to the previous financial year:

- Chairman and members of the Supervisory Board:
  - fixed compensation of the Chairman of the Supervisory Board: €36,000 (vs. €30,000),
  - fixed compensation of the members of the Supervisory Board: €18,000 (vs. €15,000),
  - variable compensation linked to meeting attendance: €3,600/ meeting (vs. €3,000) and €1,800 for meetings held by conference call (vs. €1,500);
- Chairman and members of the Audit Committee and of the Appointments and Compensation Committee:
  - variable compensation: €2,000 per member for effective attendance at an Audit Committee meeting,
  - variable compensation: an additional €1,000 for the Chairman for actual attendance at a meeting.

As the fixed component of Directors' fees is allocated on an annual basis, the amount allocated to each of the members is calculated on a *pro rata* basis in the event of appointment or termination for any reason of the term of office of a Supervisory Board member during the financial year.

Shareholder approval of the compensation policy for members of the Supervisory Board

Pursuant to Article L. 225-82-2 of the French Commercial Code, the compensation policy for Supervisory Board members described above will be submitted for shareholder approval at the general shareholders' meeting of May 18, 2018. The shareholders will also be asked at that meeting to increase the annual overall budget of Directors' fees to €600,000. The resolution relating to the compensation policy for Supervisory Board members and the resolution relating to the adjustment of the total budget for directors' fees are presented in chapter 7 of this document.

4.1.2.4 Compensation components due or awarded to non-executive corporate officers for financial year 2017

Based on the recommendations of the Appointments and Compensation Committee, at its meeting of March 14, 2017 the Supervisory Board renewed the rules for allocating Directors' fees in 2017 to its members and those of its committees on the same terms as had been set in 2015 and applied in financial year 2016. It should also be noted that the compensation policy for the Chairman and members of the Supervisory Board was approved by the shareholders at their general meeting of May 19, 2017 in application of the Sapin 2 Law and pursuant to the 10th resolution in respect of the Chairman of the Supervisory Board, and the 11th resolution in respect of the members of the Supervisory Board.

The annual overall budget of €500,000 financial year 2017 was therefore divided among the members according to the following rules:

- Chairman and members of the Supervisory Board:
  - fixed compensation: €15,000 for each member of the Supervisory Board,
  - fixed compensation: an additional €15,000 for the Chairman of the Supervisory Board,
  - variable compensation: €3,000 per member for effective attendance at a Board meeting, reduced by 50% for attendance at a meeting via conference call;
- members of the Audit Committee and of the Appointments and Compensation Committee:
  - variable compensation: €2,000 per member for effective attendance at a meeting, reduced by 50% for attendance at a meeting via conference call,
  - variable compensation: an additional €1,000 for the Chairman of each committee for actual attendance.

On this basis, the total gross amount of Directors' fees for financial year 2017 amounted to €479,500, up from the previous financial year, due to a greater number of Board meetings in 2017 and the appointment of an additional member.

Details of the sums due to each of the members of the Supervisory Board for financial year 2017 are presented below in Table 3, "Directors' fees and other compensation granted to members of the Supervisory Board," in section 4.1.2.5, "Summary tables of corporate officers' compensation for 2017" of this registration document.

Current members of the Supervisory Board do not hold options or financial instruments giving access to the Company's share capital. Furthermore, there are no other commitments made by the Company to members of the Supervisory Board, corresponding to elements of compensation, or benefits due or potentially due on termination or change of role.

Shareholder approval of the fixed, variable and special elements of compensation and benefits of any kind paid or awarded to the Chairman of the Supervisory Board

Pursuant to the provisions of Article L. 225-100 II of the French Commercial Code, the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to the Chairman of the Supervisory Board for financial year 2017 will be submitted for shareholder approval at the general shareholders' meeting convened for May 18, 2018 as part of the *ex post* vote introduced by the Sapin 2 Law. The corresponding resolution is presented in chapter 7, section 7.3 of this registration document.

4.1.2.5 Summary tables of corporate officers' compensation for 2017

Table 1: Summary of the compensation, options and shares granted to Management Board members in financial years 2016 and 2017

The following table presents a summary of the compensation and performance shares granted to Xavier Martiré, Louis Guyot and Matthieu Lecharny for the financial years ended December 31, 2016 and 2017:

(in euros)	Financial year ended December 31, 2017	Financial year ended December 31, 2016
Xavier Martiré, Chairman of the Management Board		
Compensation due for the financial year [a]	1,937,112	1,364,996
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares [b] [c]	1,503,808	2,827,647
TOTAL	**3,440,920**	**4,192,643**
Louis Guyot, member of the management board		
Compensation due for the financial year [a]	673,443	417,732
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares [b] [c]	342,241	491,363
TOTAL	**1,015,684**	**909,095**
Matthieu Lecharny, member of the Management Board		
Compensation due for the financial year [a]	420,802	418,091
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares [b] [c]	342,241	491,363
TOTAL	**763,043**	**909,454**

(a) Compensation due, i.e., after application of the achievement condition to the basis of variable compensation. The variable compensation of the members of the Management Board is established based on the following criteria: financial indicators counting for 70% and non-financial indicators counting for 30%. The achievement of the performance criteria corresponding to the targets set for variable compensation for 2017, approved by the Supervisory Board on March 6, 2018, is 150.9% of fixed compensation for Xavier Martiré, 60.4% of fixed compensation for Louis Guyot, and 59.2% of fixed compensation for Matthieu Lecharny.

(b) All of the performance shares granted in 2017 to the members of the Management Board are subject to conditions of continued employment and performance defined based on three criteria linked to consolidated revenue, consolidated EBIT and the Company's share price performance relative to the SBF 120 index. Table 6 below, as well as Notes 5.4 and 5.2 to the 2017 consolidated financial statements and 2017 parent company financial statements respectively, included in chapter 6, "Financial statements for the year ended December 31, 2017," of this 2017 registration document and section 4.1.2.2 of this report on corporate governance, detail the rules of the performance share plans granted in 2017 to members of the Management Board.

(c) The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.

Table 2: Compensation due and paid to the members of the Management Board

	Financial year ended December 31, 2017		Financial year ended December 31, 2016	
(in euros)	**Amount due (1)**	**Amount paid (2)**	**Amount due (1)**	**Amount paid (2)**
Xavier Martiré, Chairman of the Management Board				
Fixed compensation	550,000 (a)	550,000	550,000 (a)	500,000
Annual variable compensation	829,846 (b)	809,160 (d)	809,160 (d)	420,803 (e)
Multi-year variable compensation	0	0	0	0
Compensation linked to the Berendsen Acquisition	550,000 (e)	0	0	0
Directors' fees	0	0	0	0
Benefits in kind (c)	7,266	7,266	5,836	5,836 (d)
TOTAL	**1,937,112**	**1,366,426**	**1,364,996**	**976,639**
Louis Guyot, member of the Management Board				
Fixed compensation	250,000 (a)	250,000	250,000 (a)	250,000
Annual variable compensation	170,495 (b) (g)	164,928 (d)	164,928 (d)	76,510 (f)
Multi-year variable compensation	0	0	0	0
Compensation linked to the Berendsen Acquisition	250,000 (e)	0	0	0
Directors' fees	0	0	0	0
Benefits in kind (c)	2,948	2,948	2,804	2,804
TOTAL	**673,443**	**417,876**	**417,732**	**329,314**
Matthieu Lecharny, member of the Management Board				
Fixed compensation	250,000 (a)	250,000	250,000 (a)	250,000
Annual variable compensation (2)	167,495 (b) (g)	164,928 (d)	164,928 (d)	79,510 (f)
Multi-year variable compensation	0	0	0	0
Special compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind (c)	3,307	3,307	3,163	3,163
TOTAL	**420,802**	**418,235**	**418,091**	**332,673**

(1) Fixed compensation due to the members of the Management Board during the relevant financial year.

(2) Total compensation paid during the financial year, i.e., after application of the achievement condition to the basis of variable compensation.

(a) The fixed compensation of Xavier Martiré, Louis Guyot and Matthieu Lecharny for 2016 and 2017 has been determined based on the market practices of international listed companies. This compensation applies to both financial years 2016 and 2017.

(b) The variable compensation for financial year 2017 for each member of the Management Board is based on ambitious targets and pre-defined performance criteria, including quantitative criteria counting for 70% and qualitative criteria counting for 30%, which were set by the Supervisory Board on March 14, 2017 based on the advice of the Appointments and Compensation Committee. The achievement condition corresponding to 2017 targets approved by the Supervisory Board on March 6, 2018 is 150.9% of fixed compensation for Xavier Martiré, Chairman of the Management Board, 60.4% of fixed compensation for Louis Guyot, and 59.2% of fixed compensation for Matthieu Lecharny.

(c) The benefits in kind are measured for individual members and correspond to a company car made available to each of the members of the Management Board.

(d) In 2017, Xavier Martiré received an annual target-based variable compensation of €809,160 for financial year 2016. Louis Guyot received an annual target-based variable compensation of €145,620 for financial year 2016. Louis Guyot also received profit-sharing compensation of €19,308 as an employee of Elis Services. Matthieu Lecharny received an annual target-based variable compensation of €145,620 for 2016. He also received profit-sharing compensation of €19,308 as an employee of Elis Services.

(e) In accordance with the 2017 compensation policy, as described in the report of the Supervisory Board included in section 4.5 of the 2016 registration document, the Supervisory Board has defined the principle whereby a bonus will be paid to Xavier Martiré and Louis Guyot to mark the exceptional quality of execution of the transaction whose success was a critical step in the Group's strategy.

(f) In 2016, Xavier Martiré received an annual target-based variable compensation of €420,803 for financial year 2015. Louis Guyot received an annual target-based variable compensation of €79,510 for financial year 2015. Matthieu Lecharny received an annual target-based variable compensation of €79,510 for financial year 2015.

(g) Amount includes the payment of profit-sharing compensation for financial year 2017 amounting to €19,614 in respect of their positions as Elis's employees.

Table 3: Directors' fees and other compensation granted to members of the Supervisory Board

The table below shows the gross amount (before social security contributions of 17.2% and withholding tax of 12.8% as a tax installment payment) of Directors' fees and other types of compensation due by the Company to members of the Supervisory Board and its committees for the years ended December 31, 2016 and 2017, respectively, calculated in accordance with the rules indicated above:

Non-executive corporate officers	Gross amount in euros due for financial year ended December 31, 2017	Gross amount in euros due for financial year ended December 31, 2016
Philippe Audouin – Member of the Supervisory Board and the Audit Committee [a]		
Directors' fees	40,500	38,500
Other compensation		–
Michel Datchary – Member of the Supervisory Board and Chairman of the Appointments and Compensation Committee		
Directors' fees	55,500	49,500
Other compensation		–
Marc Frappier – Vice-Chairman of the Supervisory Board and member of the Appointments and Compensation Committee		
Directors' fees	50,500	46,000
Other compensation		
Virginie Morgon – Member of the Supervisory Board [b]		
Directors' fees	–	25,500
Other compensation	–	–
Thierry Morin – Chairman of the Supervisory Board and member of the Audit Committee		
Directors' fees	68,000	62,000
Other compensation		–
Florence Noblot – Member of the Supervisory Board and the Appointments and Compensation Committee		
Directors' fees	47,500	46,000
Other compensation		–
Agnès Pannier-Runacher – Member of the Supervisory Board and Chairman of the Audit Committee		
Directors' fees	57,500	51,000
Other compensation		–
Eric Schaefer [c] – Member of the Supervisory Board		
Directors' fees	–	18,000
Other compensation	–	–
Philippe Delleur – Member of the Supervisory Board		
Directors' fees	43,500	33,000
Other compensation		
Maxime de Bentzmann – Member of the Supervisory Board [d]		
Directors' fees	42,000	36,000
Other compensation		
Magali Chessé – Member of the Supervisory Board and Audit Committee [e]		
Directors' fees	51,000	25,000
Other compensation		-
Anne-Laure Commault – Member of the Supervisory Board [f]		
Directors' fees	24,000	-
Other compensation		-
TOTAL DIRECTORS' FEES	479,500	430,500
TOTAL OTHER COMPENSATION	0	0
TOTAL	**479,500**	**430,500**

(a) Philippe Audouin resigned from his role as member of the Supervisory Board on December 14, 2017.
(b) Virginie Morgon resigned from her role as member of the Supervisory Board on June 1, 2016.
(c) Eric Schaefer resigned from his role as member of the Supervisory Board on March 9, 2016.
(d) Co-opted by the Supervisory Board at its meeting of March 9, 2016.
(e) Co-opted by the Supervisory Board at its meeting of June 1, 2016.
(f) Appointed by the general meeting of shareholders of May 19, 2017.

The amounts indicated in the above table constitute the only compensation due by the Company to the members of the Supervisory Board and its committees for financial years 2016 and 2017.

Table 4: Stock options granted in 2017 to each member of the Company's Management Board by the Company or any Group company

No stock options were granted to the members of the Management Board in 2017.

The members of the Supervisory Board held no stock options.

Table 5: Stock options exercised in 2017 by each member of the Management Board

None.

Table 6: Bonus shares granted to each corporate officer in financial year 2017

Name of executive corporate officer	Plan No. and date of grant	Number of shares awarded during financial year 2017	Valuew of performance shares based on the method used for consolidated financial statements [(a)] (in euros)	Vesting date [(b) (e)]	Availability date [(c)]	Performance conditions
Xavier Martiré Chairman of the Management Board	Plan No 6 March 24, 2017	100,000, i.e., 0.04% of the share capital [(d)]	1,503,808	March 24, 2020	March 24, 2020	[(d)]
Louis Guyot Member of the Management Board	Plan No 6 March 24, 2017	23,350, i.e., 0.01% of the share capital [(d)]	342,241	March 24, 2020	March 24, 2020	[(d)]
Matthieu Lecharny Member of the Management Board	Plan No 6 March 24, 2017	23,350, i.e., 0.01% of the share capital [(d)]	342,241	March 24, 2020	March 24, 2020	[(d)]
TOTAL		**146,700, I.E., 0.06% OF THE SHARE CAPITAL [(d)]**				

(a) The value of the free performance shares is equal to that used to prepare the consolidated financial statements as at December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.

(b) The free performance shares vest at the end of a period of three years starting from the grant date (vesting period) under the combined conditions of continued employment and achievement of performance targets.

(c) At the end of the vesting period, the shares are immediately transferable, although Management Board members are still subject to the obligation to retain shares for the duration of their term of office.

(d) On the basis of the share capital as at December 31, 2017.

(e) The vesting of performance shares by the members of the Executive Committee (including the members of the Management Board) will be definitive at the end of a vesting period of three years from their grant date. The vesting is subject to a continued employment condition and to the achievement of performance targets, the latter being defined based on three quantitative criteria linked to consolidated revenue, consolidated EBIT and the Company's share price performance relative to the SBF 120 index. The number of shares that will vest at the end of the vesting period will be determined over a two-year performance period (financial years 2017 and 2018) for 66% of the performance shares granted, and at the end of a three-year performance period (financial years 2017, 2018 and 2019) for 34% of the performance shares granted. The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. On this basis, the beneficiaries will acquire 20% of performance shares granted if one target is achieved, 50% if two targets are achieved and 100% if all three targets are achieved. As the criteria are related to revenue and EBIT forecast in the business plan, they cannot be made public for confidentiality reasons.

Table 7: Bonus shares granted that became available in 2017 for each member of the Management Board

No bonus shares granted under the 2015, 2016 and 2017 plans became available in 2017.

Table 8: History of grants of stock options and other financial instruments giving access to the Company's share capital subscribed for by the members of the Management Board

No stock options were granted over the past five financial years.

As of the date of this registration document, all share purchase warrants issued on October 4, 2007 by the Company for members of the Management Board had been exercised as part of the reorganization transactions preceding the listing of the Company's shares on the Euronext Paris stock market, which are described in chapter 8 "Information about the Company and its capital" of this registration document.

No member of the Supervisory Board held share subscription warrants.

Table 9: Stock options granted to the top ten employees who are not corporate officers and options exercised thereby

In 2017, no stock options were granted to employees who were not corporate officers and no financial instruments were issued for the top ten employees.

Table 10: History of bonus share grants

The Company granted performance shares in the financial years ended December 31, 2010, 2011, 2015, 2016 and 2017.

As the vesting conditions for the performance shares granted in 2010 and 2011 as provided for under the plan rules governing these grants were not met, no performance shares granted under said plan rules vested and the plans became null and void in 2014.

Details of the performance shares granted in 2015, 2016 and 2017 are included in Note 5.4 of the appendix to the Group's 2017 consolidated financial statements and in Note 5.2 to the parent company financial statements for the year ended December 31, 2017, which are included in chapter 6, "Financial statements for the year ended December 31, 2017," of this registration document.

No bonus shares were granted to the members of the Supervisory Board.

Compensation paid by controlled companies or the company that controls the Company within the meaning of Article L. 233-16 of the French Commercial Code

No executive corporate officer or member of the Company's Supervisory Board received compensation of any kind from companies controlled by the Company. During the financial year ended December 31, 2017, the Company was not exclusively controlled by an entity within the meaning of Article L. 233-16 of the French Commercial Code.

4.1.3 SHAREHOLDER ATTENDANCE AT GENERAL MEETINGS

Pursuant to the provisions of Article L. 225-37-4, paragraph 9, the terms and conditions for shareholders' attendance at general meetings as set out in Articles 23 and 24 of the Company's articles of incorporation, updated on December 21, 2017, are described below.

Shareholders' meetings are called and pass resolutions as provided by law. Meetings are held either at the registered office or at another location stated in the notice of meeting. Shareholders must prove they have the right to attend the Company's general meetings as provided by law.

All shareholders may participate in meetings either personally or by proxy. They may also participate in any meeting by voting by mail on the terms provided by the statutory and regulatory provisions in force.

The Management Board has the right to authorize proxy and vote-by-mail forms to be sent to the Company by remote transmission (including electronic means) on the statutory and regulatory terms in force.

When used, electronic signatures may take the form of a process that satisfies the terms defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. Upon a decision of the Management Board to use such telecommunications means, published in the notice of meeting or in the notice of call to meeting, shareholders who participate in the meeting by video conference or by telecommunications means permitting to identify them on the terms provided by the regulations in force are deemed to be present for the calculation of the quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by the Vice-Chairman. Failing this, the meeting elects its own Chairman.

Meetings minutes are prepared and copies or extracts thereof are certified and issued pursuant to the law.

4.1.4 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, the Company must disclose and, if necessary, explain the factors likely to have an impact in the event of a public offering. These factors are presented in chapter 8, section 8.5.10 of this registration document.

4.1.5 SUMMARY TABLE OF CAPITAL INCREASE-RELATED DELEGATIONS OF AUTHORITY AND POWERS

Pursuant to Article L. 225-37-4, paragraph 3 of the French Commercial Code, the table below summarizes all authorizations and delegations of authority granted to the Management Board in effect at December 31, 2017, including delegations and authorizations to increase capital pursuant to Articles L. 225-129 and L. 225-129-2 of the French Commercial Code, and the use made of these delegations and authorizations in 2017:

Type of delegation or authorization granted to the Management Board by the general meeting	Maximum amount authorized *(in euros)*	Authorization date	Expiration date	Duration of the authorization	Use in 2017/2018
Capital increase through the issue of shares and/or any other securities giving access to the Company's share capital					
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital, **with preferential subscription rights**	70 million [(a)]	May 19, 2017	July 19, 2019	26 months	Feb. 13, 2017
Capital increase through the capitalization of reserves, profits or share, merger or contribution premium or other additional paid-in capital	130 million	May 27, 2016	July 27, 2018	26 months	April 7, 2017 Dec. 21, 2017
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital, **without preferential subscription rights, under a public exchange offer**	14 million [(b) (c)]	May 19, 2017	July 19, 2019	26 months	–
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital **without preferential subscription rights, as part of an offering covered by section II of Article L. 411-2 of the French Monetary and Financial Code** [(f)]	5% of the Company's share capital as at the date of the transaction per 12-month period [(c) (d)]	May 19, 2017	July 19, 2019	26 months	Oct. 13, 2017
Authorization, in the event of an issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital without preferential subscription rights, **to set the issue price** [(g)]	10% of the Company's share capital as at the date of the transaction per 12-month period	May 19, 2017	July 19, 2019	26 months	–
Capital increase through the issue of shares and/or securities giving access, immediately or in the future, to the share capital, **in consideration for contributions in kind** granted to the Company	10% of the Company's share capital at the time of the issue	May 27, 2016	July 27, 2018	26 months	–
Increase in the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights	15% of the initial issue	May 19, 2017	July 19, 2019	26 months	–

Type of delegation or authorization granted to the Management Board by the general meeting	Maximum amount authorized *(in euros)*	Authorization date	Expiration date	Duration of the authorization	Use in 2017/2018
Share buyback program					
Share buyback	10% of the Company's share capital Maximum purchase price per share: €30 Maximum purchase amount: 350 million	May 19, 2017	Nov. 19, 2018	18 months	**Use excluding liquidity contract:** Purchase of 53,000 shares **Use under the liquidity contract:** as at Dec. 31, 2017, the liquidity contract covered 57,500 shares [(e)]
Capital reduction through the cancellation of treasury shares	10% of the Company's share capital per 24-month period	May 27, 2016	July 27, 2018	26 months	–
Transactions reserved for employees and corporate officers					
Grant of bonus shares, existing or to be issued, to Group employees and/or corporate officers	2.5% of the total number of Company shares at the grant date (0.55% of the share capital for executive corporate officers)	May 27, 2016	July 27, 2019	38 months	March 24, 2017
Capital increase through the issue of shares and/or any other securities giving access to the Company's share capital reserved for employees participating in a Company savings plan	4 million	Aug. 31, 2017	Oct. 31, 2019	26 months	–

(a) Overall limit of the capital increases with and without preferential subscription rights that may be carried out under the 24th to 28th resolutions adopted by the general shareholders' meeting of May 19, 2017.

(b) Overall limit of the capital increases without preferential subscription rights that may be carried out under the 25th, 26th and 28th resolutions of the combined general meeting of May 19, 2017.

(c) Deducted from the overall limit of €70 million set by the 29th resolution of the general meeting of May 19, 2017.

(d) Deducted from the overall limit of €14 million set by the 25th resolution of the general meeting of May 19, 2017.

(e) See details in section 8.4.1 of the 2017 registration document and in the Management Board's report to the general meeting included in section 7.2 of this 2017 registration document.

(f) Under this authorization, should it be used by the Management Board, the issue price of securities would be set in accordance with the legal requirements in place at the time of emission.

(g) As part of this authorization, should it be used by the Management Board, the issue price of shares issued would be set under the following conditions:

(i) the issue price of the shares will be at least equal to the closing price of the Company's share on Euronext Paris during the last trading session prior to the date on which the price is set, minus any discount of up to 5%;

(ii) the issue price of the securities giving immediate or future access to the capital will be such that the sum immediately received by the Company, increased, if necessary, by the sum that may be subsequently received by the Company, will be at least equal to the issue price referred to in paragraph a) above, for each share issued as a result of the issue of these securities.

Pursuant to the aforementioned authorizations, the Management Board carried out the following transactions during financial year 2017, after receiving prior approval from the Supervisory Board, in accordance with the Company's articles of incorporation:

- grant of 577,050 performance shares on March 24, 2017, the main terms of which are described in Notes 5.4 and 5.2 to the 2017 consolidated financial statements and parent company financial statements respectively and are included in chapter 6 of this 2017 registration document;
- capital increase in cash amounting to €325,176,649.50 (including issue premium) with preferential subscription rights. This transaction was carried out by the Management Board on January 17, 2017 under the delegation of authority granted to it by the 13th resolution of the general shareholders' meeting of May 27, 2016 and by the authorization of the Supervisory Board. The settlement and delivery of the shares issued under this transaction took place on February 13, 2017. The main characteristics and final terms and conditions of this transaction are set out in the Management Board's supplementary report presented in section 7.4 of the 2016 registration document, which was made available to shareholders within 15 days of the capital increase. Note that as part of this capital increase, an adjustment was made to the rights held by beneficiaries of performance shares granted on April 7, 2015, December 21, 2015, June 15, 2016 and December 20, 2016 in accordance with legal requirements;
- for the purposes of the plans introduced on April 7, 2015 and December 21, 2015, whose shares will vest on April 7, 2017 and December 21, 2017 respectively, the Management Board, by decisions dated April 7, 2017 and December 21, 2017, by virtue of the delegation of authority granted to it pursuant to the 12th resolution of the general meeting of May 27, 2016, increased capital through the capitalization of an amount deducted from the additional paid-in capital account in the amount of €2,503,920 through the issue of 250,392 shares with a par value of €10 each and the amount of €19,293 through the issue of 19,293 shares with a par value of €1 each;
- a liquidity contract was set up under the authorization to trade in the Company's shares, resulting during financial year 2017 in the following movements:
  - 261,660 shares were purchased for a total price of €4,967,335.05, i.e., an average price of €18.9839 per share;
  - 310,633 shares were sold for a total price of €5,855,851.66, i.e., an average price of €18.8514 per share.

Furthermore, as a result of the Berendsen Acquisition, the Management Board decided on September 13, 2017 – in order to be able to transfer existing Elis shares within six months of the completion of the Berendsen Acquisition either to the holders of Berendsen options (sharesave options) granted by Berendsen, or to the Employee Benefit Trust that will be owed said shares under the terms of the Put and Call Agreement between the Employee Benefit Trust, Berendsen and the Company (see Section 1.14,"Material Agreements" in this reference document) – to:

- reallocate 12,527 treasury shares under the liquidity contract in order to serve the beneficiaries of Berendsen options;
- buy back a maximum of 508,628 shares under its share buyback program.

Pursuant to that decision, 53,000 Elis shares were purchased during financial year 2017 for a total price of €1,176,421.22, which is an average price of €22.19663 per share. Trading fees amounted to €588.21 for financial year 2017. As at December 31, 2017, of the 53,000 shares purchased, 48,775 had been delivered to the Employee Benefit Trust.

As at December 31, 2017, the Company directly held 61,798 shares, representing 0.03% of the Company's share capital at that date, of which 57,500 were part of the liquidity contract.

To allow the Company to raise funds on the financial markets as part of its IPO and aid the Group's development, and in light of the change in share capital during financial year 2017, the general meeting convened for May 18, 2018 will be asked to replace the existing delegations with new financial delegations and to renew the financial delegations expiring in 2018. The resolutions relating to these financial delegations can be found in chapter 7, section 7.3 of this registration document.

4.1.6 OBSERVATIONS OF THE SUPERVISORY BOARD REGARDING THE MANAGEMENT BOARD'S REPORT PROVIDED FOR IN ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE AND REGARDING THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2017

To the Shareholders,

Our Company's Management Board has called a combined general meeting, in accordance with the law and the Company's articles of incorporation, to inform you of the position and activities of the Company during the financial year ended December 31, 2017, and to submit for your approval the financial statements for said financial year and the appropriation of net income.

We remind you that in accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board must present to the annual ordinary general meeting its observations on the Management Board's report and the financial statements for the year concerned, on which you are asked to vote.

We inform you that the Management Board has provided the Supervisory Board with the parent company financial statements for 2017, the consolidated financial statements for 2017 and the Management Board's report in accordance with Article L. 225-68 of the French Commercial Code.

Having verified and checked the parent company financial statements for 2017, the consolidated financial statements for 2017 and the Management Board's report, we believe that there are no specific matters to report regarding these documents.

The resolutions presented to you by the Management Board have been discussed and approved by the Supervisory Board.

Pursuant to the provisions of Article L. 225-82-2 of the French Commercial Code introduced by the Sapin II Law, the Supervisory Board has drawn up the resolutions pertaining first, to the principles and criteria for determining, structuring and awarding the fixed, variable and special elements of total compensation and benefits of any kind attributable to Management Board and Supervisory Board members commensurate with their office, and second, to the elements of compensation due or awarded to members of the Management Board and to the Chairman of the Supervisory Board.

We hope that you will agree with all of the proposals made by the Management Board in its report and choose to adopt the resolutions submitted to you.

The Supervisory Board

4.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, on the basis of the information provided to us, on the main characteristics and terms and conditions of the agreements and commitments brought to our attention or which we may have identified in the course of our engagement, including the reasons justifying the Company's interest therein. We are not required to comment 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. 225-58 of the French Commercial Code, to assess the benefits of these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to provide you with the information referred to in Article R. 225-58 of the French Commercial Code concerning the implementation, during the financial year under review, of the agreements and commitments already approved by the General Meeting.

We planned and performed our audit in compliance with the professional guidelines issued by the French national auditing body *(Compagnie nationale des commissaires aux comptes)* with respect to this engagement. This entailed verifying that the information provided to us was consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements that have been authorized in advance by the Supervisory Board.

Intra-Group loan agreement between the Company and Berendsen Plc

Purpose of the agreement: Following the acquisition of Berendsen Plc and as part of the repayment of Berendsen's debt, an intra-group financing arrangement was set up between the Company and Berendsen Plc. To this end, Elis is making available to its subsidiary Berendsen Plc an amount of up to €1 billion for a period of five years to enable it to repay its indebtedness and meet the needs of its business activities and those of its subsidiaries.

This intra-group financing was formalized by an intra-group agreement entered into on September 18, 2017 under French law, drawn up in English and entitled "Intercompany Loan Agreement." The interest rate applied is the weighted average, which is equal to the annual average of the average effective interest rates charged by credit institutions for variable-rate loans to businesses, with an initial maturity of more than two years.

There are no guarantees attached to this loan.

Shareholder and corporate officer concerned: Xavier Martiré (member of the Management Board of Elis and of the Board of Directors of Berendsen Plc).

Authorization procedure: the conclusion of this agreement was subject to prior authorization from the Elis Supervisory Board dated September 18, 2017.

Expenses: During financial year 2017, Berendsen made the following draws:

Date	Amount	Purpose
12/06/2017	€4 million	Adjustment of second part of Berendsen USPP
12/04/2017	€275 million	Second part of Berendsen USPP
10/11/2017	€200 million	First part of Berendsen USPP
10/05/2017	€211 million	Repayment of Berendsen RCF

CHARGEBACK AGREEMENTS BETWEEN THE COMPANY AND BOTH BERENDSEN PLC AND BERENDSEN A/S

Purpose of the agreement: The implementation of the Group's new organizational structure following the Berendsen Acquisition required major restructuring, which generated significant costs. The Company and Berendsen Plc and Berendsen A/S agreed that these costs will be borne by the Company. To this end, two chargeback agreements were drawn up, one between the Company and Berendsen Plc, and the other between the Company and Berendsen A/S.

Shareholder and corporate officer concerned:

- Agreement between Berendsen Plc and the Company: Xavier Martiré (Chairman of the Management Board of Elis and of the Board of Directors of Berendsen Plc);
- Chargeback agreement between Berendsen A/S and the Company: Louis Guyot (member of the Management Board and of the Board of Directors of Berendsen A/S).

Authorization procedure: the agreements were authorized in advance by the Elis Supervisory Board on December 14, 2017 pursuant to the provisions of Articles L. 225-86 *et seq.* of the French Commercial Code.

Expenses: during financial year 2017, the expenses borne by the Company in respect of these two agreements amounted to €4,635,545.47, or €673,714.89 in respect of the agreement with Berendsen A/S and €3,961,830.58 in respect of the agreement with Berendsen Plc.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in previous years

We were informed that the following ongoing agreements and commitments, approved by the general meeting in prior years, produced no effect during the year under review.

"Underwriting Agreement"

This agreement was authorized by the Elis Supervisory Board on January 26, 2015. On March 14, 2017, it was reviewed by the Supervisory Board, which took note of the ongoing validity of this agreement in 2017 and subsequent financial years, so long as the indemnity undertaking and the representations made by the Company are still valid after the settlement and delivery.

Nature, purpose and reasoning: This Underwriting Agreement was entered into by the Company with Legendre Holding 27 and a bank syndicate led by BNP Paribas, Deutsche Bank AG, London Branch and Goldman Sachs International and composed of Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co International Plc and Société Générale (the "Guarantor Institutions") on February 10, 2015.

The agreement consists of managing the sale of Company shares as part of the Company's initial public offering. Under the terms of this agreement, all bank fees and transaction costs related to the Company's IPO are covered by Elis and Eurazeo, subject to certain limitations. The agreement provides in particular for basic bank fees equal to 1.50% of gross proceeds of the capital increase carried out as part of the Company's IPO and the sale of existing shares to be borne by the Company in the case of New Shares, and by Legendre Holding 27 in the case of Initial Shares Sold and Additional Shares Sold as part of the overallotment option (as these terms and conditions beginning with an uppercase letter are defined in the Underwriting Agreement). This Underwriting Agreement furthermore provides for the possible payment of an additional discretionary commission of 1.25% of the gross proceeds from the offering.

The agreement also contains a number of representations in particular by the Company. Any inaccuracy of these representations or failure of the Company to fulfill its obligations may, under certain circumstances, result in compensation on the part of the Company.

The shareholders and Supervisory Board members affected by this agreement are Legendre Holding 27, which holds more than 10% of the Company's share capital and voting rights (Eurazeo), Philippe Audouin and Marc Frappier, who are members of the Supervisory Board and corporate officers of the Eurazeo group (Philippe Audouin resigned as Supervisory Board members on December 14, 2017).

Conditions: In 2017, your Company incurred no expense in respect of this Agreement.

Termination benefits agreement with Xavier Martiré,Chairman of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 9th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Xavier Martiré's reappointment as member and Chairman of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Termination benefits, subject to the performance conditions defined hereinafter, equal to 18 months of gross fixed and variable compensation calculated based on the average compensation received during the two full years preceding his departure, payable in the event of forced departure, except in the case of misconduct.

Performance is measured based on the following two criteria: (i) revenue; and (ii) EBIT, which are calculated over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. Performance is measured in relation to the objectives approved for the same period by the Supervisory Board.

The eligibility for termination benefits is conditional on the achievement of a certain level of performance. Accordingly, if neither of the aforementioned targets is achieved, no payment will be due, if one of the above targets is achieved, two-thirds of the payment will be due (i.e., 12 months of average gross fixed and variable compensation), and if both the above targets are achieved, the severance payment will be due in full.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Non-compete agreement with Xavier Martiré, Chairman of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 9th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Xavier Martiré's reappointment as member and Chairman of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Non-compete agreement valid for one year as of the termination of his duties in order to protect the interests of the Company in the event of his departure. The non-compete payment is equal to 50% of the gross fixed and variable compensation received by Xavier Martiré during the financial year preceding his departure. If the severance and non-compete compensation were both to become payable, the total amount that c Xavier Martiré may receive for both will be capped at two years of gross fixed and variable compensation.

The Supervisory Board decided to maintain these principles and pursue these commitments in the interest of the Company and in line with market practices. The Board considered that this consistency with market practices was fundamental to attracting and retaining the talent required for the Group's success.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Termination benefits agreement with Louis Guyot, member of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 10th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Louis Guyot's reappointment as member of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Termination benefits, subject to the performance conditions defined hereinafter, equal to 18 months of gross fixed and variable compensation calculated based on the average compensation received during the two full years preceding his departure, payable in the event of forced departure, except in the case of misconduct.

Performance is measured based on the following two criteria: (i) revenue; and (ii) EBIT, which are calculated over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. Performance is measured in relation to the objectives approved for the same period by the Supervisory Board.

The eligibility for termination benefits is conditional on the achievement of a certain level of performance. Accordingly, if neither of the aforementioned targets is achieved, no payment will be due, if one of the above targets is achieved, two-thirds of the payment will be due (i.e., 12 months of average gross fixed and variable compensation), and if both the above targets are achieved, the severance payment will be due in full.

The Supervisory Board decided to maintain these principles and pursue these commitments in the interest of the Company and in line with market practices. The Board considered that this consistency with market practices was fundamental to attracting and retaining the talent required for the Group's success.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Non-compete agreement with Louis Guyot, member of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 10th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Louis Guyot's reappointment as member of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Non-compete agreement valid for six months as of the termination of his duties in order to protect the interests of the Company in the event of his departure. The non-compete payment is equal to 50% of the gross fixed and variable compensation received by Louis Guyot during the financial year preceding his departure. If the severance and non-compete compensation were both to become payable, the total amount that Louis Guyot may receive for both will be capped at two years of gross fixed and variable compensation.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Termination benefits agreement with Matthieu Lecharny, member of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 11th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Matthieu Lecharny's reappointment as member of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Termination benefits, subject to defined performance conditions, equal to 18 months of gross fixed and variable compensation calculated based on the average compensation received during the two full years preceding his departure, payable in the event of forced departure, except in the case of misconduct.

Performance is measured based on the following two criteria: (i) revenue; and (ii) EBIT, which are calculated over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. Performance is measured in relation to the objectives approved for the same period by the Supervisory Board.

The eligibility for termination benefits is conditional on the achievement of a certain level of performance. Accordingly, if neither of the aforementioned targets is achieved, no payment will be due, if one of the above targets is achieved, two-thirds of the payment will be due (i.e., 12 months of average gross fixed and variable compensation), and if both the above targets are achieved, the severance payment will be due in full.

The Supervisory Board decided to maintain these principles and pursue these commitments in the interest of the Company and in line with market practices. The Board considered that this consistency with market practices was fundamental to attracting and retaining the talent required for the Group's success.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Non-compete agreement with Matthieu Lecharny, member of the Company's Management Board

Authorized by the Supervisory Board at its meeting of October 10, 2014 and approved under the 11th resolution of the ordinary general meeting of June 24, 2015. At its meeting of March 6, 2018, the Supervisory Board voted in favor of continuing the validity of this agreement as from Matthieu Lecharny's reappointment as member of the Management Board, i.e., as from September 5, 2018.

Nature, purpose and reasoning: Non-compete agreement valid for six months as of the termination of his duties in order to protect the interests of the Company in the event of his departure. The non-compete payment is equal to 50% of the gross fixed and variable compensation received during the financial year preceding his departure. If the termination benefits and non-compete payment were both to become payable, the amount that could be received by Matthieu Lecharny in respect thereof would be capped at two years of gross fixed and variable compensation.

Conditions: The Company did not recognize any amounts in this respect for the financial year ended December 31, 2017.

Neuilly-sur-Seine and Courbevoie, March 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Bruno Tesnière	Isabelle Massa

Comments on financial year 2017 AFR

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5.1 HIGHLIGHTS OF FINANCIAL YEAR 2017

5.1.1 ACQUISITIONS

Acquisition of the Berendsen Group

On September 12, 2017, pursuant to the Scheme of Arrangement as approved by the High Court of England and Wales on September 7, 2017, Elis announced that it had completed the acquisition of Berendsen, a European company specializing in services solutions for textile, hygiene and protection products, operating mainly in the United Kingdom, Scandinavia, and eastern and central Europe. Berendsen, with its revenue of €1.4 billion in 2016 and 15,700 employees, provides the Group with greater geographical diversity and strong positions in most of the markets in which it will operate. In practice, Berendsen has been consolidated in the Group's financial statements since September 1, 2017.

The share purchase price (corresponding to the payment of £5.40 in cash and 0.403 new Elis shares for each Berendsen share) was €2.4 billion.

Given the significant impact of this acquisition, pro-forma financial information is included in Note 2.4 to the consolidated financial statements.

More information on the merger of Elis and Berendsen and the terms and conditions of the Berendsen Acquisition can be found in chapter 1, section 1.1 of this 2017 registration document, and on the AMF website (www.amf-france.org).

The capital increase reserved for Canada Pension Plan Investment Board (CPPIB) became final on the same date, following CPPIB's subscription, in accordance with the Investment Agreement signed by CPPIB and Elis on June 7, 2017 (see chapter 8, sections 8.3.2 and 8.5.10 of this 2017 registration document).

In France

On March 3, 2017, the Group acquired HTE Sanitation, a company based in Châteauneuf-Les Martigues that specializes in 3D Prevention pest control (eradication of insets and rodents and disinfection) in the Aix-Avignon-Marseille region. HTE Sanitation posted revenue of €0.4 million in 2017 and has nine employees.

On March 13, 2017, the Group acquired Blanchisserie Blésoise, which operates a laundry in Blois and has customers in the healthcare and hospitality sectors in the Centre-Val de Loire and Île-de-France regions. In 2017, it achieved revenue of €13.6 million and employs around 180 people.

In April 2017, Elis acquired Blanchisserie des Gaves (Biarritz-Lourdes-Pau region) and Flash Océan (Charentes-Martimes and Bordeaux regions), which generate annual revenue of €0.5 million and €0.6 million respectively.

In Germany

On May 10, 2017, Elis finalized the acquisition of the goodwill (plant, equipment and customer portfolio) of MTR in Riesa (Saxony). Operations were maintained at the site and most jobs were kept. In 2017, the Riesa center achieved revenue of around €5 million. MTR has been consolidated in the Group's financial statements since May 1, 2017. This acquisition allows Elis to continue to expand its network in Germany and to optimize the distribution of volumes between production centers in the region.

In Hungary

On July 4, 2017, Elis acquired EMTM (Első Magyar Tisztatéri Mosoda Ltd), located in Miskolc (Hungary). EMTM is active in the workwear and Ultra-Clean business, operating one of the main cleanroom laundries. It achieved revenue of €1.6 million in 2017 and has around 65 employees. EMTM serves mainly industrial customers in the Pharmaceutical, Electronics and Chemicals sectors, in Hungary and its neighboring countries. With this acquisition Elis has strengthened its offer in the Ultra-Clean and workwear segment in central Europe, a nice complementary fit with our plant in Slavkov.

In Brazil

On May 23, 2017, following the approval the Brazilian antitrust authority, the Group announced it had completed the acquisition of Lavebras Gestão de Têxteis SA ("Lavebras"), ranked number-two in the Brazilian market, pursuant to the terms of the agreement signed on January 5, 2017. Lavebras operates in 17 states in Brazil and has approximately 4,000 employees throughout 76 industrial sites. This family-owned company established in 1997 has the densest industrial laundry complex in Brazil. Lavebras operates in the Healthcare, Industry (especially agri-food) and Hospitality segments. Its revenue in 2017 was more than €100 million. Lavebras has been consolidated in the Group's financial statements since June 1, 2017.

On July 10, 2017, Elis reached an agreement to acquire 100% of Bardusch Arrendamentos Texteis Ltda (renamed Atmosfer Gestao e Higienização de Uniformes Ltda), the Brazilian subsidiary of the Bardusch Group, which has three processing sites in the country. These three laundries, located in Curitiba, Jundiaí and Rio Verde (at a customer's facility) mainly provide workwear rental and maintenance services to industrial clients in the Automotive and Agri-Food sectors. In 2017, these three processing sites achieved revenues of €10 million. The company has approximately 350 employees.

In October 2017, the Group acquired Totalqualy, a company with a revenue of approximately €2.5 million. The company mainly serves customers in the Healthcare segment in São Paulo.

In Colombia

- In September 2017, the Group acquired Centro de Lavado y Aseo (CLA), which operates two laundries in Bogotá and has 200 employees. Most of its customers come from the private healthcare sector. Its 2017 revenue totaled €2.4 million.
- In October 2017, Elis acquired Lavanser, which operates a plant in Bogotá. It has 200 employees and achieved revenue of €3.0 million in 2017.

Having acquired SIL in December 2016, Elis now has a solid foothold in Colombia, a country with major growth potential.

5.1.2 FINANCING

Capital increase

As part of the financing of the acquisitions of Indusal and Lavebras, Elis carried out a share capital increase with preferential subscription rights for an amount of 325,176,649.50 (gross amount, including share premium, before issue fees) through the issuance of 25,910,490 new shares. This transaction closed the financing of the bridge loan entered into by Elis in connection with the above-mentioned acquisitions.

Following the subscription period, which ended on February 3, 2017, total subscription orders amounted to approximately €853 million, representing a subscription rate of 262.34%:

- 25,790,720 new shares were subscribed for on an irreducible basis, representing 99.54% of the new shares to be issued;
- orders submitted on a reducible basis represented 42,183,211 new shares and were therefore partly fulfilled. 119,770 new shares (representing 0.46% of the new shares issued) were allocated in this respect according to a ratio of 0.003199940025 calculated on the number of rights exercised on a non-reducible basis, disregarding fractions and provided that no allocation may exceed the number of shares subscribed for on a reducible basis.

In accordance with their respective subscription commitments, Eurazeo [1] and Crédit Agricole Assurances [2], Elis's two main shareholders holding 16.9% and 10% of the share capital respectively, exercised all of their subscription rights on a non-reducible basis, for a combined amount of approximately €87 million.

Settlement and delivery of the new shares and their admission to trading on Euronext Paris (Compartment A) took place on February 13, 2017.

As part of this share capital increase, the rights of beneficiaries of unvested performance shares were adjusted and beneficiaries were informed of the adjustment by a public notice published in the *Bulletin des annonces légales obligatoires* (BALO). This adjustment occurred on February 13, 2017.

Financing contracts

In accordance with its financing policy described in chapter 1, section 1.13 of this 2017 registration document, the Group primarily used bank and short- and medium-term capital market financing to meet its general requirements and, more particularly, to finance its business activities and development projects:

- on the *medium/long-term capital markets*, on October 6, 2017 Elis issued bonds convertible into new or existing shares (Océanes) in the amount of €400 million with a six-year maturity and a 0% coupon. The bond's conversion price into shares is €31.85. Funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen Acquisition;
- on November 23, 2017, the Company raised €75 million via a multi-tranche private placement called *"Schuldschein"* governed by German law. The Company used the transaction to repay the 2017 Bridge Loan Agreement referred to below;
- bank financing: during financial year 2017 Elis signed two syndicated credit facility agreements and one bilateral renewable line of credit:
  - a syndicated credit facility agreement was signed in January 2017 in an amount of €1,150 million with a five-year maturity and three tranches. The €450-million Term Loan tranche was drawn down in January 2017. The €200-million capex tranche was only drawn down by €177 million as at December 31, 2017,

(1) As at the launch date of the capital increase, Eurazeo held 0.8% of Elis's share capital directly and 16.1% via its subsidiary Legendre Holding 27.
(2) As at the launch date of the capital increase, Crédit Agricole Assurances held 10% of Elis's share capital via its subsidiary Predica.

- a second syndicated credit facility agreement was signed on November 7, 2017 in an amount of €600 million, comprising (i) a term loan totaling €200 million with a five-year maturity, drawn down on November 15, 2017, and (ii) a renewable line of credit in an amount of €400 million with maturity of five years + one year + one year. The funds from the Term Loan under this syndicated credit facility were used to refinance a portion of the bridge loan set up in connection with the Berendsen Acquisition.

More information on the financing agreements underwritten by the Group can be found in chapter 1, section 1.13 of this 2017 registration document.

To secure the Berendsen financing, on June 12, 2017 the Company signed a Bridge Loan Agreement (the "2017 Bridge Loan Agreement"), pursuant to which the lenders pledged to make available to Elis a term loan facility in the total amount of €1,920 million as at the date the 2017 Bridge Loan Agreement was entered into. As at the filing date of this registration document, the 2017 Bridge Loan Agreement was repaid in full (see chapter 1, section 1.14 of this 2017 registration document).

5.1.3 GOVERNANCE

Philippe Audouin, who joined the Elis Board of Directors on October 4, 2007 as representative of Eurazeo, resigned from his role on the Supervisory Board with effect from December 14, 2017. This resignation followed Eurazeo's announcement in a press release dated October 5, 2017 that it had sold a portion of its Elis shares, thereby reducing its stake to below 15%. Pursuant to the terms of the Investment Agreement signed by Elis and Canada Pension Plan Investment Board (CPPIB) on June 7, 2017 (see chapter 8, section 8.5.10 of this 2017 registration document), CPPIB, which has the right to nominate a representative to the Supervisory Board provided its stake is equal to at least 8% of the Company's share capital, nominated Joy Verlé who was co-opted by the Supervisory Board at its meeting of March 6, 2018.

5.2 GROUP RESULTS

The Group's consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. Audit procedures have been performed on the consolidated financial statements.

5.2.1 KEY PERFORMANCE INDICATORS

(In millions of euros)	2017	2016	Change
Revenue	**2,214.9**	**1,512.8**	**+46.4%**
EBITDA	**670.0**	**467.9**	**+43.2%**
As a % of revenue	*30.2%*	*30.9%*	*-68 bp*
EBIT	**298.6**	**214.1**	**+39.5%**
As a % of revenue	*13.5%*	*14.2%*	*-67 bp*
Net income (loss) from ordinary operations	**163.2**	**107.6**	**+51.7%**
Free cash flow from ordinary operations	**42.6**	**80.5**	**-47.1%**
Adjusted net debt (as at the end of the period)	**3,296.6**	**1,800.9**	
Adjusted net debt (as at the end of the period)/EBITDA [(a)]	*3.3×*	*3.3×*	

(a) EBITDA for the last twelve months, pro forma for the full-year effect of acquisitions after synergies. The basis for comparison is at June 30, 2017.

Information regarding the amount of the investments made over the past three years, and cash flows from operating, investing and financing activities and free cash over the past two years can be found in chapter 1, section 1.12.1, and section 5.2.4 of this chapter of the registration document respectively.

5.2.2 ANALYSIS OF REVENUE AND EBITDA BY OPERATING SEGMENT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

This document contains EBIT and EBITDA indicators and ratios, as defined by the Group. These have been included because management uses them for operating performance assessments, presentations to members of the Supervisory Board, as the basis for strategic planning and projections, and to monitor certain aspects of its cash flow and liquidity in tandem with its operating activities. The Group defines these indicators as follows:

- EBIT is defined as net profit (loss) before net financial expense, income tax, share in net income of equity-accounted companies, amortization of customer relationships, goodwill impairment losses, other income and expense, miscellaneous financial items (bank fees recognized in operating income), and IFRS 2 expenses (share-based payments). For a reconciliation of EBIT and the consolidated income statement, see Note 3.2 to the Group's consolidated financial statements for the year ended December 31, 2017;
- EBITDA is defined as EBIT before depreciation and amortization net of the share of subsidies transferred to the income statement. For a reconciliation of EBITDA and EBIT, see Note 3.2 to the Group's consolidated financial statements for the year ended December 31, 2017.

Insofar as participants and competitors in the markets in which the Group operates do not all calculate EBIT and EBITDA in the same way, the EBIT and EBITDA presented by the Group may not be comparable with the figures published by other companies under the same heading.

REVENUE BY GEOGRAPHIC REGION

(In millions of euros)	2017	2016	Change	Organic change
France	1,009.0	984.2	+2.5%	+1.4%
Central Europe	388.8	218.6	+77.8%	+1.0%
Scandinavia and eastern Europe	164.2	–	N/A	N/A
United Kingdom and Ireland	152.5	–	N/A	N/A
Southern Europe	259.1	158.1	+63.9%	+5.6%
Latin America	221.2	132.9	+66.4%	+7.0%
Other	20.0	18.9	+6.3%	+2.7%
TOTAL	**2,214.9**	**1,512.8**	**+46.4%**	**+2.4%**

Since acquiring Berendsen (included in the income statement since September 1, 2017), Elis has been reporting its revenue based on a new geographical breakdown.

France

In 2017, revenue growth in France was 2.5%, which included 1.4% organic growth. Business in the Hospitality and Trade & Services segments did well throughout the year. The hotel business benefited from relatively favorable comparables during the summer (impact of the Nice attack in July 2016) but tougher comparables in the fourth quarter (business picked up at the end of 2016). While these positive trends reflect a slight improvement in the overall business climate, they may still be fleeting: modest business in the Industry and Healthcare segments suggests exercising caution.

Central Europe

In 2017, revenue for the central Europe region amounted to €388.8 million. This comprised €261.8 million corresponding to one year's revenue from Elis' "northern Europe" scope and €127.0 million corresponding to four months' revenue from Berendsen's operations in the region.

Organic growth in the region (i.e., Elis scope only) was up by 1.0% in 2017. Growth was still limited in Germany, while business in Switzerland was dragged down by the loss of a number of Healthcare customers and a disappointing summer season for Hospitality.

Berendsen's operations in this region are primarily in Germany, the Netherlands and Poland. Most of its customers are in the Industry segment (around 50% of revenue), where there is good sales momentum, and Healthcare (around 30%). Berendsen's organic revenue growth for Central Europe was 4.9% for the full year.

Scandinavia & eastern Europe

In 2017, revenue for Scandinavia and eastern Europe came entirely from Berendsen's operations in the region, starting in September. Historically the region falls within the scope of the Sophus Berendsen group (Sweden and Denmark), which has customers in Trade and Services, Industry and Hospitality. Sales showed strong momentum, with organic revenue growth of 3.1% for the full year.

United Kingdom & Ireland

In 2017, revenue for the United Kingdom and Ireland region came entirely from Berendsen's operations, starting in September. The Group's customers in this region are in Healthcare (around 50% of revenue), Hospitality (around 25%) and Industry (around 25%). 2017 was a year characterized by a sharp drop in occupancy rates in the Hotel sector and a loss of customers related to Berendsen's operational and commercial under-performance that began in 2016. Revenue was down by 2.9% organically over the full year.

Southern Europe

In 2017, revenue for southern Europe rose by 63.9% as a result of the acquisition of Indusal in Spain in December 2016. Organic growth was 5.6%. These results were once again driven by Portugal (almost 9% organic growth). Business was still brisk in Spain (5% organic growth), but slightly down compared to previous years due to tough comparables (the 2016 summer season had been particularly good). Recent events in Catalonia (Barcelona attack and the political situation) also impacted hotel business in the region in the fourth quarter.

Latin America

In 2017, revenue growth in Latin America was 66.4%, with 7.0% organic growth, a 52.5% contribution from acquisitions (including a seven-month contribution from Lavebras) and a 6.9% positive currency impact. Sales momentum remained strong in Brazil, despite tough comparables related to the additional business generated by the Rio Olympics in the third and fourth quarters of 2016.

In addition, the average level of our price increases in Brazil in 2017 (slightly above 3%) was higher than the country's inflation.

EBITDA

(In millions of euros)	2017	2016	Change
France	**353.7**	**344.5**	**+2.7%**
As a % of revenues	*35.0%*	*34.9%*	*+4 bp*
Central Europe	**103.9**	**53.8**	**+93.3%**
As a % of revenues	*26.6%*	*24.5%*	*+210 bp*
Scandinavia & eastern Europe	**55.7**	**–**	**N/A**
As a % of revenues	*33.8%*	–	*N/A*
United Kingdom & Ireland	**35.1**	**–**	**N/A**
As a % of revenues	*22.9%*	–	*N/A*
Southern Europe	**67.9**	**40.5**	**+67.8%**
As a % of revenues	*26.2%*	*25.5%*	*+64 bp*
Latin America	**53.7**	**30.2**	**+77.8%**
As a % of revenues	*24.3%*	*22.7%*	*+157 bp*
Other	**0.0**	**(1.1)**	**N/A**
TOTAL	**670.0**	**467.9**	**+43.2%**
As a % of revenues	*30.2%*	*30.9%*	*-70 bp*

"Other" includes the Manufacturing Entities and Holdings.
Country details per geographical region appear under "Geographical breakdown."
Percentage changes are calculated on the basis of exact values.

In 2017, the Group's EBITDA jumped by 43.2% to €670.0 million as a result of the recent acquisitions. The EBITDA margin was down 70 basis points, due entirely to the change in geographical mix, since revenue for regions with lower margins had increased at a faster rate than revenue of regions with higher margins.

France

In 2017, the EBITDA margin rose slightly, in line with our expectations. This positive trend reflects a more stable competitive environment following the turbulence of 2015, and the continued improvement in productivity at our plants.

Central Europe

In 2017, the central Europe region was made up of countries in Elis's former "northern Europe" scope (12-month contribution) and Berendsen's countries in the region as shown above (four-month contribution). The increase in EBITDA margin was related to the integration of the Berendsen scope, which had a higher margin in the region than Elis (details of individual countries by geographical region are shown above).

Scandinavia & eastern Europe

In 2017, the Scandinavia and eastern Europe region corresponded entirely to the Berendsen scope, which began contributing to the income statement on September 1. The region's margin was 33.8%.

United Kingdom & Ireland

In 2017, the United Kingdom and Ireland region corresponded entirely to the Berendsen scope, which began contributing to the income statement on September 1. The region's margin was 22.9%.

Southern Europe

In 2017, the region's EBITDA margin was up by approximately 65 basis points, reflecting improved productivity in the region and the success of the first year of Indusal's integration, which produced a synergy level in 2017 in line with our expectations.

Latin America

In 2017, the EBITDA margin was up by almost 160 basis points. Lavebras, which has been contributing to the income statement since May 2017, is in the process of being integrated, with synergies in line with our expectations.

5.2.3 INCOME STATEMENT ANALYSIS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

The table below shows certain line items from the income statement for the financial years ended December 31, 2017 and December 31, 2016.

	Financial year ended December 31			
(In millions of euros)	**2017**	**2016**	**Change (€)**	**Change (%)**
Revenue	**2,214.9**	**1,512.8**	**702.2**	**+46.4%**
Cost of linen, equipment and other consumables	(361.4)	(247.7)	(113.6)	+45.9%
Processing costs	(849.2)	(569.2)	(280.0)	+49.2%
Distribution costs	(358.5)	(238.7)	(119.8)	+50.2%
Gross margin	**645.8**	**457.2**	**188.7**	**+41.3%**
Selling, general and administrative expenses	(357.3)	(249.2)	(108.1)	+43.4%
OPERATING INCOME BEFORE OTHER INCOME AND EXPENSE AND AMORTIZATION OF CUSTOMER RELATIONSHIPS	288.5	207.9	80.6	38.7%
Amortization of customer relationships	(54.2)	(45.8)	8.4	+18.3%
Goodwill impairment	–	–	–	N/A
Other income and expense	(89.9)	24.5	(114.3)	N/A
OPERATING INCOME	144.5	186.6	(42.2)	-22.6%
Net financial expense	(59.8)	(55.7)	(4.1)	+7.4%
PRE-TAX INCOME (LOSS)	84.6	130.9	(46.3)	-35.4%
Income tax expense	(17.9)	(38.0)	20.1	-52.9%
Share of net income of equity-accounted companies	–	–	–	N/A
NET INCOME (LOSS)	**66.8**	**93.0**	**(26.2)**	**-28.2%**

Revenue

The Group's consolidated revenue increased by €702.2 million, or 46.4%, from €1,512.8 million for the financial year ended December 31, 2016 to €2,214.9 million for the financial year ended December 31, 2017.

This increase was due to a larger consolidation scope as a result of acquisitions and to organic growth, particularly in France, Latin America and southern European countries. See section 5.2.2 of this chapter.

Cost of linen, equipment and other consumables

Costs of linen, equipment and other consumables increased by €113.6 million, or 45.9%, from €247.7 million for the financial year ended December 31, 2016 to €361.4 million for the financial year ended December 31, 2017. This was due to the impact of acquisitions (Berendsen +€82.5 million, Indusal +€13.5 million, and Lavebras +€4.0 million) and revenue growth.

Processing costs

Processing costs increased by €280.0 million, or 49.2%, from €569.2 million for the financial year ended December 31, 2016 to €849.2 million for the financial year ended December 31, 2017. This was largely due to the impact of the acquisitions of Berendsen (+€151.8 million), Indusal (+€54.0 million) and Lavebras (+€25.7 million). Excluding the main impacts of the acquisitions, costs increased by €48.6 million, or 8.5%, the Group's growth being largely driven by business in the Industry segment (flat linen and workwear).

Distribution costs

Distribution costs increased by €13.8 million, or 50.2%, from €238.7 million for the financial year ended December 31, 2016 to €358.5 million for the financial year ended December 31, 2017. This was largely due to the impact of the acquisitions of Berendsen (+€74.8 million), Indusal (+€10.2 million) and Lavebras (+€12.2 million). Excluding the main impacts of the acquisitions, costs increased by €22.5 million, or 9.4%.

Gross margin

Gross margin increased by €188.7 million, or 41.3%, from €457.2 million for the financial year ended December 31, 2016 to €645.8 million for the financial year ended December 31, 2017.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by €108.1 million, or 43.4%, from €249.2 million for the financial year ended December 31, 2016 to €357.3 million for the financial year ended December 31, 2017. This was largely due to the impact of the acquisitions of Berendsen (+€83.8 million), Indusal (+€7.2 million) and Lavebras (+€8.5 million). Excluding the main impacts of the acquisitions, costs increased by €8.4 million, or 3.5%.

Operating income before other income and expense and amortization of customer relationships

Operating income before other income and expense and amortization of customer relationships increased by €80.6 million, or 38.7%, from €207.9 million for the financial year ended December 31, 2016 to €288.5 million for the financial year ended December 31, 2017.

Amortization of customer relationships

Amortization of customer relationships increased by €8.4 million, or 18.3%, from €45.8 million for the financial year ended December 31, 2016 to €54.2 million for the financial year ended December 31, 2017. Contracts and customer relationships are amortized on a straight-line basis over periods of 4-11 years.

Goodwill impairment

No goodwill impairment losses were recognized for the financial years ended December 31, 2016 and December 31, 2017.

Other income and expense

Other income and expense fell by €114.3 million from net income of €24.5 million for the financial year ended December 31, 2016 to a net expense of €89.9 million for the financial year ended December 31, 2017. For the financial year ended December 31, 2016, other income and expense mainly related to net income from site sales (in particular the Puteaux site) totaling +€35.6 million and expenses related to acquisitions totaling -€4.4 million.

For financial year 2017, other expense for the most part comprised transaction and integration costs related to the year's main acquisitions (see Note 4.4 to the Group's consolidated financial statements for the year ended December 31, 2017).

Net financial expense

Net financial expense fell by €4.1 million, from -€55.7 million for the financial year ended December 31, 2016 to -€59.8 million for the financial year ended December 31, 2017. This was due to the change in the Group's net financial debt (increase in the cost of net financial debt from -€54.6 million in 2016 to -€77.7 million in 2017), offset by foreign exchange income related to the accelerated repayment of the Berendsen borrowings (see Note 8.2 to the consolidated financial statements at December 31, 2017).

Income tax expense

Income tax expense decreased by €20.1 million, from €38.0 million for the financial year ended December 31, 2016 to €17.9 million for the financial year ended December 31, 2017. This line item includes €11.2 million for the CVAE business tax in France and the IRAP regional tax on productive activities in Italy. The decrease in 2017 includes €10.8 million related to the tax rate change passed in France in 2017, reducing the tax rate for all companies to 25.83% (including the additional contribution to corporate income tax) as from 2022. The impact in 2016 of the change in tax rates approved in France in 2016, reducing the future rate to 28.92%, amounted to €15.0 million.

Net income (loss)

Net income fell by €26.2 million, from €93.0 million for the financial year ended December 31, 2016 to €66.8 million for the financial year ended December 31, 2017 for the aforementioned reasons.

(In millions of euros)	2017	2016
NET INCOME (LOSS)	66.8	93.0
Amortization of customer relationships (net of tax effect)	37.1	32.9
IFRS 2 expense (net of tax effect)	8.1	5.1
Puteaux sale (net from taxes and employees participation)	–	(23.4)
Restructuring costs related to the Berendsen acquisition (net of tax effect)	23.3	–
Restructuring costs related to the Indusal acquisition (net of tax effect)	3.0	–
Restructuring costs related to the Lavebras acquisition (net of tax effect)	3.8	–
Costs related to the acquisitions of Berendsen, Indusal and Lavebras (net of tax effect)	21.1	–
NET INCOME (LOSS) FROM ORDINARY OPERATIONS	163.2	107.6

Net income (loss) from ordinary operations amounted to €163.2 million in 2017, an increase of 51.7% over 2016.

5.2.4 CAPITAL RESOURCES

Overview

The Group's financing needs arise mainly from its working capital requirement, capital expenditure (including acquisitions and linen purchases), and financial expense hedging.

The Group's main regular source of liquidity is cash flow from operating activities. Its ability to generate cash from operating activities in the future depends on its future operating performance. To some extent, that performance depends in turn on economic, financial, competition, market, regulatory and other factors, most of which are not under the Group's control. The Group uses its various financing sources and cash and cash equivalents to cover its ordinary financing needs. Its cash position is denominated in euros.

Presentation and analysis of the main ways in which the Group uses cash

Capital expenditure

Part of the Group's cash flow is allocated to financing its capital expenditure (excluding acquisitions), which breaks down into the following categories:

- industrial capital expenditure, including expenditure on property, plant and equipment (mainly major project investments and industrial maintenance expenditure), intangible assets (mainly technology and information systems) and hygiene appliances; and
- expenditure on linen, which varies according to the schedule for providing linen to the Group's customers.

The Group's gross capital expenditure (before subsidies) for the financial years ended December 31, 2015, 2016 and 2017 (excluding acquisitions) totaled €268.0 million, €263.6 million and €479.9 million respectively.

Financial expenses

The Group paid financial interest (net of financial income) of €50.0 million for the financial year ended December 31, 2016 and €60.50 million for the financial year ended December 31, 2017. This increase in financial expenses was linked to the increase in net debt related to the acquisitions made during the financial year. Optimization of these expenses is ongoing, particularly through a broader range of financial resources, namely bank debt, and short- and long-term capital markets.

Consolidated cash flows

The table below summarizes the Group's cash flows for the financial years ended December 31, 2016 and December 31, 2017:

	At December 31	
(In millions of euros)	**2017**	**2016**
Net cash from operating activities	419.6	424.8
Net cash from investing activities	(1,839.9)	(426.0)
Cash flows from financing activities	1,492.4	108.7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**72.2**	**107.5**

Cash flows from operating activities

The table below breaks down the Group's cash flows from operating activities for the financial years ended December 31, 2016 and December 31, 2017:

	At December 31	
(In millions of euros)	**2017**	**2016**
Consolidated net income (loss)	66.8	93.7
Cash flows after finance costs and tax	496.3	352.4
Cash flows before finance costs and tax	591.8	445.1
Income tax paid	(53.3)	(47.1)
Change in inventories	(3.1)	(7.0)
Change in trade and other receivables	(51.2)	8.9
Change in other assets	0.1	(1.4)
Change in trade and other payables	6.3	6.6
Change in other liabilities	(69.6)	20.0
Other changes	(0.8)	(0.2)
Employee benefits	(0.6)	(0.0)
NET CASH FROM OPERATING ACTIVITIES	**419.6**	**424.8**

The change in trade and other receivables was largely due to the payment of the VAT payable on the sale of the Puteaux site in the amount of -€10.1 million, the sharp increase in trade receivables in Latin America as a result of the Lavebras acquisition and longer payment terms, and increased revenue.

The change in other liabilities included a change of -€54.5 million related to the Berendsen subsidiaries. These movements were mainly due to cash settlements of the Berendsen share plans and exceptional expenses incurred prior to the acquisition.

Cash flows from investing activities

The table below breaks down the Group's cash flows from investing activities for the financial years ended December 31, 2016 and December 31, 2017:

	At December 31	
(In millions of euros)	**2017**	**2016**
Acquisition of intangible assets	(16.8)	(11.1)
Proceeds from sale of intangible assets	0.1	0.0
Acquisition of property, plant and equipment	(463.0)	(252.5)
Proceeds from sale of property, plant and equipment	1.3	53.1
Acquisition of subsidiaries, net of cash acquired	(1,362.9)	(217.0)
Proceeds from disposal of subsidiaries, net of cash transferred	1.0	1.0
Changes in loans and advances	0.1	0.4
Dividends from equity-accounted companies	0.1	0.0
Investment grants	0.3	0.1
NET CASH USED IN INVESTING ACTIVITIES	**(1,839.9)**	**(426.0)**

Ordinary investments during the year (€479.9 million) comprised capital expenditure, IT and item rental (linen and HWB appliances).

These increased as a result of the impact of changes in the consolidation scope (particularly Lavebras and Berendsen) and the increase in revenue.

Subsidiary acquisitions correspond to the acquisitions made throughout 2017, especially Lavebras and Berendsen.

The table below shows inflows/outflows for 2016 and 2017.

(In millions of euros)	**2017**	**2016**
Purchases of linen & and other items for rental/laundry/maintenance services	(286.6)	(167.7)
Purchases excluding linen & other items for rental/laundry/maintenance services	(193.3)	(95.9)
Asset disposals [(a)]	1.4	53.1
Investment grants	0.3	0.1
OUTFLOWS/INFLOWS RELATING TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(478.2)**	**(210.5)**

(a) Disposals in 2016 relate primarily to the sale of the Puteaux site.

Cash flows from financing activities

The table below breaks down the Group's cash flows from financing activities for the financial years ended in December 31, 2016 and December 31, 2017:

(In millions of euros)	At December 31	
	2017	**2016**
Capital increase	506.0	0.5
Treasury shares	1.1	0.7
Dividends paid during the financial year	(51.7)	(39.9)
Change in borrowings [(a)]	1,080.2	197.7
Proceeds from new borrowings	*4,126.0*	*1,514.8*
Repayment of borrowings	*(3,045.9)*	*(1,317.2)*
Net interest paid	(60.5)	(50.0)
Other flows related to financing activities	17.4	(0.2)
Cash flows from financing activities	**1,492.4**	**108.7**

(a) Net change in credit lines.

Total equity

Equity attributable to owners of the parent totaled €1,146.3 million as at December 31, 2016 and €2,945.8 million as at December 31, 2017. Changes in Group equity during the 2017 financial year arose for the most part from capital increases, the contribution of Berendsen shares, earnings for the year, the distribution of premiums at the end of the annual general meeting of May 19, 2017, and by gains (losses) recognized directly in equity (mainly the change in currency translation reserves resulting from the translation into euros of the financial statements of subsidiaries working in foreign currencies, particularly the Brazilian real).

Off-balance sheet commitments

The Group's off-balance sheet commitments are presented in notes 2.6, 6.4 and 8.9 to the Group's consolidated financial statements for the year ended December 31, 2017.

5.2.5 FINANCIAL RESOURCES AND LIABILITIES

Financial resources

The Group's main financing sources are as follows:

- *net cash from operating activities*, which totaled €424.8 million for the financial year ended December 31, 2016 and €419.6 million for the financial year ended December 31, 2017;
- *available cash:* cash and cash equivalents amounted to €169.0 million as at December 31, 2016, versus €416.4 million as at December 31, 2017; and
- *borrowings in 2017*, related to the High-Yield Bond issued in April 2015, maturing in April 2022, the syndicated credit facility, the convertible OCEANEs bonds, the *Schuldschein* private placement, the commercial paper program, the employee profit-sharing fund, finance leases and other loans.

Financial liabilities

The table in Note 8.5 to the consolidated financial statements breaks down the Group's net debt as at December 31, 2016 and December 31, 2017.

For the Group, net debt consists of the sum of non-current debt, current debt and cash and cash equivalents.

The Group's pro forma adjusted net debt/EBITDA ratio after synergies, calculated in application of the banking agreements, was 3.2× as at December 31, 2016 and 3.3× as at December 31, 2017. The reconciliation of adjusted net debt of €3,296.6 million and the consolidated financial statements can be found in Note 8.5 to the consolidated financial statements. The Group's 2017 pro forma EBITDA after synergies was €995.6 million (equal to the reported 2017 EBITDA of €670 million adjusted by €160.1 million for the acquisitions made in financial year 2017 as if they had occurred as at January 1, 2017) plus €50 million in estimated potential synergies for 2018 (see Note 2.4 to the consolidated financial statements).

All financial liabilities are described in chapter 1, section 1.13.1, "Financing policy," of this registration document.

5.3 EVENTS AFTER THE REPORTING PERIOD

Significant events that occurred between the reporting date and the approval date of the financial statements are described in Notes 2.9 and 12 to the consolidated financial statements.

With the exception of the recent events referred to in the description of the Group and its activities (chapter 1), in Notes 2.9 and 12 to the consolidated financial statements, and in the management report, no significant event has occurred that is likely to impact the Group's financial or commercial position since December 31, 2017, the year-end date of the last financial year for which the audited financial statements have been reported by the Company.

5.4 OUTLOOK

The outlook is based on the Group's strategy, which has four main strands:

- consolidating its positions through organic growth and acquisitions;
- regularly entering new markets in new or existing geographic regions;
- continuing to improve the Group's operational excellence;
- introducing new products and services at limited marginal cost.

The Group's financial outlook for financial year 2018 is as follows:

- revenue in excess of €3.2 billion;
- EBITDA margin of around 31.5%.

On the recommendation of the Management Board, shareholders will be asked to vote at the general meeting of May 18, 2018 on a dividend of €0.37 per share. The Company will determine the amount of any distributions on the basis of various factors, including the Company's general business conditions and in particular its strategic objectives, financial position, the opportunities it wishes to pursue and applicable lawfully provisions.

In light of the risks that may occur during the reporting period, the targets presented in this paragraph, as well as the profit forecasts or estimates within the meaning of the Commission Regulation (EC) No. 809/2004 as amended and of the European securities and markets authority (ESMA) recommendations on forecast data, in no way represent an undertaking by the Group.

5.5 ELIS RESULTS OF OPERATIONS

Elis shows an operating loss of -€42,932,000 for the 2017 financial year, versus a net loss of -€10,145,000 the previous year. The increased operating loss was mainly due to higher commissions and loan issuance costs amounting to -€26,879,000 arising from the new financing subscribed during the financial year.

Net financial expense stood at -€30,942,000 versus -€8,174,000 for 2016. In 2016 EBIT included a dividend from the M.A.J. subsidiary in the amount of €22,357,000.

Non-recurring income showed a loss of -€13,025,000 versus a profit of €277,000 and mainly includes post-acquisition costs related to Berendsen.

Income tax represented earnings of €27,990,000 (€33,754,000 in 2016). This benefit arose from tax consolidation, since the tax paid by the subsidiaries was higher than the tax owed by the tax group of which Elis is the parent company.

Elis' equity totaled €3,096,977,000, an increase of €1,766,850,000 over December 31, 2016, largely due to the capital increases during the financial year, the contribution of Berendsen shares, and the distribution of reserves, as described in Note 5.1 to the financial statements.

The Company expects its interest expenses to increase in 2018 following the acquisition of Berendsen, which was completed in September 2017.

5.6 SIGNIFICANT EQUITY INVESTMENT IN FRANCE

The Company did not acquire any companies in France during the financial year.

5.7 OTHER INFORMATION

The Company's research and development activities are described in section 1.15 of the registration document.

The Company has no other research and development activities.

In accordance with Article L. 232-1 of the French Commercial Code, it is hereby specified that the Company had no branches as at the date of filing of this registration document.

5.8 INJUNCTIONS OR FINES FOR ANTICOMPETITIVE PRACTICES

None [(1)].

5.9 INFORMATION ABOUT NON-TAX-DEDUCTIBLE EXPENSES

During the financial year ended December 31, 2017, the Company:

- recognized €21,919 in sumptuary expenses that were not deductible from taxable income within the meaning of Article 39-4 of the French Tax Code (Code général des impôts) (lines WE and WF of the tax return);
- did not exclude any general expenses from tax deductible expenses in the income taxable pursuant to Articles 39-5 and 223 *quinquies* of the French Tax Code;
- added back an amount of €503,830 for Directors' fees exceeding the deductible threshold of €457 per Board member.

(1) Article L. 464-2 I of the French Commercial Code stipulates that when injunctions or fines for anti-competitive practices are imposed by the French competition authorities (Autorité de la concurrence), said authorities can order its decision or the extract thereof to be included in the Management Board's report.

5.10 INFORMATION ABOUT PAYMENT TERMS FOR CUSTOMERS AND SUPPLIERS

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the balance of trade payables at the end of the financial year (excluding accrued expenses) was €5,414,015.

INVOICES RECEIVED OR ISSUED BUT UNPAID AND PAST DUE AT THE CLOSING DATE OF THE FINANCIAL YEAR (TABLE PROVIDED FOR IN ARTICLE D. 441-4)

	Article D. 441 I.-1: Invoices received, unpaid and past due at the financial year-end						Article D. 441 I.-1: Invoices issued, unpaid and past due at the financial year-end					
Number of invoices concerned *(In thousands of euros)*	**0 days (for information only)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**0 days (for information only)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) By aging category												
Number of invoices concerned	23						0					
Aggregate invoice amount (incl. VAT)	2,773	101	24	2,643	5		0					
Percentage of total amount of purchases (incl. VAT) for the year	4.55%	0.17%	0.04%	4.33%	0.01%							
Percentage of revenue (incl. VAT) for the year												
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of excluded invoices												
Aggregate amount of excluded invoices (incl. VAT)												
(C) Standard payment terms used (contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	Contractual or legal payment terms						Contractual payment terms: 15th of the following month					

5.11 FIVE-YEAR FINANCIAL SUMMARY

Financial year **Type of information** *(In euros)*	2013	2014	2015	2016	2017
I. Financial position at the financial year-end					
– Share capital	461,177,277	497,610,410	1,140,061,670	1,140,061,670	219,370,207
– Number of shares issued	922,354,554	49,761,041	114,006,167	114,006,167	219,370,207
– Number of bonds convertible into shares					
II. Results of operations					
– Revenue excl. tax	1,500,000	1,500,000	1,114,900	1,043,582	566,299
– Net income (loss) before tax, depreciation, amortization and provisions	(95,160,441)	(55,378,009)	(90,884,608)	18,026,719	(85,195,401)
– Income tax benefit (expense)	52,344,348	45,726,208	24,698,314	33,754,357	27,990,088
– Net income (loss) after tax, depreciation, amortization and provisions	(42,825,339)	(9,632,341)	(54,840,383)	15,712,964	(58,908,721)
– Amount of earnings distributed	0	0	0	0	0
III. Per share data					
– Net income (loss) after tax, but before depreciation, amortization and provisions	(0.05)	(0.20)	(0.62)	0.14	(0.26)
– Net income (loss) after tax, depreciation, amortization and provisions	(0.05)	(0.19)	(0.52)	0.14	(0.27)
– Dividend per share	0.00	0.00	0.00	0.00	0.00
IV. Employees					
– Number of employees	3	3	3	3	3
– Payroll expenses	1,403,842	1,572,954	4,381,986	1,641,594	2,506,992
– Employee benefits (social security, etc.)	349,808	558,368	957,449	596,565	716,203

Financial statements for the year ended December 31, 2017 AFR

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6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	2017	2016 restated *
Revenue	**3.1/4.1**	**2,214.9**	**1,512.8**
Cost of linen, equipment and other consumables		(361.4)	(247.7)
Processing costs		(849.2)	(569.2)
Distribution costs		(358.5)	(238.7)
Gross margin		**645.8**	**457.2**
Selling, general and administrative expenses		(357.3)	(249.2)
Operating income before other income and expense and amortization of customer relationships	**3.2**	**288.5**	**207.9**
Amortization of customer relationships	4.3	(54.2)	(45.8)
Goodwill impairment	6.1	–	–
Other income and expense	4.4	(89.9)	24.5
Operating income		**144.5**	**186.6**
Net financial expense	8.2	(59.8)	(55.7)
Income (loss) before tax		**84.6**	**130.9**
Income tax benefit (expense)	9	(17.9)	(38.0)
Share of net income of equity-accounted companies		–	–
Net income (loss)		**66.8**	**93.0**
Attributable to:			
– owners of the parent		66.2	93.0
– non-controlling interests		0.6	(0.0)
Earnings (loss) per share (EPS)/ Earnings (loss) per share (EPS) from continuing operations *(In euros)*:			
– basic, attributable to owners of the parent	10.3	0.41	0.82
– diluted, attributable to owners of the parent	10.3	0.41	0.81

* *See Note 1.4.*

6.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	Notes	2017	2016 restated *
Net income (loss)		**66.8**	**93.0**
Gains (losses) on change in fair value of hedging instruments	8.8	(4.8)	(3.9)
Hedging reserve reclassified to income	8.8	6.2	4.1
Total change in hedging reserve		**1.4**	**0.2**
Related tax		(0.5)	(0.1)
Translation reserve		**(150.2)**	**39.1**
Other comprehensive income (loss) which may be subsequently reclassified to income		**(149.3)**	**39.3**
Actuarial gains and losses recognized in equity		**16.3**	**(2.7)**
Related tax		(3.1)	0.5
Other comprehensive income (loss) which may not be subsequently reclassified to income		**13.2**	**(2.2)**
Other comprehensive income		**(136.1)**	**37.1**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(69.3)**	**130.1**
Attributable to:			
– owners of the parent		(69.7)	130.1
– non-controlling interests		0.4	0.0

* *See Note 1.4.*

The change in hedging reserve reflects the change in fair value of derivatives eligible for hedge accounting. Details are presented in Note 8.8 “Derivative financial instruments and hedges”.

Translation reserves arise from the translation, during consolidation, of assets and liabilities of Group entities denominated in foreign currencies as described in Note 2.3 “Foreign currency translation”.

Actuarial gains and losses arising on the remeasurement of employee benefits reflect the effect of changes in assumptions (obligation discount rate, salary increase rate, retirement benefit increase rate and expected return on plan assets) used to measure defined benefit plan obligations.

6.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(In millions of euros)	Notes	12/31/2017 net	12/31/2016 restated * net
Goodwill	6.1	4,335.5	1,732.9
Intangible assets	6.2	378.8	389.7
Property, plant and equipment	6.3	1,744.5	898.4
Equity-accounted companies		–	–
Available-for-sale financial assets		0.1	0.1
Other non-current assets	8.7	6.8	6.8
Deferred tax assets	9	46.9	23.9
Employee benefit assets	5.3	16.4	–
TOTAL NON-CURRENT ASSETS		6,529.0	3,051.8
Inventories	4.5	127.2	61.6
Trade and other receivables	4.2	705.6	394.0
Current tax assets		18.2	6.9
Other assets	4.7	30.9	16.7
Cash and cash equivalents	8.4/8.5	416.4	169.0
Assets held for sale	6.3	1.0	1.1
TOTAL CURRENT ASSETS		1,299.3	649.4
TOTAL ASSETS		**7,828.4**	**3,701.2**

* *See Note 1.4.*

Equity and liabilities

(In millions of euros)	Notes	12/31/2017	12/31/2016 restated *
Share capital	10.1	219.4	1,140.1
Additional paid-in capital	10.1/10.2	3,025.7	280.9
Treasury share reserve		(0.7)	(1.6)
Other reserves		0.7	0.7
Retained earnings (accumulated deficit)		(189.1)	(274.8)
Other components of equity		(110.2)	1.1
Equity attributable to owners of the parent		2,945.8	1,146.3
Non-controlling interests	2.7	9.2	4.5
TOTAL EQUITY		2,955.0	1,150.8
Non-current provisions	7.1	39.7	29.3
Employee benefit liabilities	5.3	96.6	64.8
Non-current borrowings	8.3/8.5	2,060.9	1,277.8
Deferred tax liabilities	9	244.1	188.0
Other non-current liabilities	8.7	12.6	22.3
TOTAL NON-CURRENT LIABILITIES		2,453.8	1,582.3
Current provisions	7.1	15.2	4.9
Current tax liabilities		21.8	4.6
Trade and other payables	4.6	277.5	166.8
Other liabilities	4.7	462.8	296.4
Bank overdrafts and current borrowings	8.3/8.5	1,642.2	495.4
Liabilities directly associated with assets held for sale		0.0	–
TOTAL CURRENT LIABILITIES		2,419.6	968.1
TOTAL EQUITY AND LIABILITIES		**7,828.4**	**3,701.2**

* *See Note 1.4.*

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	Notes	2017	2016 restated *
Cash flows from operating activities			
CONSOLIDATED NET INCOME (LOSS)		66.8	93.0
Depreciation, amortization and provisions	4.3	436.2	296.1
Portion of grants transferred to income	4.3	(0.3)	(0.1)
Goodwill impairment	6.1	–	–
Share-based payments		6.9	4.7
Discounting adjustment on provisions and retirement benefits	8.2	0.8	1.0
Net gains and losses on disposal of assets		4.5	(41.2)
Share of net income of equity-accounted companies		–	–
Other		(18.6)	(1.0)
Dividends received (from non-consolidated entities)		(0.1)	(0.0)
CASH FLOWS AFTER FINANCE COSTS AND TAX		496.3	352.5
Net finance costs	8.2	77.7	54.6
Income tax expense	9	17.9	38.0
CASH FLOWS BEFORE FINANCE COSTS AND TAX		591.8	445.1
Income tax paid		(53.3)	(47.1)
Change in inventories	4.5	(3.1)	(7.0)
Change in trade and other receivables	4.2	(51.2)	8.9
Change in other assets	4.7	0.1	(1.4)
Change in trade and other payables	4.6	6.3	6.6
Change in other liabilities	4.7	(69.6)	20.0
Other changes		(0.8)	(0.2)
Employee benefits		(0.6)	(0.0)
NET CASH FROM OPERATING ACTIVITIES		419.6	424.8
Cash flows from investing activities			
Acquisition of intangible assets		(16.8)	(11.1)
Proceeds from sale of intangible assets		0.1	0.0
Acquisition of property, plant and equipment		(463.0)	(252.5)
Proceeds from sale of property, plant and equipment		1.3	53.1
Acquisition of subsidiaries, net of cash acquired	2.4	(1,362.9)	(217.0)
Proceeds from disposal of subsidiaries, net of cash transferred		1.0	1.0
Changes in loans and advances		0.1	0.4
Dividends from equity-accounted companies		0.1	0.0
Investment grants		0.3	0.1
NET CASH FROM INVESTING ACTIVITIES		(1,839.9)	(426.0)
Cash flows from financing activities			
Capital increase	10.1	506.0	0.5
Treasury shares		1.1	0.7
Dividends paid			
– to owners of the parent		(51.7)	(39.8)
– to non-controlling interests		(0.0)	(0.1)
Change in borrowings [(a)]	8.3	1,080.2	197.7
– Proceeds from new borrowings	8.3	4,126.0	1,514.8
– Repayment of borrowings	8.3	(3,045.9)	(1,317.2)
Net interest paid		(60.5)	(50.0)
Other flows related to financing activities		17.4	(0.2)
NET CASH USED IN FINANCING ACTIVITIES		1,492.4	108.7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		72.2	107.5
Cash and cash equivalents at beginning of period		165.2	55.8
Effect of changes in foreign exchange rates on cash and cash equivalents		(34.3)	1.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8.4	203.0	165.2

(a) Net change in credit lines.
* See Note 1.4.

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2017

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2016 (restated)		**1,140.1**	**280.9**	**(1.6)**	**0.7**
Cash increase in share capital	10.1	269.2	236.8	–	–
Amounts paid to shareholders	10.2	–	(51.9)	–	–
Issue of convertible notes		–	–	–	–
Share-based payments		–	–	–	–
Changes in treasury shares		–	–	0.9	–
Acquisition of NCI without a change in control		–	–	–	–
Acquisition of subsidiary – NCI					
Other	10.1	(1,189.9)	2,559.9	–	0.0
Net income (loss) for the period		–	–	–	–
Other comprehensive income		–	–	–	–
TOTAL COMPREHENSIVE INCOME		**–**	**–**	**–**	**–**
Balance as at December 31, 2017		**219.4**	**3,025.7**	**(0.7)**	**0.7**

6.1.6 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2016

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2015 (restated)		**1,140.1**	**320.8**	**(2.2)**	**0.7**
Cash increase in share capital		–	–	–	–
Amounts paid to shareholders	10.2	–	(39.9)	–	–
Share-based payments		–	–	–	–
Changes in treasury shares		–	–	0.6	–
Acquisition of NCI without a change in control		–	–	–	–
Acquisition of subsidiary – NCI					
Other		–	0.0	–	–
Net income (loss) for the period		–	–	–	–
Other comprehensive income		–	–	–	–
TOTAL COMPREHENSIVE INCOME		**–**	**–**	**–**	**–**
Balance as at December 31, 2016 (restated)		**1,140.1**	**280.9**	**(1.6)**	**0.7**

(a) The "Actuarial gains and losses" column shown in Note 6.1.5 "Consolidated Statement of Changes in Equity" in the 2016 registration document has been merged into "Retained earnings (accumulated deficit)".

Retained earnings (accumulated deficit)	Hedging reserves	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
(274.8)	**(6.4)**	**7.5**	**–**	**1,146.3**	**4.5**	**1,150.8**
(0.0)	–	–	–	506.0	-	506.0
0.2	–	–	–	(51.7)	(0.0)	(51.7)
–	–	–	37.8	37.8	-	37.8
6.9	–	–	–	6.9	-	6.9
–	–	–	–	0.9	-	0.9
(0.9)	–	–	–	(0.9)	(1.9)	(2.8)
					6.2	6.2
0.2	0.0	–	–	1,370.1	-	1,370.1
66.2	–	–	–	66.2	0.6	66.8
13.2	0.9	(150.0)	–	(135.9)	(0.2)	(136.1)
79.4	**0.9**	**(150.0)**	**–**	**(69.7)**	**0.4**	**(69.3)**
(189.1)	**(5.5)**	**(142.6)**	**37.8**	**2,945.8**	**9.2**	**2,955.0**
		(110.2)				

Retained earnings (accumulated deficit) [(a)]	Hedging reserves	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
(365.3)	**(6.5)**	**(33.3)**	**–**	**1,054.2**	**(0.3)**	**1,053.9**
(0.0)	–	–	–	(0.0)	0.5	0.5
0.0	–	–	–	(39.9)	–	(39.9)
4.7	–	–	–	4.7	–	4.7
-	–	–	–	0.6	–	0.6
(5.1)	–	1.7	–	(3.4)	0.5	(3.0)
					3.9	3.9
(0.0)	–	0.0	–	(0.0)	(0.0)	(0.0)
93.0	–	–	–	93.0	(0.0)	93.0
(2.2)	0.1	39.1	–	37.1	0.0	37.1
90.8	**0.1**	**39.1**	**–**	**130.1**	**0.0**	**130.1**
(274.8)	**(6.4)**	**7.5**	**–**	**1,146.3**	**4.5**	**1,150.8**
		1.1				

6.1.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Elis is a leading multi-service group in the rental, laundry and maintenance of textile, hygiene and well-being appliances in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, Trade and Services sectors. Elis is a French company listed on the Euronext market in Paris. Its registered office is located at 5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France.

The IFRS consolidated financial statements of the Elis Group for the 12-month period ended December 31, 2017 were approved by the Management Board on March 6, 2018 and reviewed by the Audit Committee on March 5, 2018 and by the Supervisory Board on March 6, 2018.

On September 12, 2017, Elis announced it had completed the acquisition of Berendsen. In the consolidated financial statements, the Berendsen Group is consolidated as from September 1, 2017. Given the material impact of the acquisition, pro forma information is presented in Note 2.4 to the consolidated financial statements.

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NOTE 1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The Elis Group's consolidated financial statements include the financial statements of Elis and its subsidiaries. The Elis Group refers to Elis, the parent company of the Elis Group, and the companies included in its consolidation scope (see Note 2 "Scope of consolidation").

The consolidated financial statements have been prepared on a going concern basis, and under the historical cost convention, except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value. The financial statements are presented in millions of euros, unless otherwise stated.

1.2 ACCOUNTING STANDARDS APPLIED

The accounting policies used to prepare the consolidated financial statements comply with the IFRS and IFRIC interpretations as adopted by the European Union as at December 31, 2017 and available on the website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en.

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2016 except for the following standards and amendments effective for annual periods beginning on or after January 1, 2017:

Main standards, amendments and interpretations with mandatory application from January 1, 2017

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets;"
- amendments to IAS 7 "Disclosure Initiative".

These amendments with mandatory application from January 1, 2017 had no material impact on the Elis Group's consolidated financial statements for the 2017 financial year. In Note 8.3, the Group presents a reconciliation of its beginning and closing debt balances to cash flows from financing activities.

Main standards, amendments and interpretations adopted by the European Union but not mandatory as of January 1, 2017

- IFRS 9 "Financial Instruments", applicable as of January 1, 2018;
- amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4", applicable from January 1, 2018;
- IFRS 15 "Revenue from Contracts with Customers", applicable from January 1, 2018;
- "Clarifications to IFRS 15" amendments, applicable from January 1, 2018;
- IFRS 16 "Leases", applicable from January 1, 2019.

The Group does not plan to apply these standards prior to their required effective date in the European Union.

The estimated impact of these new texts is presented in Note 14.

Main standards, amendments and interpretations published but not yet adopted by the European Union

Lastly, the standards and amendments published but not yet adopted by the European Union are:

- for annual periods beginning on or after January 1, 2018:
  - amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions",
  - IFRIC 22 "Foreign Currency Transactions and Advance Consideration",
  - Annual Improvements to IFRS Standards 2014-2016 Cycle,
  - amendments to IAS 40 "Transfers of Investment Property;"
- for annual periods beginning on or after January 1, 2019:
  - IFRIC 23 "Uncertainty over Income Tax Treatments",
  - amendments to IFRS 9 "Prepayment Features with Negative Compensation",
  - amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures",
  - Annual Improvements to IFRS Standards 2015-2017 Cycle,
  - IFRS 17 "Insurance Contracts".

The Group is currently assessing the impact of these texts.

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires the Elis Group to make estimates and assumptions that affect the carrying amount of assets, liabilities, income and expenses and related disclosures. The Elis Group reviews these estimates and judgments on a regular basis, taking into consideration past experience and other factors deemed relevant in light of economic conditions.

Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

Critical accounting estimates and assumptions

Recoverable amount of goodwill and intangible assets with indefinite useful lives

The Group performs annual impairment tests on goodwill and intangible assets with indefinite useful lives (brands), in accordance with IAS 36 “Impairment of Assets”. The recoverable amount of cash-generating units is calculated on the basis of their value in use. These calculations require the use of estimates. Concerning goodwill, the estimates used, together with an analysis of assumption sensitivity are presented in Note 6.1 “Goodwill”.

Employee benefit liabilities

The present value of employee benefit obligations is computed on an actuarial basis using various assumptions. The discount rate is one of the assumptions used to calculate the net cost of retirement benefits. Any change in the assumptions affects the carrying amount of the employee benefit liabilities.

The Group sets the appropriate discount rate at the end of each reporting period. This is the interest rate applied to calculate the present value of future disbursements necessary to meet retirement benefit obligations. To determine the appropriate rate, the Group takes into account the interest rates on high-quality corporate bonds (Iboxx Corporate AA 10+ for France) in the currencies in which benefits are to be paid and with a term comparable to the estimated average maturity of the corresponding obligation.

Note 5.3 “Employee benefit liabilities” provides further details on the matter.

Critical judgments in applying accounting policies

Recognition of assets related to rental, laundry and maintenance services

Rental, laundry and maintenance services agreements are not deemed to transfer to the lessee substantially all the risks and rewards incident to ownership of the assets (linen, equipment, etc.) associated with the service agreements. Accordingly, items subject to rental, laundry and maintenance services agreements are recognized as non-current assets.

Accounting classification of French business tax (*cotisation sur la valeur ajoutée des entreprises* – CVAE)

According to the Group’s analysis, French business tax (CVAE) meets the definition of income tax in paragraph 2 of IAS 12 “Income Taxes”. Total current and deferred amounts of CVAE are therefore presented in the line item “Income tax benefit (expense)”.

1.4 CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR-YEAR FINANCIAL INFORMATION

IFRS 3 requires previously published comparative periods to be retrospectively restated in the event of business combinations (recognition of the final fair value of the assets acquired and liabilities and contingent liabilities assumed if fair value had been estimated on a provisional basis at the end of the previous reporting period).

In connection with adjustments recorded following acquisitions made in 2016, the amount of goodwill increased by €22.8 million compared with the amount presented in the consolidated financial statements for the year ended December 31, 2016 published for the purposes of the registration document.

(In millions of euros)	2016 published	IFRS 3	2016 restated
Revenue	**1,512.8**		**1,512.8**
Cost of linen, equipment and other consumables	(247.5)	(0.3)	(247.7)
Processing costs	(568.9)	(0.3)	(569.2)
Distribution costs	(238.7)		(238.7)
Gross margin	**457.7**	**(0.5)**	**457.2**
Selling, general and administrative expenses	(249.2)	(0.1)	(249.2)
Operating income before other income and expense and amortization of customer relationships	**208.6**	**(0.6)**	**207.9**
Amortization of customer relationships	(45.6)	(0.2)	(45.8)
Goodwill impairment	–		–
Other income and expense	24.5	–	24.5
Operating income	**187.4**	**(0.8)**	**186.6**
Net financial expense	(55.7)		(55.7)
Income (loss) before tax	**131.7**	**(0.8)**	**130.9**
Income tax benefit (expense)	(38.1)	0.1	(38.0)
Share of net income of equity-accounted companies	–		–
Net income (loss)	**93.7**	**(0.7)**	**93.0**
Attributable to:			
– owners of the parent	93.7	(0.7)	93.0
– non-controlling interests	(0.0)		(0.0)
Earnings (loss) per share (EPS) / Earnings (loss) per share (EPS) from continuing operations *(In euros)*:			
– basic, attributable to owners of the parent	0.82		0.82
– diluted, attributable to owners of the parent	0.82		0.81

(In millions of euros)	12/31/2016 published	IFRS 3	12/31/2016 restated
Goodwill	1,755.7	(22.8)	1,732.9
Intangible assets	350.9	38.8	389.7
Property, plant and equipment	896.5	1.9	898.4
Equity-accounted companies	–	–	–
Available-for-sale financial assets	0.1	0.0	0.1
Other non-current assets	4.2	2.6	6.8
Deferred tax assets	19.4	4.5	23.9
Employee benefit assets	–	–	–
TOTAL NON-CURRENT ASSETS	3,026.8	25.0	3,051.8
Inventories	62.4	(0.8)	61.6
Trade and other receivables	392.6	1.4	394.0
Current tax assets	6.6	0.3	6.9
Other assets	17.0	(0.3)	16.7
Cash and cash equivalents	169.6	(0.6)	169.0
Assets held for sale	1.1	–	1.1
TOTAL CURRENT ASSETS	649.3	0.1	649.4
TOTAL ASSETS	**3,676.1**	**25.1**	**3,701.2**

(In millions of euros)	12/31/2016 published	IFRS 3	12/31/2016 restated
Share capital	1,140.1	–	1,140.1
Additional paid-in capital	280.9	–	280.9
Treasury share reserve	(1.6)	–	(1.6)
Other reserves	0.7	–	0.7
Retained earnings (accumulated deficit)	(274.1)	(0.7)	(274.8)
Other components of equity	1.1	–	1.1
Equity attributable to owners of the parent	1,147.0	(0.7)	1,146.3
Non-controlling interests	4.0	0.5	4.5
TOTAL EQUITY	1,151.0	(0.2)	1,150.8
Non-current provisions	24.2	5.1	29.3
Employee benefit liabilities	62.9	1.9	64.8
Non-current borrowings	1,276.8	1.0	1,277.8
Deferred tax liabilities	176.8	11.2	188.0
Other non-current liabilities	22.6	(0.3)	22.3
TOTAL NON-CURRENT LIABILITIES	1,563.4	18.8	1,582.3
Current provisions	4.9	(0.0)	4.9
Current tax liabilities	3.9	0.7	4.6
Trade and other payables	162.6	4.2	166.8
Other liabilities	296.3	0.1	296.4
Bank overdrafts and current borrowings	494.1	1.3	495.4
Liabilities directly associated with assets held for sale	–	–	–
TOTAL CURRENT LIABILITIES	961.7	6.4	968.1
TOTAL EQUITY AND LIABILITIES	**3,676.1**	**25.1**	**3,701.2**

(In millions of euros)	2016 published	IFRS 3	2016 restated
Cash flows from operating activities			
CONSOLIDATED NET INCOME (LOSS)	93.7	(0.7)	93.0
Depreciation, amortization and provisions	295.3	0.8	296.1
Portion of grants transferred to income	(0.1)		(0.1)
Goodwill impairment	–		–
Share-based payments	4.7		4.7
Discounting adjustment on provisions and retirement benefits	1.0		1.0
Net gains and losses on disposal of assets	(41.2)		(41.2)
Share of net income of equity-accounted companies	–		–
Other	(1.0)		(1.0)
Dividends received (from non-consolidated entities)	(0.0)		(0.0)
CASH FLOWS AFTER FINANCE COSTS AND TAX	352.4	0.1	352.5
Net finance costs	54.6		54.6
Income tax expense	38.1	(0.1)	38.0
CASH FLOWS BEFORE FINANCE COSTS AND TAX	445.1	–	445.1
Income tax paid	(47.1)		(47.1)
Change in inventories	(7.0)		(7.0)
Change in trade and other receivables	8.9		8.9
Change in other assets	(1.4)		(1.4)
Change in trade and other payables	6.6		6.6
Change in other liabilities	20.0		20.0
Other changes	(0.2)		(0.2)
Employee benefits	(0.0)		(0.0)
NET CASH FROM OPERATING ACTIVITIES	424.8	–	424.8
Cash flows from investing activities			
Acquisition of intangible assets	(11.1)		(11.1)
Proceeds from sale of intangible assets	0.0		0.0
Acquisition of property, plant and equipment	(252.5)		(252.5)
Proceeds from sale of property, plant and equipment	53.1		53.1
Acquisition of subsidiaries, net of cash acquired	(216.3)	(0.7)	(217.0)
Proceeds from disposal of subsidiaries, net of cash transferred	1.0		1.0
Changes in loans and advances	0.4		0.4
Dividends from equity-accounted companies	0.0		0.0
Investment grants	0.1		0.1
NET CASH FROM INVESTING ACTIVITIES	(425.3)	(0.7)	(426.0)
Cash flows from financing activities			
Capital increase	0.5		0.5
Treasury shares	0.7		0.7
Dividends paid			
– to owners of the parent	(39.8)		(39.8)
– to non-controlling interests	(0.1)		(0.1)
Change in borrowings [(a)]	197.7		197.7
– Proceeds from new borrowings	1,514.8		1,514.8
– Repayment of borrowings	(1,317.2)		(1,317.2)
Net interest paid	(50.0)		(50.0)
Other flows related to financing activities	(0.2)		(0.2)
NET CASH USED IN FINANCING ACTIVITIES	108.7	–	108.7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	108.2	(0.7)	107.5
Cash and cash equivalents at beginning of period	55.8		55.8
Effect of changes in foreign exchange rates on cash and cash equivalents	1.8		1.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	165.9	(0.7)	165.2

(a) Net change in credit lines.

NOTE 2 SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS OF THE YEAR

2.1 BASIS OF CONSOLIDATION

Fully consolidated companies

Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Net income or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in income.

Associates and joint ventures

Investments in companies over which the Group has significant influence on financial and operating decisions but does not exercise control and joint ventures are accounted for using the equity method.

2.2 BUSINESS COMBINATIONS

Business combinations as from July 1, 2009

Business combinations are accounted for using the acquisition method. Accordingly, when the Group acquires a business, its assets, liabilities and contingent liabilities are measured at fair value. Moreover, for each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the Group's proportionate share of the acquiree's identifiable net assets.

Acquisition-related transaction costs are expensed as incurred (see Note 4.4 "Other income and expense").

At the acquisition date, the Group recognizes goodwill as the difference between the consideration transferred plus any non-controlling interests in the entity acquired and the net identifiable assets acquired and liabilities assumed.

In a step acquisition where control is obtained in stages, the Group measures the previously-held equity interest in the acquiree at the acquisition-date fair value and recognizes any gain or loss in income.

Business combinations prior to June 30, 2009

The different accounting treatments applicable to these business combinations are as follows:

- transaction costs directly attributable to the acquisition were included in the acquisition cost;
- non-controlling interests (previously referred to as "minority interests") were measured at the share of net assets acquired;
- step acquisitions were recognized separately and did not affect subsequently recognized goodwill.

2.3 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions by Group companies are translated into the functional currency using the exchange rates effective at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Foreign currency translation gains and losses are recognized in the income statement, except for those concerning monetary items associated with a net investment in a foreign operation. For the latter, translation differences are recognized directly in equity until the net investment is sold, when they are reclassified to the income statement.

For consolidation purposes, the assets and liabilities of Group entities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Income statement items are translated using the average exchange rate for the reporting period. Resulting foreign currency differences are recognized directly in equity and presented in a separate line item ("Foreign currency translation reserve").

2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

2017 acquisitions

Acquisition of the Berendsen Group

On September 12, 2017, Elis announced that it had completed the acquisition of Berendsen, a European company specializing in services solutions for textile, hygiene and protection articles, operating mainly in the United Kingdom, Scandinavia, Eastern and Central Europe. Berendsen, with revenue of €1.4 billion in 2016 and 15,700 employees, provides the Group with greater geographical diversity and strong positions in most of the markets in which it will operate. In practice, Berendsen has been consolidated in the Group's financial statements since September 1, 2017.

The purchase price paid in cash in the amount of £5.40 and via delivery of 0.403 new Elis shares for each Berendsen share was €2.4 billion.

Given the material impact of this acquisition, pro forma financial statements are presented below.

In Brazil

On May 23, 2017, Elis announced it had finalized the acquisition of Lavebras Gestão de Têxteis SA, ("Lavebras"), ranked second in the Brazilian market. Lavebras has operations in 17 states in Brazil and employs approximately 4,000 employees spread out over 76 industrial sites. This family-owned company established in 1997 has the densest industrial laundry complex in Brazil. The Lavebras Group serves customers in the Healthcare, Industry (particularly Agri-food) and Hospitality segments. The Lavebras Group's revenue was €100 million in 2017. Lavebras has been consolidated in the Group's financial statements since June 1, 2017.

On July 10, 2017, Elis reached an agreement to acquire 100% of Bardusch Arrendamentos Texteis Ltda (renamed Atmosfera Gestao e Higienização de Uniformes Ltda), the Brazilian subsidiary of the Bardusch Group, which operates three production sites in the country. These three laundries, located in Curitiba, Jundiaí and Rio Verde (at a customer's facility) mainly offer a rental and maintenance service of professional clothing for industrial customers in the Automotive and Agri-Food sectors. In 2017, these three production sites posted revenues of €10 million. The company has around 350 employees.

In October, the Group acquired Totalqualy, a company with a revenue of approximately €2.5 million. The company mainly serves customers in the Healthcare segment in São Paulo.

In France

On March 3, 2017, the Group acquired HTE Sanitation, a company located in Châteauneuf-les-Martigues, specialized in 3D Prevention and operating in the Aix-Avignon-Marseille region. This company generated revenue of €0.4 million in 2017 and employs nine people.

On March 13, 2017, the Group acquired Blanchisserie Blésoise, a laundry company operating in Blois, whose customers come from the Health and Hospitality sectors in the Centre Val de Loire and Île-de-France regions. This company generated revenue of €13.6 million in 2017 and employs around 180 people.

In April 2017, the Group acquired the business assets of the Blanchisserie des Gaves (Biarritz/Lourdes/Pau region) and FlashOcean (Charente-Maritime and Bordeaux regions) which generate annual revenue of around €0.5 million and €0.6 million, respectively.

In Germany

On May 10, 2017, Elis reached an agreement to acquire the business assets (plant, equipment and customer portfolio) of MTR, a company located in Riesa, Saxony. The business remained on site and the vast majority of jobs were saved. In 2017, the Riesa center achieved revenue of around €5 million. This acquisition allows Elis to continue to expand its network in Germany and to optimize the distribution of volumes between production centers in the region.

In Hungary

On July 4, 2017, Elis completed the acquisition of Első Magyar Tisztatéri Mosoda Ltd (EMTM), a company located in Miskolc, Hungary. EMTM is active in the workwear and Ultra-Clean business, operating one of the main cleanroom laundries. This company generated revenue of €1.6 million in 2017 and employs around 65 people. EMTM serves mainly industrial customers in the Pharmaceutical, Electronics and Chemicals sectors, in Hungary and its neighboring countries. With this acquisition Elis strengthens its offer in the Ultra-Clean and workwear segment in Central Europe, a nice complementary fit with our plant in Slavkov.

In Colombia

The Group acquired:

- Centro de Lavado y Aseo (CLA) in September 2017. CLA operates two laundries in Bogotá, employs 200 people and serves mainly private Healthcare players. Revenue in 2017 was €2.4 million;
- Lavanser, which operates a plant in Bogota, in October 2017. Lavanser has 200 employees and generated revenue of €3.0 million in 2017.

In line with the acquisition of SIL in December 2016, Elis has thus strengthened its position in this high-growth potential country.

Summary of the aforementioned acquisitions

The identifiable assets and liabilities at the acquisition date were as follows:

(In millions of euros)	**Fair value at the acquisition date**	**of which Berendsen**	**of which France**	**of which Germany excluding Berendsen**	**of which Colombia**	**of which Brazil**	**of which Hungary**	**of which Spain**
Statement of financial position								
Intangible assets	41.7	*29.8*	*4.8*	*1.1*	*0.0*	*6.0*	*0.1*	–
Property, plant and equipment	764.2	*711.1*	*8.8*	*2.7*	*2.3*	*37.4*	*1.8*	–
Available-for-sale financial assets	0.1	*0.1*	*0.0*	–	–	–	–	–
Other non-current assets	40.8	*40.8*	–	–	–	–	*0.0*	–
Deferred tax assets	11.1	*8.8*	–	–	*0.2*	*2.1*	–	–
Employee benefit assets	1.4	*1.4*	–	–	–	–	–	–
Inventories	64.1	*62.2*	*0.1*	*0.0*	*0.4*	*1.5*	–	–
Trade and other receivables	268.0	*240.0*	*3.1*	–	*1.3*	*23.3*	*0.3*	–
Current tax assets	5.0	*4.9*	–	–	*0.1*	–	*0.0*	–
Other assets	37.3	*36.5*	*0.2*	–	*0.5*	*0.1*	–	–
Cash and cash equivalents	243.0	*237.6*	*0.8*	–	*(0.1)*	*4.6*	*0.1*	–
Non-current provisions	(6.6)	*(4.8)*	–	*(0.0)*	–	*(1.7)*	–	–
Employee benefit liabilities	(36.1)	*(35.9)*	*(0.3)*	–	–	–	–	–
Non-current borrowings	(5.6)	*(0.1)*	*(4.7)*	–	*(0.1)*	*(0.6)*	*(0.1)*	–
Deferred tax liabilities	(50.7)	*(48.9)*	*(1.8)*	–	–	–	–	–
Other non-current liabilities	(10.3)	*(4.7)*	*(0.5)*	–	*(0.8)*	*(3.8)*	*(0.5)*	–
Current provisions	(5.1)	*(5.0)*	*(0.0)*	–	–	*(0.1)*	–	–
Current tax payables	(20.5)	*(19.0)*	*0.3*	–	*(0.1)*	*(1.7)*	*(0.0)*	–
Trade and other payables	(104.5)	*(96.0)*	*(1.6)*	–	*(1.5)*	*(5.3)*	*(0.1)*	–
Other liabilities	(258.5)	*(242.4)*	*(1.6)*	–	*(0.9)*	*(13.0)*	*(0.6)*	–
Bank overdrafts and current borrowings	(829.3)	*(820.5)*	*(0.0)*	–	*(0.0)*	*(8.7)*	*(0.0)*	–
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE (a)	**149.3**	***95.7***	***7.5***	***3.8***	***1.2***	***39.9***	***1.2***	**–**
Non-controlling interests (b)	(6.2)	*(6.2)*	–	–	–	–	–	–
Goodwill	2,684.5	*2,342.0*	*8.5*	*0.0*	*4.9*	*328.1*	*1.0*	–
PURCHASE PRICE	**2,827.6**	***2,431.5***	***16.0***	***3.8***	***6.1***	***368.0***	***2.2***	**–**

(a) Provisional amount, see below.
(b) Share of fair value of net assets acquired.

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2017	of which Berendsen	of which France	of which Germany excluding Berendsen	of which Colombia	of which Brazil	of which Hungary	of which Spain
Net cash acquired	95.3	90.0	0.7	–	(0.1)	4.6	0.1	–
Amount paid	(1,458.2)	(1,051.0)	(17.3)	(3.6)	(6.1)	(377.7)	(2.2)	(0.3)
NET CASH FLOW	**(1,362.9)**	**(961.1)**	**(16.6)**	**(3.6)**	**(6.3)**	**(373.1)**	**(2.0)**	**(0.3)**

As at December 31, 2017, due to the recent large acquisitions of the second half of the year, the initial recognition of business combinations was incomplete and the above amounts were therefore set out on a provisional basis. The final valuations will be carried out in 2018 and the acquisition will be definitively recognized on the basis of valuations and studies done with the help of outside valuation specialists. Measurement of the fair value of assets acquired and liabilities assumed may result in the recognition of certain identifiable assets acquired (such as customer relationships) that will have a finite useful life and will be amortized. Consequently, the Group's net income may be materially impacted by amortization charges related to these identifiable assets acquired.

Since their acquisition, the companies acquired have contributed €523.1 million to revenue, €160.1 million to EBITDA and €72.6 million to operating income (before amortization of customer relationships). If the acquisitions had taken place at the beginning of the year, additional revenue would have been €950.8 million, additional EBITDA €278.2 million and additional operating income (before amortization of customer relationships) €118.2 million.

Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group's human capital and the expected synergies arising from the acquisitions.

Elis Berendsen pro forma financial statements

The pro forma income statement as at December 31, 2017 was prepared on the assumption of a merger of the Elis and Berendsen groups as at January 1, 2017.

The objective of the consolidated unaudited pro forma financial statements of the Combined Group is to disclose information intended to describe the impact that the Transaction (including the financing of the Transaction) would have had on the income statement for the period from January 1 to December 31, 2017 if the Transaction had taken place prior to its actual occurrence.

This pro forma income statement is not adjusted for other acquisitions made in 2017 or their financing. As a result, the pro forma income statement does not include (i) Lavebras' income statement for the period from January 1, 2017 to April 30, 2017 or (ii) the income statement of other acquisitions between January 1, 2017 and the date of their takeover.

The pro forma financial statements prepared in accordance with the provisions of Annex II to Regulation (EC) no. 809/2004 and ESMA Recommendations on pro forma financial statements are purely indicative and reflect a hypothetical situation. Consequently, they do not represent the financial position or operating performance of Elis Berendsen, if the combination had actually taken place on January 1, 2017.

Scope of consolidation and historical information used

The pro forma income statement has been prepared in millions of euros, the euro being the functional and presentation currency of the Group's historical consolidated financial statements. Berendsen's historical consolidated financial statements prepared in millions of British pounds have been converted at the average exchange rate for the first eight months of 2017 (£1 = €1.150).

The pro forma financial statements have been prepared based on:

- the consolidated financial statements of the Elis Group as at December 31, 2017, which have been audited by the Statutory Auditors;
- the consolidated financial statements of the Berendsen Group as at December 31, 2017. This historical information has not undergone any audit or review by the Statutory Auditors. Specific procedures were carried out on the opening balance sheets of the main subsidiaries by members of the audit networks.

Reclassifications and adjustments

The adjustments made to the pro forma income statement items are restatements to the net financial expense (interest expense and amortization of set-up costs) on the assumption that the 2017 Bridge Term Facility Agreement would have been drawn down over 12 months to fund the cash portion of the purchase price and the cancelation of pre-takeover costs recognized by Berendsen.

(In millions of euros)	Data for Elis 12/31/2017	Historical data for Berendsen 8 months	Sum of historical data	Recurring interest expense Elis	Non recurring interest expense	Berendsen pre-takeover costs	Pro forma Financial Information
Revenue	**2,214.9**	**890.3**	**3,105.2**				**3,105.2**
Operating expenses	(1,926.4)	(784.3)	(2,710.7)				(2,710.7)
Operating income before other income and expense and amortization of customer relationships	**288.5**	**106.1**	**394.5**				**394.5**
Amortization of customer relationships	(54.2)	(5.7)	(59.8)				(59.8)
Goodwill impairment	–	–	–				–
Other income and expense [(a)]	(89.9)	(35.6)	(125.4)			25.2	(100.3)
Operating income	**144.5**	**64.8**	**209.3**			**25.2**	**234.4**
Net financial expense	(59.8)	(13.8)	(73.6)	(11.8)	(4.0)		(89.4)
Income (loss) before tax	**84.6**	**51.0**	**135.7**	**(11.8)**	**(4.0)**	**25.2**	**145.0**
Income tax benefit (expense)	(17.9)	(13.0)	(30.8)	3.1	1.4	(4.8)	(31.3)
Share of net income of equity-accounted companies	–	–	–				–
Net income (loss)	**66.8**	**38.1**	**104.8**	**(8.8)**	**(2.6)**	**20.3**	**113.8**
Attributable to:							
– owners of the parent	66.2	37.8	104.0				112.9
– non-controlling interests	0.6	0.3	0.9				0.9

(a) Other income and expense mainly include:
(i) Elis: €30.3 million of transaction costs and €46.0 million of restructuring costs as mentioned in the Note 4.4.
(ii) Berendsen: 25.2 million relating to pre-takeover by Elis and €9.7 million in respect of restructuring costs.

NON-IFRS INDICATORS: PRO FORMA EBIT AND EBITDA FOR THE 2017 FINANCIAL YEAR

Pro forma EBIT and EBITDA as defined in Note 3.2 are presented below:

(In millions of euros)	Historical data for Elis	Historical data for Berendsen	Sum of historical datas
EBITDA	**670.0**	**265.6**	**935.5**
EBITDA margin	30.2%	29.8%	30.1%
EBIT	**298.6**	**108.4**	**407.0**
EBIT margin	13.5%	12.2%	13.1%

2016 acquisitions

The Group made the following investments during the financial year ended December 31, 2016:

In Germany

The Group acquired:

- two laundries in Wismar and Stralsund on January 7, 2016, employing 340 people. The two laundries had combined revenue of €16.1 million in 2016, with the Wismar plant's customers split equally between the Hospitality and Healthcare sectors, and the Stralsund plant, located on the Baltic Coast, serving mainly Hotel customers;
- Puschendorf Textilservice on December 8, 2016, a family-owned company with five laundries in Germany, which posted revenue of €40.2 million in 2016. This transaction strengthens the company's positions in the German *Länder* where at present the Group has only limited operations, mostly along an axis connecting the Lower Saxony cities of Hanover and Wolfsburg, Magdeburg in Saxony-Anhalt and Leipzig in Saxony. In these regions, Puschendorf is the uncontested market leader in the Healthcare sector, servicing hospitals and retirement homes, and has established an innovative system for tracking flat linen. Elis now operates 16 laundries in the country.

In Brazil

The Group acquired:

- Uniforme Lavanderia e Locação Eireli on June 15, 2016, operating a laundry in Camaçari providing services mainly to the industry in the Bahia region (revenue of €0.3 million). This company employed some 26 people;
- two companies – Prontlav Lavanderia and Toalshão locação e higienização e Higienização de Enxoval – on October 1, 2016, operating a laundry at Fortaleza (state of Ceará), in the Healthcare market serving hospitals and clinics, with revenue of €2.0 million in 2016 and employing 80 people. This acquisition increases Elis's breadth in this northeastern state of Brazil.

In Colombia

Elis reached an agreement for the acquisition of Servicios Industriales de Lavado SIL in Colombia on December 27, 2016, thus moving into its third Latin American country, after Brazil and Chile. Elis purchased 100% of SIL shares from its owner, who continues to assist the Group in its development in Colombia, with the stated goal of rapidly becoming the market leader. The company, which operates two laundries in Bogotá and in Cali, primarily serves private Healthcare players. SIL finished 2016 with revenue of 11 billion Colombian peso, or approximately €3.5 million.

In Spain

Elis Manomatic acquired:

- the assets of Servicios Hosteleros Textil Rent on June 2, 2016, a company in liquidation proceedings operating a laundry in Almansa, Albacete, catering primarily to the Hospitality market in the area of Valencia, Alicante and Murcia, with revenue of around €1.5 million and a staff of some 40 people;
- Compañia Navarra de Servicios Integrales SL (Indusal) on December 21, 2016. With this acquisition, Elis became the leading operator in the sector in Spain. A family-owned company founded in 1981, Indusal is the second largest operator in the sector in Spain, slightly ahead of Elis. Indusal operates in the textile rental and laundry sector and serves the Hospitality, Healthcare and Industry end markets. Indusal has 24 production facilities and in 2016 recorded revenue of €90.0 million.

In France

On April 1, 2016, the Group acquired BMF, based in Yerres (department of Essonne). Active in the eradication of insects and rodents and disinfection services market and employing 16 people, BMF posted total revenue of €1.2 million in 2016.

On November 14, 2016, Elis acquired Hygiène Technique et Protection de l'Environnement, a company based in Bobigny (department of Seine-Saint-Denis). Active in the eradication of insects and rodents and disinfection services market and employing some 40 people, HTPE posted total revenue of €3 million. Its primary customers are local authorities, town halls and providers of social housing.

These acquisitions consolidated Elis' hold on the 3D market in the Île-de-France region.

Furthermore, the Group now owns all shares of SCI Maine Beauséjour, an owner of buildings in the profit center of Limoges (department of Haute-Vienne).

In Switzerland

On June 9, 2016, the Group acquired On My Way, a Swiss start-up that offers innovative dry cleaning solutions to private customers (www.on-my-way.ch). On My Way provides customers with a linen-cleaning service, collecting their laundry at convenient pickup points (gas stations, supermarkets) or at their place of work. These activities are a natural extension of the Group's services.

In early July, the Group completed two acquisitions:

- Hygienis SA, a company specializing in eradication of insects and rodents and disinfection services (3D Prevention). Hygienis generated revenue of CHF2.3 million in 2016 and employs 12 people;
- Wäscherei Mariano, a laundry near Zurich whose customers are primarily restaurants. The company employs 45 people and generated revenue of CHF7.3 million in 2016. This acquisition enables Elis to extend its coverage in the canton of Zurich, which is the country's leading Hotel market. The Group is now the leading player in Switzerland with 18 production sites across the country, providing it with an unrivaled network to serve its historical customers in Hospitality and Healthcare, but also in Industry with its workwear offering.

Summary of the aforementioned acquisitions

The identifiable assets and liabilities at the acquisition date were as follows:

(In millions of euros)	Fair value at the acquisition date	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Colombia
Statement of financial position							
Intangible assets	47.4	*0.8*	*12.9*	*24.9*	*6.7*	*0.9*	*1.2*
Property, plant and equipment	110.4	*1.8*	*38.8*	*64.8*	*3.2*	*1.0*	*0.7*
Available-for-sale financial assets	0.1	–	*0.0*	*0.1*	–	–	–
Other non-current assets	2.9	–	*(0.3)*	*3.2*	*0.0*	–	–
Deferred tax assets	11.4	–	*0.5*	*10.9*	–	–	*0.0*
Employee benefit assets	–	–	–	–	–	–	–
Inventories	1.1	*0.0*	*0.4*	*0.5*	*0.2*	*0.0*	*0.1*
Trade and other receivables	37.4	*1.5*	*5.8*	*26.8*	*1.7*	*0.9*	*0.8*
Current tax assets	1.1	*0.0*	*0.0*	*1.0*	–	–	–
Other assets	0.4	*0.0*	*0.2*	*0.1*	*0.1*	–	*0.0*
Cash and cash equivalents	12.4	*1.1*	*1.0*	*5.6*	*4.5*	*0.2*	*0.0*
Non-current provisions	(5.1)	*(0.1)*	*(0.1)*	*(4.8)*	–	*(0.2)*	–
Employee benefit liabilities	(1.8)	*(0.0)*	*(0.0)*	–	*(1.8)*	–	–
Non-current borrowings	(14.0)	*(0.0)*	*(11.2)*	*(2.6)*	*(0.1)*	*(0.1)*	–
Deferred tax liabilities	(15.2)	*(0.4)*	*(5.9)*	*(7.4)*	*(1.1)*	–	*(0.4)*
Other non-current liabilities	(4.1)	*(0.5)*	*(3.0)*	*(0.5)*	–	*(0.0)*	–
Current provisions	(0.0)	*(0.0)*	*(0.0)*	–	–	–	–
Current tax payables	(0.8)	*0.1*	*(0.1)*	*(0.8)*	*0.1*	*(0.1)*	*(0.0)*
Trade and other payables	(24.9)	*(0.6)*	*(5.0)*	*(18.6)*	*(0.2)*	*(0.1)*	*(0.4)*
Other liabilities	(13.3)	*(0.6)*	*(5.6)*	*(5.8)*	*(0.6)*	*(0.6)*	*(0.1)*
Bank overdrafts and current borrowings	(52.9)	–	*(10.5)*	*(42.3)*	*(0.1)*	*(0.0)*	*(0.0)*
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**92.3**	***3.1***	***17.9***	***54.9***	***12.4***	***2.0***	***2.0***
Non-controlling interests [(a)]	(5.7)	–	–	*(3.9)*	*(1.8)*	–	–
Goodwill	125.7	*4.7*	*23.0*	*85.2*	*9.1*	*1.8*	*2.0*
PURCHASE PRICE	**212.3**	***7.8***	***40.9***	***136.2***	***19.7***	***3.8***	***4.0***

(a) Switzerland: at fair value/Spain: at portion of acquired net assets.

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2016	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Colombia
Net cash acquired	5.8	1.1	(5.5)	5.5	4.5	0.2	0.0
Amount paid	(222.8)	(7.5)	(41.3)	(136.1)	(22.3)	(12.7)	(2.8)
NET CASH FLOW	**(217.0)**	**(6.5)**	**(46.8)**	**(130.6)**	**(17.8)**	**(12.5)**	**(2.8)**

Since their acquisition, in 2016, the acquired companies contributed in €27.3 million to revenue, €7.1 million to EBITDA and €3.5 million to operating income (before amortization of customer relationships). If the acquisitions had taken place at the beginning of 2016, additional revenue would have been €141.7 million, additional EBITDA €33.8 million and additional operating income (before amortization of customer relationships) €10.4 million.

Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group's human capital and the expected synergies arising from the acquisitions.

2.5 NON-CURRENT ASSETS (OR GROUPS OF ASSETS) HELD FOR SALE

Non-current assets (or groups of assets) are considered as held for sale and measured at the lower of carrying amount or fair value less cost to sell if their carrying amount will be recovered primarily through a sale rather than continuing use. For this to be the case, an asset (or group of assets) must be available for immediate sale in its current state, subject only to terms that are usual and customary for sales of such assets, and its sale must be deemed highly probable.

2.6 OFF-BALANCE SHEET COMMITMENTS RELATING TO CHANGES IN THE CONSOLIDATION SCOPE

Commitments given relate to guarantees granted by Elis in connection with divestments. There were no such commitments as at December 31, 2017 (versus €2.2 million as at December 31, 2016).

Commitments received totaled €173.4 as at December 31, 2017 (€137.9 million as at December 31, 2016) and correspond to guarantees granted to Elis in connection with its acquisitions.

2.7 NON-CONTROLLING INTERESTS

No detailed information is provided under IFRS 12 as there is no subsidiary with material non-controlling interests.

2.8 OTHER SIGNIFICANT EVENTS OF THE YEAR

Financing for the Indusal and Lavebras acquisitions

In order to finance its acquisitions of Indusal and Lavebras, on February 13, 2017 Elis carried out a capital increase with preferential subscription rights in the amount of €325 million (gross amount before deduction of issuance costs) through the issue of 25,910,490 new shares. This transaction closed the financing of the bridge loan entered into by Elis in connection with the above mentioned acquisitions.

Financing for the Berendsen acquisition

The Berendsen acquisition was carried out partly in securities and partly in cash, as described in the prospectus registered with the AMF under number 17-390 on July 27, 2017.

The securities financing consisted of the direct issuance of new Elis shares to Berendsen shareholders. The cash portion of this acquisition was financed by a bridge term facility agreement of €1,920 million to cover the repayment of Berendsen's debt. As at December 31, 2017, Berendsen Plc's entire debt, consisting of a syndicated bank loan and USPP issues, was repaid.

Since September 12, 2017, various refinancing transactions have been carried out on the 2017 Bridge Term Facility Agreement, i.e.:

- a €200 million capital increase reserved for CPPIB on September 13, 2017;
- a €400 million convertible bond *(Océanes)* issue on October 6, 2017;
- a syndicated credit facility on November 7, 2017 with leading credit institutions, including a €200 million term loan and a €400 million revolving credit line;
- various *Schuldschein* lines on November 23, 2017 for €75 million.

As at December 31, 2017, the balance of the bridge credit facility to be refinanced amounted to €1,015 million.

The Group's various financing arrangements are detailed in Note 8.3 "Gross debt".

2.9 EVENTS AFTER THE REPORTING PERIOD RELATING TO CHANGES IN THE CONSOLIDATION SCOPE

Elis completed three new acquisitions in January 2018:

- SMH – Sächsische Mietwäsche und Handels, a company located in Germany near Dresden, with revenue of approximately €2.3 million in the Hospitality sector. The volumes will be transferred to the Riesa plant and the former manager, Thomas Pfeiff, will become director of Riesa;
- Alsco's portfolio of Hospitality customers in Germany in the Berlin and Hamburg regions, which represents nearly €2 million in revenue; and
- Big Bang, a company based in Nice, France. With 16 employees, Big Bang generates revenue of €1.7 million in the HWB (hygiene and well-being) market in the Nice, Marseille, Lyon and Paris regions.

In addition, the Group announced on February 19 that it had signed an agreement to acquire 100% of BW Textilservice in Germany. The closing of the transaction is subject to regulatory conditions. BW Textilservice is a family-owned laundry company located in the Stuttgart region, with a revenue of around €24 million in 2017, entirely in the Healthcare market, and around 500 employees.

NOTE 3 SEGMENT INFORMATION

Due to the great similarity of Berendsen's and Elis's activities, Elis has not changed the principles of its segment information, which is mainly geographical. In grouping different countries together, the Group used its best judgment and considered that the groupings presented best reflect the similar economic characteristics and long-term growth maturity of each country.

The Group is structured into six main operating segments, based on geography and/or products and services:

- France, representing Elis's original rental, laundry and maintenance services business in France;
- United Kingdom & Ireland: representing Berendsen's original rental, laundry and maintenance services business in the United Kingdom and Ireland;
- Central Europe: grouping together this same activity in Germany and Austria, the Netherlands, Switzerland, Poland, Belgium and Luxembourg, the Czech Republic, Hungary and Slovakia;
- Scandinavia & Eastern Europe: grouping together this same activity resulting from the Berendsen acquisition in Sweden, Denmark, Norway, Finland, Latvia, Estonia, Lithuania and Russia;
- Southern Europe: grouping together Elis' original activities in Spain and Andorra, Portugal and Italy;
- Latin America: grouping Elis's activities in Brazil with those in Chile and Colombia.

The other sectors include manufacturing entities that comprise the activities of Le Jacquard Français in France and Kennedy Hygiene in the United Kingdom and holding companies.

To track performance, management monitors each segment's EBITDA. Financing costs and income tax expense are primarily monitored at Group level.

3.1 REVENUE

2017

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	1,009.0	152.5	388.8	164.2	259.1	221.2	20.0	2,214.9
Inter-segment	1.9	0.6	1.3	0.7	0.1	–	(4.6)	–
SEGMENT REVENUE	**1,010.9**	**153.1**	**390.1**	**164.9**	**259.2**	**221.2**	**15.5**	**2,214.9**

2016

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	984.2	–	218.6	–	158.1	132.9	18.9	1,512.8
Inter-segment	1.6	–	0.4	–	0.3	–	(2.3)	–
SEGMENT REVENUE	**985.9**	**–**	**219.0**	**–**	**158.4**	**132.9**	**16.6**	**1,512.8**

3.2 EARNINGS

NON-IFRS INDICATORS

EBIT is defined as net income (loss) before net financial expense, income tax, share in net income of equity-accounted companies, amortization of customer relationships, goodwill impairment losses, other income and expense, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments). A reconciliation of EBIT with the consolidated income statement is presented below.

EBITDA is defined as EBIT before depreciation and amortization, net of the portion of grants transferred to income. A reconciliation of EBITDA to the consolidated income statement is presented below.

2017

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
Operating income before other income and expense and amortization of customer relationships	**186.4**	**6.7**	**33.1**	**30.2**	**17.8**	**22.8**	**(8.5)**	**288.5**
Miscellaneous financial items	*0.7*	*0.0*	*0.2*	*0.0*	*0.2*	*0.0*	*0.3*	*1.5*
Expenses related to share-based payments	*–*	*(0.0)*	*(0.0)*	*–*	*–*	*–*	*8.7*	*8.7*
EBIT	187.1	6.7	33.3	30.2	18.0	22.8	0.5	298.6
Depreciation and amortization including portion of grants transferred to income	*166.6*	*28.4*	*70.6*	*25.6*	*49.9*	*30.9*	*(0.6)*	*371.3*
EBITDA	**353.7**	**35.1**	**103.9**	**55.7**	**67.9**	**53.7**	**(0.0)**	**670.0**
	35.0%	*22.9%*	*26.6%*	*33.8%*	*26.2%*	*24.3%*		*30.2%*

2016

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
Operating income before other income and expense and amortization of customer relationships	**181.2**	**–**	**16.4**	**–**	**9.6**	**7.1**	**(6.4)**	**207.9**
Miscellaneous financial items	*0.5*	*–*	*0.2*	*–*	*0.1*	*1.3*	*0.2*	*2.3*
Expenses related to share-based payments	*–*	*–*	*–*	*–*	*–*	*–*	*3.8*	*3.8*
EBIT	181.8	–	16.6	–	9.7	8.4	(2.4)	214.1
Depreciation and amortization including portion of grants transferred to income	*162.8*	*–*	*37.1*	*–*	*30.7*	*21.8*	*1.3*	*253.8*
EBITDA	**344.5**	**–**	**53.8**	**–**	**40.5**	**30.2**	**(1.1)**	**467.9**
	34.9%		*24.5%*		*25.5%*	*22.7%*		*30.9%*

3.3 INFORMATION BY REGION

(In millions of euros)	2017	2016
France (including Le Jacquard Français)	1,019.9	995.8
Germany	189.5	80.6
United Kingdom	146.7	7.3
Sweden	72.9	0.0
Denmark	64.2	0.0
Netherlands	38.3	0.0
Brazil	194.9	112.8
Other countries	488.5	316.3
REVENUE	**2,214.9**	**1,512.8**

(In millions of euros)	2017	2016
France (including Le Jacquard Français)	2,146.6	2,142.4
Germany	419.0	131.0
United Kingdom	340.5	18.9
Sweden	760.5	0.0
Denmark	808.9	0.0
Netherlands	448.6	0.0
Brazil	518.5	207.4
Other countries	1,016.3	521.3
NON-CURRENT ASSETS	**6,458.8**	**3,020.9**

The non-current assets presented above comprise goodwill, property, plant and equipment and intangible assets.

3.4 INFORMATION ON REVENUE FROM SERVICES

Revenue from services is generated by three main activities: hygiene and well-being, flat linen and workwear.

(In millions of euros)	2017	2016
Flat linens	1,133.1	741.4
Workwear	653.2	449.1
Hygiene and well-being	386.9	321.5
Other	41.7	0.7
REVENUE	**2,214.9**	**1,512.8**

These services are rendered to customers who mainly operate in the Hospitality, Industry, Trade and Services, and Healthcare sectors.

NOTE 4 OPERATING DATA

4.1 REVENUE

Revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding any trade discounts, volume rebates and other sales reductions. The following specific recognition criteria must also be met before revenue is recognized:

SERVICES

Revenue from services is recognized as and when the services are rendered.

Where services are invoiced as part of a monthly or quarterly subscription, the portion of the invoice corresponding to a service not yet rendered is recognized as unearned revenue (see Note 4.7 "Other current assets and liabilities").

SALE OF GOODS

Revenue is recognized when the material risks and benefits attached to the ownership of the property concerned are transferred to the buyer.

(In millions of euros)	2017	2016
Rendering of services	2,147.3	1,484.6
Sales of goods	67.5	28.2
Recurrent dividends	0.1	0.0
REVENUE	**2,214.9**	**1,512.8**

4.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets.

Trade and notes receivable may be written down for impairment. An impairment loss is recognized when it is probable that the receivable will not be recovered and when the amount of the loss can be measured reliably. Impairment losses are estimated taking into account historical loss experience and the age of the receivables. They are recognized in operating income.

The Group derecognizes financial assets whenever the contractual rights to the assets expire or are relinquished by the Company or when the Company transfers or assigns its rights and substantially all of the associated risks and rewards.

(In millions of euros)	**12/31/2017**	**12/31/2016**
Trade receivables and notes receivable (gross)	648.9	380.4
Allowance for bad debts	(51.9)	(39.0)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**597.1**	**341.4**
Other receivables	108.5	52.7
TOTAL TRADE AND OTHER RECEIVABLES	**705.6**	**394.0**
collection expected in less than one year	705.6	394.0
collection expected in more than one year	–	–

Changes in trade and other receivables during the financial years presented are analyzed as follows:

(In millions of euros)	**2017**	**2016**
AT JANUARY 1	**394.0**	**356.8**
Change in gross WC	*56.0*	*(9.3)*
Change in write-downs	*(4.8)*	*0.5*
Change in net WC	51.2	(8.9)
Change in consolidation scope	268.0	37.4
Translation differences	(6.8)	5.9
Change in receivable on disposal of assets	0.7	(0.8)
Other	(1.5)	3.6
AT DECEMBER 31	**705.6**	**394.0**

Net movements in working capital requirements were mainly due to the decrease in receivables related to France's tax credit for competitiveness and employment (CICE), which were not prefinanced, and the increase in business volume.

Credit risk

The management of credit risk is described in detail in Note 8.1 "Financial risk management".

4.3 DEPRECIATION, AMORTIZATION, PROVISIONS AND OTHER COSTS BY NATURE

(In millions of euros)	**2017**	**2016**
Depreciation and amortization (including portion of grants)		
– *included in Operating income before other income and expense and amortization of customer relationships*		
Property, plant and equipment and intangible assets	(100.7)	(73.4)
Rental-cleaning items	(250.5)	(164.0)
Other leased items	(20.3)	(16.5)
Portion of grants transferred to income	0.3	0.1
– *included in Other income and expense*	*(0.4)*	–
– *amortization of customer relationships*	*(54.2)*	*(45.8)*
TOTAL DEPRECIATION AND AMORTIZATION (INCLUDING PORTION OF GRANTS)	**(425.9)**	**(299.6)**
Additions to or reversals of provisions		
– *included in Operating income before other income and expense and amortization of customer relationships*	*0.5*	*3.0*
– *included in Other income and expense*	*(10.6)*	*0.6*
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**(10.1)**	**3.6**
Operating lease expense	**(51.2)**	**(36.1)**

4.4 OTHER OPERATING INCOME AND EXPENSE

Items of material amounts that are unusual, abnormal or infrequent are disclosed separately in the income statement under "Other income and expense", in order to better reflect Group performance.

(In millions of euros)	**2017**	**2016**
Transaction costs	(30.3)	(4.1)
Restructuring costs	(46.0)	(2.3)
Uncapitalizable costs for change in IT systems	(0.7)	(1.1)
Litigation	(1.2)	(1.2)
Net gains on site disposals	–	42.2
Expenses relating to site disposal	(0.3)	(6.6)
Environmental rehabilitation costs	(6.6)	(0.1)
Expense associated with free shares granted, post IPO	0.0	(1.6)
Badwill		0.8
Other	(4.8)	(1.7)
OTHER INCOME AND EXPENSE	**(89.9)**	**24.5**

4.5 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Impairment losses are recognized whenever the probable realizable value is lower than production cost.

Inventories of raw materials, consumables, spare parts and goods for resale are recorded at acquisition cost and have high turnover.

Goods in progress and finished goods (linen, textiles and hygiene appliances) are measured at production cost, which includes:

- the acquisition cost of raw materials;
- direct production costs;
- overheads that can be reasonably linked to the production of the goods.

(In millions of euros)	12/31/2017	12/31/2016
Raw materials, supplies	38.2	22.9
Work in progress	0.6	0.8
Intermediate and finished goods	23.9	13.0
Goods for resale	64.5	24.9
INVENTORIES	**127.2**	**61.6**
o/w inventories (at cost)	132.1	63.2
o/w impairment	(4.9)	(1.5)

Changes in net inventories during the financial years presented are analyzed as follows:

(In millions of euros)	2017	2016
AT JANUARY 1	**61.6**	**52.5**
Change in gross inventory	*5.7*	*6.9*
Change in write-downs	*(2.6)*	*0.1*
Change in net inventory	3.1	7.0
Change in consolidation scope	64.1	1.1
Translation differences	(1.7)	1.1
Other change	0.0	(0.0)
AT DECEMBER 31	**127.2**	**61.6**

4.6 TRADE AND OTHER PAYABLES

(In millions of euros)	12/31/2017	12/31/2016
Trade payables	255.8	150.1
Trade payables (fixed assets)	17.4	13.6
Other payables	4.4	3.1
TOTAL TRADE AND OTHER PAYABLES	**277.5**	**166.8**

Changes in trade and other payables during the financial years presented are analyzed as follows:

(In millions of euros)	2017	2016
AT JANUARY 1	**166.8**	**135.0**
Change in WC	6.3	6.6
Change in consolidation scope	104.5	24.9
Translation differences	(2.5)	1.8
Change in trade payables (fixed assets)	3.9	(2.2)
Other change	(1.3)	0.7
AT DECEMBER 31	**277.5**	**166.8**

4.7 OTHER CURRENT ASSETS AND LIABILITIES

(In millions of euros)	Notes	12/31/2017	12/31/2016
Prepaid expenses		29.1	13.5
Other current asset derivatives	8.8	0.1	2.8
Other assets		1.7	0.5
TOTAL OTHER ASSETS		**30.9**	**16.7**
Deposits received		8.9	8.7
Payroll-related liabilities		172.3	115.0
Taxes payable		212.8	124.1
Other current liability derivatives	8.8	2.7	–
Unearned revenue		66.2	48.6
TOTAL OTHER LIABILITIES		**462.8**	**296.4**

Unearned revenue primarily consists of services invoiced that will be rendered in the following month.

Changes in other current assets during the financial years presented are analyzed as follows:

(In millions of euros)	2017	2016
AT JANUARY 1	**16.7**	**13.8**
Change in gross WC	(0.1)	1.4
Change in consolidation scope	37.3	0.4
Translation differences	0.6	0.1
Change in derivatives	(22.2)	
Other change	(1.4)	1.0
AT DECEMBER 31	**30.9**	**16.7**

Changes in other current liabilities during the financial years presented are analyzed as follows:

(In millions of euros)	2017	2016
AT JANUARY 1	**296.4**	**243.5**
Change in gross WC	(69.6)	20.0
Change in consolidation scope	258.5	13.3
Translation differences	(2.2)	5.1
Change in debt related to business combination	(1.1)	14.3
Change in derivatives	(20.9)	
Other change	1.7	0.1
AT DECEMBER 31	**462.8**	**296.4**

The change in 2017 WC includes a change of -€54.5 million on the Berendsen subsidiaries. These movements are mainly due to the cash settlement of the Berendsen share plans and non-recurring expenses incurred prior to the acquisition.

Movements in WC in 2016 were mainly due to VAT to be refunded on the sale of the Puteaux site in the amount of €10.1 million.

NOTE 5 EMPLOYEE BENEFITS EXPENSE

5.1 AVERAGE NUMBER OF EMPLOYEES

(In number of people)	2017	2016
Executives	1,696	1,449
Supervisory personnel	2,287	1,438
Office employees	2,966	2,128
Service employees	4,910	3,601
Other employees	22,476	14,435
TOTAL EMPLOYEES PER CATEGORY	**34,335**	**23,052**
France	12,802	12,520
Other countries	21,533	10,532
TOTAL EMPLOYEES	**34,335**	**23,052**

For companies acquired during the year, the number of employees is calculated prorata temporis.

5.2 EXPENSES RELATED TO EMPLOYEE BENEFITS

Payments by the Group to defined contribution plans are expensed as incurred.

In the case of post-employment defined benefit plans, the cost of benefits is estimated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods using the plan's vesting formula and applying a linear progression when vesting is not uniform over subsequent service periods. Future payments corresponding to benefits granted to employees are estimated on the basis of assumptions regarding salary increase rates, retirement age and mortality, after which their present value is calculated using the interest rate on long-term bonds issued by investment grade issuers.

Actuarial gains and losses relating to obligations arising as a result of defined benefit plans are recognized directly in equity.

(In millions of euros)	2017	2016
Wages and salaries	(706.1)	(480.5)
Social security contributions	(204.5)	(153.8)
Crédit d'impôt pour la compétitivité des entreprises	18.3	15.3
Mandatory/optional profit-sharing	(23.7)	(30.2)
Other employee benefits	0.7	0.0
Equity-settled share-based payments [(a)]	(8.7)	(5.4)
TOTAL EMPLOYEE BENEFIT EXPENSES	**(924.0)**	**(654.5)**

(a) The 2016 charge related to the plan awarded following the initial public offering figure was reclassified to "Other income and expense" (see Note 4.4).

5.3 EMPLOYEE BENEFIT ASSETS/LIABILITIES

DEFINED CONTRIBUTION PLANS

The Group pays contributions under a range of mandatory systems or on a voluntary basis under contractual agreements. The Group's obligation is limited to paying the contributions.

DEFINED BENEFIT PLANS

The Elis Group's commitments to defined benefit plans and other post-employment benefits are related to its **French subsidiaries** and consist of:

- supplementary retirement benefits paid to a category of senior executives. The supplementary retirement plan for which the beneficiaries have already retired is now closed;
- retirement benefits paid to employees when they retire in accordance with French regulations;
- long-service awards, for which the amount paid depends on seniority.

The commitments of **the Group's subsidiaries in the United Kingdom** are grouped in a single pension plan specific to them. These commitments are covered by a dedicated external fund set up on February 1, 2016 and covering all commitments at that date, so as not to have to make additional payments except in extraordinary circumstances. The next triennial revision of the fund valuation is scheduled for February 2019.

The benefits paid to the beneficiaries of this plan depend on their seniority in the plan and their compensation in the final years preceding their retirement. The benefits paid are adjusted by 5% each year in respect of rights vested before February 1, 1999 and the Consumer Price Index for commitments vested after that date. The terms and conditions governing the management of the plan's assets are defined by UK regulations, as well as the relationship between the Group and the managers (trustees) of the fund. Responsibility for the management of the fund, including decisions on asset allocation and calls for contributions, rests jointly with the Group and the fund managers, the latter comprising representatives of the Group and beneficiaries of the plan in accordance with current regulations. A comparatively small defined benefit plan also exists in the Republic of Ireland. It is also covered by a dedicated external fund.

The commitments of the **Group's subsidiaries in Sweden** stem mainly from their participation in the ITP-2 plan covering certain categories of private sector employees born up to 1978.

The Swiss subsidiaries of Elis have employee benefit liabilities in accordance with Swiss Law on Occupational Benefits.

EMPLOYEE-RELATED LIABILITIES

The corresponding obligations are measured using the projected unit credit method.

The Group's obligations are partially funded by external funds. Unfunded amounts are covered by provisions recognized in the statement of financial position.

The following table shows changes in the liability recognized in the Elis Group's statement of financial position:

(In millions of euros)	Obligation	Fair value of plan assets	Net Liability (Asset)
As at December 31, 2015	**106.8**	**47.8**	**59.0**
Current service cost	4.8		4.8
Interest expense	1.3		1.3
Benefit paid	(3.9)	(1.7)	(2.2)
Employee contributions	2.0	2.0	0.0
Employer contributions	–	2.6	(2.6)
Past service cost	–		–
Plan amendments			
Plan curtailments or settlements			
Return on plan assets		2.5	(2.5)
Actuarial gains and losses	4.2		4.2
Changes in scope of consolidation	8.0	6.1	1.9
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	1.3	0.6	0.7
As at December 31, 2016	**124.6**	**59.8**	**64.8**
Current service cost	5.6		5.6
Interest expense	6.9	4.9	2.0
Benefit paid	(20.7)	(17.2)	(3.5)
Employee contributions	1.8	1.9	(0.1)
Employer contributions	–	3.3	(3.3)
Past service cost	–		–
Plan amendments			
Plan curtailments or settlements			
Return on plan assets		13.2	(13.2)
Actuarial gains and losses	(4.2)		(4.2)
Changes in scope of consolidation	435.4	399.6	35.8
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	6.3	9.9	(3.6)
AS AT DECEMBER 31, 2017	**555.7**	**475.5**	**80.2**

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In millions of euros)	12/31/2017	12/31/2016
Present value of unfunded obligations	80.8	39.7
resent value of fully or partially funded obligations	474.9	84.9
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	555.7	124.6
Fair value of plan assets (2)	475.5	59.8
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**80.2**	**64.8**

INFORMATION BY REGION

(In millions of euros)	12/31/2017	12/31/2016
France	38.7	38.5
United Kingdom	(14.1)	–
Sweden	33.8	–
Switzerland	20.0	25.0
Other countries	1.8	1.3
EMPLOYEE BENEFIT LIABILITIES (ASSETS)	**80.2**	**64.8**

FRANCE – DETAILS

The Group's obligations and provisions for its French subsidiaries break down as follows:

	12/31/2017	12/31/2016
Discount rate	1.4%	1.3%
Expected salary increase rate	inflation+0/6%	inflation+0/6%
Expected retirement benefit increase rate	1.1%	1.1%

(In millions of euros)	12/31/2017	12/31/2016
Present value of unfunded obligations	38.7	38.5
Present value of fully or partially funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	38.7	38.5
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**38.7**	**38.5**

	Sensitivity France
Discount rate: -1.0% impact	+10.8%
Discount rate: +1.0% impact	-9.4%
Expected salary/retirement benefit increase rate: -0.25 impact	-2.4%
Expected salary/retirement benefit increase rate: +0.25 impact	+2.4%

	France
Expected contribution for next financial year	2,192
Weighted average duration of the obligation	10.2

UNITED KINGDOM AND IRELAND – DETAILS

The Group's obligations and provisions for its UK and Irish subsidiaries break down as follows:

	12/31/2017	12/31/2016
Discount rate	2.50%	
Expected salary increase rate	2.90%	
Expected retirement benefit increase rate	2.90%	

(In millions of euros)	12/31/2017	12/31/2016
Present value of unfunded obligations		
Present value of fully or partially funded obligations	408.1	
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	408.1	–
Fair value of plan assets (2)	422.2	
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**(14.1)**	**–**

	Sensitivity United Kingdom
Discount rate: -0.5% impact	+9.7%
Discount rate: +0.5% impact	-8.5%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.1%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.1%

	United Kingdom
Expected contribution for next financial year	0.8
Weighted average duration of the obligation	19.1

	United Kingdom
Cash and cash equivalents	0.9
Share	116.2
Bonds	183.4
Properties & mortgages	0.9
Derivatives	120.8
TOTAL	**422.2**

SWEDEN – DETAILS

The Group's obligations and provisions for its Swedish subsidiaries break down as follows:

	12/31/2017	12/31/2016
Discount rate	2.50%	–
Expected salary increase rate	2.00%	–
Expected retirement benefit increase rate	–	–

(In millions of euros)	12/31/2017	12/31/2016
Present value of unfunded obligations	33.8	
Present value of fully or partially funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	33.8	–
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**33.8**	**–**

	Sensitivity Sweden
Discount rate: -0.5% impact	+9.7%
Discount rate: +0.5% impact	-8.5%
Expected salary/retirement benefit increase rate: -0.5 impact	
Expected salary/retirement benefit increase rate: +0.5 impact	

	Sweden
Expected contribution for next financial year	0.9
Weighted average duration of the obligation	18.7

SWITZERLAND – DETAILS

The Group's obligations and provisions for its Swiss subsidiaries break down as follows:

	12/31/2017	12/31/2016
Discount rate	0.70%	0.25%
Expected salary increase rate	1.00%	1.00%
Expected retirement benefit increase rate	–	–

(In millions of euros)	12/31/2017	12/31/2016
Present value of unfunded obligations		
Present value of fully or partially funded obligations	72.8	85.0
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	72.8	85.0
Fair value of plan assets (2)	52.8	59.9
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**20.0**	**25.0**

	Sensitivity Switzerland
Discount rate: -0.5% impact	+8.6%
Discount rate: +0.5% impact	-7.6%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.9%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.9%

	Switzerland
Expected contribution for next financial year	2.6
Weighted average duration of the obligation	9.1

	Switzerland
Cash and cash equivalents	3.9
Share	14.3
Bonds	20.3
Properties & mortgages	9.4
Derivatives	4.9
TOTAL	**52.8**

5.4 SHARE-BASED PAYMENTS

Pursuant to IFRS 2, Elis estimated the plan's fair value based on the fair value of the equity instruments granted. That fair value was based on the share price at grant date, weighted by a reasonable estimate of the extent to which the share allocation criteria had been fulfilled. The cost, recognized through equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 “Employee benefits”.

Outstanding share grants as at the reporting date have the following characteristics:

Free performance share grants	Plan no. 1 – 2015	Plan no. 2 – 2015	Plan no. 3 – 2016	Plan no. 4 – 2016	Plan no. 5 – 2016	Plan no. 6 – 2017
Date of shareholders' meeting	10/08/2014	10/08/2014	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board Meeting	04/03/2015	04/03/2015 12/14/2015	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/14/2017
Date of decision of the Management Board	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/20/2016	03/24/2017
Number of rights originally granted	554,109 [(1)]	46,430 [(1)]	1,038,032 [(1)]	8,987 [(1)]	57,837 [(1)]	577,050
– of which, members of the Executive Committee	200,314	0	498,434	0	0	249,300
– of which, corporate officers:	138,640	0	294,720	0	0	146,700
– Xavier Martiré	110,504	–	220,268	–	–	100,000
– Louis Guyot	14,068	–	37,226	–	–	23,350
– Matthieu Lecharny	14,068	–	37,226	–	–	23,350
Number of grantees	152	29	206	7	43	230
– of which, members of the Executive Committee	8	–	9	–	–	9
– of which, corporate officers	3 [(a)]	–	3 [(a)]	–	–	3 [(a)]
Grant date	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/21/2016	03/24/2017
Vesting date						
France						
– members of the Management Board and the Executive Committee	04/07/2017 [(2)]	–	06/15/2019 [(4)]	–	–	03/24/2020 [(8)]
– other beneficiaries	04/07/2017 [(2)]	12/21/2017 [(2)]	06/15/2018 [(4)]	06/15/2018 [(4)]	12/21/2018 [(4)]	03/24/2019 [(8)]
Rest of the world	04/07/2017 [(2)]	12/21/2017 [(2)]	06/15/2018 [(4)]	06/15/2018 [(4)]	12/21/2018 [(4)]	03/24/2019 [(8)]
End of share lock-up period						
– members of the Management Board and the Executive Committee	04/07/2019 [(3)]	–	06/15/2019 [(6)]	–	–	03/24/2020 [(9)]
– other beneficiaries	04/07/2019 [(3)]	12/21/2019 [(3)]	06/15/2018 [(6)]	06/15/2018 [(6)]	12/21/2018 [(6)]	03/24/2019 [(9)]
Rights vested in 2017	250,392 [(7)]	19,293 [(7)]	0 [(5)]	0 [(5)]	0 [(5)]	0 [(10)]
Number of rights lapsed or forfeited as at 12/31/2017	303,562	27,137	30,443	4,172	3,234	9,975
Number of rights outstanding as at 12/31/2017	0	0	1,008,873	4,815	54,603	567,075
– of which, members of the Executive Committee	0	–	498,434	–	0	249,300
– of which, corporate officers:	0	–	294,720	–	0	146,700
– Xavier Martiré	0	–	220,268	–	–	100,000
– Louis Guyot	0	–	37,226	–	–	23,350
– Matthieu Lecharny	0	–	37,226	–	–	23,350
Number of working beneficiaries as at 12/31/2017	120	23	189	5	40	223
– of which, members of the Executive Committee	8	0	9	0	0	9
– of which, corporate officers:	3 [(b)]	0	3 [(b)]	0	0	3 [(b)]

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(1) This number takes into account the adjustment related to maintaining beneficiaries' rights under the issue of new shares with preferential subscription rights carried out in February 2017, said share issue having had a dilutive effect on the share's value following the removal of the preferential subscription rights. This adjustment was made by transposing the rules on stock options provided for in Article R. 228-91-1 of the French Commercial Code.

(2) Shares vest at the end of a vesting period set at two years from the date of the grant of the said shares. Vesting is contingent on cumulative continued employment conditions and meeting performance conditions related to (i) the Group's consolidated revenue, (ii) EBIT as stated in the financial statements for the 2016 financial year, and (iii) the Group's stock market performance relative to changes in the SBF120, with the understanding that:

- *the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2016 plus dividends paid between February 11, 2015 and December 31, 2016, and (ii) the IPO price (€13);*
- *the change in the SBF120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2016 and (ii) the value of the index as at February 10, 2015 (€3,701.09).*

Only 20% of the shares granted will be delivered to beneficiaries if just one of those performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.

(3) Shares are subject to a lock-up period of two years from the vesting date. At the end of the lock-up period, the shares will be available and may be freely transferred by the beneficiaries subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. Throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(4) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.

(5) There are two classes of shares awarded, A and B. Vesting of each share class is subject to a condition of continued employment throughout the entire vesting period and to performance conditions, which are determined based on three quantitative criteria linked to (i) consolidated revenue of the Group and (ii) EBIT as they appear in the financial statements for 2017, and (iii) Elis's share-price performance relative to the SBF120 Index for Class A performance shares, and based on two criteria linked to revenue and EBIT for Class B shares.

Determining the final number of shares vested at the end of the vesting period will be evaluated over a two-year performance period for all beneficiaries except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2016 and 2017) for 67% of the performance shares granted, and over a three-year period (2016, 2017 and 2018) for 33% of the performance shares granted.

It should be noted that:

- *the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2017 plus dividends paid between January 1, 2016 and December 31, 2017, and (ii) the closing price as at the last trading day of 2015 (€15.25);*
- *the change in the SBF120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2017 and (ii) the value of the index as at December 31, 2015 (3,663.88 points).*

The number of shares that will vest will depend on the number of targets achieved, with the understanding that for each performance share class, achievement of the performance criteria is binary such that if the criterion is not achieved, the proportion of rights attached to the target concerned will not be due and the related shares will not vest. On that basis, beneficiaries will acquire 20% of Class A performance shares if one criterion is achieved, 50% of Class A performance shares if two criteria are achieved, and 100% of Class A performance shares if all three criteria are achieved. Class B performance shares will only vest if at least one target is achieved, it being specified that the achievement of just one of the targets will allow vesting of 50% of the shares granted.

(6) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(7) At its meetings of March 14, 2017 and December 14, 2017, the Supervisory Board reviewed the performance associated with performance share plans and noted that two of the three criteria had been achieved: revenue, which totaled €1,512.8 million in 2016, and TSR (total shareholder return), which outperformed the SBF120 (+39% versus +4%). However, the EBIT criterion was not achieved (€214.5 million) and therefore counted for zero. At its meeting of March 14, 2017, the Supervisory Board deemed that the number of vested shares on April 7, 2017 and December 21, 2017 was equal to 50% of the adjusted grant.

(8) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.

(9) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(10) Vesting of shares is subject to continued employment and performance conditions, which are determined based on three quantitative criteria linked to (i) consolidated revenue of the Group and (ii) EBIT, and (iii) Elis's share-price performance relative to the SBF120 index. Determining the final number of shares vested at the end of the vesting period will be evaluated over a two-year performance period for all beneficiaries except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2017 and 2018) for 66% of the performance shares granted, and over a three-year period (2017, 2018 and 2019) for 34% of the performance shares granted.

It should be noted that:

- *the 20-day moving average of the Elis share on the last trading day of 2018, plus dividends (expressed in euros/share) paid between January 1, 2017 and December 31, 2018, is compared (as a %) with the 2016 closing price: V Elis;*
- *the 20-day moving average of the SBF120 on the last trading day of 2018 is compared (as a %) with the SBF120 of the 2016 close: V SBF120.*

The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. On this basis, 20% of the shares granted to the beneficiaries will vest if only one of these performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.

5.5 EXECUTIVE COMPENSATION (RELATED PARTY TRANSACTIONS)

As at December 31, 2017, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. Total compensation (paid or payable) of the main executives is as follows:

(In thousands of euros)	2017	2016
Number of people	**11**	**9**
Employee benefits	6.0	5.0
Post-employment benefits	–	0.0
Termination benefits	–	–
Expenses related to share-based payments (IFRS 2)	3.6	1.7

As at December 31, 2017, employee benefit liability accrued in respect of termination benefits amounted to €0.4 million (€0.3 million as at December 31, 2016).

Compensation allocated to members of the Supervisory Board and expensed as directors' fees amounted to €0.5 million (€0.5 million as at December 31, 2016).

NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 GOODWILL

(In millions of euros)	12/31/2017	12/31/2016
Gross value	1,799.3	1,651.1
Accumulated impairment	(66.4)	(67.7)
Carrying amount at beginning of period	**1,732.9**	**1,583.4**
Acquisitions	2,684.5	125.7
Disposals	–	–
Translation adjustments	(82.2)	22.4
Other changes	(0)	0.0
CHANGES IN GROSS CARRYING AMOUNT	2,602.3	148.2
Impairment	–	–
Translation adjustments	0.4	1.2
Other changes	0.0	–
CHANGES IN IMPAIRMENT	0.4	1.2
CARRYING AMOUNT AT END OF PERIOD	**4,335.5**	**1,732.9**
Gross value	4,401.6	1,799.3
Accumulated impairment	(66.1)	(66.4)

In accordance with IAS 36, the Elis Group allocates goodwill to its cash-generating units (CGUs) for the purposes of conducting impairment tests.

The carrying amount of goodwill is allocated to the main cash-generating units as follows:

(In millions of euros)	12/31/2017	12/31/2016
CGU France	1,402.2	1,393.7
CGU Germany	185.3	39.4
CGU Great Britain	62.6	–
CGU Denmark	679.4	–
CGU Sweden & Finland	652.3	–
CGU Brazil	400.4	119.0
CGU Netherlands	400.9	–
other CGU	552.4	180.8
CARRYING AMOUNT OF GOODWILL	**4,335.5**	**1,732.9**

Recognition of impairment

The method and assumptions used for impairment tests are described in Note 6.5.

Following the impairment tests carried out as at December 31, 2016 and 2017 the Group recorded no impairment losses.

6.2 OTHER INTANGIBLE ASSETS

BRANDS

Brands acquired in a business combination are recognized at fair value (based on discounted royalties) at the acquisition date. Costs incurred to create a new brand or to develop an existing one are expensed.

Brands with finite useful lives are amortized over their useful lives. Brands with indefinite useful lives are not amortized but are tested for impairment on an annual basis or whenever there is an indication of impairment.

The following criteria are used to determine whether a brand has a finite or indefinite life:

- overall market positioning of the brand, measured by sales volume, international reach and reputation;
- long-term profitability outlook;
- exposure to fluctuations in the economy;
- major developments in the industry liable to have an impact on the brand's future;
- age of the brand.

INTANGIBLE ASSETS (OTHER THAN BRANDS)

Intangible assets (other than brands) are measured at acquisition cost less accumulated amortization and impairment. Intangible assets have finite useful lives. Amortization is recognized as an expense generally on a straight-line basis over the estimated useful lives of the assets:

- textile patterns: three years;
- software: five years;
- ERP: 15 years;
- acquired customer contracts and relationships: four to 11 years.

Amortization is recorded from the date the asset is first used.

(In millions of euros)	**Brands**	**Customer relationships**	**Other**	**Total**
Gross value	**216.3**	**558.0**	**57.0**	**831.2**
Accumulated depreciation and impairment	**(7.1)**	**(414.8)**	**(29.9)**	**(451.8)**
NET CARRYING AMOUNT AT DEC 31, 2015	209.2	143.2	27.1	379.5
Investments	0.1	–	10.8	10.9
Changes in scope of consolidation	0.0	46.7	0.6	47.4
Retirements and disposals	–	–	(0.1)	(0.1)
Amortization	(0.2)	(45.8)	(6.4)	(52.5)
Translation adjustments	(0.2)	2.8	0.1	2.7
Impairment	–	–	–	–
Other	0.1	–	1.6	1.7
Gross value	**216.5**	**610.1**	**71.4**	**898.0**
Accumulated depreciation and impairment	**(7.4)**	**(463.1)**	**(37.8)**	**(508.3)**
NET CARRYING AMOUNT AT DEC 31, 2016	209.1	147.0	33.6	389.7
Investments	0.1	1.2	15.5	16.8
Changes in scope of consolidation	0.0	24.6	17.1	41.7
Retirements and disposals	(0.0)	–	(1.5)	(1.5)
Amortization	(0.3)	(54.2)	(9.6)	(64.0)
Translation adjustments	(0.1)	(3.6)	(0.1)	(3.8)
Impairment	–	–	–	–
Other	0.1	(0.0)	(0.3)	(0.1)
Gross value	**216.7**	**819.4**	**156.5**	**1,192.6**
Accumulated depreciation and impairment	**(7.7)**	**(704.3)**	**(101.8)**	**(813.7)**
NET CARRYING AMOUNT AT DEC 31, 2017	209.0	115.1	54.7	378.8

Other intangible assets consist primarily of software.

The Group's brand values, which are derived from a business combination when measuring their fair value for the purpose of allocating goodwill, are as follows:

(In millions of euros)	**12/31/2017**	**12/31/2016**	**Amortization**
Elis brands in France	184.7	184.7	Not amortized
Elis brands in Europe	21.8	21.8	Not amortized
– *Le Jacquard Français brand*	*0.9*	*0.9*	*Impaired*
– *Kennedy trademark*	*1.3*	*1.3*	*Not amortized*
Brands of manufacturing entities	2.2	2.2	
Other	0.4	0.4	
TOTAL BRANDS	**209.0**	**209.1**	

Recognition of impairment

No brand impairment loss was recognized in the last two financial years. The Le Jacquard Français brand, worth €6.8 million gross, has an accumulated impairment loss of €5.9 million.

6.3 OTHER PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are carried in the statement of financial position at historical cost for the Group, less accumulated depreciation and impairment.

In accordance with IAS 16 "Property, Plant and Equipment" only items whose cost can be measured reliably and from which future economic benefits are expected to flow to the Group are recognized as assets.

Assets leased out under agreements that do not transfer substantially all the risks and rewards incident to ownership of the assets to the lessee (operating leases) are recognized as non-current assets. Assets under other leases (finance leases) are recognized as loans for the amount corresponding to the net investment in the lease.

Depreciation is calculated on a straight-line basis over the following useful lives:

- buildings: component method:
  - structure, outside walls, roof: 40 to 50 years;
  - internal walls, partitions, painting and floor coverings: 10 to 12.5 years;
- production equipment: 10 to 30 years;
- vehicles 4 to 8 years;
- office equipment and furniture: 5 to 10 years;
- IT equipment: 3 to 5 years;
- items related to rental, laundry and maintenance service agreements (textiles, equipment and other leased items) are initially recognized as inventories and are then capitalized and depreciated over a period of 18 months to five years.

Depreciation is recorded from the date the asset is first used. Land is not depreciated.

(In millions of euros)	**Land and buildings**	**Vehicles**	**Plant & equipment**	**Rental-cleaning items**	**Total**
Gross value	**258.2**	**95.6**	**532.1**	**650.4**	**1,536.4**
Accumulated depreciation and impairment	**(86.3)**	**(64.3)**	**(258.1)**	**(343.5)**	**(752.2)**
NET CARRYING AMOUNT AS AT 12/31/2015	171.9	31.3	274.0	307.0	784.2
Investments	23.9	12.0	45.4	169.3	250.6
Changes in scope of consolidation	43.1	3.7	33.0	30.6	110.4
Retirements and disposals	(8.4)	(0.2)	(2.3)	(0.1)	(11.0)
Depreciation	(11.6)	(10.2)	(44.9)	(180.5)	(247.2)
Translation adjustments	1.3	0.6	8.3	4.6	14.8
Impairment	–	–	–	–	–
Other movements	(1.0)	0.3	(3.1)	0.3	(3.4)
Gross value	**335.3**	**116.3**	**677.1**	**795.3**	**1,923.9**
Accumulated depreciation and impairment	**(116.2)**	**(78.7)**	**(366.5)**	**(464.1)**	**(1,025.5)**
NET CARRYING AMOUNT AS AT 12/31/2016	219.1	37.5	310.6	331.2	898.4
Investments	58.9	13.1	108.5	286.6	467.1
Changes in scope of consolidation	196.8	3.6	244.7	319.0	764.2
Retirements and disposals	(0.8)	(0.5)	(2.5)	(1.4)	(5.2)
Depreciation	(16.2)	(11.7)	(62.9)	(270.8)	(361.7)
Translation adjustments	(3.8)	(0.8)	(8.6)	(3.8)	(17.1)
Impairment	–	–	(0.2)	–	(0.2)
Other movements	(0.2)	1.5	(1.6)	(0.7)	(1.0)
Gross value	**729.2**	**147.0**	**1,464.4**	**1,683.9**	**4,024.5**
Accumulated depreciation and impairment	**(275.4)**	**(104.3)**	**(876.4)**	**(1,023.9)**	**(2,280.0)**
NET CARRYING AMOUNT AS AT 12/31/2017	453.8	42.7	588.0	660.0	1,744.5

In 2016, "Other movements" included a reclassification to non-current assets held for sale in the amount of €1.1 million relating to a site formerly operated by Lavalia in Mallorca, Spain.

Finance leases

Assets financed by leases with purchase options or long-term leases, which in essence transfer to the lessee virtually all the risks and rewards incident to ownership of the asset, are recognized as non-current assets and depreciated in accordance with the accounting principles applicable to property, plant and equipment.

The cost of leased assets includes the initial direct costs attributable to negotiating and arranging the lease, including professional and legal fees. The financial commitments arising under leases are recognized as financial liabilities.

(In millions of euros)	12/31/2017	12/31/2016
Owned property, plant and equipment	1,718.2	884.6
Leased property, plant and equipment	26.3	13.8
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,744.5**	**898.4**

6.4 OFF-BALANCE SHEET COMMITMENTS RELATING TO NON-CURRENT ASSETS AND LEASES

Outstanding future minimum operating lease commitments are as follows:

(In millions of euros)	12/31/2017	12/31/2016
Future minimum lease payments under non-cancellable operating leases		
within one year	50.9	28.9
between 1 and 5 years	131.1	85.8
after 5 years	130.2	137.2
TOTAL	**312.2**	**251.9**

6.5 IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Impairment tests are systematically performed on goodwill and intangible assets with indefinite useful lives, at December 31 or whenever there is an indication of impairment. Goodwill impairment losses may not subsequently be reversed.

Value in use is calculated by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal. These calculations are supplemented, where appropriate, with valuation multiples of economic indicators (mainly EBITDA).

If the recoverable amount is less than the carrying amount, an impairment loss is recognized, corresponding to the difference between the two amounts.

To assess impairment, assets are combined in the smallest identifiable group of assets that generates separately identifiable cash flows (cash-generating unit or group of cash-generating units).

In accordance with IAS 36 "Impairment of Assets", whenever the value of intangible assets and property, plant and equipment with definite useful lives is exposed to a risk of impairment due to events or changes in market conditions, they are reviewed to determine whether their carrying amount is less than their recoverable amount, defined as the higher of fair value (less costs to sell) and value in use.

Impairment of property, plant and equipment may subsequently be reversed (by up to the amount of the initial impairment) if the recoverable amount rises above the carrying amount.

Fair value method

1. Calculating future cash flows

Goodwill impairment tests are performed by determining the value in use of each cash-generating unit, using the following method for calculating recoverable amounts:

- estimation of projected future cash flows based on the five-year business plans set by the management of each cash-generating unit, approved by the Management Board and presented to the Supervisory Board. Future cash flows are estimated based on conservative growth assumptions;
- cash flows are calculated according to the discounted cash flow method (EBITDA +/- changes in working capital requirement – income tax at standard rate – capital expenditure);
- the terminal value is calculated on a perpetual growth basis;
- discounted cash flow is calculated on the basis of the weighted average cost of capital (WACC), which in turn is based on inputs for the financial return and industry-specific risks of the market on which the Group operates.

2. Method for calculating WACC

Elis used the following inputs for calculating the WACC:

- risk-free rate: the average risk-free interest rate over a two-to-five year observation period by country;
- credit spread: the average over a two-to-five year observation period;
- levered beta of comparable companies: the observed beta on the WACC calculation date (insofar as the beta is the result of a linear regression over the last two years, it reflects the medium-term sensitivity of the value of the securities of a given company compared to the market);
- gearing ratio (net debt/equity) for comparable companies: ratio calculated on the basis of market capitalizations to net debt, observed on a quarterly basis over the last two years:
  - the average gearing ratio obtained for each comparable company is used to unlever the company's beta,
  - the unlevered beta is representative of industry beta and will be used to calculate the WACC (extreme values are excluded from the average),
  - the gearing used to calculate the WACC is derived from the average debt to equity ratio calculated on the basis of the quarterly ratios of comparable companies.

3. Multiples used

Where value in use is less than the recoverable amount, fair value is determined based on a segment EBITDA multiple or an EBIT multiple, as needed.

The multiples used to determine fair value as at December 31, 2017 are 8.3× budgeted EBITDA for financial year 2018, or 19.2× EBIT.

The WACC used for impairment testing on each of the main CGUs was as follows:

Country	France	Germany	United Kingdom	Sweden	Denmark	Netherlands	Brazil
Risk-free rate	1.3%	0.8%	1.8%	1.2%	1.0%	1.0%	7.9%
Credit spread	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Cost of debt (before tax)	**2.1%**	**1.6%**	**2.7%**	**2.0%**	**1.8%**	**1.9%**	**8.7%**
Tax rate	25.8%	29.8%	17.0%	22.0%	22.0%	25.0%	34.0%
Cost of debt, net of tax	**1.5%**	**1.2%**	**2.2%**	**1.5%**	**1.4%**	**1.4%**	**5.7%**
Risk premiums	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Levered beta	**0.87**	**0.86**	**0.88**	**0.87**	**0.87**	**0.87**	**0.86**
Cost of equity	**6.7%**	**6.2%**	**7.4%**	**6.6%**	**6.5%**	**6.5%**	**13.3%**
Gearing	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
WACC **2017**	5.8%	5.4%	6.5%	5.8%	5.6%	5.6%	12.0%
WACC 2016	5.5%	4.9%	5.9%				15.3%
PRE-TAX DISCOUNT RATE 2017 (APPROXIMATION)	7.9%	7.7%	7.8%	7.4%	7.2%	7.5%	18.2%
Pre-tax discount rate 2016 (approximation)	7.7%	7.0%	7.3%				23.1%

Fundamental assumptions for impairment tests

The business plans of the CGUs were prepared on the basis of management's best estimates. Projected cash flows are therefore reasonable and reflect, where appropriate, the resilience of the CGU's business.

Sensitivity of tests related to goodwill

The most significant sensitivities of the impairment tests are as follows (difference between the carrying amount and the recoverable amount of the CGU):

		Perpetuity growth rate		
France *(In millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	5.3%	1,503	1,949	2,552
	5.8%	1,111	**1,450**	1,889
	6.3%	801	1,065	1,397

		EBITDA Plan 2018		
Brazil *(In millions of euros)*		**-10.0%**	**–**	**10.0%**
Multiple	7.8×	(55)	(2)	52
	8.3×	(24)	**33**	89
	8.8×	7	67	127

		Perpetuity growth rate		
Germany *(In millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	4.9%	56	131	237
	5.4%	(3)	**53**	127
	5.9%	(48)	(6)	49

		Perpetuity growth rate		
Sweden *(In millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	5.3%	170	293	461
	5.8%	70	**164**	287
	6.3%	(9)	65	158

		Perpetuity growth rate		
United Kingdom *(In millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	6.0%	5	48	102
	6.5%	(31)	**3**	45
	7.0%	(61)	(33)	0

		Perpetuity growth rate		
Denmark *(In millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	5.1%	226	380	593
	5.6%	103	**219**	372
	6.1%	7	97	212

Netherlands *(In millions of euros)*		**Perpetuity growth rate**		
		1.5%	**2.0%**	**2.5%**
WACC	5.1%	87	166	274
	5.6%	24	**84**	161
	6.1%	(25)	21	80

The sensitivity analysis presented above shows that the recoverable amount of the CGUs exceeds the carrying amount. In accordance with IAS 36, impairment tests are performed and resulting impairment losses are recognized on all the other CGUs.

Sensitivity of tests related to brands

The assumptions used for the purposes of impairment testing based on the discounted royalties of the Elis Group are as follows:

	Elis	Le Jacquard Français	Kennedy
Discount rate	6.9%	6.9%	7.5%
Perpetuity growth rate	2%	2%	2%
Royalty rate	2%	4%	2%

The sensitivity of the excess of the recoverable amount of the Elis brand over its carrying amount is as follows:

Discount rate *(In millions of euros)*	**Perpetuity growth rate**		
	1.5%	**2.0%**	**2.5%**
6.4%	311	360	422
6.9%	263	**303**	351
7.4%	224	256	295

NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

7.1 PROVISIONS

A provision is recognized whenever the Group has a present contractual, legal or constructive obligation as a result of a past event and when an outflow of resources required to settle the obligation can be estimated reliably.

The amount recognized represents the best estimate made by management with respect to risks and their likelihood of occurrence, based on information available at the date of reporting the consolidated financial statements.

Liabilities resulting from restructuring plans are recognized when there is an obligation, the related costs have been forecast in detail and it is highly probable that they will be implemented.

Provisions are also recognized for obligations arising from onerous contracts.

Provisions for environmental compliance

Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. These provisions correspond to the expected costs of studies or work to be undertaken by the Group to comply with its environmental obligations. They relate to sites or categories of work which are to be dealt with in the foreseeable future.

Provisions for litigation

Provisions for litigation chiefly includes provisions for employee-related risks.

Other provisions

Other provisions include provisions for tax risks, provisions for restructuring costs, provisions for onerous contracts and provisions for disputes arising in the ordinary course of the Group's operations.

(In millions of euros)	Compliance	Litigation	Other	Total
As at December 31, 2016	**17.1**	**8.2**	**9.0**	**34.2**
Increases/additions for the year	7.8	2.4	6.5	16.6
Changes in consolidation scope	1.9	1.2	8.6	11.7
Decreases/reversals of provisions used	(2.5)	(3.2)	(0.8)	(6.5)
Translation adjustments	(0.4)	(0.6)	(0.5)	(1.5)
Other	0.0	0.1	0.2	0.3
AS AT DECEMBER 31, 2017	23.9	8.1	23.0	54.9
Current portion	**0.1**	**4.0**	**11.1**	**15.2**
Non-current portion	**23.8**	**4.1**	**11.9**	**39.7**
France	*16.2*	*3.2*	*0.6*	*19.9*
Latin America	*2.1*	*4.2*	*4.0*	*10.4*
Other countries	*5.6*	*0.7*	*18.3*	*24.6*

7.2 CONTINGENT LIABILITIES

The Elis Group has contingent liabilities relating to legal or arbitration proceedings arising in the normal course of its business, including:

In Brazil

Proceedings related to alleged acts of administrative improbity

Atmosfera filed a preliminary response in December 2014 to a public action filed against several industrial laundry service providers, including Atmosfera and Prolav, relating to alleged bribery regarding contracts in the state of Rio de Janeiro. The public prosecutor rejected arguments put forward by Atmosfera and ruled to continue the action.

As at December 31, 2017, Atmosfera and Prolav were still awaiting additional information and therefore were unable to estimate the contingent liability incurred and the indemnification asset to be received under the respective vendor warranties. The Atmosfera Group's former owners, who were notified of the proceedings through interim measures on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

Proceedings related to degrading working conditions

Proceedings initiated by Brazil's public prosecutor

On December 1, 2017, the judge in charge of the case ratified the judicial settlement between the public prosecutor and Atmosfera, ending the proceedings with the payment by Atmosfera of a fine of R$350,000 (approximately €90,000) and subject to certain commitments made by Atmosfera (acting on its own behalf as well as on behalf of its Brazilian subsidiaries and some of its suppliers), consisting mainly of complying with the regulations in force in various fields such as health and safety, the hiring of foreign employees, etc.).

Proceedings initiated by Atmosfera before the Labor Court against Brazil's Ministry of Work and Employment.

Atmosfera filed an appeal that challenged the decision of the Ministry of Labor which provided for the inclusion of Atmosfera on the blacklist of companies convicted of this type of practice.

The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. This first-instance decision was appealed by the administration, resulting in a new procedure which was still in progress as at the reporting date of the consolidated financial statements.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was sentenced by the Brazilian Competition Authority (CADE) for antitrust offenses to pay a fine of R$2.5 million (approximately €630 thousand). Any delay in payment of this fine will incur interest on arrears at the benchmark rate of Brazil's central bank (SELIC), which may lead to significant additional costs. Prolav has not, to date, paid the aforementioned fine and has set aside a provision in the amount of R$1.25 million (approximately €315 thousand). After appealing the decision, which was rejected by CADE, Prolav was unable to reach an agreement with CADE's prosecutor on a possible reduction of the fine and staggering of its payment. As of the reporting date, Prolav was awaiting the implementation of the enforcement phase of the sanction.

Proceedings against NJ Lavanderia

Proceedings initiated by Brazil's Federal District public prosecutor

The public civil action brought in 2014 by Brazil's public prosecutor against NJ Lavanderia and the Government of the Federal District (GFD) aims to annul the contract between these two parties and force the GFD to implement a safeguard plan for the laundry services that are to be provided to four regional public hospitals located in Brazil's Federal District. No decision on the merits has yet been handed down; it is expected to be forthcoming, without any specific time frame being communicated to the parties.

Further proceedings are also underway against NJ Lavanderia as part of a civil action initiated in 2015 by Brazil's Federal District public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public-service contract described above was entered into. To date, these proceedings are still in the preliminary stage and to the Company's knowledge, no provisional timetable for proceedings has been set.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of these proceedings in the event of an unfavorable outcome or the indemnification asset to be received under the vendor warranty. No provision has been set aside by Lavebras or NJ Lavanderia in relation to these proceedings.

Proceedings before Brazil's Federal Court of Accounts

The administrative proceedings initiated in August 2016 by the Democratas political party against the Health Secretariat of Brazil's federal government alleging that NJ Lavanderia continued to provide services under two public-service contracts (one being the contract involved in the proceedings initiated by the Federal District public prosecutor described above) entered into as emergency agreements, beyond their respective terms, was examined by the Federal Court of Accounts which plans to convert it into a "special procedure", meaning one that increases the investigative capacity of the court. To the Company's knowledge, no provisional timetable for proceedings has been set.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of the proceedings in the event of an unfavorable outcome or the indemnification asset to be received under the vendor warranty. No provision has been set aside by Lavebras or NJ Lavanderia in relation to this procedure.

Proceedings against Lavebras

The Group was informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, which may involve Lavatec, a former subsidiary merged with and into Lavebras in 2014.

At the date of this registration document, Lavebras had not received any formal notification of these potential violations, with the exception of a separate procedure conducted by the tax authorities against a social organization, the ICN.

In the context of the ICN tax proceedings, the Brazilian tax authorities argue that Lavebras – as well as other companies – must be held jointly and severally liable for the obligations of ICN. The amount of the dispute is approximately R$307 million, i.e., approximately €77 million (including all penalties but excluding the potential effect of inflation). Lavebras has submitted its arguments in defense and is awaiting a first instance administrative decision. Lavebras believes that it has strong arguments to contest the Brazilian tax administration's point of view. The Group therefore considers that Lavebras' risk of being held jointly and severally liable with ICN for payment of the tax penalty is limited. No provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

In the event that Lavebras is subject of a notification following the investigation by the Brazilian Federal Police, Lavebras could be exposed to various sanctions, including (i) the prohibition of

benefiting from incentives or receiving subsidies, grants, donations or loans from public entities and financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unfairly received, (iii) a prohibition on entering into contracts with public entities for up to 10 years, and (iv) an obligation to compensate the public administration in full for any damage actually suffered thereby. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of the gross revenue excluding tax in the financial year preceding the filing of the administrative proceedings.

In the absence of notification, no provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

In France

Inquiry by DIRECCTE

The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed by a self-catering cottage, a customer of the Group, with the Pays de Loire regional Board for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

No provision was recognized as at December 31, 2017 since at this stage it is difficult to assess whether this risk will materialize and what might be the consequences, especially financial, for the Group.

Other information

On September 12, 2017, the company M.A.J. was ordered by the Carcassonne Criminal Court to pay a fine of €20,000 as the result of an accident at the Carcassonne laundry site in March 2012 which resulted in the death of an employee of a supplier of the Group's detergent products who was on the site.

Tax audits

The Group is the subject of tax audits in France and Brazil At the reporting date, the Group considers, with its advisors, that there is good reason for not needing to book provisions for these audits.

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

Credit and counterparty risk

Credit or counterparty risk is the risk that a party to a contract with the Group fails to meet its contractual obligations, leading to a financial loss for the Group.

The main financial assets that could expose the Group to credit or counterparty risk are as follows:

- trade receivables: the Group insures its customer's risk in France with a well-known insurance company. Trade receivables are managed in a decentralized manner by operational centers and by the key account management. Their amount and age are monitored in detail as an integral part of the monthly reporting system. Because of the large number of Group customers, there is no material concentration of credit risk (meaning no one counterparty or group of counterparties accounting for a material proportion of trade receivables). The maximum exposure to credit risk is limited to the carrying amount of trade receivables. The due dates of trade and other receivables are as follows:

	12/31/2017		
(In millions of euros)	**Gross value**	**Impairment**	**Net value**
Not yet due or less than 4 months overdue	585.6	(5.9)	579.8
Between 5 and 12 months overdue	19.6	(8.2)	11.4
More than 1 year overdue	43.7	(37.8)	5.9
TRADE RECEIVABLES	**648.9**	**(51.9)**	**597.1**

	12/31/2016		
(In millions of euros)	Gross value	Impairment	Net value
Not yet due or less than 4 months overdue	321.0	(2.8)	318.3
Between 5 and 12 months overdue	17.9	(5.3)	12.7
More than 1 year overdue	41.4	(31.0)	10.4
TRADE RECEIVABLES	**380.4**	**(39.0)**	**341.4**

- financial investments: against a backdrop of historically low and significantly negative interest rates, the Group's policy is to invest its cash on short-term money market funds (UCITS) or to leave deposits in bank accounts with banking counterparties that finance the Group, in compliance with diversification and counterparty rules. Thus, as at December 31, 2017, short-term investments totaled €0.9 million and consisted mainly of UCITS money market funds. In the Group's view, therefore, those investments do not expose it to any material counterparty risk.

Liquidity risk

The Group must always have financial resources available, not just to finance the day-to-day running of its business, but also to maintain its investment capacity.

The Group manages liquidity risk by paying constant attention to the duration of its financing arrangements, the permanence of its available credit facilities, and the diversification of its resources (bank financing or medium/long-term and short-term capital markets financing, etc.). The Group also manages its available cash prudently and has set up cash management agreements in the main countries in which it operates in order to optimize and facilitate cash flow to M.A.J., the Group's central treasury entity, for the consolidation scope formerly under Elis. Companies within the Berendsen scope manage their liquidity locally; an analysis is underway to integrate centralized liquidity management in all countries.

The Group's adjusted net debt (adjusted for capitalized debt issuance costs to be amortized using the effective interest rate method, and for the loan from the employee profit-sharing fund) as at December 31, 2017 amounted to €3,296.6 million.

Loan agreements relating to this debt include the legal and financial undertakings usually involved in such transactions, and specify accelerated maturities if those undertakings are not complied with. Financial commitments include the Group's obligation to meet a financial covenant: adjusted net debt-to-pro forma EBITDA after synergies. Based on these consolidated financial statements as at December 31, 2017, the Group met this ratio:

- Leverage Ratio = 3.3 (must be less than 4 for 2017 and 3.75 thereafter).

As at December 31, 2017, the repayment dates for consolidated debt and related interest are presented hereafter.

The future contractual cash flows are based on the liabilities shown in the statement of financial position at the reporting date, and do not take into account any possible subsequent management decision that could significantly alter the Group's debt structure or hedging policy. The figures for interest payable reflect the cumulative interest payable until the due date or planned repayment date of the related loan. They were estimated on the basis of forward rates calculated from the yield curves as at the reporting date.

	Carrying value	Cash flow 2018		Cash flow 2019		Cash flow 2020-2021-2022		Cash flow 2023 and beyond		Estimate of future cash flows as of 12/31/2017	
(In millions of euros)	Amortized cost	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Convertible bonds	347.1	–	–	–	–	–	–	400.0	–	400.0	–
High-Yield Bonds 3%	804.1	–	24.0	–	24.0	800.0	55.9	–	–	800.0	103.9
Senior Credit Facilities – Term loan EURIBOR 3M +1.8%	452.4	–	11.7	–	11.1	450.0	28.0	–	–	450.0	50.8
Swaps			3.5		2.5		0.0	–	–	–	6.0
Syndicated loan – Term loan EURIBOR 3M +1.75%)	200.5	–	5.2	–	4.7	200.0	13.4	–	–	200.0	23.3
Bridge loan/revolving	1,015.6	1,015.0	11.4	–	–	–	–	–	–	1,015.0	11.4
Schuldschein	75.1	–	1.5	–	1.4	50.0	3.3	25.0	1.0	75.0	7.1
Capex line EURIBOR3M +1,8%	177.0	–	4.3	–	4.3	177.0	8.8	–	–	177.0	17.4
Commercial paper	396.4	396.4	–	–	–	–	–	–	–	396.4	–
Unamortized loan costs	(36.8)	–	–	–	–	–	–	–	–	–	–
Loan from employee profit-sharing fund	26.8	5.5	1.1	5.2	0.7	13.6	0.8	–	–	24.2	2.6
Financial leases	12.5	3.0	0.3	2.2	0.5	2.4	1.2	4.7	3.6	12.4	5.5
Other	18.9	10.1	0.2	2.6	0.1	4.0	0.2	1.0	0.1	17.7	0.7
Overdrafts	213.4	213.4	0.0	–	–	–	–	–	–	213.4	0.0
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**3,703.0**	**1,643.3**	**63.3**	**10.0**	**49.2**	**1,697.0**	**111.7**	**430.8**	**4.7**	**3,781.0**	**228.8**

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt, and to a lesser extent as a result of foreign currency transactions. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize any potentially adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest rate risk

Interest rate risk mainly includes the risk of future fluctuations in flows relating to floating-rate debt, which is partly linked to Euribor. As at December 31, 2017, the Group had €2,074.7 million of floating-rate debt outstanding (before taking into account any hedging instruments).

To manage this risk effectively, the Group has taken out certain derivatives contracts (swaps), under which it has undertaken to swap, at specific times, the difference between the fixed rate agreed to in the swap contract and the floating rate applying to the relevant debt, based on a given notional amount. As at December 31, 2017, the Group was a party to interest rate hedging contracts covering a total par amount outstanding of €450.0 million of debt. These contracts effectively convert some of the Group's floating-rate debt into fixed-rate debt. However, no guarantee can be given regarding the Group's ability to manage its exposure to interest rate fluctuations appropriately in the future or to continue doing so at a reasonable cost.

Net exposure to interest rate risk as at December 31, 2017, before and after hedging, was as follows:

(In millions of euros)	12/31/2017	Fixed	Floating hedged	Floating unhedged	Maturities
Convertible bonds	347.1	347.1			2023
High-Yield Bonds 3%	804.1	804.1			2022
Senior Credit Facilities – Term loan EURIBOR 3M +1.8%	452.4		452.4		2022
Syndicated loan – Term loan EURIBOR 3M +1.75%	200.5			200.5	2022
Bridge loan/revolving	1,015.6			1,015.6	less than 12 months
Schuldschein	75.1	34.6		40.6	2020 to 2024
Capex line EURIBOR3M +1,8%	177.0			177.0	2022
Commercial paper	396.4	396.4			less than 12 months
Unamortized loan costs	(36.8)	(9.8)	(7.3)	(19.7)	
Loan from employee profit-sharing fund	26.8	26.8			
Financial leases	12.5	12.2		0.3	
Other	18.9	16.9	0.9	1.0	
Overdrafts	213.4			213.4	
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**3,703.0**	**1,628.3**	**446.1**	**1,628.6**	

In accordance with IFRS 7, a sensitivity analysis of the change in interest is presented hereafter. It reflects the impact of interest rate movements on interest expense, net income and equity.

The interest rate sensitivity analysis is based on the following assumptions:

- changes in the interest rate curve have no impact on fixed-rate financial instruments when they are measured at amortized cost;
- changes in the interest rate curve impact floating-rate financial instruments if they are not designated as hedged items. Interest rate movements have an impact on gross finance costs, and are therefore included when calculating the sensitivity of net income and equity to interest rate risk;
- changes in the interest rate curve impact the fair values of derivative financial instruments eligible for cash flow hedge accounting. Changes in the fair value of such derivatives have an impact on the hedging reserve in equity, and are therefore included when calculating the sensitivity of equity to interest rate risk;
- changes in the interest rate curve impact derivative financial instruments (interest rate swaps, caps, etc.) that are not eligible for hedge accounting insofar as the changes affect their fair value. These movements in fair value are recognized in the income statement. This impact is therefore included when calculating the sensitivity of net income and equity to interest rate risk.

The following table shows the effect on the Elis Group's results of a 100 basis point increase or decrease in interest rates based on the above-mentioned assumptions and on the basis of an immediate impact across the entire curve occurring on the first day of the financial year and remaining constant thereafter:

	+100 bp		-100 bp	
Type	**Hedging reserves**	**Net financial expense**	**Hedging reserves**	**Net financial expense**
Financial instruments designated as hedging instruments				
Non-derivative variable-rate financial instruments		(18.8)		4.0
Total derivatives not eligible for hedge accounting		17.0		(17.9)
TOTAL IMPACT (PRE-TAX)	**–**	**(1.7)**	**–**	**(14.0)**
Sensitivity of equity to interest rate changes	***+100 bp***	***0.0%***	***-100 bp***	***0.0%***
Sensitivity of consolidated net income to interest rate changes	***+100 bp***	***1.7%***	***-100 bp***	***13.7%***

The Group does not have any material interest-bearing assets.

Currency risk

The majority of the Group's operations are located in eurozone countries. For the financial year ended December 31, 2017, countries outside the euro area accounted for 29.5% of the Group's consolidated revenue (Brazil: 8.8%, UK: 6.6%, Switzerland: 4.8%, Sweden: 3.3% and Denmark: 2.9% of consolidated revenue).

When the Group prepares its consolidated financial statements, it must translate the financial statements of its non-eurozone subsidiaries into euros at the applicable exchange rates. As a result, the Group is exposed to fluctuations in exchange rates, which have a direct accounting impact on the Group's consolidated financial statements. This creates a risk relating to the conversion into euros of non-eurozone subsidiaries' statements of financial position and income statements.

The Group's external financing is generally denominated in euros.

With this in mind, the table below presents the risk of foreign currency translation losses, in terms of equity and income, on the Group's main currencies.

(In millions of euros)	Change in equity for a 10% fall in exchange rate	Change in net income for a 10% fall in exchange rate
GBP (United Kingdom)	(56.7)	(0.7)
BRL (Brazil)	(47.7)	(0.2)
CHF (Switzerland)	(12.0)	(0.4)
DKK (Denmark)	(72.4)	(0.9)
SEK (Sweden)	(67.3)	(0.8)

The Group is also exposed to operational exchange rate risk through its purchases of goods, which are partly denominated in US dollars and to a lesser extent in pounds sterling. In 2017, purchases of goods denominated in foreign currencies totaled US$49.2 million and £4.6 million for the Elis consolidation scope (excluding Berendsen). However, the Group seeks to reduce the impact of exchange rate movements on its income by using currency hedging for the procurement of goods for resale. As at December 31, 2017, the Group had made forward purchases with a 2018 maturity amounting to US$50 million (US$41.5 million one year ago).

Equity risk

As at December 31, 2017, the Group's exposure to equity risk mainly concerns 61,798 Elis shares held in treasury stock, either as part of the liquidity agreement implemented on April 13, 2015 or to enable Elis to deliver shares to Berensen option holders in accordance with the commitments of the Scheme of Arrangement.

These shares were valued at €1.4 million based on the December 31, 2017 closing price (€23.01). Accordingly, the Group did not consider it necessary to introduce an equity risk management policy.

Commodities risk

While the Group does not purchase raw materials directly, it is indirectly exposed to raw material volatility through its purchases of linens and workwear, the manufacturing price of which is partially linked to the price of cotton or polyester, and through its consumption of oil products (mainly gas and fuel).

8.2 NET FINANCIAL EXPENSE

(In millions of euros)	2017	2016
Interest expense on borrowings and employee profit-sharing fund	(78.6)	(55.6)
GROSS FINANCE COSTS	(78.6)	(55.6)
Gains (losses) on traded derivatives	(2.9)	0.8
Other financial income	3.9	0.1
NET FINANCE COSTS	(77.7)	(54.6)
Foreign exchange gains	26.5	0.6
Foreign exchange losses	(8.3)	(0.3)
Interest expense on provisions and retirement benefits	(0.8)	(1.0)
Other	0.4	(0.4)
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	17.8	(1.0)
NET FINANCIAL EXPENSE	**(59.8)**	**(55.7)**

The foreign exchange result is mainly related to the early repayment at the end of 2017 of the USPP loans previously taken out by Berendsen Plc.

8.3 GROSS DEBT

Borrowings are initially recognized at fair value, net of related transaction costs. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the repayment value is recognized in income over the term of borrowings using the effective interest rate method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the liability by at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

The Group derecognizes a financial liability when the liability is extinguished. If a liability is exchanged with a creditor under materially different terms and conditions, a new liability is recognized.

As at December 31, 2017, consolidated debt mainly comprised the following:

High-Yield Bonds

On April 28, 2015, Elis issued bonds with a principal amount of €800 million, paying interest at an annual rate of 3% and maturing in 2022 (the "High-Yield Bonds"). Interest is payable every six months. The High-Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a new Senior Syndicated Credit Facility for an amount of €1,150 million maturing in five years, consisting of three tranches: a €450 million term loan, a €200 million CAPEX line and a €500 million revolving credit facility.

At December 31, 2017, the term loan was drawn down in the amount of €450 million; the CAPEX line was drawn down in the amount of €177 million and the revolving credit facility was undrawn.

2017 Bridge Loan Agreement

On June 12, 2017, Elis signed a Bridge Loan Agreement with a bank syndicate for a total principal amount of €1,920 million.

The purpose of the 2017 Bridge Loan was to finance:

(i) the cash portion paid to Berendsen shareholders in relation to the acquisition of September 12, 2017;

(ii) repayment of the Berendsen debt (including a syndicated credit facility and debt securities issued in relation to private placements (USPP)).

This bridge loan was drawn down in the amount of €1,890 million. As at December 31, 2017, the remaining amount drawn amounted to €1,015.0 million.

Convertible Bonds *(Océanes)*

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions,* or "*Océanes*") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. The bonds are non-interest bearing (zero coupon).

The *Océanes* bond qualifies as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires that the equity component (the call option held by the bondholder to convert the bond into shares) and the debt component (the contractual commitment to deliver cash) be recognized separately on the balance sheet. The fair value of the debt component is equivalent to €345.1 million at inception and €54.9 million for the options component (before deferred tax).

The net proceeds from the issue were used to refinance the Berendsen acquisition through the partial repayment of the bridge loan and for the Company's general purposes.

Syndicated Credit Facility – Term Loan

On November 7, 2017, Elis entered into a new syndicated credit facility consisting of a €200 million term loan (drawn on November 13, 2017) and a €400 million undrawn revolving credit line at December 31, 2017.

This refinancing is due to mature in November 2022 and may be extended until 2023/2024 for the revolving credit facility tranche.

Schuldschein

Elis raised €75 million on November 23, 2017 through a multi-tranche private placement under German law, the so-called "*Schuldschein*" note.

This transaction makes it possible to continue the repayment of the 2017 Bridge Loan set up for the Berendsen acquisition and to diversify the Group's financing sources.

The funds were raised at fixed and floating rates, representing respectively 46% and 54% of the total amount, maturing in three to seven years.

Commercial paper

The Group has an unrated commercial paper program, approved by Banque de France, in a maximum amount of €400 million. In addition to other financing, this program provides the Elis Group with access to short-term, non-intermediated resources at favorable market conditions. As at December 31, 2017 outstandings under this program totaled €396.4 million, versus €303.8 million at December 31, 2016.

As at December 31, 2017, the Group had an undrawn revolving credit line of €400 million.

Changes in debt and breakdown by currency

(In millions of euros)	12/31/2016	Changes from financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other	Effect of changes in foreign exchange rates	Changes in bank overdraft	New finance lease	Other changes	12/31/2017
CONVERTIBLE BONDS	–	400.0	–	–	(0.0)	–	(52.9)	347.1
HIGH-YIELD BONDS	800.0	–	–	–	–	–	–	800.0
Senior Credit Facilities - Term loan	450.0	–	–	–	–	–	–	450.0
Syndicated loan - Term loan	–	200.0	–	–	–	–	–	200.0
Bridge loan/revolving	130.0	885.0	–	–	–	–	–	1,015.0
Schuldschein	–	75.0	–	–	–	–	–	75.0
Capex line	–	177.0	–	–	–	–	–	177.0
Commercial paper	303.8	92.6	–	–	–	–	–	396.4
Finance lease liabilities	14.6	(4.7)	2.5	(0.1)	0.0	0.2	(0.0)	12.5
Other loans and overdrafts	62.7	(714.8)	802.6	22.7	57.7	–	0.2	231.1
Loan from employee profit-sharing fund	28.4	(1.6)	–	–	(0.0)	–	(0.0)	26.8
LOANS	989.4	708.6	805.1	22.6	57.7	0.2	0.1	2,583.8
ACCRUED INTEREST	6.7		7.5	0.3	(0.0)	–	(5.5)	8.9
UNAMORTIZED LOAN COSTS	(22.8)	(28.4)	22.2	0.8	(0.0)	–	(8.5)	(36.8)
BORROWINGS	**1,773.2**	**1,080.2**	**834.9**	**23.7**	**57.6**	**0.2**	**(66.7)**	**3,703.0**
Reconciliation to cash flow statement								
– Proceeds from new borrowings		4,126.0						
– Repayment of borrowings		(3,045.9)						
Change in borrowings		**1,080.2**						
Loans and borrowings by currency								
EUR	1,768.0							3,524.9
GBP	–							167.7
BRL	0.3							7.0
CHF	2.6							1.5
CLP	2.4							1.8
Borrowings	**1,773.2**							**3,703.0**

Maturity of financial liabilities

(In millions of euros)	12/31/2017	2018	2019	2020-2022	2023 and beyond
Convertible bonds	347.1	–	–	–	347.1
High-Yield Bonds 3%	804.1	4.1	–	800.0	–
Senior Credit Facilities – Term loan EURIBOR 3M +1.8%	452.4	2.4	–	450.0	–
Syndicated loan – Term loan EURIBOR 3M +1.75%	200.5	0.5	–	200.0	–
Bridge loan/revolving	1,015.6	1,015.6	–	–	–
Schuldschein	75.1	0.1	–	50.0	25.0
Capex line EURIBOR3M +1,8%	177.0	–	–	177.0	–
Commercial paper	396.4	396.4	–	–	–
Unamortized loan costs	(36.8)	(11.3)	(7.4)	(17.4)	(0.6)
Loan from employee profit-sharing fund	26.8	6.6	5.8	14.4	–
Financial leases	12.5	3.1	2.2	2.4	4.7
Other	18.9	11.3	2.6	4.3	0.7
Overdrafts	213.4	213.4	–	–	–
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**3,703.0**	**1,642.2**	**3.2**	**1,680.7**	**377.0**

8.4 CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes cash, on-demand bank deposits, other very short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are recognized in the statement of financial position as part of borrowings under current liabilities.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

(In millions of euros)	12/31/2017	12/31/2016
Demand deposits	415.5	158.4
Term deposits and marketable securities	0.9	10.6
CASH AND CASH EQUIVALENTS	416.4	169.0
Cash classified as assets held for sale	–	–
Bank overdrafts	(213.4)	(3.8)
CASH AND CASH EQUIVALENTS, NET	**203.0**	**165.2**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents totaled €7.0 million as at December 31, 2017, compared with €19.5 million at December 31, 2016.

In addition, cash allocated to the Elis liquidity agreement implemented on April 10, 2015 amounted to €2.5 million as at December 31, 2017 (€1.5 million at December 31, 2016).

8.5 NET DEBT

(In millions of euros)	12/31/2017	12/31/2016
CONVERTIBLE BONDS	347.1	–
HIGH-YIELD BONDS	800.0	800.0
Senior Credit Facilities – Term loan	450.0	450.0
Syndicated loan – Term loan	200.0	–
Bridge loan/revolving	1,015.0	130.0
Schuldschein	75.0	–
Commercial paper	396.4	303.8
Finance lease liabilities	12.5	14.6
Capex line	177.0	–
Other loans and overdrafts	231.1	62.7
Loan from employee profit-sharing fund	26.8	28.4
LOANS	2,583.8	989.4
ACCRUED INTEREST	8.9	6.7
UNAMORTIZED LOAN COSTS	(36.8)	(22.8)
BORROWINGS	**3,703.0**	**1,773.2**
Of which maturing in less than one year	1,642.2	495.4
Of which maturing in more than one year	2,060.9	1,277.8
CASH AND CASH EQUIVALENTS (ASSETS)	**416.4**	**169.0**
NET DEBT	**3,286.6**	**1,604.3**
Reconciliation to adjusted net debt		
Net debt	**3,286.6**	**1,604.3**
Unamortized loan costs	36.8	22.8
Loan from employee profit-sharing fund	(26.8)	(28.4)
Adjusted net debt	**3,296.6**	**1,598.7**

8.6 FINANCIAL ASSETS AND LIABILITIES

INITIAL RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments are initially recognized in the statement of financial position at the fair value of consideration paid (for assets) or received (for liabilities). Fair value is determined on the basis of the price agreed upon for the transaction or market prices for comparable transactions. In the absence of a market price, fair value is calculated on the basis of the discounted cash flows from the transaction, or by using a model. Discounting is unnecessary if its impact is immaterial. Similarly, short-term receivables and liabilities arising in the normal operating cycle are not discounted.

Incremental costs that are directly attributable to transactions (transaction costs, commissions, professional fees, taxes, etc.) are added to the amount initially recognized for assets and deducted from liabilities.

FAIR VALUE AND CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES

The key measurement methods used are as follows:

- items recognized at fair value through profit or loss are measured based on market prices for listed instruments (level 1 of fair value – quoted prices in active markets);
- non-current derivative instruments are measured using a valuation technique based on interbank market rates (e.g., Euribor) (level 2 of fair value – derived from observable market data);
- loans and borrowings are recognized at amortized cost, calculated using the Effective Interest Rate (EIR) method. The fair values shown for fixed-rate debt include the effects of interest rate movements, while those for total debt include changes in Group credit risk;
- given their very short maturities, the fair value of trade payables and receivables is deemed to be the same as their carrying amount.

	12/31/2017		Breakdown by category of financial instrument				
(In millions of euros)	Carrying amount	Fair value	Fair value through income	Fair value through equity	Loans and receivables	Debt at amortized cost	Derivative financial instruments
Available-for-sale financial assets (non-current)	0.1	0.1		0.1			
Other non-current assets	6.8	6.8			6.8		0.0
Trade and other receivables	705.6	705.6			705.6		
Other current assets	30.9	30.9			30.8		0.1
Cash and cash equivalents	416.4	416.4	416.4				
FINANCIAL ASSETS	**1,159.9**	**1,159.9**	**416.4**	**0.1**	**743.2**	**–**	**0.1**
Loans and borrowings	2,060.9	2,096.1				2,060.9	
Other non-current liabilities	12.6	12.6			6.0		6.6
Trade and other payables	277.5	277.5			277.5		
Other liabilities	462.8	462.8			460.1		2.7
Bank overdrafts and portions of loans due in less than one year	1,642.2	1,653.5				1,642.2	
FINANCIAL LIABILITIES	**4,456.0**	**4,502.5**	**–**	**–**	**743.7**	**3,703.0**	**9.3**

(In millions of euros)	12/31/2016		Breakdown by category of financial instrument				
	Carrying amount	Fair value	Fair value through income	Fair value through equity	Loans and receivables	Debt at amortized cost	Derivative financial instruments
Available-for-sale financial assets (non-current)	0.1	0.1		0.1			
Other non-current assets	6.8	6.8			6.8		–
Trade and other receivables	394.0	394.0			394.0		
Other current assets	16.7	16.7			13.9		2.8
Cash and cash equivalents	169.0	169.0	169.0				
FINANCIAL ASSETS	**586.6**	**586.6**	**169.0**	**0.1**	**414.8**	**–**	**2.8**
Loans and borrowings	1,277.8	1,298.8				1,277.8	
Other non-current liabilities	22.3	22.3			3.0		19.3
Trade and other payables	166.8	166.8			166.8		
Other liabilities	296.4	296.4			296.4		–
Bank overdrafts and portions of loans due in less than one year	495.4	242.9				495.4	
FINANCIAL LIABILITIES	**2,258.7**	**2,027.2**	**–**	**–**	**466.2**	**1,773.2**	**19.3**

The table below shows the level at which each fair value is ranked in the fair value hierarchy:

(In millions of euros)	12/31/2017	Fair value hierarchy		
	Fair value	Level 1	Level 2	Level 3
Current asset derivatives (currency forward)	0.1		0.1	
ASSETS MEASURED AT FAIR VALUE	0.1	–	0.1	–
Non-current derivatives – liabilities (interest rate swap)	6.6		6.6	
Current derivatives – liabilities (currency forward)	2.7		2.7	
LIABILITIES MEASURED AT FAIR VALUE	9.3	–	9.3	–
High-Yield Bonds 3%	815.0	815.0		
Convertible bonds – debt component	345.9		345.9	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED	**1,161.0**	**815.0**	**345.9**	**–**

(In millions of euros)	12/31/2016	Fair value hierarchy		
	Fair value	Level 1	Level 2	Level 3
Current asset derivatives (currency forward)	2.8		2.8	
ASSETS MEASURED AT FAIR VALUE	2.8	–	2.8	–
Non-current derivatives – liabilities (interest rate swap)	19.3		19.3	
LIABILITIES MEASURED AT FAIR VALUE	19.3	–	19.3	–
High-Yield Bonds 3%	808.0	808.0		
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED	**808.0**	**808.0**	**–**	**–**

8.7 OTHER NON-CURRENT ASSETS AND LIABILITIES

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not listed on an active market. They are included in current assets, apart from those with maturity dates greater than 12 months after the reporting date, which are classified as non-current assets.

Put options over non-controlling interests are recognized as liabilities. Subsequent changes in the value of the put option strike price are recorded in the income statement under "Other income and expense", in accordance with IAS 39.AG8.

(In millions of euros)	Notes	12/31/2017	12/31/2016
Non-current asset derivatives	8.8	0.0	–
Loans and receivables		6.8	6.8
OTHER NON-CURRENT ASSETS		**6.8**	**6.8**
Non-current liability derivatives	8.8	6.6	19.3
Deferred consideration payable on acquisitions		0.5	0.3
Liability for put options over a non-controlling interest		1.8	1.8
Other non-current liabilities		3.7	0.9
OTHER NON-CURRENT LIABILITIES		**12.6**	**22.3**

8.8 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Whether used for hedging purposes or not, derivative financial instruments are initially measured at fair value at inception and are subsequently remeasured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as:

- hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge);
- hedges of the fair value of recognized assets or liabilities (fair value hedge);
- derivative instruments that do not meet hedge accounting criteria.

The impact of changes in fair value of derivative instruments in a fair value hedging relationship and derivative instruments not eligible for hedge accounting during the year is recorded in the income statement. However, the effective portion of changes in the fair value of derivative instruments in a cash flow hedging relationship is recognized directly in equity, with the ineffective portion being recognized in the income statement.

At the inception of the transaction, the Group documents the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and hedging policy. At the inception of the hedge and on an ongoing basis, the Group also documents the effectiveness of derivatives in offsetting changes in fair value or cash flows of hedged items.

The fair value of a derivative hedging instrument is classified as a non-current asset or liability when the residual term of the hedged item is greater than 12 months, and as a current asset or liability when the residual term of the hedged item is less than 12 months. Derivative instruments held for trading are classified as current assets or liabilities.

DERIVATIVES USED IN CASH FLOW HEDGES

The effective portion of changes in the fair value of qualifying derivatives that are designated as cash flow hedges is recognized directly in equity. The gain or loss related to the ineffective portion is immediately recognized in net income. The cumulative gain or loss reported in equity is reclassified to the income statement when the hedged item affects profit or loss.

When a transaction results in the recognition of a non-financial asset (for example, a non-current asset or inventory), the hedging gain or loss, deferred as equity, is transferred to the initial carrying amount of the hedged item (method known as basis adjustment).

When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity, and is reclassified to the income statement when the forecast transaction is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the income statement.

DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Changes in fair value during the financial year are recognized immediately in the income statement.

Interest rate derivatives

Interest rate derivatives are classified as other non-current assets and liabilities (see Note 8.7 "Other non-current assets and liabilities").

The Group uses interest rate swaps to convert part of its floating-rate debt into fixed-rate debt.

Interest rate derivatives are measured on the basis of market data at the reporting date (interest rate curve from which the zero coupon curve is deducted). Their fair value – level 2 – is calculated using the discounted cash flow model.

The table below details the impact of interest rate derivatives on Elis's consolidated financial statements:

(In millions of euros)	**Principal**	**Fair values as at 12/31/2017**	**Changes in fair value during the reporting period**	**Impact on net financial expense [a]**	**Impact on equity**
Interest rate swaps maturing in 2022 0.46%	450.0	(6.5)	12.2	(2.9)	6.2
Other interest rate swaps	0.9	(0.1)	0.6	–	–
TOTAL NON-CURRENT DERIVATIVES – LIABILITIES		(6.6)			
TOTAL INTEREST-RATE DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING		**(6.6)**	**12.8**	**(2.9)**	**6.2**

(a) Ineffective portion/impact of dequalifying derivative instruments eligible for hedge accounting and change in fair value.

In connection with the refinancing of the Syndicated Credit Facility in January 2017, the Group amended its interest rate swap contracts to hedge the new Syndicated Credit Facility Agreement until its maturity on January 20, 2022, reducing the fixed rate paid out by 68.3 basis points and in exchange for a cash payment of €10 million, including 1.1 million in accrued interest.

(In millions of euros)	**Nominal**	**Fair values as at 12/31/2016**	**Changes in fair value during the reporting period**	**Impact on net financial expense [a]**	**Impact on equity**
Interest rate swaps maturing in 2020 1.143%	450.0	(18.7)	0.5	0.9	(0.4)
Other interest rate swap	28.3	(0.7)	(0.0)	(0.0)	0.0
Total non-current derivatives – liabilities		(19.4)			
TOTAL INTEREST-RATE DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING		**(19.4)**	**0.5**	**0.8**	**(0.3)**

(a) Ineffective portion/impact of restructuring derivative instruments eligible for hedge accounting and change in fair value of other derivatives.

In view of the negative forward rates up until the maturity of the swaps, these instruments were disqualified for hedge accounting from July 1, 2016.

Currency derivatives

Forward currency purchases are classified as other current assets and liabilities (see Note 4.7 "Other current assets and liabilities").

(In millions of euros)	**Nominal** *(In millions of foreign currencies)*	**Fair values as at 12/31/2017**	**Changes in fair value during the reporting period**	**Impact on net financial expense**	**Impact on equity**
Currency forward USD/EUR		–	(2.5)	(0.1)	(2.4)
Currency forward GBP/EUR		–	(0.2)	–	(0.2)
Currency forward USD/SEK	2.8	0.1	0.1	–	0.1
TOTAL CURRENT DERIVATIVES – ASSET		0.1	(2.7)	(0.1)	(2.6)
Currency forward USD/EUR	50.0	(2.0)	(2.0)	0.4	(2.3)
Currency forward USD/SEK	4.2	(0.2)	(0.2)	(0.0)	–
Currency forward USD/GBP	18.4	(0.5)	(0.5)	(0.1)	0.0
TOTAL CURRENT DERIVATIVES – LIABILITIES		(2.7)	(2.7)	0.2	(2.3)
TOTAL CURRENCY DERIVATIVES		**(2.6)**	**(5.4)**	**0.1**	**(4.8)**

(In millions of euros)	**Nominal** *(In millions of foreign currencies)*	**Fair values as at 12/31/2016**	**Changes in fair value during the reporting period**	**Impact on net financial expense**	**Impact on equity**
Currency forward USD/EUR	41.5	2.5	0.5	0.2	0.3
Currency forward GBP/EUR	4.0	0.2	0.2	0.0	0.2
TOTAL CURRENT DERIVATIVES – ASSET		2.8	0.7	0.2	0.6
Currency forward USD/EUR					
TOTAL CURRENT DERIVATIVES – LIABILITIES		0.0			
TOTAL CURRENCY DERIVATIVES		**2.8**	**0.7**	**0.2**	**0.6**

8.9 OFF-BALANCE SHEET COMMITMENTS RELATING TO GROUP FINANCING AND OTHER COMMITMENTS

(In millions of euros)	**12/31/2017**	**12/31/2016**
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	3.7	47.9
Pledges, endorsements and guarantees given	63.4	7.9
Other commitments given		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	19.2	12.5
Other commitments received		

NOTE 9 INCOME TAX EXPENSE

CURRENT INCOME TAX

Income tax assets or liabilities due for the current financial year or for previous years are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and rules applied to calculate these amounts are the tax rates and rules enacted or substantively enacted at the reporting date Current tax on items directly recognized outside of profit or loss is recognized outside i of profit or loss.

DEFERRED TAX

Deferred taxes are recognized using the variable balance sheet liability method for all temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- when the deferred tax liability is the result of the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination and which, at the time of occurrence, neither affects the accounting profit nor the taxable profit or loss; and
- for taxable temporary differences related to investments in subsidiaries or associates, when the date on which the temporary difference will be reversed can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carryforwards and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and unused tax credits can be utilized:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period-end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are measured at each reporting period-end and are recognized insofar as it is probable that a future taxable profit will be available against which they can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year in which the asset is realized or the liability settled, based on the tax rates (and tax rules) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax on items directly recognized outside of profit or loss is recognized outside of profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and the deferred taxes relate to the same taxable entity and the same tax authority.

(In millions of euros)	2017	2016
Consolidated net income (loss)	66.8	93.0
Equity-accounted companies	–	–
Current taxes	43.5	48.4
Deferred taxes	(25.6)	(10.4)
Pre-tax income (loss)	84.6	130.9
Theoretical tax rate	34.43%	34.43%
THEORETICAL TAX EXPENSE	29.1	45.1
ACTUAL TAX EXPENSE	17.9	38.0
Effect of tax not based on net income [(a)]	11.2	10.3
DIFFERENCE	22.5	17.4
Breakdown of difference		
Tax rate differences and transactions taxed at reduced rates	20.1	18.3
Permanent differences (including nondeductible interests)	(9.3)	(8.1)
Unrecognized tax loss carryforwards/Utilization of previously unrecognized tax losses	(1.8)	(2.3)
Goodwill impairment	0.4	–
Other (deductible CVAE, nontaxable CICE...)	13.1	9.5

(a) CVAE in France, IRAP in Italy.

The line item "Tax rate differences and transactions taxed at reduced rates" includes in 2017 an amount of €10.8 million related to a change in tax rates approved in France in 2017 and reducing the future rate for all companies to 25.83% (including the additional corporate tax contribution), from 2022 onwards. The change in tax rates approved in France in 2016 and bringing the future rate down to 28.92% had an impact of €15.0 million in 2016.

The following table shows the sources of deferred tax assets and liabilities:

(In millions of euros)	12/31/2016 net	Changes in consolidation scope	Income	Recognized directly in other comprehensive income	Recognized directly in equity [(a)] & other	12/31/2017 net
Intangible assets	(101.5)	(2.9)	28.8	–	0.5	(75.0)
Property, plant and equipment	(110.5)	(23.5)	2.9	–	0.3	(130.9)
Other assets	3.2	(8.8)	1.5	–	0.3	(3.8)
Derivative instruments – assets	(1.0)	0.0	0.0	0.9	0.0	(0.0)
Provisions	7.1	0.5	(0.6)	–	(0.5)	6.6
Retirement benefit liabilities	12.8	4.0	(1.3)	(3.1)	(0.4)	12.1
Interest-bearing loans and borrowings	(7.4)	6.6	(10.7)	–	(15.4)	(26.9)
Derivative instruments – liabilities	6.6	0.1	(2.3)	(1.3)	0.0	3.1
Other current liabilities	9.7	1.7	(4.8)	–	(0.0)	6.6
Other	0.5	(19.9)	(1.2)	–	0.5	(20.0)
Unused tax losses and credits/ Recognized tax losses	16.2	2.5	13.2	–	(0.9)	31.0
NET DEFERRED TAX ASSETS (LIABILITIES)	**(164.1)**	**(39.6)**	**25.6**	**(3.5)**	**(15.7)**	**(197.2)**
Deferred tax assets	**23.9**					**46.9**
Deferred tax liabilities	**(188.0)**					**(244.1)**

(a) Including (16,5) million euros on initial recognition of convertible bonds.

Deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be utilized against future taxable profit.

As at December 31, 2017, the Group had tax losses of €49.4 million (base) for which no deferred tax assets had been recognized (€42.6 million at December 31, 2016). The majority of these tax losses, which are almost all related to foreign subsidiaries, have no expiration date.

NOTE 10 STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1 SHARE CAPITAL AND RESERVES

Changes in share capital

Number of shares as at December 31, 2016	**114,006,167**
Number of shares as at December 31, 2017	**219,370,207**
Number of authorized shares	219,370,207
Number of shares issued and fully paid up	219,370,207
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares	61,798
Shares reserved for issue under options and sales agreements	-

Elis carried out a capital increase with shareholders' preferential subscription rights in the amount of €325.2 million (gross amount before deduction of issuance costs of €7.7 million net of tax effect) through the issue of 25,910,490 new shares with settlement and delivery occurring on February 13, 2017.

In September 2017, Elis also carried out:

- the exchange of one Berendsen share for 0.403 Elis shares, thus creating 69,052,152 new Elis shares for an amount of €1,369.9 million (gross amount before deduction of issuance costs of €11.4 million net of tax effect); and
- a reserved capital increase of 10,131,713 shares to CPPIB, a leading global institutional investor that manages Canada's Pension Plan funds. The total amount of the CPPIB financing was €200 million.

In order to be used for the final allocation of performance shares, the share capital was subsequently increased on April 7, 2017 and on December 21, 2017 by 250,392 shares with a par value of €10, and by 19,293 shares with a par value of €1, respectively. These shares were issued as part of the capital increases through the capitalization of sums deducted from the "Additional paid-in capital" account.

On June 21, 2017, the Group also decreased the Company's capital by reducing the par value of the shares making up that capital from €10 to €1 each and allocating the amount of the reduction of €1,261.5 million to the "Additional paid-in capital" account.

No movement in share capital occurred in 2016.

Since 2015, the Group has also implemented a liquidity agreement consistent with the Code of Conduct issued by the French financial markets professional association (*Association française des marchés financiers* – AMAFI) on March 8, 2011 and approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 21, 2011. Resources allocated to the implementation of the liquidity agreement and credited to the liquidity account amounted to €3.0 million. As at December 31, 2017, treasury stock accounted for 57,500 shares valued at €1.3 million based on the historic share price, deducted from equity (119,000 shares, or €1.8 million at December 31, 2016).

10.2 DIVIDENDS AND DISTRIBUTIONS PAID AND PROPOSED

The general meeting of May 27, 2016 approved the payment of a dividend of €0.35 per share. The amount distributed to shareholders therefore was €39.9 million.

The general meeting of May 19, 2017 approved the payment of a dividend of €0.37 per share. The amount distributed to shareholders therefore was €51.8 million.

A dividend of €0.37 per share or approximately €81.2 million will be proposed to the next annual general meeting.

10.3 EARNINGS PER SHARE

As disclosed in Note 10.1 "Share capital and reserves". As a result, the calculation of earnings per share (basic and diluted) for the relevant period is based on the new number of shares. Earnings per share for the prior periods have been adjusted retrospectively.

BASIC EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

(In millions of euros)	2017	2016
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**66.2**	**93.0**
Weighted average number of shares	160,919,385	113,877,072
Effect if conversion of convertible notes	3,096,707	0
Effect of contingently issuable shares	1,507,968	258,464
Weighted average number of shares used for diluted EPS	165,524,061	114,135,536

DILUTED EARNINGS PER SHARE

Diluted earnings per share (DEPS) is calculated by dividing profit for the period attributable to owners of the parent (adjusted for dividends, interest recognized during the period and any other change in income or expense resulting from the conversion of potentially dilutive ordinary shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares.

The calculation of diluted earnings per share does not assume the conversion, exercise or issue of potential ordinary shares that would have an accretive impact on earnings per share (i.e., that does not increase the loss per share).

NOTE 11 RELATED PARTY DISCLOSURES

Except for compensation paid to executives as shown in Note 5.5, no other transactions were carried out with related parties in 2016 or 2017.

Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of Elis and of all the following fully consolidated subsidiaries:

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
Elis	Saint-Cloud	Parent Company	100	100
FRANCE				
M.A.J.	Pantin	Textile & hygiene services	100	100
Les Lavandières	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles	Marcq-en-Barœul	Textile & hygiene services	100	100
Pierrette – T.B.A.	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français	Gerardmer	Manufacturing entity	100	100
Elis Services	Saint-Cloud	Other activity	100	100
Thimeau	Meaux	Textile & hygiene services	100	100
Grenelle Service	Gennevilliers	Textile & hygiene services	Merger	100
Maison de Blanc Berrogain	Anglet	Textile & hygiene services	100	100
Société des Oreillers et Couvertures	Saint-Cloud	Other activity	100	100
Pro Services Environnement	Rochetoirin	Textile & hygiene services	100	100
AD3	Dardilly	Textile & hygiene services	100	100
S.C.I. du Château de Janville	Saint-Cloud	Other activity	100	100
Lovetra	Saint-Ouen-l'Aumône	Textile & hygiene services	Merger	100
G.I.E. Eurocall Partners	Villeurbanne	Other activity	100	100
Blanchisserie Moderne	Montlouis-sur-Loire	Textile & hygiene services	96	96
S.C.I. Maine Beauséjour	Limoges	Other activity	100	100
S.C.I. La Forge	Bondoufle	Other activity	100	100
Société de Participations Commerciales et Industrielles	Saint-Cloud	Other activity	100	100
S.C.I. des 2 Sapins	Grenoble	Other activity	100	100
SHF Holding	Saint-Cloud	Other activity	100	100
SHF	Saint-Cloud	Textile & hygiene services	100	100
BMF	Bondoufle	Textile & hygiene services	100	100
LSP	Saint-Cloud	Textile & hygiene services	100	100
Hygiène Technique et Protection de l'Environnement	Bobigny	Textile & hygiene services	100	100
Blanchisserie Professionnelle d'Aquitaine	Mios	Textile & hygiene services	100	96
Aquitaine Services Developpement	Mios	Other activity	Merger	100
France Tapis Hygiène Service	Marcq-en-Barœul	Textile & hygiene services	–	Merger
Hygiène Contrôle Île-de-France	Serris	Textile & hygiene services	100	100
HTE Sanitation	Vitrolles	Textile & hygiene services	100	–
Blanchisserie Blésoise	La Chaussée-Saint-Victor	Textile & hygiene services	100	–
S.C.I. Les Gailletrous	La Chaussée-Saint-Victor	Other activity	100	–

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
AUSTRIA				
Berendsen GmbH	Hard	Textile & hygiene services	100	–
ANDORRA				
Auxiliar Hotelera Arly	Andorra	Textile & hygiene services	100	100
Arly les Valls	Andorra	Dormant	In liquidation	In liquidation
BELGIUM				
Hades	Anderlecht	Textile & hygiene services	100	100
BRAZIL				
Atmosfera Gestao e Higienização de Têxteis SA	Jundiai	Textile & hygiene services	100	100
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	100
AJS Industria e Comercio de Confeccoes Ltda	Eusébio	Other activity	–	Dissolved
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	100
Lavanderia Verde Ltda	Caieiras	Other activity	Dissolved	100
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	100
Reis & Nóbrega Lavanderia Ltda	Fortaleza	Textile & hygiene services	Merger	100
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	100	100
Lavanderia Espírito Santo Norte Ltda	Serra	Textile & hygiene services	–	Merger
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	100
Uniforme Lavanderia e Locação Eireli EPP	Camaçari	Textile & hygiene services	100	100
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	100
Toalhão locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	100
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	100	–
Prolav Servicos Tecnicos Ltda	Rio Bonito	Textile & hygiene services	100	–
Lavari I Vestiti Lavanderia Ltda – EPP	Paço do Lumiar	Textile & hygiene services	Merger	–
Pontuali Servico de Lavanderia Ltda – EPP	Maceio	Textile & hygiene services	Merger	–
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	100	–
Lavanderia Lav-Service Ltda – EPP	São Paulo	Textile & hygiene services	Merger	–
Oficial Lavanderia Hospitalar Ltda – EPP	Cedral	Textile & hygiene services	Merger	–
Oficial Lavanderia e Toalheiros Ltda ME	Cedral	Textile & hygiene services	Merger	–
Maximum Clean Lavanderia Profissional Ltda	Bady Bassit	Textile & hygiene services	Merger	–
Maxihotel Lavanderia Profissional Limitada EPP	Bady Bassit	Textile & hygiene services	Merger	–
LVB Holding LTDA	Videira	Other activity	100	–
Lavebras Gestao de Texteis SA	Videira	Textile & hygiene services	100	–
RDX Gestão e Higienização Textil Ltda	Paulista	Textile & hygiene services	100	–
Biolav Lavanderia Ltda EPP	Teresina	Textile & hygiene services	100	–
Atmosfera Gestao e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	100	–
Totalqualy Higienização Textil	São Bernardo do Campo	Textile & hygiene services	100	–
CHILE				
Elis Chile SA	Santiago	Other activity	100	100
Albia SA	Recoleta	Textile & hygiene services	100	100
Servicios Hospitalarios SA	Recoleta	Textile & hygiene services	100	100
COLOMBIA				
Servicios Industriales de Lavado SIL SAS	Bogota D.C.	Textile & hygiene services	100	100
Centro de Lavado y Aseo CLA SAS	Bogota D.C.	Textile & hygiene services	100	–
Lavanser SAS	Bogota D.C.	Textile & hygiene services	100	–

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
CZECH REPUBLIC				
Elis Textil Servis s.r.o.	Slavkov ù Brna	Textile & hygiene services	100	100
Berendsen Textil Servis s.r.o.	Velké Pavlovice	Textile & hygiene services	100	–
DENMARK				
Berendsen A/S	Copenhague	Other activity	100	–
Berendsen Textil Service A/S	Søborg	Textile & hygiene services	100	–
Jysk Linnedservice A/S	Kjellerup	Textile & hygiene services	70	–
Washa Aps	Kastrup	Textile & hygiene services	25	–
Xtra Mätteservice A/S	Holsted	Textile & hygiene services	100	–
ESTONIA				
AS Svarmil	Kiviõli	Other activity	100	–
Berendsen Textile Service AS	Tartumaa	Textile & hygiene services	100	–
FINLAND				
Berendsen Textile Service Oy	Tuusula	Other activity	100	–
GERMANY				
Elis Holding GmbH	Rehburg-Loccum	Other activity	100	100
Elis Textil-Service GmbH	Mörlenbach	Textile & hygiene services	100	100
RWV Textilservice Beteiligungs GmbH	Rehburg-Loccum	Other activity	–	Merger
Schäfer Wäsche-Vollservice GmbH	Ibbenbüren	Textile & hygiene services	100	100
Rolf und Horst Schäfer GmbH & Co. KG	Ibbenbüren	Other activity	100	100
Wolfsperger Textilservice GmbH & Co. KG	Freiburg im Breisgau	Textile & hygiene services	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Other activity	100	100
Cleantex Potsdam Textilpfelge GmbH	Potsdam	Textile & hygiene services	100	100
Kress Textilpflege GmbH	München	Textile & hygiene services	100	100
Zischka Textilpflege GmbH	Simmern	Textile & hygiene services	100	100
Wismarer Wäscherei GmbH	Wismar	Textile & hygiene services	100	100
KlinTex GmbH	Rehburg-Loccum	Other activity	100	100
Textilpflege Stralsund GmbH	Stralsund	Textile & hygiene services	100	100
Textilpflege Stralsund Verwaltungs GmbH	Stralsund	Other activity	–	Merger
Puschendorf Textilservice GmbH Mannheim	Mannheim	Textile & hygiene services	100	100
Servicegesellschaft der Zentralwäscherei Rein-Neckar mbH	Mannheim	Other activity	100	100
Puschendorf Textilservice GmbH	Schönebeck/Elbe	Textile & hygiene services	100	100
AKK-Service GmbH	Hamburg	Textile & hygiene services	10	–
Askulta Nord Textilpflege GmbH&Co. KG	Glückstadt	Dormant	100	–
Berendsen Beteiligungs GmbH	Glückstadt	Other activity	100	–
Berendsen GmbH	Glückstadt	Textile & hygiene services	100	–
Berendsen GmbH Füssen	Glückstadt	Dormant	100	–
Berendsen GmbH Glückstadt	Glückstadt	Other activity	100	–
Berendsen GmbH Messkirch	Glückstadt	Dormant	100	–
Berendsen GmbH Nordost	Fürstenwalde	Textile & hygiene services	100	–
Berendsen GmbH Schleswig	Schleswig	Textile & hygiene services	100	–
Berendsen GmbH West	Hagen	Textile & hygiene services	100	–
Berendsen Group Services GmbH	Glückstadt	Other activity	100	–
Berendsen Textilservice GmbH	Hamburg	Textile & hygiene services	100	–

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
Decontam GmbH	Bad Windsheim	Textile & hygiene services	100	–
Glückstadter Textilservice GmbH & Co oHG	Glückstadt	Dormant	100	–
Jentex GmbH	Jena	Textile & hygiene services	49	–
PTS Pinneberger Textil-Service GmbH	Glückstadt	Dormant	100	–
Saniwo Textil-Gesellschaft mbH	Hamburg	Textile & hygiene services	100	–
TSL Textilservice-und Logistik GmbH	Fürstenwalde	Dormant	100	–
HUNGARY				
Első Magyar Tisztatéri Mosoda Kft	Miskolc	Textile & hygiene services	100	–
IRELAND				
Berendsen Finance Ireland (DKK) Limited	Dublin	Other activity	100	–
Berendsen Finance Ireland (Euro) Limited	Dublin	Other activity	100	–
Berendsen Finance Ireland (PLN) Limited	Dublin	Other activity	100	–
Berendsen Ireland Holdings Limited	Dublin	Dormant	100	–
Berendsen Ireland Limited	Dublin	Textile & hygiene services	100	–
Nanoclean Limited	Dublin	Textile & hygiene services	100	–
Steri-tex Limited	Dublin	Dormant	100	–
ITALY				
Elis Italia SpA	San Giuliano Milanese	Textile & hygiene services	100	100
LATVIA				
AS "Berendsen Tekstila Serviss"	Riga	Textile & hygiene services	100	–
LITHUANIA				
Berendsen Textile Service, UAB	Vilnius	Textile & hygiene services	100	–
LUXEMBOURG				
Elis Luxembourg	Bascharage	Textile & hygiene services	100	100
NETHERLANDS				
Berendsen Textiel Service BV	Arnhem	Textile & hygiene services	100	–
Groene Team BV	Arnhem	Dormant	100	–
S Berendsen (Netherlands) BV	Arnhem	Other activity	100	–
NORWAY				
Berendsen Tekstil Service A/S	Oslo	Textile & hygiene services	100	–
POLAND				
Berendsen Textile Service Spolka zoo	Żukowo	Textile & hygiene services	100	–
PORTUGAL				
Garment Finishing and Distribution European Services	Samora Correira	Other activity	100	100
Sociedade Portuguesa de Aluguer e Serviço de Texteis	Samora Correira	Textile & hygiene services	100	100
SPAST II	Samora Correira	Textile & hygiene services	100	100
RUSSIA				
OOO Berendsen	Moscow	Textile & hygiene services	100	–
SLOVAKIA				
Berendsen Textil Servis s.r.o.	Trenčin	Textile & hygiene services	100	–

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
SPAIN				
Elis Manomatic	Parets del Vallès (Barcelona)	Textile & hygiene services	100	100
Azelab Productos	Parets del Vallès (Barcelona)	Textile & hygiene services	–	Merger
Explotadora de Lavanderias	Consell (Mallorca)	Textile & hygiene services	–	Merger
Lavanderia Hotelera Del Mediterraneo	La Nucia (Alicante)	Textile & hygiene services	100	100
Lavalia Balears Servicios y Renting Textil	La Nucia (Alicante)	Textile & hygiene services	100	100
Lavalia Sur Servicios y Renting Textil	La Nucia (Alicante)	Dormant	Dissolved	In liquidation
Lavalia c. e. e.	La Nucia (Alicante)	Dormant	100	100
UTE Elis Indusal	Parets del Vallès (Barcelona)	Textile & hygiene services	100	100
Indusal Centro, SA	Guadalajara (Guadalajara)	Textile & hygiene services	100	100
Indusal Navarra, SA	Marcilla (Navarra)	Textile & hygiene services	100	100
Lavanderías del Ebro, SA	Huesca (Huesca)	Textile & hygiene services	Merger	100
Indusal Rías Baixas, SA	Porriño (Pontevedra)	Textile & hygiene services	Merger	100
Lavandería Industrial Navarra, SA	Tudela (Navarra)	Textile & hygiene services	Merger	100
Lavandería Industrial Olimpia, SL	Mutilva Baja (Navarra)	Textile & hygiene services	Merger	100
Servicios de Lavandería Industrial de Castilla la Mancha, SA	Yeles (Toledo)	Textile & hygiene services	100	100
Indusal Alandalus, SL	Córdoba (Córdoba)	Textile & hygiene services	Merger	100
Ibérica de Renting y Lavanderías Industriales, SA	Venta de Baños (Palencia)	Textile & hygiene services	Merger	100
Indusal, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	100
Indusal Renting Cataluña, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	Merger	100
Lavaplan Industrias del Lavado y Planchado, SL	Quart de Poblet (Valencia)	Textile & hygiene services	Merger	100
Lavandería Miele, SL	Sueca (Valencia)	Textile & hygiene services	Merger	100
Lavandería Indusal Cantabria, SA	Cabezón de la Sal (Cantabria)	Textile & hygiene services	Merger	100
Indusal Rías Altas, SA	Sergude Boqueixon (A Coruña)	Textile & hygiene services	Merger	100
Indusal La Rioja, SL	Quel (La Rioja)	Textile & hygiene services	Merger	100
Indusal Castilla La Mancha, SA	Alcázar de San Juan (Ciudad Real)	Other activity	Merger	100
Indusal Renting Catalunya Siglo XXI, SL	Vilafranca del Penedés (Barcelona)	Other activity	Merger	100
Lavandería Industrial La Condesa, SL	Venta de Baños (Palencia)	Textile & hygiene services	100	100
Indusal Galicia Siglo XXI, SL	Porriño (Pontevedra)	Other activity	Merger	100
Tudela Patrimonial Siglo XXI, SL	Tudela (Navarra)	Other activity	Merger	100
Rías Altas Patrimonial Siglo XXI, SL	Sergude Boqueixon (A Coruña)	Other activity	Merger	100
Serlasa Patrimonial Siglo XXI, SL	Abanto y Ciervana (Vizcaya)	Other activity	Merger	51
Naserinco Patrimonial S. XXI, SL	Tudela (Navarra)	Other activity	Merger	100

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
Lavanderías Industriales Salamanca, SL	Villares de la Reina (Salamanca)	Textile & hygiene services	Merger	100
Goiz Ikuztegia, SL	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	100
Energías Margua SA	Pamplona (Navarra)	Other activity	100	100
Malsin, SA	Pamplona (Navarra)	Other activity	Merger	100
Serclothes, SL	Pamplona (Navarra)	Textile & hygiene services	Merger	100
Gulluri, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	Merger	100
Lain Pak, SA	Arrigorriaga (Vizcaya)	Other activity	Merger	100
Indusal Textil, SL	Pamplona (Navarra)	Dormant	Merger	100
Indusal Sur, SA	Escacena del Campo (Huelva)	Textile & hygiene services	60	60
Serlasa, SA	Abanto y Ciervana (Vizcaya)	Textile & hygiene services	Merger	51
Cogeneración Martiartu, SL	Arrigorriaga (Vizcaya)	Other activity	100	100
Lesa Inmuebles Siglo XXI, SL	Pamplona (Navarra)	Other activity	100	100
Insernaco Patrimonial S. XXI, SL	Abanto y Ciervana (Vizcaya)	Other activity	Merger	51
Gestytex Ibérica, SL	Arrigorriaga (Vizcaya)	Other activity	50	50
Lavanderías El Cantábrico, SL	Santurtzi (Vizcaya)	Textile & hygiene services	100	87
Casbu, SL	Igualada (Barcelona)	Textile & hygiene services	50	50
Compañía Navarra Servicios Integrales, SL	Pamplona (Navarra)	Other activity	100	100
UTE Cantabria Lainpak	Cabezón de la Sal (Cantabria)	Dormant	100	100
UTE Indusal Navarra Tasubinsa	Marcilla (Navarra)	Textile & hygiene services	68	68
UTE Goiz Gureak	Zumarraga (Guipuzcua)	Textile & hygiene services	75	75
SWEDEN				
Berendsen Sourcing AB	Göteborg	Other activity	100	–
Berendsen Textil Service AB	Malmö	Textile & hygiene services	100	–
S Berendsen AB	Malmö	Other activity	100	–
SWITZERLAND				
Blanchâtel SA	La Chaux-de-Fonds	Textile & hygiene services	Merger	100
Blanchisserie des Épinettes SA	Plan-les-Ouates	Textile & hygiene services	Merger	100
Blanchisserie des Épinettes, Acacias SA	Nyon	Other activity	–	Merger
Blanchival SA	Sion	Textile & hygiene services	Merger	100
Großwäscherei Domeisen AG	Endingen	Textile & hygiene services	Merger	100
Hedena SA	Nyon	Other activity	–	Merger
Hygienis SA	Carouge	Textile & hygiene services	100	100
InoTex Bern AG	Bern	Textile & hygiene services	100	100
Laventex SA	Givisiez	Textile & hygiene services	Merger	100
Lavopital SA	Plan-les-Ouates	Dormant	–	Merger
Elis (Suisse) SA	Nyon	Textile & hygiene services	100	100
Lavotel Textilleasing GmbH	Rüdtligen-Alchenflüh	Textile & hygiene services	–	Merger
On my Way	Lausanne	Textile & hygiene services	50	50
Picsou Management AG	Muri bei Bern	Other activity	100	100
Prohotel Wäscherei AG	Kloten	Textile & hygiene services	Merger	100
SiRo Holding AG	Muri bei Bern	Other activity	100	100

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
SNDI (Suisse) SA	Brügg	Textile & hygiene services	100	100
Wäscherei Kunz AG	Hochdorf	Textile & hygiene services	100	100
Wäscherei Mariano AG	Schlieren	Textile & hygiene services	100	100
Wäscherei Papritz AG	Rüdtligen-Alchenflüh	Textile & hygiene services	Merger	100
Wäscheria Textil Service AG	Ilanz	Textile & hygiene services	Merger	100
Wäscheria Textil Service Bad Ragaz AG	Bad Ragaz	Textile & hygiene services	Merger	100
Wäscheria Textil Service AG (formerly WashTex Holding AG)	Ilanz	Textile & hygiene services	100	100
UNITED KINGDOM & JERSEY				
Kennedy Hygiene Products Ltd	Uckfield	Manufacturing entity	100	100
Kennedy Exports Ltd	Uckfield	Other activity	100	100
BDF Healthcare Ltd	Ayrshire, Scotland	Dormant	Dissolved	–
BDF Holdings Ltd	Ayrshire, Scotland	Dormant	100	–
Berendsen Cleanroom Services Ltd	London	Textile & hygiene services	100	–
Berendsen Finance (DKK) Ltd	London	Other activity	100	–
Berendsen Finance (Euro) Ltd	London	Other activity	100	–
Berendsen Finance (Euro2) Ltd	London	Other activity	100	–
Berendsen Finance Ltd	London	Other activity	100	–
Berendsen Healthcare Ltd	London	Textile & hygiene services	100	–
Berendsen Hospitality Ltd	London	Textile & hygiene services	100	–
Berendsen Nominees Ltd	London	Other activity	100	–
Berendsen Northern Ireland Ltd	Belfast	Textile & hygiene services	100	–
Berendsen Plc	London	Other activity	100	–
Berendsen Supply Chain (Northern ireland) Ltd	Belfast	Textile & hygiene services	100	–
Berendsen UK Ltd	London	Other activity	100	–
Berendsen Workwear Ltd	London	Textile & hygiene services	100	–
Camborne-Redruth Laundry Company Ltd	London	Dormant	Dissolved	–
Cavendish Laundry Ltd	London	Dormant	100	–
Davis (BIM) Ltd	London	Dormant	100	–
Davis (FH) Ltd	London	Dormant	100	–
Fabricare Ltd	London	Dormant	100	–
Fakenham Laundry Services Ltd	London	Dormant	Dissolved	–
IHSS Ltd	London	Textile & hygiene services	100	–
Lakeland Pennine Group Ltd	London	Dormant	100	–
Lakeland Pennine Ltd	London	Dormant	100	–
Laundrycraft Ltd	London	Dormant	100	–
M Furnishing Group Ltd	London	Dormant	100	–
Midland Laundry Group Ltd	London	Dormant	100	–
Midland Laundry Group Holdings Ltd	London	Dormant	100	–
National Sunlight Landries Ltd	London	Dormant	100	–
Rocialle Ltd	London	Dormant	100	–
Salop Textile Solutions Ltd	London	Dormant	Dissolved	–
Spring Grove Services Ltd	London	Dormant	100	–
Spring Grove Services Group Ltd	London	Dormant	100	–
St. Helens Laundry Ltd	London	Dormant	100	–

Entity name	Registered office	Principal Activity	% interest 2017	% interest 2016
Sunlight (72078) Ltd	London	Dormant	Dissolved	–
Sunlight (Lyndale) Ltd	London	Dormant	100	–
Sunlight (Newbury) Ltd	London	Dormant	Dissolved	–
Sunlight Clinical Solutions Ltd	London	Dormant	100	–
Sunlight Services Ltd	London	Dormant	100	–
Sunlight Textile Services Ltd	London	Dormant	100	–
Sunlight Workwear Services Ltd	London	Dormant	100	–
The Sunlight Group Ltd	London	Dormant	100	–
The Sunlight Service Group Ltd	London	Dormant	100	–
Berendsen Employee Benefit Trust	Jersey	Other activity	100	–

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

Elis continued to diversify its sources of financing, setting up an €3 billion EMTN program approved by the AMF on January 30, 2018. On February 15, 2018, under this EMTN program, Elis issued a €1 billion, double-tranche bond, including a 5-year tranche for €650 million, bearing a coupon rate of 1.875% and an 8-year tranche for €350 million, bearing a coupon rate of 2.875%.

On February 19, 2018, the balance of the 2017 Bridge Loan Agreement, signed on June 12, 2017 in connection with the Berendsen acquisition, was fully repaid using the proceeds of the bond issue and the Group's cash assets.

NOTE 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl.tax)		%		Amount (excl.tax)		%	
(In millions of euros)	2017	2016	2017	2016	2017	2016	2017	2016
Independent audit	0.5	0.5	45%	80%	0.3	0.2	38%	82%
Other services different from independent audit	0.6	0.1	55%	20%	0.6	0.1	62%	18%
Required by law [(a)]	*0.5*	–	*42%*	*0%*	*0.4*	–	*50%*	*0%*
Other [(b)]	*0.1*	*0.1*	*13%*	*20%*	*0.1*	*0.1*	*13%*	*18%*
TOTAL	**1.1**	**0.6**	**100%**	**100%**	**0.8**	**0.3**	**100%**	**100%**

(a) Work conducted by Mazars and PricewaterhouseCoopers Audit in relation to the capital increases during the financial year.
(b) For 2017, work conducted by Mazars and PricewaterhouseCoopers Audit for the issuance of comfort letters in relation to financing transactions during the financial year and for PricewaterhouseCoopers Audit for the issuance of the CSR report.

In accordance with the ANC (the French Accounting Standards Authority) Regulation 2016-09, these tables only include the fees paid to the Statutory Auditors and do not include fees paid to other legal entities of the audit networks by Elis SA or by its fully consolidated subsidiaries.

NOTE 14 STANDARDS ISSUED BUT NOT YET EFFECTIVE

14.1 ESTIMATED IMPACT OF THE ADOPTION OF IFRS 9 AND IFRS 15

The Group will have to apply IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" for its financial year beginning on January 1, 2018. Based on the estimates set out below, the Group believes that the impact of these changes on its consolidated equity as at January 1, 2018 will be as follows:

(In millions of euros)	Gross Impact on Asset or Liability	Impact on Deffered tax assets (liabilities)	Impact on Increase (Decrease) of retained earnings
RETAINED EARNINGS (ACCUMULATED DEFICIT), AS OF DECEMBER 31, 2017			**(189.1)**
Estimated adjustments due to adoption of IFRS9:			
– Additional impairment loss on trade receivables	(0.7)	0.2	(0.5)
– Decrease of financial indebtedness renegociated prior December 31, 2017	16.7	(5.3)	11.4
Estimated adjustments due to adoption of IFRS15:			
– New asset for incremental costs of obtaining contracts	29.8	(6.1)	23.8
RETAINED EARNINGS (ACCUMULATED DEFICIT), AS OF JANUARY 1, 2018			**(154.4)**

Further explanations on these various elements are provided in the following paragraphs.

14.2 IFRS 9 "FINANCIAL INSTRUMENTS"

IFRS 9 "Financial Instruments" issued by the IASB in July 2014 became effective on January 1, 2018. However, the Group has performed a preliminary estimate of the potential impact of the adoption of IFRS 9 on the basis of its position as at December 31, 2017.

The new standard provides for a new classification of financial assets, in three principal categories: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss, thereby simplifying categories previously defined under IAS 39.

Based on its preliminary estimate, the Group does not believe that the new classification will a have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

The standard provides for a new impairment model for financial assets, replacing "incurred loss" by "expected credit losses". This will require Group's judgment for appraisal of potential credit losses over the expected life of the financial instruments. The Group's preliminary estimate shows that the application of impairment requirements under IFRS 9 as at December 31, 2017 would have resulted in an increase of €0.7 million in the loss allowance for trade receivables at that date, compared with the impairment losses recognized under IAS 39.

The new classification rules for financial liabilities under IFRS 9 are the same overall as those of IAS 39. The new requirements in the method for accounting change in value of liabilities designated as at fair value through profit or loss will not affect the Group as none of its liabilities have been designated to enter in this category.

The Group has hedging instruments to which it plans to apply the new provisions of IFRS 9, which offers opportunities to apply hedge accounting to a broader range of risk component. However, the Group currently does not undertake hedges of such risk components.

The hedging instruments used by the Group are:

- forward foreign exchange contracts, to hedge the variability of the currencies used for its inventory or fixed assets purchases. In accordance with IAS 39, the Group recognizes the effective portion of changes in the fair value of these instruments in equity, while the ineffective portion is recognized immediately in profit or loss. In the periods in which the hedged item affects profit or loss, the Group reclassifies the amounts accumulated in equity either to profit or loss or by incorporating them into the entry value of the hedged item in the balance sheet using the "Basis adjustment" method. From adoption of IFRS 9 onwards, the Group may recognize the forward component of the hedging instrument in "Other comprehensive income" and accumulate them in a separate component of the reserves up

to their reclassification in income or loss or in the initial cost of the non-financial asset acquired. According to the Group's preliminary assessment, the existing types of foreign exchange forward contracts held by the Group will meet the requirements of IFRS 9 and the new standard would have had no material impact if applied to these consolidated financial statements;

- interest rate swaps, to exchange a portion of its debt subject to floating interest rate for a fixed rate. The change in fair value of these hedging instruments is based on the same principles of the split between the effective portion (recorded equity) and the ineffective portion (immediately recorded in profit or loss). Application of IFRS 9 is not expected to have a material impact on the accounting treatment of those instruments.

Finally, IFRS 9 now requires that when debt is renegotiated, the impact of this amendment must be recognized immediately in profit or loss, with the subsequent interest expense continuing to reflect the original Effective Interest Rate (EIR). As a result, the carrying amount of the debt on the balance sheet will be adjusted to reflect the value of the new discounted cash flows at the EIR of the original debt. The retrospective application of IFRS 9 to the Group's undated liabilities at January 1, 2018 would result in a decrease in the Group's financial liabilities of €16.7 million, offset by a decrease in deferred tax liabilities of €5.3 million and an increase in retained earnings of €11.4 million.

14.2 IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

IFRS 15 relating to the recognition of revenues from contracts with customers published by IASB in May 2014 is effective from January 1, 2018 and replaces IAS 18 "Revenue" currently applied by the Group.

The five-step model introduced by IFRS 15 requires the identification of the various performance obligations set out in each contract with customers.

Almost all of the Group's revenue is derived from the sale of services under multi-year contracts. An analysis of contracts representing this core business has been undertaken, the results of which show that, in general, the various services promised to customers constitute a single service obligation.

In addition, IFRS 15 requires the recognition as an asset of the incremental costs of acquiring long-term commercial contracts and allocating their cost over the life of the contracts. In the Group's case, this new asset will correspond in particular to sales commissions paid, in proportion to the amount or number of contracts signed.

Based on the analysis, the Group does not expect any material impacts on its income statement related to the implementation of IFRS 15, but estimates that the application of this new standard will result in a new asset corresponding to the acquisition cost of long-term contracts, amounting to approximately €30 million at the transition date.

14.3 IFRS 16 "LEASES"

IFRS 16 "Leases" was released by IASB in January 2016 and will be effective from January 1, 2019. The standard introduces a new definition of lease contracts, retains the distinction between operating leases and finance leases for lessors, but introduces a single lease accounting model for lessees.

The Group has chosen not to apply IFRS 16 early.

It has not yet quantified the impact of the adoption of IFRS 16 and has not yet determined its position on the transition method.

14.4 TRANSITION METHODS

For transition to IFRS 9, the Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial assets and liabilities resulting from the application of IFRS 9 will therefore be recognized in "Retained earnings" in accordance with section 7.2.15 of the standard.

The Group intends to implement IFRS 15 retrospectively by recognizing the cumulative effect of this standard on January 1, 2018 as an adjustment to the opening balance of its retained earnings, in accordance with sections C3, C7 and C8 of the standard.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Elis SA for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) 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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF GOODWILL

Description of risk

As of December 31, 2017, goodwill totaled a net amount of €4,336 million, representing 55% of total assets. Goodwill corresponds to the difference at the acquisition date between the acquisition price paid and the fair value of the assets acquired and liabilities assumed. Goodwill is allocated by geographic area to the cash-generating units (CGUs) of the activities into which the various entities acquired have been incorporated.

An impairment charge for this goodwill is recognized on the balance sheet when the recoverable amount of the CGUs, determined as part of compulsory annual impairment testing, is less than their carrying amount, in accordance with IAS 36.

The recoverable amount is determined using an approach based on multiple criteria (calculation of discounted future cash flows and/or on market values based on the sector EBITDA multiple) and

requires a significant degree of judgment from management, particularly in relation to the five-year business plan, future cash flows based on perpetual growth rate assumptions, and the discounting of these flows based on the weighted average cost of capital. The methodology used to measure intangible assets, including goodwill, is described in Note 6.5 to the consolidated financial statements.

Accordingly, we deemed the measurement of goodwill to be a key audit matter.

How our audit addressed this risk

We assessed the consistency of the methodology applied by the Finance Department.

We also conducted a critical assessment of the procedure for implementing this methodology, and assessed the following:

- that all of the components of the carrying amount of the CGUs tested were taken into account and are consistent with the EBITDA projections integrated in the business plans and the sector multiples used to determine the recoverable amount;
- that the EBITDA projections for the CGUs are reasonable in terms of the economic and financial contexts of the CGUs and, by assessing the reasons for differences between projected and actual performances recorded historically, that the process by which the estimates were calculated is reliable;
- that the EBITDA projections are consistent with management's most recent estimates presented to the Board of Directors as part of the budget process;
- for the specific case of the Brazil CGU, the consistency of the 2018 EBITDA multiples used with market analyses and consensus, particularly in relation to the recent acquisition of Lavebras;
- the sensitivity analyses of the impairment tests conducted by management to change in the perpetual growth rate, discount rates or 2018 EBITDA rate budgeted for the CGUs whose value in use is based on multiples.

Lastly, we verified that Notes 6.1 and 6.5 to the consolidated financial statements provide appropriate disclosures.

CONSOLIDATION OF ACQUISITIONS (PUSCHENDORF – GERMANY, LAVEBRAS – BRAZIL, INDUSAL – SPAIN, BERENDSEN GROUP)

Description of risk

At end-2016 and during 2017, Elis made a number of significant acquisitions. On the date of acquisition of a new interest or business, management must recognize goodwill separately from the fair value of the assets acquired and liabilities assumed.

In accordance with IFRS 3, the amounts recognized may remain provisional for a maximum of one year from the acquisition date.

The Group revalued the fair value of the assets acquired and liabilities assumed during the 2016 reporting period, leading to a reduction in the goodwill amount initially recognized of €22.8 million. The differences corresponded mainly to the acquisitions made in Germany (Puschendorf) and Spain (Indusal).

Regarding 2017 acquisitions, the fair value, determined on a provisional basis, of the assets acquired and liabilities assumed stood at €149 million for an acquisition price of €2,828 million, resulting in goodwill of €2,685 million, corresponding mainly to the acquisitions of Lavebras (Brazil) and the Berendsen Group. Since the acquisition of the Berendsen Group had a material impact on the Elis Group's main multiples, proforma financial information was disclosed in the notes to the consolidated financial statements in accordance with AMF recommendation no. 2013-08 in addition to the information disclosed in accordance with IFRS 3.

We deemed the accounting treatment relating to the determination of the fair value of the assets acquired and liabilities assumed as an area requiring a significant degree of judgment from management based on potentially complex measurement models. Given the relative importance of the acquisitions made in the 2016 and 2017 reporting periods, we deemed this to be a key audit matter.

How our audit addressed this risk

We assessed the methodology applied by the company and its compliance with IFRS 3.

- Following the instructions we prepared for them, the auditors of the acquired subsidiaries conducted specific tests on the opening balance sheet of the consolidated entities, verified the existence and the fair value of the assets acquired and assessed the comprehensiveness of the liabilities assumed at each acquisition date.
- With guidance from our experts, we verified the fair value calculations and analyzed the steps taken to identify the assets and liabilities recognized at fair value and based in particular on expert appraisal reports obtained by the company.
- We also conducted a critical assessment of the procedure for implementing the methodology applied, focusing in particular on:
  - the acquisition business plans and future cash flows;
  - the methodology used to determine the discount rates for future cash flows;
  - the sensitivity analyses of the results obtained to variations in discount rates or long-term growth rates.
- Lastly, we verified the appropriateness of the proforma financialinformation provided in Note 2.4 to the consolidated financial statements.

ACCOUNTING FOR ACQUISITIONS

Description of risk

In 2017, the Group conducted significant financing operations including private placements and the issuance of bonds and convertible (OCEANE) bonds to fund the recent acquisitions made. The convertible bonds included in these debt issues contain embedded derivatives that are difficult to identify and involve complex accounting treatment.

We deemed this issue to be a key audit matter owing to the exceptional nature of these operations (in terms of their materiality and unusual nature) and the complexity involved in reporting these operations in accordance with accounting standards.

How our audit addressed this risk

With the guidance of our experts, we analyzed these financing operations and the related documentation.

We also assessed:

- the compliance of the accounting methodologies used and the valuation assumptions made for each component with current accounting standards;
- the calculations and sets of accounting entries made, as well as the accurate identification of embedded derivatives, where relevant (i.e., for the convertible (OCEANE) bonds);
- the methodology and the valuation model used for the debt component and the bond conversion option, as well as the model used for the equity component, and the inputs used in the convertible bond model.

Lastly, we verified that Note 8 to the consolidated financial statements provides appropriate disclosures.

LITIGATION AND CONTINGENT LIABILITIES

Description of risk

Note 7.2 to the consolidated financial statements, Contingent Liabilities, summarizes the legal or arbitration proceedings arising in the normal course of business of the Group. These include, in Brazil:

- proceedings in relation to allegations of bribery and degrading working conditions;
- a case opened by the Brazilian anti-trust authority (CADE);
- various proceedings relating to NJ Lavanderia and Lavebras.

In France, contingent liabilities include in particular an ongoing anti-trust investigation.

Provisions are recorded with respect to these if the Group believes that it has a contractual, legal or constructive obligation, and that the future cash outflows to cover the risk can be estimated accurately.

Given the uncertain outcome of these proceedings and ongoing investigations, and their potential negative and material effect on the Group owing to the financial penalties that may be incurred, as well as any impact they could have on its businesses and their commercial prospects, we deemed litigation and contingent liabilities to be a key audit matter.

How our audit addressed this risk

To assess whether or not the risks associated with these proceedings and ongoing investigations have been properly assessed, and to verify their non-quantifiable nature, where appropriate, we consulted:

- the confirmations provided by the company's lawyers and legal advisers involved in these matters;
- the analyses of the proceedings/investigations prepared by the Group's Finance and Legal Departments.

Lastly, we verified that Note 7.2 to the consolidated financial statements provides appropriate disclosures.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the management report of the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Elis by the Annual General Meeting held on June 29, 2011 for Mazars and by the articles of incorporation at the time of the company's incorporation in 2007 for PricewaterhouseCoopers Audit.

As at December 31, 2017, Mazars and PricewaterhouseCoopers Audit were in the sixth year and the eleventh year of total uninterrupted engagement, respectively, of which three years since the securities of the Company were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of 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 expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO 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 of 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 consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- Assess 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 the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.82210 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Bruno Tesnière	Isabelle Massa

6.3 ELIS PARENT COMPANY FINANCIAL STATEMENTS

6.3.1 STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

Assets

(In thousands of euros)	Gross amount	Accum. depr./ amort. & impairm. losses	Net 12/31/2017	Net 12/31/2016
Subscribed capital uncalled				
Intangible assets				
Start-up costs				
Development costs				
Concessions, patents and other rights				
Business goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Fittings, machinery and equipment				
Other property, plant and equipment				
Assets in progress				
Advances and prepayments				
Financial assets				
Equity-accounted companies				
Other equity investments	3,592,809	1,258	3,591,551	1,119,966
Loans and advances to equity investees	779,262		779,262	88,448
Other investments	111		111	111
Loans				
Other financial assets	1,369,135		1,369,135	1,368,562
TOTAL NON-CURRENT ASSETS	5,741,317	1,258	5,740,059	2,577,087
Inventories and work in progress				
Raw materials and supplies				
Goods in progress				
Services in progress				
Finished and semi-finished goods				
Goods held for resale				
Advances and prepayments on orders	6		6	7
Receivables				
Trade receivables				627
Other receivables	857,751		857,751	337,275
Subscribed capital called but not paid				
Other				
Marketable securities				
(Of which treasury shares):				
Cash and cash equivalents	66,211		66,211	105
Other accruals				
Prepaid expenses	1,038		1,038	1,106
TOTAL CURRENT ASSETS	925,006		925,006	339,120
Deferred debt issuance costs				
Bond discounts				
Unrealized foreign currency translation losses				
GRAND TOTAL	**6,666,323**	**1,258**	**6,665,064**	**2,916,208**

Equity and liabilities

(In thousands of euros)	Financial year 2017	Financial year 2016
Issued capital (o/w paid-up: 1,140,062)	219,370	1,140,062
Additional paid-in capital	3,025,663	280,874
Remeasurement adjustments (o/w for equity-accounted companies)		
Legal reserve	724	724
Regulatory or contractual reserves		
Regulated reserves (including translation reserve)		
Other reserves (o/w purchases of original works of art)		
Retained earnings (accumulated losses)	(91,518)	(107,246)
Net income (profit or loss) for the period	**(58,909)**	**15,713**
Investment grants		
Regulated provisions	1,647	
TOTAL EQUITY	3,096,977	1,330,127
Proceeds from issuance of profit-sharing loans		
Conditional advances		
TOTAL QUASI-EQUITY		
Provisions for risks	0	0
Provisions for expenses	54	35
PROVISIONS	55	36
Financial liabilities		
Convertible bonds	400,000	
Other bonds	804,067	804,067
Bank loans	1,743,549	473,676
Sundry loans & other borrowings (o/w profit-sharing)	573,914	303,800
Advances and deposits on orders in progress		
Operating liabilities		
Trade payables	12,414	3,079
Tax and employee-related liabilities	2,025	1,424
Sundry liabilities		
Amounts due to suppliers of non-current assets		
Other liabilities	32,063	
Other accruals		
Deferred income		
TOTAL LIABILITIES	3,568,032	1,586,046
Unrealized foreign currency translation gains		
GRAND TOTAL	**6,665,064**	**2,916,208**

6.3.2 INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

(In thousands of euros)	Financial year 2017			Financial year 2016
	France	Exports	Total	
Sale of goods held for resale				
Sales of goods				
Sales of services	566		566	1,044
Net revenue	**566**		**566**	**1,044**
Increase in finished goods and work in process inventories				
Capitalized production costs				
Operating grants				
Reversals of prov. & accum. depr./amort. & impairm.				
Other income				
Recurring operating income			**566**	**1,044**
Purchases of goods for resale (including customs duties)				
Change in inventories – goods held for resale				
Purchases of raw materials and supplies			4	4
Change in inventories (raw materials and supplies)				
Other purchases and external expenses			39,108	8,234
Taxes and duties			606	145
Salaries and wages			2,546	1,688
Payroll taxes			716	597
Depreciation, amortization, impairment and provisions:				
Non-current assets: depreciation and amortization expense				
Non-current assets: impairment losses				
Current assets: impairment losses				
Increase in provisions			7	6
Other expenses			511	515
Operating expenses			**43,498**	**11,189**
OPERATING INCOME (LOSS)			(42,932)	(10,145)
Joint operations				
Profit transferred in or loss transferred out				
Loss transferred in or profit transferred out				
Financial income			**22,707**	**29,210**
Financial income from equity investments				22,357
Income from other securities and long-term loans and receivables				
Other interest income			17,768	6,853
Reinvoiced expenses and reversals of provisions				
Foreign currency translation gains			4,939	
Net gain on disposals of marketable securities				

(In thousands of euros)	Financial year 2017			Financial year 2016
	France	Exports	Total	
Financial expenses			**53,649**	**37,384**
Amortization and provisions on financial assets			37	4
Interest expense			48,779	37,380
Foreign currency translation losses			4,833	
Net (loss) on disposals of marketable securities				
NET FINANCIAL INCOME (LOSS)			(30,942)	(8,174)
NET RECURRING INCOME (LOSS) BEFORE TAX			(73,874)	(18,319)
Non-recurring income			**741**	**477**
Non-recurring income from operations				
Non-recurring income from capital transactions			741	477
Reinvoiced expenses and reversals of provisions				
Non-recurring expenses			**13,766**	**200**
Non-recurring expenses on operations			12,106	30
Non-recurring expenses on capital transactions			1	165
Non-recurring depreciation, amortization and provisions			1,659	5
NET NON-RECURRING INCOME (LOSS)			(13,025)	277
Employee profit-sharing				
Income tax expense			(27,990)	(33,754)
Total income			**24,014**	**30,731**
Total expenses			**82,293**	**15,018**
PROFIT OR LOSS			**(58,909)**	**15,713**

6.3.3 APPENDIX

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NOTE 1 COMPANY'S BUSINESS AND SIGNIFICANT EVENTS OF THE YEAR

1.1 COMPANY'S BUSINESS

Business activity of holding companies.

1.2 SIGNIFICANT EVENTS OF THE YEAR

The financial statements below cover the 12-month period from January 1, 2017 to December 31, 2017 and show a net loss of -€58,909,000.

On September 12, 2017, Elis announced that it had completed the acquisition of Berendsen, a European company specializing in services solutions for textile, hygiene and protection products, operating mainly in the United Kingdom, Scandinavia, Eastern and Central Europe. The purchase price paid in cash in the amount of £5.40 and via delivery of 0.403 new Elis shares for each Berendsen share amounted to €2.4 billion. The financing of the cash-settled portion was carried out by setting up a bridge loan agreement with a syndicate of banks. The bridge loan was successively repaid during the year following the issuance of *Océanes* bonds and the capital increase to which CPPIB subscribed, as described in Notes 5.1 and 5.5 hereunder.

NOTE 2 EVENTS AFTER THE REPORTING PERIOD

In order to finalize the repayment to refinance the 2017 Bridge Loan, Elis implemented its €3 billion Euro Medium Term Note program, for which the base prospectus was approved by the AMF under No. 18-031 on January 30, 2018. On February 8, the Group raised €1.0 billion through a double-tranche bond issue (5 and 8 years):

- the 5-year tranche, for €650 million, bears an annual coupon rate of 1.875%;
- the 8-year tranche, for €350 million, bears an annual coupon rate of 2.875%.

This successfully completed transaction will extend the maturity of the Group's debt.

NOTE 3 ACCOUNTING POLICIES

Generally accepted accounting principles have been applied, including the principle of conservatism, in accordance with the following basic assumptions: going concern, consistency principle, time period assumption and matching principle, in accordance with the general rules governing the preparation and presentation of annual financial statements defined by the French General Chart of Accounts (PCG [1]).

The basic method used to measure the items recognized in the financial statements is the historical cost method.

Changes in measurement method

The first-time application of ANC Regulation 2015-05 relating to forward financial instruments and hedging transactions had no impact on the Company.

Changes in presentation method

None.

(1) ANC Regulation 2014-03 relating to the PCG, modified by ANC Regulation 2016-07.

The main accounting policies applied are as follows:

3.1 NON-CURRENT ASSETS

Financial assets

Equity investments and other securities

Their gross amount has been the acquisition cost, including any ancillary costs, since the first application of Opinion 2007-C issued on June 15, 2007 by the Urgent Issues Committee of the French National Accounting Board (CNC). Prior to that Opinion, transfer taxes, fees and commissions, and cost of deeds were recognized in expenses for the financial year. An accelerated amortization over five years is then applied to these costs.

When the value in use is less than the gross amount, an impairment loss is recorded for the difference. The value in use is estimated based on the share of the net assets held by the Company at the end of the last known financial year, with the significant items of property, plant and equipment and intangible assets being remeasured.

Other financial assets

Merger losses on financial assets

"Merger losses on financial assets" of €1,365,291,000 corresponds to the merger loss generated during the transfer of Novalis' assets and liabilities to Elis on July 9, 2015. This merger loss has been fully allocated to equity investments. The merger loss is tested for impairment on an annual basis. As it is not possible to determine the current value of the merger loss taken individually, it is grouped together with equity investments for the purposes of the impairment test. An impairment loss is recognized whenever the cumulated present value of the merger loss and equity securities is less than their carrying amount as at the reporting date.

Liquidity agreement

The transactions related to the Company's liquidity agreement signed with an investment services provider (see the section on significant events of the year) are recognized in accordance with the CNC Urgent Issues Committee Opinion 98-D and with Bulletin 137 issued in March 2005 by the French Institute of Statutory Auditors (CNCC):

- treasury shares are recognized in "Other financial assets – treasury shares". An impairment loss is recorded if the average share price in the last month of the financial year is less than the purchase price. The first-in-first-out (FIFO) method is used to determine gains and losses on disposals;
- cash paid to the intermediary and not yet used is recognized in the financial statements under "Other financial assets – other long-term receivables".

3.2 RECEIVABLES AND LIABILITIES

Receivables are recognized at face value.

An impairment loss is recorded when the recoverable amount is less than the carrying amount.

3.3 MARKETABLE SECURITIES

Marketable securities are carried in the statement of financial position at their purchase price. If their expected trading value at the end of the financial year is less than their purchase price, an impairment loss is recorded for the difference.

3.4 TRANSACTIONS IN FOREIGN CURRENCIES

Income and expenses denominated in foreign currencies are recorded at their transaction-date equivalent amount.

Where applicable liabilities, receivables, cash and cash equivalents denominated in foreign currencies are converted and recognized in the statement of financial position based on the latest known quoted price on the reporting date.

Resulting differences are posted to the statement of financial position under "Foreign currency translation gains" and "Foreign currency translation losses".

The amount of unrealized foreign currency translation losses not offset by foreign exchange risk hedge is recorded under "Provisions for risks".

3.5 REGULATED PROVISIONS

Regulated provisions are detailed in the provisions statement; they are reported under "Equity" on the statement of financial position. They are tax items corresponding to the provision for accelerated depreciation and amortization calculated according to the French tax regulations, in particular the accelerated amortization of transaction costs related to purchases of securities.

The additions to or reversals of accumulated accelerated depreciation and amortization are recognized in net non-recurring income.

3.6 EMPLOYEE BENEFIT LIABILITIES

Provisions for employee retirement benefits are calculated and recognized in accordance with Method 2 of Recommendation 2013-02 issued on November 7, 2013 by the French Accounting Standards Authority (ANC). Changes in retirement benefit obligations resulting from changes in actuarial assumptions or retirement plans occurring during the year are recorded directly in net non-recurring income: the provisions recognized at the reporting date are thus equal to the actuarial obligation determined in accordance with IAS 19 (revised).

Additional provisions are recorded for long-service award obligations, calculated in accordance with the Company's internal procedures on the basis of statistical and discounting assumptions. Changes in these provisions during the financial year are collectively recorded directly in income.

NOTE 4 NOTES TO THE STATEMENT OF FINANCIAL POSITION – ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Company does not hold any property, plant and equipment or intangible assets.

4.2 FINANCIAL ASSETS

MOVEMENTS FOR THE YEAR

(In thousands of euros)	Gross amount at 12/31/2016	Acquisitions and reclassifications/ contributions	Disposals and reclassifications	Gross amount at 12/31/2017	Impairment loss	Net amount at 12/31/2017
Equity-accounted companies						
Other equity investments	1,209,635	3,162,436		4,372,071	1,258	4,370,813
Other investments	111	0		111		111
Loans and other financial assets	1,368,562	6,515	5,943	1,369,134		1,369,134
TOTAL	**2,578,308**	**3,168,951**	**5,943**	**5,741,316**	**1,258**	**5,740,058**

As at December 31, 2017, treasury shares amounted to 61,798 shares, i.e., €1,452,000.

4.3 IMPAIRMENT ON NON-CURRENT ASSETS

(In thousands of euros)	12/31/2016	Additions/ contributions	Reversals	12/31/2017
Impairment loss – intangible assets				
Impairment loss – PP&E				
Impairment loss – equity-accounted companies				
Impairment loss – equity investments	1,221	37		1,258
Impairment loss – financial assets				
TOTAL	**1,221**	**37**		**1,258**

4.4 LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(In thousands of euros unless otherwise stated)	Share capital	Equity, excluding share capital and retained earnings	Percent of ownership *(as a %)*	Carrying amount of shares held		Loans and advances granted by the Company	Deposits and endorsements given by the Company	2017 Revenue	Net income (loss) for the financial year ended 12/31/2017	Dividends received by the Company during the financial year ended 12/31/2017
				Gross	Net					
A. Detailed information about equity investments whose carrying amount exceeds 1% of the Company's share capital										
1. Subsidiaries – ownership of more than 50%										
M.A.J. – Pantin (93) – 775,733,835	142,515	470,068	100.0	1,091,055	1,091,055	903,696	138,448	649,212	66,319	0
Société de Participations Commerciales et Industrielles – Saint-Ouen-l'Aumône (95) – 409,900,149	28,684	2,491	100.0	28,682	28,682	0	0	218	(182)	0
Berendsen Plc British public limited company registered with the UK Companies House under number 01480047 1 Knightsbridge, (London, England, SW1X 7LX)	£51,791k	£521,721k	99.3	2,446,911	2,446,911	690,095	0	0	(£34,992k)	0
2. Equity investment – ownership of between 10% and 50%										
B. General information about other investments										
1. Subsidiaries (not included in section A above)										
a. French subsidiaries (total)										
b. Foreign subsidiaries (total)										
2. Investments (not included in section A above)										
a. in French companies (total)										
b. in foreign companies (total)				1,456	198					
TOTAL EQUITY INVESTMENTS TO STATEMENT OF FINANCIAL POSITION				**3,568,104**	**3,566,846**					

4.5 TRANSACTIONS WITH RELATED PARTIES

The major 2017 transactions with related parties not concluded on arm's length terms are as follows:

Name of related party	Description of transaction	Amount (receivable or income)	Amount (liability or expense)
M.A.J.	Loan agreement		
	Principal amount	87,753	
	Interest	2,758	
M.A.J.	Current account agreement		
	Advance granted to M.A.J.	815,943	
	Interest paid by M.A.J.	13,017	
Elis Services	Service agreement		
	Services provided by Elis Services to Elis		4,864
	Services provided by Elis to Elis Services	566	
Berendsen Plc	Loan agreement		
	Principal amount	690,095	
	Interest	1,985	

4.6 SUMMARY OF MATURITIES OF RECEIVABLES

(In thousands of euros)	Gross amount	Due within one year	Due in more than one year
TOTAL NON-CURRENT ASSETS	2,148,397	5,258	2,143,139
Loans and advances to equity investees	779,262	1,414	777,848
Loans			
Other financial assets	1,369,135	3,844	1,365,291
TOTAL CURRENT ASSETS	857,751	857,751	0
Trade			
Impaired trade			
Employees			
Social security			
Government: taxes and misc. duties	41,808	41,808	
Group and associates	815,943	815,943	
Sundry receivables			
Prepaid expenses	1,038	1,038	
TOTAL	**3,007,186**	**864,047**	**2,143,139**
Loans granted during the year			
Repayments received during the year			
Loans and advances granted to associates (individuals)			

4.7 TRADE RECEIVABLES

(In thousands of euros)	Gross amount	Impairment loss	Net 12/31/2017	Net 12/31/2016
Trade receivables			0	627
Other receivables	857,751		857,751	337,275
Subscribed capital called but not paid				
TOTAL	**857,751**	**0**	**857,751**	**337,902**

4.8 IMPAIRMENT LOSS ON RECEIVABLES

None.

4.9 RECEIVABLES REPRESENTED BY COMMERCIAL PAPER

None.

4.10 ACCRUED INCOME

The amounts of accrued income included in the following statement of financial position items were as follows:

(In thousands of euros)	12/31/2017	12/31/2016
Interest accrued on loans and receivables due from equity investees	1,418	695
Accrued trade receivables		203
Prepaid taxes and duties		
TOTAL	**1,418**	**898**

4.11 OTHER ACCRUALS

Prepaid expenses

Prepaid expenses totaled €1,038 thousand.

(In thousands of euros)	12/31/2017	12/31/2016
Operating expenses	216	679
Financial expenses	822	427
Non-recurring expenses	0	0
TOTAL	**1,038**	**1,106**

NOTE 5 NOTES TO THE STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

5.1 EQUITY

Share capital was divided into 219,370,207 fully paid-up common shares with a par value of €1.00 each.

The following transactions were carried out on the Company's share capital during the year:

- on February 13, 2017, a capital increase, with shareholders' preferential subscription rights maintained, amounting to €325,177,000 by issuing 25,910,490 new shares with a par value of €10 each, issued at a subscription price of €12.55 per share, representing an issue premium of €2.55 per share;
- on April 07, 2017, a capital increase by the incorporation of the sum of €2,504,000 from the reserves by issuing 250,392 new shares with a par value of €10 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the "2014 GM";
- on June 21, 2017, a capital reduction of €1,261,503,000 by reducing the par value of the Company's shares from €10 to €1 each;
- on September 13, 2017, a capital increase of €1,369,937,000 in consideration of the contribution of 171,345,292 Berendsen shares through the delivery to Berendsen shareholders of 0.403 new Elis shares for each Berendsen share contributed – i.e., a total of 69,052,152 new shares with a par value of €1.00 each – and the completion of the contribution by recording the sum of €1,300,885,000 in the "Additional paid-in capital" account;
- on September 13, 2017, a capital increase, with shareholders' preferential subscription rights maintained, amounting to €200,000,000 by issuing 10,131,713 new shares with a par value of €1 each, issued at a subscription price of €19.74 per share, representing an issue premium of €18.74 per share;
- on December 21, 2017, a capital increase by the incorporation of €19,000 from the reserves by issuing 19,293 new shares with a par value of €1 each as part of the additional allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the "2014 GM".

Changes in equity during the financial year:

(In thousands of euros)

12/31/2016	**1,330,126**
Dividends	(51,847)
Net income (loss) for the financial year	(58,909)
Capital increase	340,812
Capital reduction	(1,261,503)
Increase in issue premium	1,495,766
Increase in additional paid-in capital	1,300,885
Change in investment grants	
Change in regulated provisions (accelerated depr./amort., etc.)	1,647
12/31/2017	**3,096,977**

The general meeting of May 19, 2017 approved the distribution of reserve funds in the amount of €0.37 per share, or €51,847,000.

5.2 DESCRIPTION OF BONUS SHARE AWARD PLANS

Outstanding share award plans as at the 2017 financial year-end have the following characteristics:

Free performance share grants	Plan no. 1 – 2015	Plan no. 2 – 2015	Plan no. 3 – 2016	Plan no. 4 – 2016	Plan no. 5 – 2016	Plan no. 6 – 2017
Date of shareholders' meeting	10/08/2014	10/08/2014	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board Meeting	04/03/2015	04/03/2015 12/14/2015	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/14/2017
Date of decision of the Management Board	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/20/2016	03/24/2017
Number of rights originally granted	554,109 [1]	46,430 [1]	1,038,032 [1]	8,987 [1]	57,837 [1]	577,050
– of which, members of the Executive Committee	200,314	0	498,434	0	0	249,300
– of which, corporate officers:	138,640	0	294,720	0	0	146,700
– Xavier Martiré	110,504	–	220,268	–	–	100,000
– Louis Guyot	14,068	–	37,226	–	–	23,350
– Matthieu Lecharny	14,068	–	37,226	–	–	23,350
Number of grantees	152	29	206	7	43	230
– of which, members of the Executive Committee	8	–	9	–	–	9
– of which, corporate officers	3 [a]	–	3 [a]	–	–	3 [a]
Grant date	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/21/2016	03/24/2017
Vesting date						
France						
– members of the Management Board and the Executive Committee	04/07/2017 [2]	–	06/15/2019 [4]	–	–	03/24/2020 [8]
– other beneficiaries	04/07/2017 [2]	12/21/2017 [2]	06/15/2018 [4]	06/15/2018 [4]	12/21/2018 [4]	03/24/2019 [8]
Rest of the world	04/07/2017 [2]	12/21/2017 [2]	06/15/2018 [4]	06/15/2018 [4]	12/21/2018 [4]	03/24/2019 [8]
End of share lock-up period						
– members of the Management Board and the Executive Committee	04/07/2019 [3]	–	06/15/2019 [6]	–	–	03/24/2020 [9]
– other beneficiaries	04/07/2019 [3]	12/21/2019 [3]	06/15/2018 [6]	06/15/2018 [6]	12/21/2018 [6]	03/24/2019 [9]
Rights vested in 2017	250,392 [7]	19,293 [7]	0 [5]	0 [5]	0 [5]	0 [10]
Number of rights lapsed or forfeited as at 12/31/2017	303,562	27,137	30,443	4,172	3,234	9,975
Number of rights outstanding as at 12/31/2017	0	0	1,008,873	4,815	54,603	567,075
– of which, members of the Executive Committee	0	–	498,434	–	0	249,300
– of which, corporate officers:	0	–	294,720	–	0	146,700
– Xavier Martiré	0	–	220,268	–	–	100,000
– Louis Guyot	0	–	37,226	–	–	23,350
– Matthieu Lecharny	0	–	37,226	–	–	23,350
Number of working beneficiaries as at 12/31/2017	120	23	189	5	40	223
– of which, members of the Executive Committee	8	0	9	0	0	9
– of which, corporate officers:	3 [b]	0	3 [b]	0	0	3 [b]

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(1) This number takes into account the adjustment related to maintaining beneficiaries' rights under the issue of new shares with preferential subscription rights carried out in February 2017, said share issue having had a dilutive effect on the share's value following the removal of the preferential subscription rights. This adjustment was made by transposing the rules on stock options provided for in Article R. 228-91-1 of the French Commercial Code.

(2) Shares vest at the end of a vesting period set at two years from the date of the grant of the said shares. Vesting is contingent on cumulative continued employment conditions and meeting performance conditions related to (i) the Group's consolidated revenue, (ii) EBIT as stated in the financial statements for the 2016 financial year, and (iii) the Group's stock market performance relative to changes in the SBF120, with the understanding that:

- *the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2016 plus dividends paid between February 11, 2015 and December 31, 2016, and (ii) the IPO price (€13);*
- *the change in the SBF120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2016 and (ii) the value of the index as at February 10, 2015 (€3,701.09).*

Only 20% of the shares granted will be delivered to beneficiaries if just one of those performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.

(3) Shares are subject to a lock-up period of two years from the vesting date. At the end of the lock-up period, the shares will be available and may be freely transferred by the beneficiaries subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. Throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(4) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.

(5) There are two classes of shares awarded, A and B. Vesting of each share class is subject to a condition of continued employment throughout the entire vesting period and to performance conditions, which are determined based on three quantitative criteria linked to (i) consolidated revenue of the Group and (ii) EBIT as they appear in the financial statements for 2017, and (iii) Elis's share-price performance relative to the SBF120 Index for Class A performance shares, and based on two criteria linked to revenue and EBIT for Class B shares.

Determining the final number of shares vested at the end of the vesting period will be evaluated over a two-year performance period for all beneficiaries except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2016 and 2017) for 67% of the performance shares granted, and over a three-year period (2016, 2017 and 2018) for 33% of the performance shares granted. It should be noted that:

- *the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2017 plus dividends paid between January 1, 2016 and December 31, 2017, and (ii) the closing price as at the last trading day of 2015 (€15.25);*
- *the change in the SBF120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2017 and (ii) the value of the index as at December 31, 2015 (3,663.88 points).*

The number of shares that will vest will depend on the number of targets achieved, with the understanding that for each performance share class, achievement of the performance criteria is binary such that if the criterion is not achieved, the proportion of rights attached to the target concerned will not be due and the related shares will not vest. On that basis, beneficiaries will acquire 20% of Class A performance shares if one criterion is achieved, 50% of Class A performance shares if two criteria are achieved, and 100% of Class A performance shares if all three criteria are achieved. Class B performance shares will only vest if at least one target is achieved, it being specified that the achievement of just one of the targets will allow vesting of 50% of the shares granted.

(6) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(7) At its meetings of March 14, 2017 and December 14, 2017, the Supervisory Board reviewed the performance associated with performance share plans and noted that two of the three criteria had been achieved: revenue, which totaled €1,512.8 million in 2016, and TSR (total shareholder return), which outperformed the SBF120 (+39% versus +4%). However, the EBIT criterion was not achieved (€214.5 million) and therefore counted for zero. At its meeting of March 14, 2017, the Supervisory Board deemed that the number of vested shares on April 7, 2017 and December 21, 2017 was equal to 50% of the adjusted grant.

(8) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.

(9) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

(10) Vesting of shares is subject to continued employment and performance conditions, which are determined based on three quantitative criteria linked to (i) consolidated revenue of the Group and (ii) EBIT, and (iii) Elis's share-price performance relative to the SBF120 index. Determining the final number of shares vested at the end of the vesting period will be evaluated over a two-year performance period for all beneficiaries except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2017 and 2018) for 66% of the performance shares granted, and over a three-year period (2017, 2018 and 2019) for 34% of the performance shares granted.

It should be noted that:

- *the 20-day moving average of the Elis share on the last trading day of 2018, plus dividends (expressed in euros/share) paid between January 1, 2017 and December 31, 2018, is compared (as a %) with the 2016 closing price: V Elis;*
- *the 20-day moving average of the SBF120 on the last trading day of 2018 is compared (as a %) with the SBF120 of the 2016 close: V SBF120.*

The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. On this basis, 20% of the shares granted to the beneficiaries will vest if only one of these performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.

5.3 PARENT COMPANY

Name and headquarters of the company that prepared the consolidated financial statements for the largest group	Elis SA, 92210 Saint-Cloud, France, SIRET 499668440 00039
Name and headquarters of the company that prepared the consolidated financial statements for the smallest group	Elis SA, 92210 Saint-Cloud, France, SIRET 499668440 00039
Place where copies of these consolidated financial statements may be obtained	5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France

5.4 PROVISIONS

Breakdown by type:

PROVISIONS FOR RISKS

(In thousands of euros)	12/31/2016	Additions	Reversals	12/31/2017
Provision for legal proceedings				
Provision for warranty claims				
Provisions for losses on futures markets				
Provisions for fines and penalties				
Provision for unrealized foreign currency translation losses				
Provisions for post-employment benefits	35	19		54
TOTAL	**35**	**19**		**54**

5.5 SUMMARY OF MATURITIES OF LIABILITIES

(In thousands of euros)	Gross amount at 12/31/2017	Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds	400,000			400,000
Other bonds	804,067	4,067	800,000	
Bank loans:				
– initially within one year	720	720		
– initially more than one year	1,742,829	1,017,829	700,000	25,000
Sundry loans and other borrowings	573,915	396,915	177,000	
Trade payables	12,414	12,414		
Employees	1,255	1,255		
Social security and similar	526	526		
Government and other public authorities:				
Income tax expense				
Value added tax				
Guaranteed bonds				
Other taxes	243	243		
Amounts due to suppliers of non-current assets				
Group and associates	30,455	30,455		
Other liabilities	1,608	1,608		
Securities borrowed or received as collateral				
Deferred income				
TOTAL	**3,568,032**	**1,466,032**	**1,677,000**	**425,000**
Loans taken during the year	4,080,300			
Loans repaid over the financial year	2,142,700			

As at December 31, 2017, liabilities mainly included:

High-Yield Bonds

On April 28, 2015, Elis issued bonds with a principal amount of €800 million, paying interest at an annual rate of 3% and maturing in 2022 (the "High-Yield Bonds"). Interest is payable every six months. The High-Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a new Senior Syndicated Credit Facility for an amount of €1,150 million maturing in five years, consisting of three tranches: a €450 million term loan, a €200 million CAPEX line and a €500 million revolving credit facility.

At December 31, 2017, the term loan was drawn down in the amount of €450 million; the CAPEX line was drawn down in the amount of €177 million and the revolving credit facility was undrawn.

2017 Bridge Loan Agreement

On June 12, 2017, Elis signed a Bridge Loan Agreement with a bank syndicate for a total principal amount of €1,920 million.

The purpose of the 2017 Bridge Loan was to finance:

(i) the cash portion paid to Berendsen shareholders in relation to the acquisition of September 12, 2017;

(ii) repayment of the Berendsen debt (including a syndicated credit facility and debt securities issued in relation to private placements (USPP)).

This bridge loan was drawn down in the amount of €1,890 million. As at December 31, 2017, the remaining amount drawn totaled €1,015.0 million.

Convertible Bonds *(Océanes)*

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions,* or "*Océanes*") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. These bonds are non-interest bearing (zero coupon).

The *Océanes* bond qualifies as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires that the equity component (the call option held by the bondholder to convert the bond into shares) and the debt component (the contractual commitment to deliver cash) be recognized separately on the balance sheet. The fair value of the debt component is equivalent to €345.1 million at inception and €54.9 million for the options component (before deferred tax).

The net proceeds from the issue were used to refinance the Berendsen acquisition through the partial repayment of the 2017 Bridge Loan and for the Company's general purposes.

Syndicated Credit Facility – Term Loan

On November 7, 2017, Elis entered into a new syndicated credit facility consisting of a €200 million term loan (drawn on November 13, 2017) and a €400 million undrawn revolving credit line at December 31, 2017.

This refinancing is due to mature in November 2022 and may be extended until 2023/2024 for the revolving credit facility tranche.

Schuldschein

Elis raised €75 million on November 23, 2017 through a multi-tranche private placement under German law, the so-called "*Schuldschein*" note.

This transaction makes it possible to continue the repayment of the 2017 Bridge Loan set up for the Berendsen acquisition and to diversify the Group's financing sources.

The funds were raised at fixed and floating rates, representing respectively 46% and 54% of the total amount, maturing in three to seven years.

Commercial paper

The Company has an unrated commercial paper program, approved by Banque de France, in a maximum amount of €400 million. In addition to other financing, this program provides the Elis Group with access to short-term, non-intermediated resources at favorable market conditions. As at December 31, 2017 outstandings under this program totaled €396.4 million, versus €303.8 million at December 31, 2016.

As at December 31, 2017, the Group had an undrawn revolving credit line of €400 million.

5.6 TRADE PAYABLES

(In thousands of euros)	12/31/2017	12/31/2016
Group suppliers	1,011	206
Suppliers	4,403	686
Suppliers of non-current assets		
Invoices not received – Group		
Invoices not received	1,055	1,785
Invoices not received – Group	5,162	5
Goods received awaiting invoices	20	
Invoices – bank fees	763	397
CARRYING AMOUNT	**12,414**	**3,079**

5.7 ACCRUED EXPENSES

The amounts of accrued expenses included in the following statement of financial position items were as follows:

(In thousands of euros)	12/31/2017	12/31/2016
Operating liabilities		
Trade payables	7,000	2,187
Tax and employee-related liabilities	1,898	1,256
Financial liabilities		
Interest accrued on sundry loans and other borrowings	8,130	5,742
TOTAL	**17,028**	**9,185**

5.8 OTHER ACCRUALS

Deferred income

None.

NOTE 6 NOTES TO THE INCOME STATEMENT

6.1 BREAKDOWN OF REVENUE

2017 revenue by business segment and region breaks down as follows:

	Financial year 2017			Financial year 2016
(In thousands of euros)	France	EEC + Rest of the world	Total	Total
Sale of goods held for resale				
Sales of finished goods				
Sales of services	566		566	1,044
REVENUE	**566**		**566**	**1,044**
PERCENTAGE	**100%**	**0%**	**100%**	

6.2 REINVOICED EXPENSES

(In thousands of euros)	12/31/2017	12/31/2016
Employee expenses	0	0
Other expenses	0	0
TOTAL	**0**	**0**

6.3 AVERAGE NUMBER OF EMPLOYEES

The average number of employees during 2017 breaks down as follows:

	Fiscal year 2017	
	Number of employees	Number of secondees
Managers	3	
Other staff		
TOTAL	**3**	**0**

6.4 COMPENSATION OF MANAGEMENT BODIES

Members of the Supervisory Board: total amount of 2016 directors' fees paid in 2017: €431,000.

Management Board: €2,199,000.

6.5 NET FINANCIAL EXPENSE

Net financial expense for the year amounted to -€30,942,000, broken down as follows:

(In thousands of euros)	Financial year 2017	Financial year 2016
FINANCIAL INCOME	22,707	29,210
Financial income from equity investments		22,357
Income from other securities and non-current assets loans		
Other interest income	17,768	6,853
Reinvoiced expenses and reversals of provisions		
Foreign currency translation gains	4,939	
Net gain on disposals of marketable securities		
FINANCIAL EXPENSES	53,649	37,384
Amortization and provisions on financial assets	37	4
Interest expense	48,779	37,380
Foreign currency translation losses	4,833	
Net (loss) on disposals of marketable securities		
NET FINANCIAL INCOME (LOSS)	**(30,942)**	**(8,174)**

6.6 NET NON-RECURRING INCOME (LOSS)

The financial year's net non-recurring income (loss) of -€13,025,000 breaks down as follows:

(In thousands of euros)	Financial year 2017	Financial year 2016
NON-RECURRING INCOME	741	477
Non-recurring income from operations		
Non-recurring income from capital transactions	741	477
Reinvoiced expenses and reversals of provisions		
NON-RECURRING EXPENSES	13,766	200
Non-recurring expenses on operations	12,106	30
Non-recurring expenses on capital transactions	1	165
Non-recurring depreciation, amortization and provisions	1,659	5
NET NON-RECURRING INCOME (LOSS)	**(13,025)**	**277**

- Non-recurring income and expenses on capital transactions correspond to realized and unrealized gains and losses on treasury shares under the liquidity contract, as measured using the first-in-first-out (FIFO) method.
- Non-recurring expenses on operations comprised transaction costs related to the acquisition and consolidation of Berendsen.
- Non-recurring depreciation, amortization and provisions corresponds to the five-year amortization of acquisition costs for Berendsen shares.

6.7 INCOME TAX

On March 1, 2008, the Company elected to determine French income taxes on a consolidated basis in accordance with Article 223 A et seq. of the French Tax Code, together with its subsidiaries and sub-subsidiaries included in the following list as at December 31, 2017:

- M.A.J.;
- Les Lavandières;
- Régionale de location et services textiles;
- Pierrette – T.B.A.;
- Le Jacquard Français;
- Elis Services;
- Thimeau;
- Maison de Blanc Berrogain;
- Blanchisserie Moderne;
- Société de Participations Commerciales et Industrielles;
- Société des Oreillers et Couvertures des Grands Réseaux de Chemins de Fer "S.O.C.;"
- Pro Services Environnement; and
- L.S.P.

A new agreement was signed on October 30, 2009 effective July 1, 2009.

As the parent company of the consolidated group, Elis consolidates the taxable income of all the members of the group and pays the corresponding tax to the French Treasury. It receives from its subsidiaries the amount of tax that they would have borne in the absence of tax consolidation. As at December 31, 2017, Elis recorded in its financial statements a tax benefit amount of €27,990,000 corresponding to the difference between the amounts received from the subsidiaries and those actually paid.

Elis applies the tax payable method and therefore does not recognize the amounts that it would have to pay to subsidiaries with tax losses in future years where they have taxable income. Tax loss carryforwards for certain members of the tax consolidation group and Elis's related deferred tax liabilities are detailed below:

(In thousands of euros)	Unused loss carryforwards (basis)	Tax rate	Deferred tax liabilities
Société de Participations Commerciales et Industrielles	1,570	33.33	523
S.O.C.	514	33.33	171
Le Jacquard Français	5,681	33.33	1,894
L.S.P.	6	33.33	2
TOTAL	**7,771**		**2,590**

DEFERRED TAX

Base *(In thousands of euros)*	At the beginning of the financial year	Change in net income (loss) for the financial year	At the end of the financial year
Accelerated amounts for tax relief			
Regulated provisions			
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	24	11	35
Equity investment			
Corporate social solidarity contribution			
Provision for impairment losses on trade receivables			
Other provisions for risks			
TAX LOSS CARRYFORWARDS			
TOTAL	**24**	**11**	**35**

Income tax expense *(In thousands of euros)*	**At the beginning of the financial year**	**Change in net income (loss) for the financial year**	**At the end of the financial year**
Accelerated amounts for tax relief			
Regulated provisions			
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	8	4	12
Equity investment			
Corporate social solidarity contribution			
Provision for impairment losses on trade receivables			
Other provisions for risks			
TAX LOSS CARRYFORWARDS			
TOTAL	**8**	**4**	**12**

NOTE 7 MISCELLANEOUS INFORMATION

7.1 FINANCIAL COMMITMENTS

COMMITMENTS GIVEN

(In thousands of euros)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Related to cash and cash equivalents				
Related to financing				
Endorsements, sureties and guarantees on behalf of subsidiaries				
Related to rentals				
Related to services rendered				
Other [(a)]	11,522			
	11,522	**0**	**0**	**0**

(a) Commitment to acquire the remaining Berendsen shares held by the Employee Benefit Trust.

COMMITMENTS RECEIVED

(In thousands of euros)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Related to operations/property/international expansion				
Related to financing [(a)]	1,623,459		1,485,011	138,448
Guaranteed receivables				
	1,623,459		**1,485,011**	**138,448**

(a) Commitments received include a joint and several guarantee granted by M.A.J. within the limit provided for by applicable local regulations and a joint and several guarantee granted by the subsidiaries Atmosfera, and SPAST for the commitments given for the Senior Term and Revolving Facilities Agreement, the High Yield Bonds and the Bridge Loan Agreement within the limit provided for by applicable local regulations.

FINANCIAL INSTRUMENTS

Elis has signed interest rate swap agreements to exchange the interest rates on its floating rate debt for a fixed rate over the term of the loan.

As at December 31, 2017, all of Elis' long-term debt had fixed interest rates after interest risk management. The swaps maturing on October 4, 2017 and subscribed with BNP Paribas had a negative mark-to-market value of -€7,343,000 as at December 31, 2017.

7.2 EMPLOYEE BENEFIT LIABILITIES

Personal training account

Employees earned individual rights to training (DIF) under the professional training rules in effect until December 31, 2014 totaling 284 hours. On January 1, 2015 these rights were transferred to Personal training accounts and can be used until January 1, 2021.

6.4 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Elis SA for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) 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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF EQUITY INVESTMENTS

Description of risk

Equity investments at December 31, 2017 represented €3,591 million, the largest balance sheet item. Equity investments are carried at cost and may be impaired based on their value in use.

As described in Note 3.1 to the financial statements, the value in use of equity investments is determined based on the equity share they represent according to the last known position, of which the material components, tangible and intangible, are revalued. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its value in use.

The economic climate within which the Group operates is changing. Its subsidiaries may experience variations in their level of activity, which may in turn lead to a deterioration in their levels of operating income. Accordingly, we deemed the accurate measurement of equity investments and loans and advances to equity investees to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimated value in use of equity investments, based on the information provided to us, our work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and data, and more specifically:

- For the investment in Berendsen Plc, checking the consistency of the carrying amount with the revalued net assets;
- For other Group companies, verifying that the equity values used correspond to those presented in the financial statements of the entities that have been audited or subject to analytical procedures.

In addition to verifying the values in use of equity investments, our work also consisted in assessing the recoverability of loans and advances to equity investees with regard to the analyses conducted on the equity investments.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board, and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Management Board's report on corporate governance sets out 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 remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights and reciprocal interests has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Elis by the Annual General Meeting held on June 29, 2011 for Mazars and by the articles of incorporation at the time of the company's incorporation in 2007 for PricewaterhouseCoopers Audit.

As at December 31, 2017, Mazars and PricewaterhouseCoopers Audit were in the sixth year and the eleventh year of total uninterrupted engagement, respectively, of which 3 years since the securities of the Company were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of 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 expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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 the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in 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 any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Bruno Tesnière	Isabelle Massa

Elis shareholders are invited to the combined (ordinary and extraordinary) general meeting to be held on May 18, 2018 at 3:00 p.m. at the Capital 8 Conference Center, 32 rue de Monceau, 75008 Paris, France.

All Elis shareholders, regardless of the number of shares they hold, may attend and vote at the general meeting. Elis informs its shareholders of meetings by public notices published in the French bulletin of mandatory legal announcements (*Bulletin des annonces légales obligatoires* – BALO) and in a daily newspaper authorized to publish legal announcements.

Documents related to the general meeting will be available on the Company's website within the required deadline (www.corporate-elis.com).

Combined general meeting of May 18, 2018

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7.1 AGENDA

7.1.1 ORDINARY GENERAL MEETING AGENDA

- Management Board's report on the financial statements for the year ended December 31, 2017;
- Management Board's report on the draft resolutions within the authority of the ordinary general meeting;
- Supervisory Board's report on corporate governance in accordance with Article L. 225-68 of the French Commercial Code, including in particular the Supervisory Board's comments on the Management Board's report and the financial statements for the year;
- Statutory Auditors' reports on the parent company financial statements and the consolidated financial statements for the year ended December 31, 2017;
- Statutory Auditors' special report on the Supervisory Board's report prepared in accordance with Article L. 225-68 of the French Commercial Code;
- Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code;
- Approval of the parent company financial statements for the year ended December 31, 2017 ***(1st resolution)***;
- Approval of the consolidated financial statements for the year ended December 31, 2017 ***(2nd resolution)***;
- Appropriation of net income for the financial year ended December 31, 2017 ***(3rd resolution)***;
- Special dividend in an amount to be deducted from the "Additional paid-in capital" account ***(4th resolution)***;
- Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code ***(5th resolution)***;
- Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Xavier Martiré ***(6th resolution)***;
- Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Louis Guyot ***(7th resolution)***;
- Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Matthieu Lecharny ***(8th resolution)***;
- Reappointment of Agnès Pannier-Runacher as a member of the Supervisory Board ***(9th resolution)***;
- Reappointment of Maxime de Bentzmann as a member of the Supervisory Board ***(10th resolution)***;
- Ratification of the co-optation of Joy Verlé as a member of the Supervisory Board ***(11th resolution)***;
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the Chairman of the Supervisory Board for the financial year ending December 31, 2018 ***(12th resolution)***;
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Supervisory Board for the financial year ending December 31, 2018 ***(13th resolution)***;
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the Chairman of the Management Board for the financial year ending December 31, 2018 ***(14th resolution)***;
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Management Board for the financial year ending December 31, 2018 ***(15th resolution)***;
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Thierry Morin, Chairman of the Supervisory Board, for the year ended December 31, 2017 ***(16th resolution)***;
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Xavier Martiré, Chairman of the Management Board, for the year ended December 31, 2017 ***(17th resolution)***;
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Louis Guyot, member of the Management Board, for the year ended December 31, 2017 ***(18th resolution)***;
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Matthieu Lecharny, member of the Management Board, for the year ended December 31, 2017 ***(19th resolution)***;
- Adjustment of the annual amount of directors' fees ***(20th resolution)***;
- Authorization to be granted to the Management Board to trade in the Company's shares ***(21st resolution)***.

7.1.2 EXTRAORDINARY GENERAL MEETING AGENDA

- Management Board's report on the draft resolutions within the authority of the extraordinary general meeting;
- Statutory Auditors' reports on the financial delegations to increase and reduce the share capital to be granted to the Management Board under the terms of the 23rd, 24th, 25th, 26th, 27th, 28th, 29th, and 31st resolutions;
- Delegation of authority to be granted to the Management Board to increase the share capital by capitalizing reserves, premiums, profits or any other sums which may be capitalized ***(22nd resolution)***;
- Delegation of authority to be granted to the Management Board to issue shares or securities giving access immediately or in the future to the Company's share capital, with preferential subscription rights ***(23rd resolution)***;
- Delegation of authority to be granted to the Management Board to issue shares or securities, giving access, immediately or in the future, to the Company's share capital, without preferential subscription rights, through a public offering or as part of a public exchange offer, with a priority subscription option for shareholders ***(24th resolution)***;
- Delegation of authority to be granted to the Management Board to issue shares and/or securities giving access, immediately or in the future, to the Company's share capital without preferential subscription rights, as part of an offering referred to in section II of Article L. 411-2 of the French Monetary and Financial Code ***(25th resolution)***;
- Authorization to be granted to the Management Board to set the issue price at an amount not to exceed 10% of the share capital in the event of an issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital, without preferential subscription rights ***(26th resolution)***;
- Authorization to be granted to the Management Board to increase the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights ***(27th resolution)***;
- Authorization to be granted to the Management Board to increase the share capital of the Company by issuing shares or securities in consideration of contributions in kind (other than the case of a public exchange offer) ***(28th resolution)***;
- Delegation of authority to the Management Board to increase the Company's share capital without preferential subscription rights reserved for employees who are members of a company or group savings plan ***(29th resolution)***;
- Overall limits on the amount of the issues carried out pursuant to the 23rd to 28th resolutions ***(30th resolution)***;
- Authorization to be granted to the Management Board to reduce the share capital by cancellation of treasury shares ***(31st resolution)***;
- Powers to carry out legal formalities ***(32nd resolution)***.

7.2 MANAGEMENT BOARD'S REPORT ON THE DRAFT RESOLUTIONS

To the Shareholders,

We have convened this combined general meeting on May 18, 2018 to submit for your approval the following 32 resolutions, the draft of which was approved by your Management Board at its meeting of March 6, 2018:

- the first 21 resolutions fall within the authority of the ordinary general meeting;
- resolutions 22 to 31 fall within the authority of the extraordinary general meeting;
- the last resolution concerns powers to carry out legal formalities.

The detailed information pertaining to the parent company and consolidated financial statements for the financial year ended December 31, 2017 and the Group's performance during that financial year are included in the 2017 registration document registered with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 11, 2018, available to you in accordance with laws and regulations, in particular on the Company's website www.corporate-elis.com.

In this report, we present to you the reasons for each of the resolutions submitted for your approval at the general meeting.

Shareholders are furthermore invited to refer to the cross-reference tables on pages 394 to 396 of the 2017 registration document, which identify the parts of that registration document corresponding to information that must be included in the annual financial report and in the management report.

7.2.1 RESOLUTIONS WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

1st and 2nd resolutions

Approval of the parent company and consolidated financial statements for the year ended December 31, 2017

Pursuant to the **1st and 2nd resolutions**, after having reviewed the Statutory Auditors' reports on the annual and consolidated financial statements, you are asked to approve the parent company and consolidated financial statements for the year ended December 31, 2017.

The financial statements have been prepared in accordance with French legal and regulatory requirements for the parent company financial statements and in accordance with applicable regulations, in accordance with IFRS (International Financial Reporting Standards) for the consolidated financial statements.

The parent company financial statements for the year ended December 31, 2017 show a loss of -€58,908,720.73.

The consolidated financial statements for the year ended December 31, 2017 show a profit attributable to owners of the parent company of €66.2 million.

These results are detailed in the management report and in the financial statements.

You are also asked to note the amount of non-deductible expenses and charges referred to in Article 39, paragraph 4 of the French General Tax Code *(Code général des impôts)* amounting to €21,919 and the related tax amounting to €9,041 for financial year 2017.

3rd resolution

Appropriation of net income for the financial year ended December 31, 2017

As the financial year ended December 31, 2017 showed net loss of -€58,908,720.73, you are asked, pursuant to the **3rd resolution**, to allocate this amount to accumulated losses for the prior year.

In accordance with the provisions of Article 20 of the Company's articles of incorporation, this proposed appropriation has been submitted for the prior approval of the Supervisory Board.

In accordance with Article 243 *bis* of the French General Tax Code, we remind you that no dividend was paid for the financial years ended December 31, 2014, 2015 or 2016.

4th resolution

Special dividend in an amount to be deducted from the "Additional paid-in capital" account

Pursuant to the **4th resolution**, you are asked, in the absence of a distributable profit, to proceed with the payment of a special cash dividend in an amount deducted from the "Additional paid-in capital" account. In this context, the general meeting is asked to approve, in accordance with the provisions of Article L. 232-11 of the French Commercial Code, the payment of a special dividend in an amount of €81,166,976.59, i.e., €0.37 per share, based on capital composed of 219,370,207 shares at the date of this general meeting. This dividend payment would be fully deducted from the "Additional paid-in capital" account.

The ex-dividend date of this special dividend to be paid exclusively in cash on May 31, 2018 will be May 29, 2018. Note that should the Company hold any of its own shares when dividends are paid, the amounts corresponding to the unpaid dividends on these treasury shares will be allocated to the retained earnings account.

To facilitate the dividend payment, you are asked to grant full powers to the Management Board, with the right to further delegate such powers to the Chairman of the Management Board, to decide on the terms and conditions of this dividend payment.

Shareholders are hereby advised that this proposed payment of an amount to be deducted from the "Additional paid-in s capital" account has been authorized in advance by the Supervisory Board.

Lastly, you are reminded that, in accordance with Article 112.1 of the French Tax Code, the amounts distributed to shareholders as full repayment of contributions or additional paid-in capital are not considered taxable distributed income, provided that all profits and reserves other than the statutory reserve have already been distributed. In accordance with the above-mentioned tax provisions, this distribution, deducted from the "Additional paid-in capital" account, would constitute a repayment of contributions.

5th resolution

Approval of the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code

The purpose of the **5th resolution** is to submit for your approval the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code (section 4.2 of the 2017 registration document) and the new agreements entered into during the financial year which are mentioned therein.

We inform you that the Supervisory Board meeting of March 14, 2017 voted on the interest of continuing in 2017 the agreements entered into during previous financial years, in accordance with the provisions of Article L. 225-88-1 of the French Commercial Code. The Board also reconsidered the matter at its meeting of March 6, 2018.

Note that, under current statutes, regulated agreements already approved by the general meeting in previous years and which remain in force, are not subject to the vote of the general meeting. In this case, the general meeting is requested to take note of the information relating to these agreements.

6th to 8th olutions

Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Xavier Martiré, Louis Guyot and Matthieu Lecharny

In view of the Supervisory Board's decision on March 6, 2018 to renew the terms of office of the Chairman and members of the Management Board expiring on September 5, 2018, and in accordance with the provisions of Article L. 225-90-1 *et seq.* of the French Commercial Code, the purpose of the **6th to 8th resolutions** is to submit for approval to the shareholders the renewal of commitments made by the Company to the members of the Management Board, for the duration of their new term of office, corresponding to compensation due or likely to be due in the event of their involuntary departure, as well as compensation due or likely to be due for a non-compete clause, under the same terms and conditions as those already approved under the 9th, 10th et 11th resolutions of the general meeting of shareholders on June 24, 2015 when termination benefits were established for each member of the Management Board.

The payment of compensation in the event of termination of appointment is subject to performance conditions and is limited to forced departure (dismissal, non-renewal, resignation at the initiative of the Supervisory Board or the general meeting). The cumulative amount of the severance and non-compete compensation that may be paid may not exceed two years of fixed and variable compensation, with this cap including, among other things, the compensation that may be paid because of the termination of the employment contract applicable to the Management Board member concerned.

These commitments for each member of the Management Board are set out in the Statutory Auditors' special report on regulated agreements and commitments referred to in Article L. 225-86 *et seq.* of the French Commercial Code and on the Company's website.

9th to 11th resolutions

Composition of the Supervisory Board (reappointment of two members of the Supervisory Board and ratification of the co-optation of a member of the Supervisory Board)

Pursuant to the **9th and 10th resolutions**, on the recommendation of the Appointments and Compensation Committee, you are asked to reappoint Agnès Pannier-Runacher and Maxime de Bentzmann, whose terms expire at the close of this general meeting, to the Supervisory Board for a further four-year term, i.e., until the close of the annual general meeting to be called in 2022 to approve the financial statements for the year ending December 31, 2021.

Under the **11th resolution**, you are also asked to ratify, as provided for in Article L. 225-78 of the French Commercial Code, the co-optation of Joy Verlé, whose appointment was proposed by the Canada Pension Plan Investment Board (CPPIB) in accordance with the Investment Agreement concluded between the Company and CPPIB on June 7, 2017 (more details on the Investment Agreement are provided in chapter 8 of the 2017 registration document). Joy Verlé was co-opted by the Supervisory Board at its meeting of March 6, 2018 on the recommendations of the Appointments and Compensation Committee to replace Philippe Audouin, who resigned, for the remaining term of office of her predecessor, i.e., until the close of the annual general meeting to be called in 2021 to approve the financial statements for the year ending December 31, 2020.

At its meeting of March 6, 2018, the Supervisory Board once again reviewed the independence of its members and concluded that Florence Noblot, Philippe Delleur, Thierry Morin, Anne-Laure Commault and Agnès Pannier-Runacher continued to meet the independence criteria referred to in Article 1 of the Supervisory Board's rules of procedure. In addition, the Supervisory Board concluded that Joy Verlé, whose candidacy was proposed by CPPIB and whose co-optation is subject to your approval, could not qualify as an independent member.

The Board also reviewed the availability of its members in accordance with the recommendations of the AFEP-MEDEF Code as amended in November 2016. This review revealed that no member served on an excessive number of Boards of listed companies external to the Group, thus allowing each member of the Company's Supervisory Board to devote the time and attention necessary to perform their duties. The Board also assessed their respective contributions to its work and to the work of its committees, both in terms of skills and personal commitment, and considered that maintaining all of them in their roles was in the Company's interest. In particular, the Board decided that if Agnès Pannier-Runacher were reappointed to the Supervisory Board by the shareholders, she would continue to perform her duties on the Audit Committee, which she chairs.

If the shareholders' meeting rules in favor of all these resolutions, and following the departure of Michel Datchary, at the close of the meeting the composition of the Supervisory Board would therefore be as follows (the years in brackets indicate the year in which the term of office is set to expire):

- Thierry Morin/Magali Chesse/Philippe Delleur (2019);
- Marc Frappier (2020);
- Joy Verlé/Florence Noblot/Anne-Laure Commault (2021); and
- Agnès Pannier-Runacher/Maxime de Bentzmann (2022).

The biographies of the Supervisory Board members are provided in chapter 4 "Corporate governance", section 4.1.1.3 of the 2017 registration document and in the notice convening this general meeting.

It should be noted that at the end of your general meeting, if these resolutions are adopted, a majority of the members of your Supervisory Board will be independent, in accordance with the principles of the AFEP-MEDEF Code (Article 8.3), and five of them will be women, i.e., 55.55% of the total, in accordance with applicable law.

12th to 19th resolutions

Approval of the compensation policy for corporate officers for financial year 2018 and of the elements of fixed, variable and exceptional compensation paid or awarded to corporate officers for financial year 2017

Under the terms of the 12th to 19th resolutions, you are asked to approve:

- the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of the total compensation and benefits of any kind that may be awarded to the Chairmen and members of the Management Board and Supervisory Board for financial year 2018 (12th to 15th resolutions); and
- the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to the Chairman of the Management Board and to the Chairman of the Supervisory Board for financial year 2017 (16th to 19th resolutions).

Note that, as from financial year 2017, pursuant to Articles L. 225-82-2 and L. 225-100 of the French Commercial Code created by Law 2016-1691 of December 9, 2016 relating to transparency, the fight against corruption and the modernization of the economy, known as the "Sapin 2" Law, the compensation of corporate officers is subject to a double binding vote by shareholders:

- an *ex-ante* vote on the compensation policy for executive corporate officers, consisting in presenting each year a resolution to the shareholders on the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind that may be awarded to the Chairman and members of the Management Board and Supervisory Board commensurate with their office. **This *ex-ante* vote is applicable as from the date of the compensation attributable for financial year 2017, as a result of which the compensation policy for corporate officers for that financial year was submitted to the general meeting of May 19, 2017,** which voted in favor; and
- an *ex post* vote on the implementation of the compensation policy, whereby the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to the Chairman of the Supervisory Board, the Chairman of the Management Board and members of the Management Board for the previous financial year are submitted to shareholders for approval each year. This vote must be the subject of separate resolutions for the Chairman of the Supervisory Board, the Chairman of the Management Board and each of the members of the Management Board; **the *ex post* vote is applicable as from the date of compensation paid and awarded for financial year 2017, such that the shareholders will vote on the 2017 compensation for the first time at the 2018 general meeting.**

12th to 15th resolutions

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind that may be awarded to the Chairmen and members of the Management Board and Supervisory Board for financial year 2018

It is in this context that shareholders are called upon under the terms of separate resolutions to approve by an *ex-ante* vote the compensation policy for the Chairman and members of the Supervisory Board (**12th and 13th resolutions**), the Chairman and members of the Management Board (**14th and 15th resolutions**), for the financial year ending December 31, 2018, as detailed in the Supervisory Board's report on corporate governance included in chapter 4 "Corporate governance" of the 2017 registration document and summarized in the table below.

The principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the Chairman and members of the Management Board and the Chairman and members of the Supervisory Board were determined by the Supervisory Board at its meetings of December 14, 2017 and March 6, 2018, on the recommendations of the Appointments and Compensation Committee.

If these resolutions are rejected by the general meeting, the compensation of the Company's corporate officers will be determined in accordance with the principles and criteria for determining the compensation of the corporate officers for 2017 approved by the general meeting of May 19, 2017, in accordance with the provisions of Article L. 225-82-2 of the French Commercial Code.

The elements of the compensation paid or awarded to the Chairman of the Supervisory Board, the Chairman of the Management Board and each of the members of the Management Board for financial year 2018, pursuant to the compensation policies submitted to this general meeting, will be subject to an *ex post* vote at the general meeting to be held in 2019, with the proviso that the payment of the variable and exceptional elements set based on these policies will be subject to the approval of the ordinary general meeting of shareholders called to vote on the elements of compensation of that person.

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2018 (12th RESOLUTION)

Fixed compensation	None
Annual variable compensation	None
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	None
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	None
Elements of long-term compensation: other compensation	None
Directors' fees	For 2018, the Chairman of the Supervisory Board will receive Directors' fees consisting of a fixed portion equal to €36,000 for his role as member and Chairman of the Supervisory Board, and a variable portion based on attendance at Supervisory Board meetings, in accordance with the AFEP-MEDEF Code. For 2018, the variable portion is set at €3,600 for each Supervisory Board meeting attended, this amount being reduced to €1,800 for meetings attended by conference call. The Chairman of the Supervisory Board will also receive additional payment for his duties as a member of the Audit Committee and of the Appointments and Compensation Committee, the amount of which is based on attendance at meetings of the said committees. Attendance at a committee meeting entitles to compensation equal to €2,000, this amount being reduced to €1,000 for meetings attended by conference call.
Benefits of any kind	None
Termination benefits	None
Service agreements	None
Non-compete benefits	None
Supplementary retirement plan	None

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2018 (13th RESOLUTION)

Fixed compensation	None
Annual variable compensation	None
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	None
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	None
Elements of long-term compensation: other compensation	None
Directors' fees	Each member of the Supervisory Board receives Directors' fees consisting of a fixed portion equal to €18,000, and a variable portion based on attendance at Supervisory Board meetings, in accordance with the AFEP-MEDEF Code. For 2018, the variable portion is set at €3,600 for each Supervisory Board meeting attended, this amount being reduced to €1,800 for meetings attended by conference call. Supervisory Board members serving on a special committee receive additional variable compensation based on their attendance at meetings of the committees of which they are members. Attendance at a committee meeting entitles to compensation equal to €2,000, this amount being reduced to €1,000 for meetings attended by conference call.
Benefits of any kind	None
Termination benefits	None
Service agreements	None
Non-compete benefits	None
Supplementary retirement plan	None

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE CHAIRMAN OF THE MANAGEMENT BOARD FOR FINANCIAL YEAR 2018 (14th RESOLUTION)

Fixed compensation	The fixed compensation of the Chairman of the Management Board was set at the time of the Company's IPO in February 2015 and has remained unchanged since then. This compensation reflects his responsibilities and expertise. The fixed portion of compensation may only be revised every three years, unless an earlier revision is considered warranted due to special circumstances (change in scope of consolidation, major gap in relation to the reference panel, etc.). Such circumstances would be explained by the Supervisory Board and made public. In 2017, and more specifically following Elis's acquisition of Berendsen Plc, the Supervisory Board requested a study of executive compensation, which was carried out by Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content within companies similar in size to the Group. The reference markets selected include France, Germany and the *United* Kingdom. The benchmark is therefore both comprehensive and representative of market practices. In view of the Group's transformation since the Company's IPO, the Supervisory Board has therefore decided to bring the fixed compensation of Management Board members up to standard and to set the fixed salary of the Chairman of the Management Board at €800,000. This adjustment to fixed compensation, applicable as from January 1, 2018, is therefore consistent with both the three-year review process and with events that have impacted the company and market practices since its IPO, in accordance with the compensation policy as adopted by the shareholders at the general meeting of May 19, 2017.
Annual variable compensation	The Chairman of the Management Board's target annual variable compensation remains at 100% of the amount of his fixed compensation (as a target) and can range from 0 up to 170% in the event of outperformance. This target-based variable part is based on the following financial and non-financial indicators and in the following proportions (unchanged from 2017): – financial indicators counting for 70% of the variable element (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Supervisory Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wished to use the same financial criteria as previously, since they are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; – non-financial indicators count for 30 % of the variable element (i.e., 30 % of fixed compensation, this percentage being the maximum) and are based on strategic and management criteria assessed either qualitatively or quantitatively. The payment of the variable portion may only be made subject to prior approval by the shareholders of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2018, the Supervisory Board has maintained the principle whereby the Chairman of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable), it being specified that the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.
Elements of long-term compensation: stock options	None

Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2018 (including the Chairman of the Management Board), the Supervisory Board maintained the principle of equity-based compensation for the Chairman of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the beneficiaries. The Supervisory Board also reviewed the vesting conditions for such shares. The maximum proportion of performance shares that can be granted annually to the members of the Management Board (including its Chairman) is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with market practices of SBF 120 companies. The rights granted to the Chairman and members of the Management Board may not exceed 0.55% of the Company's share capital during the validity period of the general meeting's authorization, in accordance with the 22nd resolution of the annual general meeting of May 27, 2016. The performance shares granted to the Chairman and members of the Management Board will vest only after a minimum period of three years and subject to the following conditions: – a condition of continuous service with the Group from the date of share grant and throughout the entire vesting period of at least three years; – economic and share price performance conditions evaluated over a period of at least three years. This represents a reinforcement of vesting conditions compared to the previous two-year policy. With regard to economic criteria, the Supervisory Board will take care to select appropriate criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. The Chairman of the Management Board is under the obligation to hold such bonus shares amounting to one-third of the shares vested until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation.
Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	The Chairman of the Management Board will continue to enjoy the use of a company car.
Termination benefits	In view of the reappointment of Xavier Martiré as a member and Chairman of the Management Board in 2018, the Supervisory Board meeting of March 6, 2018 confirmed that Xavier Martiré's termination benefits would remain in place for the duration of his new term of office (which will begin on September 5, 2018) under the same terms and conditions as those previously approved by the general meeting of June 24, 2015. Thus, the Chairman of the Management Board could be entitled to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee, which set the compensation at 18 months of gross fixed and variable compensation calculated based on the average compensation paid to Xavier Martiré during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEP-MEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that Xavier Martiré is able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None

Non-compete benefits	At its meeting of March 6, 2018, and in view of Xavier Martiré's reappointment as a member and Chairman of the Management Board in 2018, the Supervisory Board maintained the non-compete agreement for a one-year period. In consideration for this agreement, Xavier Martiré will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Xavier Martiré's departure. If the severance payment and non-compete payment were both to become payable, the amount that could be received by Xavier Martiré in respect thereof would be capped at two years of gross fixed and variable compensation.
Supplementary retirement plan	The Chairman of the Management Board is not entitled to any supplementary retirement plan for 2018.

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD (15th RESOLUTION)

LOUIS GUYOT

Fixed compensation	The fixed compensation of Louis Guyot, member of the Management Board, was set at the time of the Company's IPO in February 2015 and has remained unchanged since then. This compensation reflects his responsibilities and expertise. The fixed portion of compensation may only be revised every three years, unless an earlier revision is considered warranted due to special circumstances (change in scope of consolidation, major gap in relation to the reference panel, etc.). Such circumstances would be explained by the Supervisory Board and made public. In 2017, and more specifically following Elis's acquisition of Berendsen Plc, the Supervisory Board requested a study of executive compensation, which was carried out by Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content within companies similar in size to the Group. The reference markets selected include France, Germany and the United Kingdom. The benchmark is therefore both comprehensive and representative of market practices. In view of the Group's transformation since the Company's IPO, the Supervisory Board has therefore decided to bring the fixed compensation of Management Board members up to standard and to set the fixed salary of Louis Guyot, member of the Management Board, at €400,000. This adjustment to fixed compensation, applicable as from January 1, 2018, is therefore consistent with both the three-year review process and with events that have impacted the company and market practices since its IPO, in accordance with the compensation policy as adopted by the shareholders at the general meeting of May 19, 2017.

Annual variable compensation	As Mercer's study on executive compensation also revealed a gap between the variable compensation of members of the Management Board and that of the market given the significant changes in the Group's structure and its challenges, the Supervisory Board decided to raise Louis Guyot's target variable compensation to 70% of his fixed compensation, which could range from 0% up to 119% in the event of outperformance. This target-based variable part is based on the following financial and non-financial indicators and in the proportions shown (unchanged from 2017): – financial indicators counting for 70% of the variable element (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Supervisory Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wished to use the same financial criteria as previously, since they are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; – non-financial indicators count for 30% of the variable element (i.e., 30% of fixed compensation, this percentage being the maximum) and are based on strategic and management criteria assessed either qualitatively or quantitatively. The payment of the variable portion may only be made subject to prior approval by the shareholders of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2018, the Supervisory Board has maintained the principle whereby members of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable); the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2018, the Supervisory Board maintained the principle of equity-based compensation for members of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the beneficiaries. The Supervisory Board also reviewed the vesting conditions for such shares. The maximum proportion of performance shares that can be granted annually to the members of the Management Board is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with market practices of SBF 120 companies. The rights granted to the members of the Management Board may not exceed 0.55% of the Company's share capital during the validity period of the general meeting's authorization, in accordance with the 22nd resolution of the annual general meeting of May 27, 2016. The performance shares granted to the members of the Management Board will vest only after a minimum period of three years and subject to the following conditions: – a condition of continuous service with the Group from the date of share grant and throughout the entire vesting period of at least three years; – economic and share price performance conditions evaluated over a period of at least three years. This represents a reinforcement of vesting conditions compared to the previous two-year policy. With regard to economic criteria, the Supervisory Board will take care to select appropriate criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. Members of the Management Board are under the obligation to hold such bonus shares amounting to one-third of the shares vested until their Company share portfolio reaches a value representing twice the amount of their annual fixed compensation.

Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	Louis Guyot will continue to enjoy the use of a company car.
Termination benefits	In view of the reappointment of the members of the Management Board in 2018, the Supervisory Board meeting of March 6, 2018 confirmed that the termination benefits for the members of the Management Board would remain in place for the duration of their new term of office (which will begin on September 5, 2018) under the same terms and conditions as those previously approved by the general meeting of June 24, 2015. Thus, Louis Guyot could be entitled to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee, which set the compensation at 18 months of gross fixed and variable compensation calculated based on the average compensation paid to Louis Guyot during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEP-MEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that Louis Guyot were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None
Non-compete benefits	At its meeting of March 6, 2018, and in view of Louis Guyot's reappointment as a member of the Management Board in 2018, the Supervisory Board maintained the non-compete agreement for a six-month period. In consideration for this agreement, Louis Guyot will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation received for the last full financial year prior to his departure. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Louis Guyot's departure. If the severance payment and non-compete payment were both to become payable, the amount that could be received by Louis Guyot in respect thereof would be capped at two years of annual gross fixed and variable compensation, including the amount of compensation that may be paid to him because of the termination of his employment contract.
Supplementary retirement plan	The members of the Management Board are not entitled to any supplementary retirement plan for 2018.

MATTHIEU LECHARNY

Fixed compensation	The fixed compensation of Matthieu Lecharny, member of the Management Board, was set at the time of the Company's IPO in February 2015 and has remained unchanged since then. This compensation reflects his responsibilities and expertise. The fixed portion of compensation may only be revised every three years, unless an earlier revision is considered warranted due to special circumstances (change in scope of consolidation, major gap in relation to the reference panel, etc.). Such circumstances would be explained by the Supervisory Board and made public. In 2017, and more specifically following Elis's acquisition of Berendsen Plc, the Supervisory Board requested a study of executive compensation, which was carried out by Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content within companies similar in size to the Group. The reference markets selected include France, Germany and the United Kingdom. The benchmark is therefore both comprehensive and representative of market practices. In view of the Group's transformation since the Company's IPO, the Supervisory Board has therefore decided to bring the fixed compensation of Management Board members up to standard and to set the fixed salary of Matthieu Lecharny Board at €300,000. This adjustment to fixed compensation, applicable as from January 1, 2018, is therefore consistent with both the three-year review process and with events that have impacted the company and market practices since its IPO, in accordance with the compensation policy as adopted by the shareholders at the general meeting of May 19, 2017.
Annual variable compensation	As Mercer's study on executive compensation also revealed a gap between the variable compensation of members of the Management Board and that of the market given the significant changes in the Group's structure and its challenges, the Supervisory Board decided to adjust Matthieu Lecharny's target variable compensation to 70% of his fixed compensation, which could range from 0% up to 119% in the event of outperformance. This target-based variable part is based on the following financial and non-financial indicators and in the proportions shown (unchanged from 2017): financial indicators counting for 70% of the variable element (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Supervisory Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wished to use the same financial criteria as previously, since they are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; non-financial indicators count for 30% of the variable element (i.e., 30% of fixed compensation, this percentage being the maximum) and are based on strategic and management criteria assessed either qualitatively or quantitatively. The payment of the variable portion may only be made subject to prior approval by the shareholders of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2018, the Supervisory Board has maintained the principle whereby members of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable); the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.
Elements of long-term compensation: stock options	None

Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2018, the Supervisory Board maintained the principle of equity-based compensation for members of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the beneficiaries. The Supervisory Board also reviewed the vesting conditions for such shares. The maximum proportion of performance shares that can be granted annually to the members of the Management Board is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with market practices of SBF 120 companies. The rights granted to the members of the Management Board may not exceed 0.55% of the Company's share capital during the validity period of the general meeting's authorization, in accordance with the 22nd resolution of the annual general meeting of May 27, 2016. The performance shares granted to the members of the Management Board will vest only after a minimum period of three years and subject to the following conditions: – a condition of continuous service with the Group from the date of share grant and throughout the entire vesting period of at least three years (except in special circumstances described below); – economic and share price performance conditions evaluated over a period of at least three years. This represents a reinforcement of vesting conditions compared to the previous two-year policy. With regard to economic criteria, the Supervisory Board will take care to select appropriate criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. Members of the Management Board are under the obligation to hold such bonus shares amounting to one-third of the shares vested until their Company share portfolio reaches a value representing twice the amount of their annual fixed compensation.
Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	Matthieu Lecharny will continue to enjoy the use of a company car.
Termination benefits	In view of the reappointment of the members of the Management Board in 2018, the Supervisory Board meeting of March 6, 2018 confirmed that the termination benefits for the members of the Management Board would remain in place for the duration of their new term of office (which will begin on September 5, 2018) under the same terms and conditions as those previously approved by the general meeting of June 24, 2015. Thus, Matthieu Lecharny could be entitles to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee, which set the compensation at 18 months of gross fixed and variable compensation calculated based on the average compensation paid to the member of the Management Board concerned during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEP-MEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that the member of the Management Board concerned were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None

Non-compete benefits	At its meeting of March 6, 2018, and in view of the reappointment of the members of the Management Board, the Supervisory Board maintained the non-compete agreement with Matthieu Lecharny for a six-month period. In consideration for this agreement, Matthieu Lecharny will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Matthieu Lecharny's departure. If the severance payment and non-compete payment were both to become payable, the amount that could be received by Matthieu Lecharny in respect thereof would be capped at two years of annual gross fixed and variable compensation, including the maximum amount that may be paid to him because of the termination of his employment contract.
Supplementary retirement plan	The members of the Management Board are not entitled to any supplementary retirement plan for 2018.

16th to 19th resolutions

Approval of the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to the Chairman of the Management Board, to the Chairman of the Supervisory Board, and to the members of the Supervisory Board for financial year 2017

Under the terms of the **16th to 19th resolutions**, the shareholders are requested, in accordance with the provisions of Articles L. 225-100 and R. 225-56-1 of the French Commercial Code, to approve the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Xavier Martiré, Chairman of the Management Board, Louis Guyot and Matthieu Lecharny, members of the Management Board, and to Thierry Morin, Chairman of the Supervisory Board for financial year 2017, in accordance with their respective compensation policies, which were approved by the shareholders at the combined general meeting of May 19, 2017 in accordance with the provisions of Article L. 225-82-2 of the French Commercial Code.

The fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Xavier Martiré, Chairman of the Management Board, Louis Guyot and Matthieu Lecharny, members of the Management Board, and Thierry Morin, Chairman of the Supervisory Board, are detailed in the Supervisory Board's report on corporate governance in chapter 4, "Corporate Governance," of the 2017 registration document.

In accordance with Article L. 225-100 of the French Commercial Code, the payment of the variable and exceptional elements of the compensation of the above-mentioned corporate officers under their respective compensation policies, approved by the shareholders at the combined general meeting of May 19, 2017, may only be paid after the shareholders have approved the elements of compensation of the corporate officer concerned under the terms of the 16th, 17th, 18th and 19th resolutions.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO THIERRY MORIN, CHAIRMAN OF THE SUPERVISORY BOARD, FOR FINANCIAL YEAR 2017 (16th RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Fixed compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Annual variable compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Deferred variable compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Multi-year variable compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Special compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Subscription of stock options, performance shares or any other element of long-term compensation	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Directors' fees	68,000 [(a)]	In accordance with the compensation policy for non-executive corporate officers approved by the general meeting of May 19, 2017, Thierry Morin will receive directors' fees in 2018 for financial year 2017 consisting of a fixed portion equal to €30,000 in respect of his role as member and Chairman of the Supervisory Board, and a variable portion based on attendance at Supervisory Board meetings, in accordance with the AFEP-MEDEF Code. For 2017, the variable portion was set at €3,000 for each Supervisory Board meeting attended, this amount being reduced to €1,500 for meetings attended by conference call. Thierry Morin also receives an additional payment for his role as member of the Audit Committee, the amount of which is based on attendance at the meetings of said Committee. Attendance at a committee meeting entitles to compensation equal to €2,000, this amount being reduced to €1,000 for meetings attended by conference call.
Benefits of any kind	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Termination benefits	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Non-compete benefits	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Supplementary retirement plan	0	Not applicable, as the 2017 compensation policy for non-executive corporate officers does not provide for it.
Executive liability insurance		Applicable.

(a) Gross amount before 17.2% withholding at source and a tax installment payment of 12.8%.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO XAVIER MARTIRÉ, CHAIRMAN OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2017 (17th RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Fixed compensation	550,000	Xavier Martiré's gross annual fixed compensation has been unchanged since January 1, 2015.
Annual variable compensation	829,846 (150.9% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 100% of the amount of fixed compensation, capped at 170% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to an amount of bonus in excess of the target. Annual variable compensation targets (2017 financial year): Targets based on financial indicators (target of 70% of the variable element that can range from 0 to 140% in the event of outperformance), linked to: – Revenue compared to budget (20%); – EBIT compared to budget (30%); – Operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): – Indusal integration (6%); – Lavebras integration (6%); – Customer satisfaction (6%); – Improvement in cash flow generation (6%); – Acceleration in innovation and search for growth drivers (6%). The weighting of each of these indicators used to determine the variable compensation of the Chairman of the Management Board and their satisfaction levels are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2017 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2017 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2017 does not provide for it.
Compensation linked to the Berendsen Acquisition	550,000	In accordance with the compensation policy for executive corporate officers for 2017, as described in section 4.5 of the 2016 registration document, the Supervisory Board meeting of December 14, 2017 considered that the acquisition of Berendsen was a decisive step in the Group's strategy, and to recognize the high quality of the execution of the transaction, decided to award a bonus to the Chairman of the Management Board equal to one time his fixed compensation for financial year 2017.
Subscription of stock options, performance shares or any other element of long-term compensation	1,503,808	No stock options were granted to Xavier Martiré in 2017. On March 24, 2017 Xavier Martiré was awarded 100,000 performance shares (0.045% of the share capital as at December 31, 2017). This award falls under the authorization granted by the Company's general meeting of shareholders of May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meeting of March 14, 2017. The vesting of the performance shares thus awarded is subject to performance conditions and a condition of continued employment with the Company. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte-Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Directors' fees	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2017 does not provide for it.
Benefits of any kind	7,266	Xavier Martiré has the use of a company car (annual value).
Termination benefits	0	No amount has been allocated for financial year 2017. In accordance with the compensation policy for the Chairman of the Management Board for financial year 2017, Xavier Martiré may be entitled to severance pay in the event of a forced departure. This commitment on the part of the Company was approved by the general meeting of June 24, 2015 pursuant to the 9th resolution. The terms and conditions of this severance pay, which were approved by the Supervisory Board on October 10, 2014 on the recommendation of the Appointments and Compensation Committee, set the compensation at 18 months of gross fixed and variable compensation calculated on the basis on the average compensation paid to Xavier Martiré during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEPMEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that Xavier Martiré is able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If neither of the aforementioned targets is achieved, no payment will be due, if one of the above targets is achieved, two-thirds of the payment will be due (i.e., 12 months of average gross fixed and variable compensation), and if both the above targets are achieved, the severance payment will be due in full.
Non-compete benefits	0	No amount has been allocated for financial year 2017. Pursuant to the compensation policy for the Chairman of the Management Board for financial year 2017, Xavier Martiré is subject to a non-competition agreement for a period of one year. In consideration for this agreement, Xavier Martiré will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid in respect of the last full financial year prior to his departure. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Xavier Martiré's departure. If the severance payment and non-compete payment were both to become payable, the amount that could be received by Xavier Martiré in respect thereof would be capped at two years of gross fixed and variable compensation.
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2017 does not provide for it.
Executive liability insurance		Applicable.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO LOUIS GUYOT, MEMBER OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2017 (18th RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Fixed compensation	250,000	Louis Guyot's gross annual fixed compensation has been unchanged since January 1, 2015.
Annual variable compensation	150,881 (60.4% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 40% of the amount of fixed compensation, capped at 68% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to an amount of bonus in excess of the target. Annual variable compensation targets (2017 financial year): Targets based on financial indicators (target of 70% of the variable element that can range from 0 to 140% in the event of outperformance), linked to: – Revenue compared to budget (20%); – EBIT compared to budget (30%); – Operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): – financial communication (10%); – risk management (10%); – improvement in cash flow generation (10%). The weighting of each of these indicators used to determine the variable compensation of Louis Guyot and their satisfaction levels are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2017 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board in 2017 does not provide for it.
Compensation linked to the Berendsen Acquisition	250,000	In accordance with the compensation policy for executive corporate officers for 2017, as described in section 4.5 of the 2016 registration document, the Supervisory Board meeting of December 14, 2017 considered that the acquisition of Berendsen Plc was a decisive step in the Group's strategy, and to recognize the high quality of the transaction's execution, decided to award a bonus to Louis Guyot, Chief Financial Officer, equal to one time his fixed compensation for financial year 2017.
Subscription of stock options, performance shares or any other long-term element of compensation	342,241	No stock options were granted to Louis Guyot in 2017. On March 24, 2017 Louis Guyot was awarded 23,350 performance shares (0.010% of the share capital as at December 31, 2017). This award falls under the authorization granted by the Company's general meeting of shareholders of May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meeting of March 14, 2017. The vesting of the performance shares thus granted is subject to performance conditions and a condition of continued employment with the Company. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte-Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Directors' fees	0	Louis Guyot does not receive Directors' fees, as the compensation policy for members of the Management Board does not provide for this.
Benefits of any kind	2,948	Louis Guyot has the use of a company car (annual value).
Termination benefits	0	No amount has been allocated for financial year 2017. In accordance with the compensation policy for members of the Management Board for financial year 2017, Louis Guyot may be entitled to severance pay in the event of a forced departure. This commitment on the part of the Company was approved by the general meeting of June 24, 2015 pursuant to the 10th resolution. The terms and conditions of the severance pay, which were approved by the Supervisory Board on October 10, 2014 on the recommendation of the Appointments and Compensation Committee, set the compensation at 18 months of gross fixed and variable compensation calculated based on the average compensation paid to Louis Guyot during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEP-MEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that Louis Guyot were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If neither of those targets is achieved, no payment is due, if one of the above targets is achieved, two-thirds of the payment is due (i.e., 12 months of average gross fixed and variable compensation) and if both targets are achieved, the severance payment is due in full.
Non-compete benefits	0	No amount has been allocated for financial year 2017. Pursuant to the compensation policy for members of the Management Board for financial year 2017, Louis Guyot is subject to a non-competition agreement for a period of six months. In consideration for this agreement, Louis Guyot will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation received for the last full financial year prior to his departure. If the severance and non-compete compensation were both to become payable, the amount that could be received by Louis Guyot in respect thereof would be capped at two years of annual gross fixed and variable compensation. This cap would also include the amount of compensation that may be paid to him because of the termination of his employment contract with the Company. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Louis Guyot's departure.
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.
Profit sharing	19,614	Louis Guyot received a profit-sharing payment as an employee of the Company.
Executive liability insurance		Applicable.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO MATTHIEU LECHARNY, MEMBER OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2017 (19th RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Fixed compensation	250,000	Matthieu Lecharny's gross annual fixed compensation has been unchanged since January 1, 2015.
Annual variable compensation	147,881 (59.2% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 40% of the amount of fixed compensation, capped at 68% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to an amount of bonus in excess of the target. Annual variable compensation targets (2017 financial year): Targets based on financial indicators (target of 70% of the variable element that can range from 0 to 140% in the event of outperformance), linked to: – Revenue compared to budget (20%); – EBIT compared to budget (30%); – Operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): – integration of Lavebras; – sales momentum on the scope; – integration of Indusal. The weighting of each of these indicators used to determine the variable compensation of Matthieu Lecharny and their satisfaction levels are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2017 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.
Special compensation	0	Matthieu Lecharny did not receive any special compensation in 2017.
Subscription of stock options, performance shares or any other long-term element of compensation	342,241	No stock options were granted to Matthieu Lecharny in 2017. On March 24, 2017 Matthieu Lecharny was granted 23,350 performance shares (0.010% of the share capital as at December 31, 2017). This award falls under the authorization granted by the Company's general meeting of shareholders of May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meeting of March 14, 2017. The vesting of the performance shares thus awarded is subject to performance conditions and a condition of continued employment with the Company. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte-Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.
Directors' fees	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.

Elements of compensation paid or awarded for the financial year ended December 31, 2017	Amounts or carrying amounts submitted for vote *(in euros)*	Description and comments
Benefits of any kind	3,307	Matthieu Lecharny has the use of a company car (annual amount).
Termination benefits	0	No amount has been allocated for financial year 2017. In accordance with the compensation policy for executive corporate officers for financial year 2017, Matthieu Lecharny may be entitled to severance pay in the event of a forced departure. This commitment on the part of the Company was approved by the general meeting of June 24, 2015 pursuant to the 11th resolution. The terms and conditions of this severance pay, which were approved by the Supervisory Board on October 10, 2014 on the recommendation of the Appointments and Compensation Committee, set the compensation at 18 months of gross fixed and variable compensation calculated based on the average compensation paid to Matthieu Lecharny during the last two full financial years preceding his departure, in accordance with the recommendations of the AFEP-MEDEF Code. The payment would be due only in the event of forced departure, except in the case of negligence or in the event that Matthieu Lecharny were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to his departure. If neither of those targets is achieved, no payment is due, if one of the above targets is achieved, two-thirds of the payment is due (i.e., 12 months of average gross fixed and variable compensation) and if both targets are achieved, the severance payment is due in full.
Non-compete benefits	0	No amount has been allocated for financial year 2017. Pursuant to the compensation policy for members of the Management Board for financial year 2017, Louis Guyot is subject to a non-compete agreement for a period of six months. In consideration for this agreement, Matthieu Lecharny will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation received for the last full financial year prior to his departure. If the severance and non-compete compensation were both to become payable, the amount that could be received by Matthieu Lecharny in respect thereof would be capped at two years of annual gross fixed and variable compensation, including the maximum amount that may be paid to him in respect of the termination of his employment contract with the Company. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Matthieu Lecharny's departure.
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2017 does not provide for it.
Profit sharing	19,614	Matthieu Lecharny received a profit-sharing payment as an employee of the Company.
Executive liability insurance		Applicable.

20th resolution

Adjustment of the annual overall amount of Directors' fees

In accordance with the provisions of Article 225-83 of the French Commercial Code and on a proposal by the Supervisory Board after consulting the Appointments and Compensation Committee, the **20th resolution** is submitted for your approval to ask you to raise the annual overall amount of Directors' fees paid to members of the Supervisory Board and its special committees from €500,000 to €600,000 for 2018 and subsequent financial years until otherwise decided.

The adjustment of the maximum overall amount of Directors' fees takes into account the growth of the Group and also aims, as appropriate to encourage the addition of foreign nationals to the Supervisory Board.

To this end, the Supervisory Board could introduce a distinction in the allocation of Directors' fees according to whether or not the Board member resides outside Europe in order to account for the constraints associated with significantly longer travel time to physically attend Board meetings.

21st resolution

Authorization to be granted to the Management Board to trade in the Company's shares

Pursuant to its 18th resolution, the combined general meeting of shareholders of May 19, 2017 renewed the authorization granted to the Company to trade in its own shares for a period of 18 months, in accordance with Article L. 225-209 of the French Commercial Code and the directly applicable provisions of European Regulation No. 596/2014 of April 16, 2014 on market abuse and related European Commission regulations.

A liquidity agreement was set up under this authorization and resulted in the following movements during financial year 2017:

- 261,660 shares were purchased for a total price of €4,967,335.05, or an average share price of €18.9839;
- 310,633 shares were sold for a total price of €5,855,851.66, or an average share price of €18.8514.

In addition, as a result of the completion of the Berendsen Plc acquisition, the Management Board decided on September 13, 2017, in order to deliver existing Elis shares during the six months following the completion of the acquisition of Berendsen Plc either to the holders of Berendsen options (sharesave options) granted by Berendsen, or to the Employee Benefit Trust to which they will be due under the terms of the Put and Call Agreement between the Employee Benefit Trust, Berendsen and the Company (see chapter 1 of the Company's 2017 registration document, section 1.14 "Major agreements"):

- first, to reallocate 12,527 treasury shares under the liquidity agreement in order to serve the beneficiaries of Berendsen options;
- second, to repurchase a maximum of 508,628 shares under its share buyback program.

In accordance with this decision, 53,000 Elis shares were thus acquired for a total price of €1,176,421.22, or an average price of €22.19663. Trading costs amounted to €588.21 in financial year 2017. As at December 31, 2017, of the 53,000 shares acquired, 48,775 were delivered to the Employee Benefit Trust.

As at December 31, 2017, the Company directly held 61,798 shares, representing 0.03% of the Company's share capital at that date.

As the authorization to the Management Board currently in force is due to expire in November 2018, the Management Board proposes that it be replaced by a new authorization for a period of 18 months as from the date of this shareholders' meeting.

Note that, in accordance with Article 20 of the Company's bylaws, this motion for a resolution on the purchase of shares was submitted to the Supervisory Board for prior approval.

This new delegation would allow the Company to trade in its shares (including by using derivative financial instruments), in particular with the following aims, which are subjected to necessary amendments under European Regulation No. 596/2014 of April 16, 2014 on market abuse, related European Commission regulations and market practices allowed by the AMF:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI), using an investment services provider as intermediary;
- to honor obligations deriving from the exercise of rights attached to securities issued by the Company or by one of its subsidiaries, entitling the holder, through conversion, exercise, redemption, exchange, presentation of a warrant or in any other way, immediately or in the future, to the allocation of shares of the Company, in accordance with applicable regulations;
- to honor obligations related to stock option plans, the grant of bonus shares to employees and corporate officers, the grant or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share grant, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions in respect of these transactions, as provided by law;
- to cancel any shares acquired as part of a capital reduction, subject to the adoption of the 31st resolution submitted to the shareholders for approval at this general meeting;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use in payment for potential acquisitions, contributions, mergers or demergers in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by laws or regulations in force or by the AMF.

We remind you that the general meeting of May 27, 2016, under the terms of its 21st resolution, authorized your Management Board to reduce the share capital by canceling treasury sharers. As this authorization is due to expire in 2018, the Management Board asks that the shareholders renew it under the terms of the 31st resolution.

The conditions applying to this new share buyback authorization, unchanged from those previously adopted by the combined general meeting of shareholders of May 19, 2017, would be as follows:

- maximum purchase price (excluding acquisition-related costs): €30 per share;
- maximum holding: 10% of the share capital (or 21,937,020 shares as at March 6, 2018); and
- maximum purchase amount: €350 million.

These acquisition of these shares may be carried out at any time, excluding periods of tender offers for the Company's share capital (except with prior authorization from the general meeting), on one or more occasions and by all available means, on any market, over the counter, including the purchase of blocks of shares, by the use of derivative financial instruments or by warrants or securities giving access to shares in the Company, or by the implementation of strategies, where applicable, by any third party acting on behalf of the Company in accordance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code, to the extent permitted by the laws and regulations in effect the period of validity of the share buyback program.

7.2.2 RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY GENERAL MEETING

22nd to 28th resolutions

Financial delegations to be granted to the Management Board with or without preferential subscription rights

The combined general meetings of shareholders of May 27, 2016 and May 19, 2017 authorized the Management Board to increase the Company's share capital based on a variety of terms and conditions, within the limits of the authorizations granted, with or without preferential subscription rights.

In the course of financing major strategic acquisitions for the Group, the Management Board used the following delegations of authority granted to it in 2017:

- on the one hand, to finance the acquisition of Indusal in Spain and the acquisition of Lavebras in Brazil, the Management Board made use of the 13th resolution of the combined general meeting of shareholders of May 27, 2016 *(delegation of authority to be granted to the Management Board to issue, with preferential subscription rights for shareholders, shares or securities giving access, immediately or in the future, to the Company's share capital)* and increased the Company's share capital by an amount of €259,104,900 through the issue of 25,910,490 new shares with a par value of €10 each plus a share premium of €2.55, for a total subscription amount of €325,176,649.50 (including additional paid-in capital). The Management Board's supplementary report describing the final terms and conditions of this capital increase was presented to shareholders at the combined general meeting of shareholders on May 19, 2017 and can be found in section 7.4 of the 2016 registration document;
- on the other hand, in order to refinance the debt incurred in connection with the acquisition of Berendsen Plc, the Management Board made use of the 26th resolution of the combined general meeting of shareholders of May 19, 2017 *(delegation of authority to be granted to the Management Board to issue shares and/or securities giving access, immediately or in the future, to the Company's share capital without preferential subscription rights, as part of an offering referred to in section II of Article L. 411-2 of the French Monetary and Financial Code)* and issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions*, known as "**Océanes**"), for a nominal amount of €399,999,997.65, representing 12,558,869 underlying shares. The Management Board's supplementary report describing the final terms and conditions for the issuance of the *Océane* bonds can be found in section 7.4 of chapter 7 of the 2017 registration document.

We also inform you that the Management Board has made combined use of:

- the delegation granted to it under the 22nd resolution of the combined general meeting of May 27, 2016 pursuant to which the Management Board may grant bonus shares of the Company to employees and/or corporate officers of the Company in accordance with the conditions set forth in said resolution; and
- the delegation granted to it by the combined general meeting of May 27, 2016 pursuant to the 12th resolution authorizing an increase in the share capital through the capitalization of reserves, premiums, profits or any other sum that may be capitalized for the purposes of the performance share plans whose vesting period expired in 2017.

As this delegation of authority to increase the share capital through the capitalization of reserves, premiums, profits or any other sum that may be capitalized is due to expire in 2018, the Management Board asks that the shareholders renew it.

Details of the use made in 2017 by the Management Board of financial delegations can be found in chapter 4 "Corporate governance", section 4.1.5 "Summary table of delegations of authority and power to increase the share capital" of the 2017 registration document.

In addition to renewing the financial delegations expiring in 2018 and which shareholders are asked to renew, the Management Board proposes that shareholders replace certain existing financial delegations given to the Management Board to increase the share capital, with new delegations of authority and to adjust the ceilings

for new delegations of authority in light of the changes in the Company's share capital following the capital increase transactions carried out in 2017, in particular, the capital increase carried out in consideration for the contributions of assets to the Company as part of the Berendsen Plc acquisition and the capital increase reserved for the benefit of the Pension Plan Investment Board (CPPIB) on September 13, 2017, in order to allow the Company to maintain its flexibility to issue securities in line with market conditions and the Company's development, while allowing it to have various options at its disposal, in due course, to issue different securities.

In accordance with Article 20 of the Company's articles of incorporation, the issue by the Management Board of any shares and/or securities giving direct or indirect access to the Company's share capital is subject to the prior approval of the Supervisory Board.

Pursuant to these delegations and authorizations, the Management Board could thus decide to issue Company shares or securities giving access to the Company's capital immediately and/or in the future, specifically Company securities giving access to other equity securities, whether existing or to be issued, and/or granting allocation rights to debt securities.

It is hereby specified that, pursuant to the provisions of Article L. 228-92 of the French Commercial Code as amended by the Order of July 31, 2014 relating to corporate law, only the Management Board is authorized to issue securities that will not result in a change in share capital immediately or in the future. Consequently, the scope of the resolutions submitted to you excludes issues by the Company of debt securities giving access to existing shares of the Company and/or entitling the holder to the allocation of other debt securities of the Company.

The Management Board would not be authorized to decide to issue preferred shares or securities giving access to preferred shares under these delegations and authorizations.

Notwithstanding the Management Board's policy to favor capital increases with preferential subscription rights, under certain circumstances it may be more appropriate and in the interests of shareholders to provide for the possibility of capital increases without preferential subscription rights.

The resolutions on which you are asked to vote in this general meeting therefore provide for the possibility for the Management Board to issue shares or securities:

- with preferential subscription rights, under the 23rd resolution *(issue of shares or securities with preferential subscription rights)* and the 27th resolution *(increase in the number of shares or securities to be issued in the event of an issue in application of the 23rd resolution)*; or
- without preferential subscription rights, under the 24th resolution *(issue of shares or securities as part of one or more public offerings or as part of a public offering with an exchange component)*, the 25th resolution *(issue of shares or securities as part of one or more private placements)*, and the 27th resolution *(increase in the number of shares or securities to be issued in the event of an issue in application of the 24th and 25th resolutions)*.

We inform you that the issue of securities giving access to capital would require shareholders to waive their preferential subscription rights to the new common shares to which such securities would give right.

We also inform you that, in accordance with Article L. 233-32 of the French Commercial Code, the Management Board would not be authorized, unless prior authorization has been granted by the general meeting, to use said delegations from the time a tender offer for Elis shares is filed by a third party until the end of the offer period.

The following financial delegations are therefore submitted for your approval:

Delegation of authority to be granted to the Management Board to increase the share capital by capitalizing reserves, premiums, profits or any other sums which may be capitalized (22nd resolution)

Under the terms of the **22nd resolution** you are asked to vote to renew the delegation of authority to the Management Board to increase the Company's share capital through the **capitalization of issue, contribution or merger premiums, reserves, profits or other sums,** for a period of 26 months.

The maximum nominal amount of capital increases that may be carried out by the Management Board pursuant to this delegation of authority would be the same as that set by the general meeting of May 27, 2016, i.e. €130 million, to which may be added, as necessary, the nominal amount of additional shares to be issued to maintain the existing rights of holders of securities entitled to these Company shares in accordance with prevailing laws.

It is specified that this cap would be separate and independent from the overall cap provided under the 30th resolution of this general meeting. In fact, the existence of a separate and independent cap is justified by the completely different nature of the capitalization of reserves, profits or premiums, since these are carried out either by the allocation of bonus shares to shareholders or by an increase in the par value of existing shares and without any change in the volume of the Company's shareholders' equity.

The Management Board would have full powers, in particular, to determine the amount and nature of the sums to be incorporated into the share capital, the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital would be increased.

We remind you that the Company has made use of this delegation for the purposes of the bonus share allocation plans implemented in 2015 under the terms of the 21st resolution of the combined general meeting of shareholders of June 24, 2015 *(authorization to be granted to the Management Board to grant bonus shares of the Company to employees and/or corporate officers of the Company and Group companies as defined by law)*.

The new delegation proposed to you would invalidate the unused portion of the authorization granted under the 12th resolution approved by the combined general meeting of shareholders on May 27, 2016.

Delegation of authority to be granted to the Management Board to issue shares or securities giving access immediately or in the future to the Company's share capital, with preferential subscription rights (23rd resolution)

Under the terms of the **23rd resolution**, you are asked to vote to replace the existing delegation of authority granted to the Management Board under the 24th resolution of the general meeting of May 19, 2017 by a new delegation of the same kind for a new period of 26 months, **to increase the Company's share capital by issuing equity securities and/or any securities giving access immediately or in the future to the Company's shares and/or securities giving access to debt securities, with preferential subscription rights**, on the terms described below.

You are asked to set the maximum nominal amount of capital increases that may be carried out pursuant to this delegation of authority at €110 million (approximately 50% of the share capital as of March 6, 2018), to which may be added, as necessary, the nominal amount of additional shares to be issued to maintain the existing rights of holders of securities entitled to these Company shares in accordance with prevailing laws. The nominal amount of issues carried out under this delegation would be deducted from the overall cap provided for in the 30th resolution, i.e., €110 million, subject to its approval by the general meeting, or from the amount of the cap that may be stipulated in any other resolution having the same purpose and that may replace it while the 23rd resolution of this delegation is still valid.

The maximum nominal amount of the debt securities giving access to capital, or similar securities, would be identical to that approved by the combined general meeting of shareholders of May 19, 2017, namely €1 billion, and would be deducted from the overall cap stipulated under the terms of the 30th resolution of this general meeting, subject to the approval thereof, or from the amount of the cap that may be stipulated in any other resolution having the same purpose and that may replace it while the 23rd resolution is still valid.

Shareholders would have preferential subscription rights, proportional to the number of shares they hold, to the shares and securities that would be issued under this delegation, such rights can detach from the stock and trade separately from the second business day before the opening of the subscription period and until the second business day before the closing of the subscription period, in accordance with Articles L. 225-132 and R. 225-117-1 of the French Commercial Code.

The Management Board would also have the power to establish for the benefit of shareholders a revocable right to subscribe for additional shares or, as applicable, for securities to be issued by the Company, aimed at allowing shareholders to subscribe for a number of securities in excess of the number to which they are entitled to irrevocably subscribe, in the event that irrevocable subscriptions do not cover the full amount of the capital increase.

The new delegation would invalidate the unused portion of the authorization granted under the 24th resolution approved by the combined general meeting of shareholders of May 19, 2017.

Delegation of authority to be granted to the Management Board to issue shares or securities giving access immediately or in the future to the Company's share capital, with preferential subscription rights (24th 25th and 26th resolutions)

The purpose of the **24th and 25th resolutions** is to ask you to replace the existing delegations allowing the Management Board **to issue, by means of public offering or private placement, common shares or securities giving access immediately or in the future to a portion of the Company's share capital, without preferential subscription rights**, by new delegations of authority of the same kind, on the following terms. The preferential subscription rights attached to the shares and securities issued under to these delegations would be canceled and the Management Board could grant shareholders a priority right to subscribe; this subscription priority would not give rise to the creation of transferable rights but could be exercised both on a revocable and irrevocable basis.

As indicated above, the cancellation of shareholders' preferential subscription rights generally gives the Board more flexibility to act on market opportunities.

In addition, the cancellation of preferential subscription rights may, in accordance with Article L. 225-148 of the French Commercial Code, allow for the issue of securities in consideration for contributions made as part of a public offering with an exchange component (primary or subsidiary) initiated by the Company on the securities of another company admitted to trading on a regulated market of a Member State of the European Economic Area or member of the Organization for Economic Co-operation and Development.

The cancellation of preferential subscription rights also allows for transactions to be carried out as private placements, i.e., offers made exclusively to persons providing portfolio management services to third parties, qualified investors, or small groups of investors, provided that these investors are acting on their own account. This type of investment, which involves a more simple procedure than that of a public offering, would allow the Company to be more reactive to market opportunities and raise funds quickly, if necessary.

For this purpose, and in accordance with the recommendation issued by the AMF on July 6, 2009, two separate resolutions are submitted for your approval so that you can cast two separate votes: one on public offerings (**24th resolution**) and one on private placements (**25th resolution**).

We ask that you to cap the maximum nominal amount of public offerings that may be decided by the Management Board without preferential subscription rights under the 24th resolution at €22 million, (i.e., approximately 10% of the share capital as at March 6, 2018); this amount will be increased by the nominal of the common shares of the Company that may be issued in respect of adjustments made to preserve the rights of holders of securities giving access to capital, in accordance with the laws and regulations and any applicable contractual provisions.

You are further asked to authorize the Management Board to carry out capital transactions by private placement in accordance with the 25th resolution in an amount not to exceed 10% of the amount of the share capital (as at the date of the transaction).

Note that the amount of €22 million constitutes the aggregate nominal amount of the capital increases without preferential subscription rights to be carried out by the Company under the 24th and 25th resolutions, subject to their approval, and/or, as necessary, any other resolutions having the same purpose and that may replace them while the resolutions concerned are still valid. Moreover, the nominal amount of the transactions to be carried out under the 24th and 25th resolutions will be deducted from the overall cap of €110 million provided for in the 30th resolution below, subject to its approval, or from the amount of the cap that may be provided for in any other resolution having the same purpose that may replace it while the delegations of authority granted under the 24th and 25th resolutions are still valid.

The maximum nominal amount of debt securities giving access to capital that may be issued under the authority referred to in the 24th and 25th resolutions is capped at €1 billion and will also be deducted from the overall cap of €1 billion provided for in the 30th resolution below, subject to its approval, or from the amount of the cap that may be provided for in any other resolution having the same purpose that may replace it while it is still valid.

The issue price for the securities will be set in accordance with laws and regulations prevailing at the time of the issue (i.e., at the date of the general meeting, an issue price at least equal to the weighted average of the share price over the last three trading days preceding the date on which the issue price was set, less a possible discount of up to 5%).

However, under the **26th resolution** submitted for your approval, and subject to its adoption, the Management Board may set the issue price of the shares and securities issued under the 24th and 25th resolutions and/or under any other resolutions having the same purpose that may replace them while the authority concerned is still valid at an amount not to exceed 10% of the Company's share capital per 12-month period, in accordance with the procedures stipulated in this 26th resolution.

We hereby inform you that should the Management Board make use of this authority, it will prepare a supplementary report, certified by the statutory auditors, on the use of the authority granted to it under the 26th resolution, describing in particular the final terms and conditions of the transaction and providing information on the actual impact on the shareholders' position.

Each of these two delegations of authority to increase the Company's share capital without preferential subscription rights under the 24th and 25th resolutions is granted for a period of 26 months from the general meeting. The authority granted to the Management Board to set the issue price of the shares for the capital increases as set in the 24th and 25th resolutions is granted for the same period as those delegations of authority, i.e., 26 months.

Authorization to be granted to the Management Board to increase the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights (27th resolution)

In addition to the 23rd, 24th and 25th resolutions presented above, you are asked by the **27th resolution** to grant the Management Board the authority to increase the number of shares or securities to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights, within the deadlines and limits stipulated by the regulations applicable on the day of the issue (i.e., at the date of the general meeting, within 30 days of the close of the initial issue subscription and up to a limit of 15% of the initial issue) and at the same price as that chosen for the initial issue.

This delegation of authority will make it possible, in the event of excess demand for subscriptions for capital increases with or without preferential subscription rights, to increase the number of securities to be issued under the terms and conditions and within the legal limits set about above, and in any event not to exceed the caps applicable to this initial issue resulting from the 23rd, 24th and 25th resolutions above, or any other resolutions having the same purpose that may replace those resolutions while the authority concerned is still valid.

The nominal amount of any increase in the Company's share capital carried out under this authority will be deducted from the overall cap provided for in the 30th resolution below, subject to its approval, or from the amount of the caps provided for in any other resolution having the same purpose that may replace the 30th resolution while the 27th resolution is still valid.

This authority granted to the Management Board to decide to issue additional shares or securities in the event of a capital increase with or without preferential subscription rights, in application of the 23rd, 24th and 25th resolutions, is for a period identical to the period of these delegations of authority, i.e., 26 months.

We inform you that all new delegations granted under the 23rd to 27th resolutions comply with usual practices in this regard in terms of amount, cap and duration and, subject to their approval, they will replace the delegations with the same purpose previously granted by the general meeting of May 19, 2017. The Statutory Auditors' reports required by laws or regulations relating to these delegations of authority have been made available to shareholders within the legal deadlines.

In accordance with laws and regulations, in the event that the Management Board uses one or more delegations of authority under the terms of the 23rd to 27th resolutions, your Management Board will report to you, at the next ordinary general meeting following the use of said delegation(s) of authority, on the final terms and conditions of the transactions concerned and the impact on the position of holders of equity securities or other securities giving access to capital in the event of cancellation of preferential subscription rights.

Lastly, you are asked to grant the Management Board the appropriate powers to implement these delegations, with the right to further delegate such powers as provided by law.

If all of these proposals meet with your approval, we ask that you approve the resolutions relating thereto.

Authorization to be granted to the Management Board to increase the Company's share capital by issuing shares or securities giving access to the share capital in consideration for contributions in kind (other than in the case of a public exchange offer) (28th resolution)

Under the **28th resolution**, the Management Board proposes that you renew the authorization granted to it at the general meeting of May 27, 2016 **to issue shares and/or any securities giving access to the Company's share capital in consideration for contributions in kind** where such transactions are not covered by the statutory provisions of Article L. 225-148 of the French Commercial Code relating to capital increases carried out in consideration for securities contributed as part of a public exchange offer. This authorization is granted for a period of 26 months and is limited to 10% of the amount of the share capital, as existing at the date of issue; the nominal amount of capital increases and issues that may be carried out pursuant to this authority will be deducted from the caps provided for in the 30th resolution below, subject to its approval, or from the amount of the cap that may be provided for in any other resolution having the same purpose that may replace it while the 28th resolution is still valid.

We remind you that should this authority be used, a contribution auditor will be responsible for verifying the consistency and value of the contributions and, where applicable, the terms and conditions of any consideration for the contribution, i.e., the number of new shares issued by the Company in consideration for the contribution it receives.

29th resolution

Delegation of authority to the Management Board to carry out one or more capital increases reserved for employees

The financial authorizations granted to the Management Board under the 23rd to 28th resolutions carry the correlative obligation to present to the general meeting a draft resolution for a possible capital increase reserved for employees belonging to a company savings plan in accordance with the provisions of Article L. 225-129-6 (1) of the French Commercial Code.

We therefore propose under the terms of the **29th resolution** to terminate the current authorization granted under the 30th resolution of the combined general meeting of shareholders of May 19, 2017 on the basis that it was not used, and, in view of the report prepared by your Statutory Auditors, grant a new delegation of authority to the Management Board for a period of 26 months to carry out one or more capital increases by issuing shares and/or securities giving access to the Company's capital without shareholders' preferential subscription rights for the benefit of employees participating in a company or Group savings plan. The authority pertains to a maximum nominal amount of €5 million (i.e., approximately 2.28% of the share capital as at December 31, 2017) after the implementation of a company savings plan in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labor Code.

We ask that you to decide that the share subscription price should be between 80% and 100% of the average opening price of the Company's shares on the Euronext Paris regulated market during the 20 trading days preceding the date of the Management Board's decision setting the opening date for subscription. Exceptionally, the share subscription price may be between 100% and 70% of this average if the lockin period stipulated by the plan is greater than or equal to 10 years. We ask that you grant the Management Board the authority to set the final price of the capital increase decided in this manner. Note that the vote on this resolution requires shareholders to expressly waive their preferential subscription rights to the new shares to be issued so that the subscription for those new shares can be reserved for employees participating in the Company's savings plan. To this end, we will ask you to delegate to your Management Board the task of approving the list of beneficiaries.

You are also asked to expressly authorize the Management Board to reduce or cancel the aforementioned discount, within statutory or regulatory limits, if it considers such action to be advisable, in order to take account in particular of locally applicable legal, accounting, tax and employeerelated procedures.

30th resolution

Overall limits on the amount of the issues carried out pursuant to the 23rd to 28th resolutions

Under the terms of this **30th resolution**, in addition to the individual caps specified in each of the 23rd to 28th resolutions, issues that may be decided in accordance with said resolutions will be capped based on the total limits described below:

- the aggregate maximum nominal amount of share issues that may be carried out directly or on presentation of securities that may or may not be debt securities, may not exceed €110 million (about 50% of the share capital as at March 6, 2018); and
- the aggregate maximum nominal amount of the issue of debt securities that may be decided is €1 billion.

We request the shareholders to approve the 30th resolution.

31st resolution

Authorization to be granted to the Management Board to cancel all or part of the Company's treasury shares, pursuant to the share buyback authorization

The purpose of this **31st resolution** is to renew the delegation of authority granted to the Management Board by the general meeting of May 27, 2016 to reduce the share capital by canceling any number of treasury shares held by the Company as a result of implementing the share buyback authorization submitted for your approval under the 21st resolution of this general meeting. Under current statutes, shares may only be canceled within the limit of 10% of the total number of shares comprising the share capital per 24-month period.

This authority is granted for a period of 18 months from the date of the general meeting, and the adoption of this resolution immediately terminates the unused portion of the authority previously granted for the same purpose to the Management Board by the general meeting of shareholders of May 27, 2016.

32nd resolution

Powers to carry out legal formalities

Lastly, we ask you to grant the powers to carry out any formalities prescribed by law following this general meeting.

* * *

We believe that the resolutions that will be submitted for your vote are consistent with your Company's interests and conducive to the development of your Group's operations.

We therefore ask that you vote in favor of these resolutions, and thank you for the trust you have always shown us.

The Management Board

7.3 DRAFT RESOLUTIONS

7.3.1 RESOLUTIONS WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

First resolution

Approval of the parent company financial statements for the year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2017, approves the parent company financial statements for the year ended December 31, 2017 as presented thereto and comprising the statement of financial position, the income statement, and the notes and showing a net loss of -€58,908,720.73.

The general meeting also approves the transactions reflected in these financial statements and summarized in these reports.

In application of the provisions of Article 223 *quater* of the French Tax Code, the general meeting duly notes and approves the aggregate amount of expenses and charges referred to in Article 39-4 of the said Tax Code for the year ended December 31, 2017 of €21,919 and the related tax amounts of €9,041.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2017, approves the consolidated financial statements for the year ended December 31, 2017 as presented and comprising the consolidated statement of financial position, the consolidated income statement and notes prepared in accordance with Article L. 233-16 of the French Commercial Code, showing net income attributable to owners of the parent company of €66.2 million.

The general meeting also approves the transactions reflected in these financial statements and summarized in these reports.

Third resolution

Appropriation of net income for the financial year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations and the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2017, decides to appropriate the net loss for the financial year ended December 31, 2017, amounting to -€58,908,720.73, to accumulated losses, taking the deficit balance of that item from -€91,518,590.23 to -€150,427,310.96.

In accordance with Article 243 *bis* of the French Tax Code, it should be noted that no dividend was paid in respect of the three previous financial years ended December 31, 2016, 2015 and 2014.

Fourth resolution

Special dividend in an amount to be deducted from the "Additional paid-in capital" account

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the financial statements for the year ended December 31, 2017, after having noted that the item "Additional paid-in capital" amounts to €1,720,160,103.92, decides to distribute a special cash dividend to be deducted from the "Additional paid-in capital" account in a total amount of €81,166,976.59, i.e., €0.37 per share, based on the share capital composed of 219,370,207 shares as at the date of this general meeting. This right to a special dividend will have an ex-dividend date of May 29, 2018 and will be paid exclusively in cash on May 31, 2018.

Should the Company hold any of its own shares when these rights are paid, the unpaid amounts corresponding to the rights attaching to these treasury shares will be allocated to the retained earnings account.

The general meeting delegates, as needed, full authority to the Management Board, with the right to further delegate such authority to its Chairman, in order to:

- record the amount of the dividend actually paid out;
- implement the special dividend and charge its amount to the "Additional paid-in capital" account; and
- more generally, to take all necessary and appropriate measures to ensure the successful completion of the transactions covered by this resolution.

The general meeting takes note, as needed, that the Management Board, having the right to further delegate such authority to its Chairman, will act in accordance with prevailing laws and regulations to preserve the rights of holders of securities or other rights giving access to the capital, taking into account the impact of the special dividend that has just been decided and, if appropriate, will inform the shareholders of any measures taken in the report that it will present to the next ordinary general meeting.

Pursuant to the provisions of Article 112-1 of the French Tax Code, the amounts distributed to shareholders in consideration for contributions or additional paid-in capital are not considered taxable distributed income, provided that all profits and reserves other than the statutory reserve have already been distributed. Under these provisions, the amount distributed is reimbursement of the contribution in full.

Fifth resolution

Approval of the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code, approves the terms of the aforementioned special report of the Statutory Auditors in all its provisions and the agreements referred to therein concluded and authorized during the financial year ended December 31, 2017, and duly notes the information on regulated agreements and commitments with related parties entered into during prior financial years which were previously authorized and approved by the general meeting and which remained in force during financial year 2017.

Sixth resolution

Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Xavier Martiré

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code approves the renewal of commitments adopted by the Company for the benefit of Xavier Martiré, Chairman of the Management Board, corresponding to the elements of compensation, indemnities or benefits due or likely to be due as a result of the termination or change in his functions or subsequent to them, in accordance with Article L. 225-90-1 of the French Commercial Code.

Seventh resolution

Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Louis Guyot

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code approves the renewal of commitments adopted by the Company for the benefit of Louis Guyot, member of the Management Board, corresponding to the elements of compensation, indemnities or benefits due or likely to be due as a result of the termination or change in his functions or subsequent to them, in accordance with Article L. 225-90-1 of the French Commercial Code.

Eighth resolution

Approval of the renewal of regulated commitments referred to in Article L. 225-90-1 of the French Commercial Code adopted by the Company for the benefit of Matthieu Lecharny

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 *et seq.* of the French Commercial Code approves the renewal of commitments adopted by the Company for the benefit of Matthieu Lecharny, member of the Management Board, corresponding to the elements of compensation, indemnities or benefits due or likely to be due as a result of the termination or change in his functions or subsequent to them, in accordance with Article L. 225-90-1 of the French Commercial Code.

Ninth resolution

Reappointment of Agnès Pannier-Runacher as a member of the Supervisory Board

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, after having noted that the term of office of Agnès Pannier-Runacher's as a member of the Supervisory Board expires at the end of this general meeting, decides in accordance with Article 17 of the Company's articles of incorporation to renew her term of office as a member of the Supervisory Board for a four-year term, i.e., until the end of the general meeting called in 2022 to approve the financial statements for the year ending December 31, 2021.

Tenth resolution

Reappointment of Maxime de Bentzmann as a member of the Supervisory Board

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, noting that the term of office of Maxime de Bentzmann as a member of the Supervisory Board expires at the end of this general meeting, decides in accordance with Article 17 of the Company's articles of incorporation to renew his term of office as a member of the Supervisory Board for a four-year term, i.e., until the end of the general meeting called in 2022 to approve the financial statements for the year ending December 31, 2021.

Eleventh resolution

Ratification of the co-optation of Joy Verlé as a member of the Supervisory Board

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, decides in accordance with Article L. 225-78 of the French Commercial Code to ratify the co-optation of Joy Verlé as a member of the Supervisory Board, decided by the Supervisory Board at its meeting of March 6, 2018, to replace Philippe Audouin, who resigned, for the remainder of her predecessor's term of office, i.e., until the end of the general meeting called in 2021 to approve the financial statements for the year ending December 31, 2020.

Twelfth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the Chairman of the Supervisory Board for the financial year ending December 31, 2018

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report, decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman of the Supervisory Board of the Company for the financial year ending December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Thirteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Supervisory Board for the financial year ending December 31, 2018

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report, decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the members of the Supervisory Board of the Company for the financial year ending December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Fourteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the Chairman of the Management Board for the financial year ending December 31, 2018

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report, decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman of the Management Board of the Company for the financial year ending December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Fifteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Management Board for the financial year ending December 31, 2018

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the members of the Management Board of the Company for the financial year ending December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Sixteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Thierry Morin, Chairman of the Supervisory Board, for the financial year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100 II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Thierry Morin in his capacity as Chairman of the Supervisory Board for the financial year ended December 31, 2017, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Seventeenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Xavier Martiré, Chairman of the Management Board, for the financial year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100 II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Xavier Martiré in his capacity as Chairman of the Management Board for the financial year ended December 31, 2017, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Eighteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Louis Guyot, member of the Management Board, for the financial year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100 II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Louis Guyot in his capacity as a member of the Management Board for the financial year ended December 31, 2017, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Nineteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Matthieu Lecharny, member of the Management Board, for the financial year ended December 31, 2017

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100 II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Matthieu Lecharny in his capacity as a member of the Management Board for the financial year ended December 31, 2017, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2017 registration document.

Twentieth resolution

Adjustment of the annual overall amount of Directors' fees

The general meeting, voting with the quorum and majority required for ordinary general meetings, decides in accordance with Article L. 225-83 of the French Commercial Code, to raise the annual overall amount of Directors' fees and to set the maximum overall amount to be allocated among the members of the Supervisory Board, including compensation for service within the Supervisory Board committees, from €500,000 to €600,000 for the current and subsequent financial years until a new decision is adopted by the general meeting of shareholders.

Twenty-first resolution

Authorization to be granted to the Management Board to trade in the Company's shares

The general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, authorizes the Management Board, with the right to further delegate such authority, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, European Regulation No. 596/2014 of April 16, 2014 on market abuse (the Market Abuse Regulation or "MAR"), the related regulations of the European Commission, and Articles 241-1 *et seq.* of the AMF General Regulations, to buy back the Company's shares directly or through a representative, on one or more occasions, at its sole discretion, and within the limits set forth below.

Shares may be purchased for any purpose permitted by the MAR and by law or that might be authorized by law or French or European regulations or the AMF, and in particular for the following purposes:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the AMAFI, using an investment services provider as intermediary;
- to honor obligations deriving from the exercise of rights attached to securities issued by the Company or by one of its subsidiaries, entitling the holder, through conversion, exercise, redemption, exchange, presentation of a warrant or in any other way, immediately or in the future, to the allocation of shares of the Company, in accordance with applicable regulations;
- to honor obligations related to stock option plans, the grant of bonus shares to employees and corporate officers, the grant or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share grant, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions in respect of these transactions, as provided by law;
- to cancel any shares acquired as part of a capital reduction, subject to the adoption of the 31st resolution submitted to the shareholders for approval at this general meeting;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use in payment for potential acquisitions, contributions, mergers or demergers in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by laws or regulations in force or by the AMF.

The acquisition, disposal, transfer and exchange of these shares may be carried out at any time, excluding periods of tender offers for the Company's share capital, unless authorized in advance by the general meeting, and by all available means, on any market, off market, over the counter, including purchase or sale of blocks of

shares, through the use of derivative financial instruments or warrants or securities giving access to shares in the Company, or through the implementation of options strategies and, where applicable, through any third parties acting on behalf of the Company in accordance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code.

The general meeting sets the maximum purchase price at €30 per share (excluding acquisition-related costs) or the equivalent value of this amount at the same date in any other currency; in the event of capital transactions, particularly capital increases by issuing shares with preferential subscription rights, or by capitalization of reserves, profits or additional paid-in capital followed by the creation and grant of bonus shares, stock split or reverse stock split, the price indicated above may be adjusted accordingly by the Management Board.

The total maximum amount allocated to the share buyback program may not exceed €350 million.

The number of shares that may be purchased over the course of the program may not exceed 10% of the total number of shares composing the capital as at March 6, 2018 of 219,370,207 shares with a par value of €1 each, i.e., 21,937,020 shares as at March 6, 2018, it being specified that:

i) this limit applies to an amount of the Company's share capital which will be adjusted, as necessary, to take into account any transactions affecting it subsequently to this general meeting;

(ii) when shares are repurchased to increase the liquidity of the Company's shares, under the terms set forth above, the number of shares used to calculate the aforementioned 10% limit is equal to the number of shares purchased, minus the number of shares resold within the term of this authorization, in accordance with the provisions of Article L. 225-209 paragraph 2 of the French Commercial Code; and

(iii) the number of shares that the Company will directly or indirectly hold at any time may not exceed 10% of the shares comprising the Company's capital on the date in question in accordance with the provisions of Article L. 225-210 of the French Commercial Code.

This authorization is granted for a maximum period of 18 months as from this general meeting, and the adoption of this resolution terminates with immediate effect the authorization granted by the combined general meeting of shareholders of May 19, 2017 in its 18th resolution.

The general meeting grants full powers to the Management Board, with the right to further delegate such powers, to implement this authorization, specify its terms and approve its conditions where necessary, place any share trading orders in any market, enter into any agreement, prepare any documentation, carry out any formalities and declarations with any bodies, allocate or reallocate the shares purchased to the various purposes pursued in accordance with applicable laws and regulations, and more generally take all necessary and appropriate measures to execute the decisions made under this resolution.

The general meeting duly notes that, should the Management Board make use of this authorization, it will give the shareholders, in the report referred to in Article L. 225-100 of the French Commercial Code and in accordance with the provisions of Article L. 225-211 of the said Code, the information relating to the implementation of this buyback program.

7.3.2 RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY GENERAL MEETING

Twenty-second resolution

Delegation of authority to be granted to the Management Board to increase the share capital by capitalizing reserves, premiums, profits or any other sums which may be capitalized

The extraordinary general meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, having duly noted that the share capital has been paid up in full, and in accordance with the provisions of the French Commercial Code, and in particular Articles L. 225-129, L. 225-129-2, L. 225-129-4 and L. 225-130, hereby:

1. Delegates authority to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate such powers under the conditions set by law and the Company's articles of incorporation, to increase the share capital, on one or more occasions, at its sole discretion, in the proportion and at the times it deems appropriate, except during a tender offer period, by the successive or simultaneous capitalization of issue, contribution or merger premiums, reserves, profits or any other sums which may be capitalized by issuing new equity securities or by raising the par value of existing equity securities or by combining these two measures.
2. Decides that the maximum amount of capital increases that could be carried out in this way may not exceed the overall amount of the sums that may be capitalized, nor the cap of €130 million or the equivalent value in any other currency, to which may be added, as necessary, and in accordance with prevailing laws, the nominal amount of additional shares to be issued to preserve the existing rights of holders of securities giving entitlement to such Company shares; this cap is separate and independent from the overall cap provided under the 30th resolution of this general meeting.
3. Decides that in the event of a capital increase by the allocation of bonus shares and in accordance with the provisions of Article L. 225-130 of the French Commercial Code, fractional rights will not be transferable and that equity securities corresponding to fractional rights will be sold; the sums resulting from the sale will be allocated to the rights holders in accordance with prevailing law.

4. Grants full powers to the Management Board, with the right to further delegate such powers to proceed with the aforementioned issues according to the procedures that it will approve in accordance with the law, and in particular to:
   - decide the amount and the nature of the sums to be capitalized;
   - determine the dates, terms and conditions and other features of the issues;
   - decide the number of new shares to be issued or the amount by which the par value of the existing shares comprising the share capital will be increased;
   - approve the date, including retroactively, from which the new shares will bear dividends or from which the increase in par value will take effect;
   - allocate the costs, charges and fees relating to the capital increase to one or more available reserve items and, where applicable, deduct from one or more available reserve items the sums necessary to increase the statutory reserve to 10% of the share capital after the capital increase;
   - set the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions; and
   - in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

Adoption of this resolution terminates immediately the unused portion of the authority previously granted to the Management Board by the combined general meeting of shareholders of May 26, 2016 under the terms of its 12th resolution.

Twenty-third resolution

Delegation of authority to be granted to the Management Board to issue shares or securities giving access immediately or in the future to the Company's share capital, with preferential subscription rights

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations, and the Statutory Auditors' report, having duly noted that the share capital has been paid up in full, and in accordance with the provisions of the French Commercial Code in Articles L. 225-129 *et seq.* of the Commercial Code and in Articles L. 228-91 *et seq.*, of said Code:

1. Delegates authority to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate such powers under the conditions set by law and the Company's articles of incorporation, to increase the Company's share capital, on one or more occasions, at its sole discretion, in the proportion and at the times it deems appropriate, by means of issues, in France and/or other countries, in euros or in foreign currencies or in a monetary unit pegged to a basket of currencies, with preferential subscription rights for shareholders:
   i) common shares of the Company; and/or
   ii) any securities issued with or without payment, giving access by any means, immediately and/or in the future, to new and/or existing equity securities of the Company.

   It is hereby specified that the subscription of such shares and other securities may be completed in euros or in any other currency (including any unit of account pegged to a basket of currencies) either in cash or by offsetting against certain, liquid and payable claims, and that the issue of any securities giving access to preferred shares is excluded.
2. Decides that under this authority, the securities that may be issued may consist in particular of debt securities governed by the provisions of Article L. 228-91 *et seq.* of the French Commercial Code.
3. Decides to set the following limits of authorized issue amounts should this delegation of authority be used by the Management Board:
   - the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to this delegation of authority may not exceed €110 million (i.e., approximately 50% of the share capital at the date of this general meeting), it being specified that:
     - this amount will be increased by the nominal amount of any capital increases that may be carried out via the issue of common shares to preserve the rights of holders of securities and other rights giving access to the Company's capital, in accordance with the law and, as necessary, contractual stipulations, and
     - any capital increase carried out under this authority will be deducted from the overall cap set by the 30th resolution of this general meeting, subject to its approval, or from the amount of the overall cap set by a similar resolution that may replace it while this authority is still valid;

- the maximum nominal amount of the issues of debt or similar securities giving access to the Company's share capital that may be carried out under this delegation of authority may not exceed the cap of €1 billion or the equivalent of this amount in the event of an issue in another currency; any issue carried out under this authority will be deducted from the total cap set in the 30th resolution of this general meeting, subject to its approval, or the amount set by any other similar resolution that may replace it while this authority is still valid.

4. Decides that issues of Company share subscription warrants may be made through a subscription offer as well as by a free allotment to the owners of existing shares. In the event of a free allotment of share subscription warrants, the Management Board will have the option to decide that fractional allotment rights will not be transferable and that the corresponding securities will be sold.

5. Duly notes that in the event of an issue of securities giving access to new shares of the Company pursuant to this resolution, this authority automatically entails the shareholders' express waiver of their preferential right to subscribe for the shares to which the securities issued will give entitlement, in favor of the holders of the securities issued.

6. In the event that the Management Board uses this delegation of authority, the general meeting:
   - decides that the issue(s) will be reserved by preference for shareholders who may subscribe to the fixed number of shares (irrevocable subscription);
   - nevertheless confers to the Management Board the authority to grant shareholders the right to subscribe for excess securities in addition to those for which they may subscribe as of right, proportionately to the subscription rights that they hold and, in any event, within the limit of their request;
   - decides that if the subscriptions for the fixed number of shares and, where applicable, subscriptions for an excess number of shares (revocable subscriptions), have not covered the entire issue of shares or securities as defined above, the Management Board may use, subject to the conditions stipulated by law and in the order that the Board will determine, one and/or any of the options below provided for in Article L. 225-134 of the French Commercial Code:
     - limit the amount of the capital increase to the amount of the subscriptions received provided this amount is at least three-quarters of the planned increase,
     - freely apportion all or part of the unsubscribed issued securities, or
     - offer the public all or some of the unsubscribed securities on the French and/or international markets.

7. Grants full powers to the Management Board, with the right to further delegate such powers as provided by law and the Company's articles of incorporation, to proceed with the aforementioned issues according to the procedures that it will approve in accordance with the law, and in particular:
   - approve the terms and conditions of the capital increase(s) and/or issue(s);
   - determine the issue dates and rules and the nature and form of the securities to be created, which may be subordinated or unsubordinated securities, perpetual or redeemable, and in particular, in the case of debt securities, determine their interest rate, term, fixed or variable redemption price, with or without premium, and the procedure for amortization;
   - determine the number of shares and/or securities to be issued, as well as their terms and conditions and in particular their issue price, if necessary, the amount of the additional paid-in capital and the procedures for their payment in full;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;
   - decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
   - suspend, where applicable, the exercise of the rights attached to these securities within a period of no more than three months in the cases and limits provided by applicable laws and regulations;
   - decide the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions;
   - if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with all formalities;
   - at its sole discretion, allocate the costs, charges and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase; and
   - in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

8. Decides that the Management Board may not, except with prior authorization from the general meeting, use this authority from the time a tender offer for Elis securities is lodged by a third party until the end of the offer period.

Adoption of this resolution immediately terminates the unused portion of the authority previously granted to the Management Board by the combined general meeting of shareholders of May 19, 2017 under the terms of its 24th resolution.

Twenty-fourth resolution

Delegation of authority to be granted to the Management Board to issue shares and/or securities giving access immediately or in future to the Company's capital, without preferential subscription rights, through a public offering or as part of a public exchange offer, with a priority subscription option for shareholders

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report, having duly noted that the share capital has been paid up in full, and in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-131, L. 225-136 and L. 225-148 of the French Commercial Code, as well as the provisions of Articles L. 228-91 *et seq.* of said Code:

1. Delegates authority to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate such powers under the conditions set by law and the Company's articles of incorporation, to increase the Company's share capital by means of public offering, on one or more occasions, at its sole discretion, in the proportion and at the times it deems appropriate, via issues, in France and/or other countries, in euros or in foreign currencies or in a monetary unit pegged to a basket of currencies, without preferential subscription rights for shareholders:

   i) common shares of the Company; and/or

   ii) securities giving access by any means, immediately or in the future, to a portion of the Company's share capital and/or to the future allocation of debt securities.

   It is hereby specified that the subscription of such shares and other securities may be completed in euros or in any other currency (including any unit of account pegged to a basket of currencies) either in cash or by offsetting against liquid and payable claims or by the contribution to the Company of securities meeting the conditions stipulated in Article L. 225-148 of the French Commercial Code relating to a public exchange offer, or a similar transaction or one having the same effect in another country in accordance with applicable rules, initiated by the Company on securities of a company whose shares are admitted to trading on one of the regulated markets referred to in the aforementioned Article L. 225-148, and that the issue of any securities giving access to preference shares is excluded.

2. Decides that the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to this delegation of authority may not exceed €22 million (i.e., approximately 10% of the share capital at the date of this general meeting), it being specified that:

   - this amount constitutes the overall cap applying to all the Company's capital increases without preferential subscription rights to be carried out under this authority and the delegations of authority and authorizations granted by the 25th and 27th resolutions of the general meeting, subject to their approval by this general meeting, and/or, as necessary, any such other resolutions on the same subject that may replace them while this authority is still valid, the overall total amount of capital increases without preferential subscription rights resulting from the aforementioned delegations of authority and authorizations therefore being deducted from the above cap;

   - this amount will be increased by the nominal amount of common shares of the Company that may be issued in connection with adjustments made to preserve the rights of holders of securities giving access to capital, in accordance with applicable laws and regulations and, as necessary, contractual provisions, including if the shares are issued in consideration for securities contributed to the Company as part of a public exchange offer, or a similar transaction or one having the same effect in another country, in accordance with applicable rules, on securities meeting the conditions stipulated in Article L. 225-148 of the French Commercial Code;

   - that the nominal amount of any capital increase carried out under this authority will be deducted from the overall cap of €110 million provided under the 30th resolution of this general meeting, subject to its adoption, or, where applicable, from the amount of the cap that may be set by a similar resolution that may replace it while this authority is still valid;

   - decides that the maximum nominal amount of the issues of debt securities giving access to the share capital that may be carried out under this authority may not exceed a nominal amount of €1 billion or the equivalent of this amount in the case of an issue in another currency mentioned in the 30th resolution of this general meeting; the nominal amount of the issues of debt securities giving access to capital that may be carried out in application of this authority will be deducted from the cap provided for in the 23rd resolution of this meeting, subject to its adoption, or, where applicable, from the amount of the cap that may be set by a similar resolution that may replace it while this authority is still valid.

3. Decides to cancel preferential subscription rights attached to the shares and securities issued under this authority; the Management Board will have the right to grant shareholders, in application of the provisions of Article L. 225-135 paragraph 5 of the French Commercial Code, a priority right to subscribe for all or part of the issue, during a period and on terms that it will determine in accordance with applicable legal and regulatory provisions, a period of subscription priority not giving rise to the creation of negotiable rights but such subscription priority right being exercisable, if applicable, on either a revocable or an irrevocable basis.
4. Duly notes and decides, as needed, that in the event of an issue of securities giving access to new shares of the Company, this authority automatically entails the shareholders' express waiver of their preferential right to subscribe for the shares to which the securities issued will give entitlement, in favor of the holders of the securities issued.
5. Decides that the amount of consideration accruing or that may subsequently accrue to the Company for each of the shares issued or to be issued under this authority will be determined in accordance with prevailing laws and regulations (i.e., as at the date of this meeting, and in accordance with Article R. 225-119 of the French Commercial Code, an issue price at least equal to the weighted average of the share price over the last three trading days preceding the date on which the issue price was set, less a possible discount of up to of 5%), after any necessary adjustment in the event of a difference between the ex-dividend dates. The issue price of the securities giving access to capital will be such that the amount received immediately by the Company, plus any amount that may be received subsequently thereby, will be at least equal to the issue price defined above, for each share issued as a result of the issue of these other securities.
6. Decides that if the subscriptions have not covered the entire issue, the Management Board may use one or both of the following powers, in the order that the Board will determine, to:
   - limit the amount of the issue concerned to the amount of the subscriptions received provided these subscriptions make up at least three-quarters of the planned issue;
   - freely apportion all or part of the unsubscribed issued securities among the persons of its choosing; or
   - offer the public all or some of the unsubscribed issued securities on the French or international markets.
7. Expressly authorizes the Management Board to make use of this delegation of authority, in whole or in part, in consideration for securities contributed to the Company as part of a public exchange offer initiated by the Company on securities issued by any company fulfilling the conditions stipulated in Article L. 225-148 of the French Commercial Code in accordance with the terms and conditions provided for in this resolution (with the exception of restrictions related to the issue price described in paragraph 5 above).
8. Decides that the Management Board will have full powers, with the right to further delegate such powers to its Chairman or to one of its members as provided by law and the Company's articles of incorporation, to implement this authority and in particular to:
   - approve the terms and conditions of the capital increase(s) and/or issue(s);
   - determine the issue dates and rules and the nature and form of the securities to be created, which may be subordinated or unsubordinated securities, perpetual or redeemable, and in particular, in the case of debt securities, determine their interest rate, term, fixed or variable redemption price, with or without premium, and the procedure for amortization;
   - determine the number of shares and/or securities to be issued, as well as their terms and conditions and in particular their issue price, if necessary, the amount of the additional paid-in capital and the procedures for their payment in full;
   - set the ex-dividend date, including retroactively, of the securities issued pursuant to this resolution;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;
   - decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
   - suspend, where applicable, the exercise of the rights attached to these securities within a period of no more than three months in the cases and limits provided by applicable laws and regulations;
   - more particularly, in the case of issue of securities in consideration for securities contributed as part of a public exchange offer, or a similar transaction or one with the same effect in another country according to applicable rules, initiated by the Company:
     - approve the list of securities contributed for exchange,
     - set the issue terms, the exchange ratio and, if applicable, the cash balance to be paid; and determine the terms and conditions of issue either as part of a public exchange offer, or a public exchange offer or public purchase offer as the primary offer with a public exchange offer or public purchase offer as a subsidiary offer, or an alternative public purchase or exchange offer;
   - decide the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions;

- if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with all formalities;
- at its sole discretion, allocate the costs, charges and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase; and
- in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

9. Decides that the Management Board may not, except with prior authorization from the general meeting, use this authority from the time a tender offer for Elis securities is lodged by a third party until the end of the offer period.

Adoption of this resolution immediately terminates the unused portion of the authority previously granted to the Management Board by the combined general meeting of shareholders of May 19, 2017 under the terms of its 25th resolution.

Twenty-fifth resolution

Delegation of authority to be granted to the Management Board to issue shares and/or securities giving access, immediately or in the future, to the Company's share capital, without preferential subscription rights, as part of an offering referred to in Article L. 411.2 II of the French Monetary and Financial Code

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report, having duly noted that the share capital has been paid up in full, and in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, particularly Articles L. 225-129-2 and L. 225-136, Articles L. 228-91 *et seq* of the same Code, and of Article 411-2 II of the French Monetary and Financial Code:

1. Delegates authority to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate such powers under the conditions set by law and the Company's articles of incorporation, to increase the Company's share capital as part of an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code and within the limit of 10% of the Company's share capital (as existing at the date of the transaction) per 12-month period, on one or more occasions, on its own initiative, in the proportion and at the times it deems appropriate, via issues, in France and/or other countries, in euros or in foreign currencies or in a monetary unit pegged to a basket of currencies, without preferential subscription rights for shareholders:

   i) common shares of the Company; and/or

   ii) securities giving access, immediately or in the future, to a portion of the Company's share capital, existing or to be issued, and/or to the future allocation of debt securities of the Company.

   It is hereby specified that the subscription of such shares and securities may be completed in euros or in any other currency (including any unit of account pegged to a basket of currencies) either in cash or by offsetting against liquid and payable claims, and that the issue of any securities giving access to preferred shares is excluded.

2. Decides that the nominal amount of any capital increase carried out pursuant to this authority will be deducted from the amount of the cap referred to in the 24th resolution applicable to capital increases with cancellation of preferential subscription rights, subject to its approval, and/or, where applicable, from the amount of the cap that may be set by a similar resolution that may replace it, and from the overall cap provided for in the 30th resolution of this meeting, subject to its approval, and/or, where applicable, from the amount of the cap that may be set by a similar resolution that may replace it while this authority is still valid.

3. Decides that the maximum nominal amount of the issues of debt securities giving access to capital that may be carried out under this delegation may not exceed a nominal amount of €1 billion or the equivalent of this amount in the case of an issue in another currency; the nominal amount of the issues of debt securities giving access to capital that may be carried out in application of this authority will be deducted from the overall cap of €1 billion provided for in the 30th resolution of this meeting, subject to its approval, and/or, where applicable, from the amount the cap that may be set by a similar resolution that may replace it while this authority is still valid.

4. Decides to cancel preferential subscription rights to the shares and securities issued by the Company under this resolution.

5. Duly notes and decides, as needed, that in the event of an issue of securities giving access to new shares of the Company, this authority automatically entails the shareholders' express waiver of their preferential right to subscribe for the shares to which the securities issued will give entitlement, in favor of the holders of the securities issued.

6. Decides that the amount of consideration accruing or that may subsequently accrue to the Company for each of the shares issued or to be issued under this authority will be determined in accordance with prevailing laws and regulations (i.e., as at the date of this meeting, and in accordance with Article R. 225-119 of the French Commercial Code, an issue price at least equal to the weighted average of the share price over the last three trading days on Euronext Paris preceding the date on which the issue price was set, less a possible discount of up to 5%), after any necessary adjustment in the event of a discrepancy between the ex-dividend dates. The issue price of the securities giving access to capital will be such that the amount received immediately by the Company, plus any amount that may be received subsequently thereby, will be at least equal to the issue price defined above, for each share issued as a result of the issue of these other securities.
7. Decides that if the subscriptions have not covered the entire issue, the Management Board may use one or both of the following powers, in the order that the Board will determine, to:
   - limit the amount of the issue concerned to the amount of the subscriptions received provided these subscriptions make up at least three-quarters of the planned issue;
   - freely apportion all or part of the unsubscribed issued securities among the persons of its choosing; or
   - offer the public all or some of the unsubscribed issued securities on the French or international markets.
8. Decides that the Management Board will have full powers, with the right to further delegate such powers to its Chairman or to one of its members as provided by law and the Company's articles of incorporation, to implement this authority and in particular to:
   - approve the terms and conditions of the capital increase(s) and/or issue(s);
   - determine the issue dates and rules and the nature and form of the securities to be created, which may be subordinated or unsubordinated securities, perpetual or redeemable, and in particular, in the case of debt securities, determine their interest rate, term, fixed or variable redemption price, with or without premium, and the procedure for amortization;
   - determine the number of shares and/or securities to be issued, as well as their terms and conditions and in particular their issue price, if necessary, the amount of the additional paid-in capital and the procedures for their payment in full;
   - set the ex-dividend date, including retroactively, of the securities issued pursuant to this resolution;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;
   - decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
   - suspend, where applicable, the exercise of the rights attached to these securities within a period of no more than three months in the cases and limits provided by applicable laws and regulations;
   - decide the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions;
   - if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with all formalities;
   - at its sole discretion, allocate the costs, charges and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase; and
   - in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.
9. Decides that the Management Board may not, except with prior authorization from the general meeting, use this authority from the time a tender offer for Elis securities is lodged by a third party until the end of the offer period.

Adoption of this resolution immediately terminates the unused portion of the authority previously granted to the Management Board by the combined general meeting of shareholders of May 19, 2017 under the terms of its 26th resolution.

Twenty-sixth resolution

Authorization to be granted to the Management Board to set the issue price at an amount not to exceed 10% of the share capital in the event of an issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital, without preferential subscription rights

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations

and the Statutory Auditors' report, and in accordance with Article L. 225-136 1°, paragraph 2 of the French Commercial Code:

1. Authorizes the Management Board, with the right to further delegate such authority as provided by law, for a period of 26 months as from this general meeting, for each of the issues decided under the delegations of authority granted in application of the preceding 24th and 25th resolutions submitted to this general meeting, or, as necessary, any other resolutions having the same purpose and that may replace those resolutions while the authority concerned is still valid, and up to 10% of the Company's share capital (as at the date of the transaction) per 12-month period, to override the terms and conditions for setting the price specified in the aforementioned resolutions, and to set the issue price of the shares and/or securities giving access to the issued capital immediately or in the future as follows:
   a) the issue price of the shares is at least equal to the closing price of the Company's share on Euronext Paris during the last trading session prior to the date on which the price is set, less a possible discount of up to 5%;
   b) the issue price of the securities giving access to capital is such that the amount received immediately by the Company, plus any amount that may be received subsequently thereby, is at least equal to the amount defined in subsection a) above, for each share issued as a result of the issue of these securities.
2. Decides that the Management Board will have full authority to implement this resolution subject to the conditions stipulated by the resolution under which the issue is decided.

Adoption of this resolution immediately terminates the unused portion of the authorization previously granted to the Management Board by the combined general meeting of shareholders of May 19, 2017 under the terms of its 27th resolution.

Twenty-seventh resolution

Authorization to be granted to the Management Board to increase the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights

The general meeting, voting with the quorum and majority required for extraordinary general meetings, having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report, and in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. Authorizes the Management Board, for a period of 26 months as from this general meeting, to increase the number of shares and/or securities to be issued in the event of an increase in the Company's share capital, with or without preferential subscription rights, in application of the 23rd, 24th and 25th resolutions above submitted to this general meeting, subject to their approval, or, as necessary, any other resolutions having the same purpose and that may replace them while the resolution concerned is still valid, within the deadlines and limits stipulated by the regulations applicable as at the date of the initial issue (for example, as at the date of this general meeting within 30 days of the close of the subscription and up to 15% of the initial issue) and at the same price as that of the initial issue, and within the limits (caps) referred to in the resolution under which the initial issue is decided.
2. Decides that the nominal amount of capital increases and issues carried out pursuant this authorization will be deducted from the caps provided for in the 30th resolution of this meeting, subject to its approval, or, where applicable, from the amount of the caps provided for by a similar resolution that may replace it while this authority is still valid, subject to is approval by the general meeting.
3. Duly notes that the Management Board has full powers to implement this authority or to further delegate such powers under the conditions set by law and the Company's articles of incorporation.

Adoption of this resolution immediately terminates the unused portion of the authorization previously granted to the Management Board by the combined general meeting of shareholders of May 19, 2017 under the terms of its 28th resolution.

Twenty-eighth resolution

Authorization to be granted to the Management Board to increase the share capital of the Company by issuing shares or securities in consideration for contributions in kind (other than the case of a public exchange offer)

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report, and in accordance with Article L. 225-147 of the French Commercial Code:

1. Delegates to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate under the conditions set by law and the Company's articles of incorporation, and when the provisions of Article L. 225-148 of the French Commercial Code are not applicable, the authority to carry out a capital increase and issue any securities giving access to the capital (with the exception of preference shares) within the limit of 10% of its share capital as existing on the date of the transaction, in consideration for contributions in kind granted to the Company and consisting of equity securities or securities giving access to the capital, it being specified that:
   - the nominal amount of capital increases and issues that may be carried out pursuant this authority will be deducted from the caps provided for in the 30th resolution of this meeting, subject to its approval, or, where applicable, from the amount of the caps provided for by a similar resolution that may replace it while this authority is still valid; and

- the above-mentioned cap does not take into account shares of the Company that may be issued in connection with adjustments made to preserve the rights of holders of securities giving access to the Company's capital.

2. Notes that if this authority is used, the Management Board will base its decision on the report of one or more contribution auditors referred to in Article L. 225-147 of the French Commercial Code.
3. Decides, as needed, to cancel the shareholders' preferential subscription right to the shares and/or securities giving access to the capital that will be issued pursuant to this authority for the benefit of the holders of shares and/or securities giving access to the capital, subject of the contributions in kind.
4. Decides that the Management Board will have full powers to this effect, in particular to:
   - decide, based on the report of one or more contribution auditors, on the valuation of the contributions and, where applicable, the granting of special benefits and their value;
   - decide and approve the terms and conditions of the capital increase(s) and/or issue(s) in consideration for the contribution;
   - determine the nature and form of securities to be issued;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;
   - decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
   - suspend, where applicable, the exercise of the rights attached to these securities within a period of no more than three months in the cases and limits provided by applicable laws and regulations;
   - decide the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions;
   - if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with all formalities;
   - at its sole discretion, allocate the costs, charges and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase;
   - enter the difference between the issue price of the new shares and their par value on the liabilities side of the balance sheet in a "Contributed premium" account, to which all shareholders will be entitled, and, if applicable, deduct from the said premium all costs and fees arising from the authorized transaction, as well as any deductions from the said premium, in particular the deduction of the sums necessary for the full allocation to the statutory reserve; and
   - in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

Adoption of this resolution immediately terminates the unused portion of the authorization previously granted to the Management Board by the combined general meeting of shareholders of May 27, 2016 under the terms of its 18th resolution.

Twenty-ninth resolution

Delegation of authority to the Management Board to increase the Company's share capital without preferential subscription rights reserved for employees who are members of a company or Group savings plan

The general meeting, voting with the quorum and majority required for extraordinary general meetings, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 and L. 3332-18 *et seq.* of the French Labor Code, having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report:

1. Delegates to the Management Board, for a period of 26 months as from this general meeting, with the right to further delegate under the conditions set by law and the Company's articles of incorporation, the authority to increase the share capital after the implementation of the company savings plan under the conditions stipulated in Articles L. 3332-18 *et seq.* of the French Labor Code, by issuing:

   i) common shares of the Company; and/or

   ii) securities giving access, immediately or in the future, to the Company's share capital;

   up to a maximum nominal amount of €5 million (increased, where applicable, by the nominal value of shares to be issued to preserve the rights of holders of securities giving access to the share capital in accordance with applicable legal and regulatory provisions and, where applicable, applicable contractual stipulations), on one or more occasions, in the proportions and at the times it deems appropriate; this cap is separate and independent from the cap provided for in the 30th resolution of this general meeting.

   It is hereby specified the issue of preferred shares is excluded.

2. Decides to cancel shareholders' preferential subscription rights to new shares to be issued under this resolution, in accordance with Article L. 225-135, paragraph 1 of the French Commercial Code, said shareholders also waiving all rights to shares or securities giving access to capital issued in application of this resolution, in order to reserve the subscription for such shares, directly or through a company mutual fund, to members of staff, employees of the Company and affiliated companies, within the meaning of Article L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, who participate in one of the Company's savings plans.
3. Delegates to the Management Board the task of approving the exact list of beneficiaries and the conditions of employee length of service required to subscribe to the capital increase, and the number of shares to be granted to each of them, in accordance with Article L. 225-138 I. paragraph 2 of the French Commercial Code.
4. Decides that, in determining the issue price of the new shares, the Management Board must comply with the provisions of Article L. 3332-19 of the French Labor Code, as provided for in Article L. 225-129-6 of the French Commercial Code. The share subscription price to be paid by the above-mentioned beneficiaries may not exceed the average opening price of the Company's shares on the Euronext Paris regulated market during the 20 trading days preceding the date of the Management Board's decision setting the opening date for subscription, nor be more than 20% lower than that average or more than 30% lower when the lock-up period stipulated by the plan in application of Articles L. 3332-25 *et seq.* of the French Labor Code is 10 years or more.
5. Decides that the Management Board may also, in application of this authorization, provide for the grant to employees of bonus shares or other securities giving access to the Company's capital in accordance with Article L. 3332-18 *et seq.* of the French Labor Code, or any security that may be authorized by prevailing laws or regulations, on the understanding that the benefit resulting from this grant in respect of the employer matching contribution and/or discount may not exceed the limits stipulated in Article L. 3332-21 of the French Labor Code.
6. Grants full authority to the Management Board, with the right to further delegate such powers, to implement this authorization, and in particular:
   - approve the scope, terms and conditions of the transactions carried out pursuant to this resolution and determine the companies whose employees may benefit from the subscription offer;
   - determine the dates and conditions of issue, the time limits granted to employees for the exercise of their rights, the nature and form of the securities to be issued;
   - determine the number of shares and/or securities to be issued, as well as their terms and conditions and in particular their issue price, if necessary, the amount of the additional paid-in capital and the procedures for their payment in full;
   - decide whether subscriptions may be made directly by beneficiaries, members of a company savings plan (or similar plan) or through company mutual funds or other structures or entities permitted by applicable regulations;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;
   - decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
   - suspend, where applicable, the exercise of the rights attached to these securities within a period of no more than three months in the cases and limits provided by applicable laws and regulations;
   - decide the terms and conditions to preserve, as necessary, the rights of holders of securities giving access to capital in accordance with the legal, regulatory and, where applicable, contractual provisions;
   - if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with all formalities;
   - at its sole discretion, allocate the costs, charges and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase; and
   - in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the articles of incorporation accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

Adoption of this resolution immediately terminates the unused portion of the authority previously granted by the combined general meeting of shareholders of August 31, 2017 under the terms of its 4e resolution.

Thirtieth resolution

Overall limits on the amount of the issues carried out pursuant to the 23rd to 28th resolutions

The general meeting, voting with the quorum and majority required for extraordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, and in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code, decides to set, in addition to the individual caps specified in each of the 23rd to 28th resolutions, overall caps for the issues that may be decided under said resolutions as follows:

1. The aggregate maximum nominal amount of the share issues that may be made directly or on presentation of securities that may or may not be debt securities, may not exceed either €110 million (i.e., approximately 50% of the share capital at the date of this general meeting); this amount may be increased by the nominal amount of the common shares of the Company that may be issued in connection with adjustments made to preserve the rights of holders of securities giving access to capital, in accordance with legal and regulatory provisions and, as necessary, applicable contractual provisions, it being specified that this limit:
   - applies:
     - to capital increases carried out by issuing shares or securities in consideration of contributions in kind (other than the case of a public exchange offer) in accordance with the terms of the 28th resolution of this general meeting of shareholders;
   - does not apply:
     - to capital increases through capitalization of reserves, premiums, profits or any other sum that may be capitalized pursuant to the terms of the 22nd resolution of this general meeting of shareholders,
     - to capital increases carried out for the benefit of employees of the Company or a Group company belonging to a Company or Group savings plan in accordance with the provisions of the 29th resolution of this general meeting of shareholders,
     - to capital increases resulting from the grant of bonus shares of the Company to corporate officers and employees carried out in accordance with the provisions of the 22nd resolution of the general meeting of May 27, 2016.
2. The aggregate maximum nominal amount of the issues of debt securities that may be decided is €1 billion.

Thirty-first resolution

Authorization to be granted to the Management Board to reduce the share capital

The general meeting, voting with the quorum and majority required for extraordinary general meetings, having reviewed the Management Board's report and the Statutory Auditors' report, in accordance with Article L. 225-209 *et seq.* of the French Commercial Code, authorizes the Management Board, for a period of 18 months as from this general meeting, to reduce the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by canceling any quantity of treasury shares acquired under the share buyback program within the limits permitted by law.

The maximum number of shares that the Company may cancel pursuant to this authorization, per 24-month period, is 10% of the shares comprising the Company's share capital. This limit applies to an amount of the Company's share capital that may be adjusted, as needed, to take into account transactions affecting the share capital subsequent to this general meeting.

The general meeting grants full powers to the Management Board, with the right to further delegate such powers, to implement this authorization, to allocate the difference between the carrying amount of the canceled shares and their par value to all reserve and premium items, to carry out the formalities required to implement the capital reduction that will be decided pursuant to this resolution and to amend the articles of incorporation accordingly and, more generally, to take all necessary and appropriate measures.

Adoption of this resolution immediately terminates the unused portion of the authority previously granted to the Management Board by the combined general meeting of shareholders of May 27, 2016 under the terms of its 21st resolution.

Thirty-second resolution

Powers to carry out legal formalities

The general meeting grants full authority to the bearer of an original, extract or copy of the minutes of this combined general meeting to perform all necessary filings or formalities.

7.4 MANAGEMENT BOARD'S SUPPLEMENTARY REPORT PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES L. 225-129-5 AND R. 225-16 OF THE FRENCH COMMERCIAL CODE

To the Shareholders,

We remind you that the combined general meeting of May 19, 2017, voting with the quorum and majority required for extraordinary general meetings, under the terms of its 26th resolution, delegated its authority to the Management Board, with the right to further delegate such authority, for a period of 26 months as from that general meeting, to issue shares or securities giving access, immediately or in the future, to the share capital of Elis (the "**Company**") with cancellation of the shareholders' preferential subscription right, as part of an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code, within the limit of 10% of the Company's share capital (as existing at the date of the transaction) per 12-month period, on one or more occasions, in the proportion and at the times it deems appropriate.

The maximum nominal amount of issues of debt securities giving access to the share capital that may be carried out pursuant to the 26th resolution may not exceed a nominal amount of €1 billion, or the equivalent value of this amount in the event of an issue in another currency; the nominal amount of any issue carried out under the 26th resolution will be deducted from (i) the overall cap on debt securities issues of €1 billion provided for in the 29th resolution adopted by the general meeting of the Company's shareholders on May 19, 2017 and (ii) from the €14 million cap on capital increases provided for in paragraph 2 of the 25th resolution adopted by the general meeting of the Company's shareholders on May 19, 2017, which is applicable to capital increases with cancellation of preferential subscription rights, and from the overall cap of capital increases of €70 million provided for in the 29th resolution adopted by the general meeting of the Company's shareholders on May 19, 2017.

The amount of consideration accruing or that may subsequently accrue to the Company for each of the shares issued or to be issued pursuant to the 26th resolution adopted by the general meeting of the Company's shareholders of May 19, 2017, will be at least equal to the weighted average of the share price over the three trading days on Euronext Paris preceding the date on which the issue price is set, less any discount provided for by applicable laws and regulations. The issue price of the securities giving access to capital will be such that the amount received immediately by the Company, plus any amount that may be received subsequently thereby, will be at least equal to the issue price, for each share issued as a result of the issue of these other securities.

In accordance with the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, we inform you that the Management Board has made use of the aforementioned authority for the purpose of refinancing the debt contracted in connection with the acquisition of Berendsen Plc. The Management Board is responsible for preparing a supplementary report describing the final terms and conditions of that transaction.

I – USE BY THE MANAGEMENT BOARD OF THE DELEGATION OF AUTHORITY GRANTED TO IT BY THE GENERAL MEETING OF SHAREHOLDERS OF MAY 19, 2017 TO ISSUE BONDS CONVERTIBLE INTO AND/OR EXCHANGEABLE FOR NEW AND/OR EXISTING SHARES

We inform you that:

- the Supervisory Board, at its meeting of September 18, 2017:
  - concerning the issue of bonds convertible and/or exchangeable into new or existing shares of the Company maturing on October 6, 2023 (the "**2023 Bonds**"):
    - approved the principle of issuing the 2023 Bonds, with cancellation of the preferential subscription rights of the Company's shareholders,
    - in accordance with Article 20.IV.b of the Company's articles of incorporation, authorized the Management Board, with the right to further delegate this authority to its Chairman or to one of its members under the conditions set by law and the Company's articles of incorporation, to use the delegation of authority granted under the 26th resolution adopted by the general meeting of the Company's shareholders on May 19, 2017, to issue the 2023 Bonds to institutional investors for a maximum total amount of approximately €400 million;
- the Management Board, at its meeting of October 3, 2017, decided to launch the issue of the 2023 Bonds, with cancellation of shareholders' preferential subscription rights for a total amount of approximately €400 million; and

- the Management Board, at its meeting of October 3, 2017, set the final terms and conditions for the issue of the 2023 Bonds, the main arrangements of which are set out in Appendix 1 hereto, for a nominal amount of €399,999,977.65, representing 12,558,869 underlying shares.

The 2023 Bonds were issued at par on October 6, 2017, the settlement and delivery date of the 2023 bonds.

The net proceeds from the issue of the 2023 Bonds will be used to partially repay the bridge loan entered into on June 12, 2017 and for the Company's general purposes.

The nominal value per unit of the 2023 Bonds was set at €31.85, reflecting a premium of 42% over the reference price of the Elis share [(1)] on the Euronext Paris regulated market. The 2023 Bonds are non-interest bearing (zero coupon).

Holders of 2023 Bonds have a right to the allotment of new and/or existing shares which they may exercise at any time from the 40th day following the issue date, i.e., November 15, 2017, up to and including the seventh business day preceding the normal or early redemption date.

The 2023 Bonds have been guaranteed (jointly and severally guaranteed under French law) by M.A.J., a French limited liability company wholly owned by the Company, within the limit of the portion of the net proceeds from the issue that will be loaned by the Company to M.A.J.

The 2023 Bonds were listed on the Paris Euronext ACCESS market (formerly the Free Market) on October 6, 2017.

In connection with the 2023 Bond issue, the Company committed to a lock-up of 90 calendar days following the settlement and delivery date, subject to the usual exceptions or the prior agreement of the Global Coordinators;

The 2023 Bonds were placed privately only, within and outside France (except in the United States of America, Canada, Australia and Japan), pursuant to Article L. 411-2 II of the French Monetary and Financial Code and the 26th resolution adopted at the extraordinary general meeting of May 19, 2017.

II – IMPACT OF THE ISSUE ON THE POSITION OF THE COMPANY'S SHAREHOLDERS, ON SHAREHOLDERS' EQUITY AND ON THE ELIS SHARE PRICE

In accordance with the provisions of Articles R. 225-115 and R. 225-116 of the French Commercial Code, we inform you below about the impact of the issue of the new shares on the position of the Company's shareholders, on shareholders' equity and on the Elis share price.

The calculations were made based on the assumption that all performance shares granted to certain managers and employees of the Elis Group, which could, under certain performance conditions, lead to the allocation of existing shares or the issue of new shares, will result in the issue of new shares. As at June 30, 2017, 1,686,181 performance shares had been granted.

Impact of the issue on the position of the Company's shareholders

By way of information, in the event that all of the 2023 Bonds issued are converted into new shares of the Company, the impact of such conversion on the ownership interest of a shareholder holding 1% of the share capital of the Company prior to the issuance of the 2023 Bonds and who did not subscribe to the issue will be as follows (calculations based on the number of shares comprising the Company's share capital as at September 13, 2017):

	Shareholder's interest *(as a %)*	
	Non-diluted basis	**Diluted basis**
Before issue of the 2023 Bonds	1	0.988
After issue and conversion of the 2023 Bonds (12,558,869 bonds) into new shares	0.918	0.908

(1) The reference price is equal to the volume-weighted average of the Elis share price on the Euronext Paris regulated market from the opening of the trading session on October 3, 2017 until the final terms and conditions of the 2023 Bonds were determined on the same day.

Impact of the issue on consolidated and parent company shareholders' equity

By way of information, the impact of the conversion into new shares of the Company of all of the 2023 Bonds issued on the percentage of the consolidated equity attributable to owners of the parent company per share (calculated on the basis of consolidated equity attributable to owners of the parent company as at June 30, 2017 – as shown in the condensed consolidated interim financial statements for the six months ended June 30, 2017 – and the number of shares forming the Company's share capital as at September 13, 2017 after deduction of treasury shares) was as follows:

	Consolidated shareholders' equity per share *(in euros)*	
	Non-diluted basis	**Diluted basis**
Before issue of the 2023 Bonds	13.42	13.32
After issue and conversion of the 2023 Bonds (12,558,869 bonds) into new shares	14.42	14.32

In addition, the impact of the conversion into new shares of the Company of all 2023 Bonds issued on the parent company's shareholders' equity (calculated on the basis of the parent company's shareholders' equity as at June 30, 2017 and the number of shares comprising the Company's share capital as at September 13, 2017, after deduction of treasury shares) will be as follows:

	Parent company shareholders' equity per share *(in euros)*	
	Non-diluted basis	**Diluted basis**
Before issue of the 2023 Bonds	14.28	14.17
After issue and conversion of the 2023 Bonds (12,558,869 bonds) into new shares	15.23	15.12

Theoretical impact on the Elis share price

The theoretical Elis share price following the conversion into new shares of the Company of all the 2023 Bonds issued, on a non-diluted basis, will be €22.37, compared with €21.52 (based on the volume-weighted average price over the 20 trading days preceding October 3, 2017) before the Bonds were issued.

The theoretical Elis share price following the conversion into new shares of the Company of all the 2023 Bonds issued, on a diluted basis, will be €22.12, compared with €21.26 (based on the volume-weighted average price over the 20 trading days preceding October 3, 2017) before the 2023 Bonds were issued.

* * *

In accordance with the provisions of Article R. 225-116 of the French Commercial Code, this supplementary report is made available to the shareholders at the Company's registered office within the statutory time limits and will be communicated to shareholders at the next general meeting.

Saint-Cloud, October 3, 2017

The Management Board

APPENDIX 1

MAIN TERMS AND CONDITIONS OF THE 2023 BONDS

- **Issuing company:** Elis (a joint-stock corporation – *"société anonyme"* – with a management board and supervisory board).
- **Guarantor:** M.A.J., a joint-stock corporation *(société anonyme)*, guarantor of Elis' *Océane* bonds (the "**Guarantor**").
- **Guarantee:** Joint and several guarantee granted by the Guarantor in connection with this issue.
- **Securities issued:** Bonds convertible into and/or exchangeable for new or existing Elis shares (*Obligations à option de conversion et/ou d'échange en actions Elis nouvelles ou existantes*, or "**Océanes**").
- **Type of issue:** Private placement in France and outside France; no placement is planned in the United States of America, Canada, Japan and Australia. There will be no public offering.
- **Information about the underlying shares:** Elis shares, existing and/or to be issued, admitted to trading under the "**ELIS**" listing on the Euronext Paris regulated market (ISIN code: FR0012435121) (the "**Shares**" and, individually, a "**Share**").
- ***Océane* bond ratings:** The *Océane* bonds are not expected to receive a rating.
- ***Océane* bonds and Guarantee Status:** The Océane bonds constitute direct, unconditional, unsubordinated and, subject to the Guarantee, uncollateralized obligations of the Company, ranking *pari passu* with all other present or future unsubordinated and unsecured debts of the Company, benefiting from a guarantee similar to the Guarantee and guaranteed by the Company. The Guarantee constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Guarantor, ranking (subject to applicable law) *pari passu* with all other similar guarantees granted by the Guarantor.
- **Issue currency:** Euro.
- **Amount of the issue:** €399,999,977.65.
- **Ex-dividend, settlement/delivery and admission date of *Océane* bonds on Euronext – Access ("Settlement and Delivery Date"):** October 6, 2017.
- **Maturity date:** October 6, 2023 (6 years).
- **Nominal rate and interest:** the *Océane* bonds will not bear interest (zero coupon).
- **Nominal Value per Unit of the *Océane* bonds** The Nominal Value per Unit of the *Océane* bonds will be equal to the Initial Conversion or Exchange Price defined below.
- **Issue price of *Océane* bonds**: 100% of the nominal value.
- **Redemption price of *Océane* bonds:** 100% of the nominal value.
- **Share Reference Price:** €22.4363 per Share, equal to the volume-weighted average of the share price on the Euronext Paris regulated market from the opening of the trading session on the launch date until the time of pricing of the transaction.
- **Initial Conversion or Exchange Premium:** 42% compared to the Share Reference Price
- **Initial Conversion or Exchange Price:** The Initial Conversion or Exchange Price will be equal to €31.85, equivalent to the Share Reference Price multiplied by (1 + Initial Conversion or Exchange Premium) (subject to the standard adjustment clauses which will be set out in the *Océane* bonds' terms and conditions).
- **Initial Conversion or Exchange Ratio:** The Initial Conversion or Exchange Ratio will be one Share per *Océane* bond (subject to the standard adjustment clauses which will be set out in the *Océane* bonds' terms and conditions).
- **Conversion or Exchange Right:** Unless previously redeemed or repurchased and canceled, the *Océane* bonds will be convertible into and/or exchangeable for new and/or existing Shares during the Conversion or Exchange Period, as defined below, at the request of the bondholders, at the applicable conversion or exchange ratio.
- **Conversion or Exchange Period:** At any time from November 15, 2017, i.e., 40 days after the Settlement Date, up to and including the seventh business day preceding the applicable Maturity Date or Early Redemption Date, if any.
- **Delivery of Shares following conversion or exchange:** The Company may, at its discretion, deliver new Shares to be issued or existing Shares or a combination of both. The number of Shares delivered will be calculated on the basis of the total number of *Océane* bonds presented for conversion or exchange multiplied by the applicable conversion or exchange ratio.

- **Early redemption at the Company's discretion:** Subject to a notice period of at least 30 calendar days, the Company may redeem all outstanding *Océane* bonds early at their nominal value:
  - at any time, from October 27, 2021 (4 years and 21 days after the Settlement and Delivery Date), if the arithmetic average, calculated over a period of 20 consecutive trading days chosen by the Issuer from among the 40 immediately preceding the publication of the notice of early redemption, of the daily product (a) of the Share's closing price on the Euronext Paris regulated market and (b) the conversion or exchange ratio in effect on these dates, is above 130% of the Nominal Value per Unit of the *Océane* bonds; and
  - any time the number of *Océane* bonds outstanding is less than 15% of the number *Océane* bonds issued.

  Océane bonds redeemed in this way will be canceled pursuant to French law.
- **Repurchase by the Company:** The Company may repurchase all or part of the outstanding *Océane* bonds at any time after the Settlement and Delivery Date, at the price of its choosing, whether on or off the stock market, or by way of an offer to purchase or exchange in accordance with applicable French regulations.
- **Early redemption at the discretion of *Océane* bondholders:** Only in the event of a Change in Control (as defined below). In this case, the *Océane* bonds will be redeemed by the Company at their nominal value.
- **Protection against Change in Control:**
  - in the event of a Change in Control (as defined below), any holder of *Océane* bonds will have the right to request that the Company redeem all or some of their *Océane* bonds at their nominal value; and
  - in the event that the Shares are the subject of a tender offer likely to result in a Change in Control, or in the event that a tender offer is filed following a Change in Control, and such tender offer is declared compliant by the AMF, the conversion or exchange ratio will be temporarily adjusted during the adjustment period according to the following formula:

    $$NCER = CER \times [1 + (ICEP \times (D/M))]$$

    NCER: new conversion or exchange ratio applicable during the adjustment period in the event of a public offering

    CER: conversion or exchange ratio applicable prior to the opening date of the public offering

    ICEP: Initial Conversion or Exchange Bonus (expressed as a percentage)

    D: number of calendar days remaining between the opening date of the public offering (included) and the Maturity Date (excluded)

    M: number of calendar days remaining between the Settlement Date (included) and the Maturity Date (excluded) – in this case 2,191 days

  It should be noted that, pursuant to the laws and regulations applicable in France, any public offering, exchange offer, combined offer or any other public offering made by a third party for the Shares must also cover securities giving access to the Company's share capital or voting rights, and in particular *Océane* bonds.

  A "**Change in Control**" means the fact, for one or more individuals or legal entities, acting alone or in concert, of acquiring control of the Company; the notion of "control" means the fact of holding (directly or indirectly through companies themselves controlled by the person or persons concerned) (x) a majority of the voting rights attached to the Shares or (y) more than 40% of such voting rights if no other shareholder of the Company, acting alone or in concert, holds (directly or indirectly through companies controlled by such shareholder(s)) a higher percentage of the voting rights than so held.
- **Lock-up and holding commitment:** The Company's lock-up and holding period will commence on the Pricing Date and will last 90 calendar days from the Settlement Date, subject to certain customary exceptions and the right of the associated Global Coordinators to release the Company from this commitment.

7.5 SUMMARY TABLE OF DELEGATIONS OF AUTHORITY AND POWER TO INCREASE THE SHARE CAPITAL

A summary of the capital increase delegations of authority and powers granted to the Management Board and their use during financial year 2017 and since the beginning of the current financial year is presented in the report on corporate governance in chapter 4, section 4.1.5 of this registration document.

7.6 SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT BOARD'S REPORT PROVIDED FOR IN ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE AND REGARDING THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2017

The Supervisory Board's observations on the Management Board's report provided for in Article L. 225-100 of the French Commercial Code are presented to you in chapter 4 of this registration document.

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8.1 INFORMATION ABOUT THE COMPANY

8.1.1 COMPANY NAME AND REGISTERED OFFICE

The Company's business name is Elis.

Since November 28, 2016, the Company's registered office has been at 5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France. It was previously based in Puteaux.

8.1.2 LEGAL FORM AND GOVERNING LAW

The Company is a French corporation governed by a Management Board and a Supervisory Board *(société anonyme à directoire et conseil de surveillance).* It is subject to the legal and regulatory provisions applicable in France (and in particular those of Book II of the French Commercial Code) and to its articles of incorporation.

8.1.3 PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered with the Nanterre Trade and Companies Register under number 499 668 440.

8.1.4 DATE OF FORMATION AND TERM OF EXISTENCE

The Company was formed on August 10, 2007 for a term of existence of ninety-nine (99) years as at its registration with the Trade and Companies Register, i.e., until August 26, 2106, unless sooner dissolved or said period is extended.

8.1.5 WHERE TO VIEW CORPORATE DOCUMENTS

The Company's legal documents, particularly its articles of incorporation, financial statements, reports presented to the general meeting by the Management Board and the Supervisory Board and, more generally, all documents that must be sent or made available to shareholders as stipulated in Articles L. 225-115, L. 225-116 and L. 225-117 of the French Commercial Code, may be viewed at the Company's registered office at 5, boulevard Louis-Loucheur, 92210 Saint Cloud, France (telephone: +33 (0)1 75 49 94 00). The Group's historical financial information and regulated information is also available on the Company's website at http://www.corporate-elis.com.

8.2 ARTICLES OF INCORPORATION

The articles of incorporation were prepared pursuant to the statutory and regulatory provisions applicable to corporations with a Management Board and a Supervisory Board governed by French law. The principal stipulations of the articles of incorporation described below are from the Company's articles of incorporation, as revised on February 12, 2015 to bring them into compliance with the provisions applicable to companies whose shares are traded on the Euronext regulated market in Paris, and as updated on November 28, 2016 following the move of the Company's registered office, and again on February 13, 2017, May 19, 2017, June 21, 2017, September 13, 2017 and December 21, 2017 following share capital transactions and the inclusion of the terms and conditions for appointing Supervisory Board members representing employees.

8.2.1 CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF INCORPORATION)

The Company's corporate purpose is, directly or indirectly, in France and abroad:

- the acquisition of stakes, through contributions, purchase, subscription or otherwise, in any companies, regardless of their corporate form and corporate purpose;
- management services to companies, including in the administrative, accounting, financial, IT and sales fields;
- the exploitation of any patents and trademarks, including under licenses;
- the renting of any equipment and facilities of any type;
- the ownership, through acquisition or otherwise, and the management, including through rentals, of any properties and assets or real estate rights;
- the direct or indirect participation in any transactions that may be directly or indirectly related to the corporate purpose through the creation of new companies, contributions, subscriptions or purchases of securities or shares and related rights, mergers, alliances, joint venture and by any other means and in any forms used in France and abroad;
- and more generally, any commercial, financial, industrial, personal property or real estate transaction that may be directly or indirectly related to the aforementioned corporate purpose or any purposes that are similar, related or likely to facilitate the achievement of the corporate purpose.

8.2.2 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (ARTICLES 12 TO 22 OF THE ARTICLES OF INCORPORATION)

Information about the Management Board and Supervisory Board as defined in the Company's articles of incorporation and the Supervisory Board's rules of procedure is provided in the Supervisory Board's report on corporate governance in chapter 4 of this 2017 registration document.

8.2.3 FINANCIAL YEAR (ARTICLE 25 OF THE ARTICLES OF INCORPORATION)

The financial year begins on January 1 and ends on December 31 each year.

8.2.4 SHAREHOLDER RIGHTS

Rights, privileges, restrictions and obligations attached to the shares (Article 10 of the articles of incorporation)

Fully paid-up shares may be held either in registered or bearer form, at the shareholder's discretion.

The ownership of a share automatically entails acceptance of these articles of incorporation and decisions of the general meetings.

In addition to the voting right attributed to it by law, each share creates a right to the ownership of the corporate assets and the liquidation surpluses, at a fraction equal to that of the share capital it represents.

Whenever ownership of several old shares is required to exercise any right, as well as for the purposes of exchange or grant of securities entitling their holder to a new security in exchange for the delivery of several old shares, the bearers of single securities or of fewer securities than the number required will not be entitled to any rights with respect to the Company, as shareholders are personally responsible for grouping together and, possibly, purchasing or selling the number of securities required.

Shares are indivisible as regards the Company, so that undivided co-owners are required to be represented vis-à-vis the Company by one of them or by a single proxy, appointed by a court of law in the event of disagreement.

Double voting rights (Article 9 of the articles of incorporation)

Pursuant to the terms of Article 9 of the Company's articles of incorporation, no use was made of the exemption from the allotment of double voting rights as provided for in Article L. 225-123, paragraph 3 of the French Commercial Code. As a result, from April 3, 2016, double voting rights will be granted to all fully paid-up shares held in registered form by the same shareholder for at least two years.

In accordance with Article L. 225-123, paragraph 2 of the French Commercial Code, in the event of a capital increase through the capitalization of reserves, profits or share premiums, double voting rights are granted from the date of issue in respect of new shares allotted free of charge to a shareholder as a result of their ownership of existing shares that already carry double voting rights.

Double voting rights may be used in any general meeting.

Shares converted to bearer form or transferred to a new owner lose their double voting rights. However, a transfer of ownership arising from succession rights, the liquidation of the joint property of spouses, or inter vivos gifts to a spouse or relative entitled to inherit will not result in the loss of double voting rights and will not represent a break in the aforementioned minimum holding period.

Restrictions under the articles of incorporation on the exercise of voting rights (Article 8 of the articles of incorporation)

Article 8 of the Company's articles of incorporation stipulates that any shareholder who comes to hold a fraction of the Company's share capital or voting rights equal to 1%, or any multiple of that fraction, is required to notify the Company once one of those thresholds is crossed. Failure to comply with this obligation, and upon request by one or more shareholders holding 1% of the equity capital or voting rights, the voting rights exceeding that percentage which should have been disclosed may not be exercised at any general shareholders' meeting until a period of two years has elapsed following the date on which the breach in notification is corrected.

Allocation of earnings (Article 26 of the articles of incorporation)

The earnings of each financial year are determined pursuant to the statutory and regulatory provisions in force.

If the earnings of the financial year so permit, after deduction of an amount to be placed in the statutory reserve or to be added to the statutory reserve, upon a proposal by the Management Board, the general meeting may deduct any amounts it may set at its discretion, either to be carried forward to the following year or to be allocated to one or more general or special reserves or to be allocated among shareholders.

The general meeting has the right to grant to shareholders, for all or part of the dividends distributed or of the interim dividends, an option between payment in cash and payment in shares on the terms set by the regulations in force. In addition, the general meeting may decide, for all or part of the dividends, the interim dividends, the reserves or share premiums distributed, or for any capital decrease, that such distribution of dividends, reserves or share premiums or such capital decrease will be performed in kind by providing securities from the Company's portfolio or assets.

Each shareholder's share in the profits and its contribution to losses will be proportionate to their share in the share capital.

Changes in shareholders' rights

Shareholders' rights may be modified on the terms provided by the statutory and regulatory provisions. There are no specific provisions governing the modification of shareholders' rights that are stricter than the law.

8.2.5 GENERAL MEETINGS (ARTICLES 23 AND 24 OF THE ARTICLES OF INCORPORATION)

Pursuant to the stipulations of Article L. 225-37-4, paragraph 9, the terms and conditions for shareholders' participation in general meetings as set out in Articles 23 and 24 of the Company's articles of incorporation updated on December 21, 2017 are detailed in the Supervisory Board's report on corporate governance, included in chapter 4, section 4.1.3 of this registration document.

8.2.6 AGREEMENTS WITH EXECUTIVES AND DIRECT OR INDIRECT SUBSIDIARIES

Information regarding agreements with executives and direct and indirect subsidiaries is provided in the Supervisory Board's report on corporate governance and the Statutory Auditors' special report, both of which are included in chapter 4 of this 2017 registration document.

8.2.7 PROVISIONS IN THE ARTICLES OF INCORPORATION THAT MAY HAVE AN EFFECT ON A CHANGE IN CONTROL

There are no provisions in the Company's articles of incorporation that may have an effect on a change in control.

8.2.8 SHAREHOLDING DISCLOSURE THRESHOLDS (ARTICLE 8 OF THE ARTICLES OF INCORPORATION)

Any individual or legal entity, acting alone or in concert with others, who comes to hold, or ceases to hold, directly or indirectly, a portion equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of such percentage, including beyond the disclosure thresholds provided by the statutory and regulatory provisions, must notify the Company of the total number of shares and voting rights they hold and the securities giving access to the share capital and voting rights potentially attached to them by registered letter with acknowledgment of receipt, sent to the registered office no later than by the end of the fourth trading day after the day on which the threshold is exceeded.

For the determination of the thresholds mentioned above, the shares or voting rights held indirectly and the shares or voting rights deemed as shares or voting rights held, as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code, are also taken into account.

In the event of non-compliance with the above provisions, the penalties provided by law where the obligation to disclose the exceeding of the legal thresholds has not been respected will only apply to the thresholds stipulated in the articles of incorporation upon a request, recorded in the minutes of the general meeting, by one or more shareholders holding at least 1% of the Company's share capital or voting rights.

The Company reserves the right to give notice to the public and shareholders of either the information of which it was given notice or the fact that the relevant person or legal entity has not respected the aforementioned obligation.

8.2.9 IDENTIFICATION OF BEARERS OF SECURITIES (ARTICLE 7 OF THE ARTICLES OF INCORPORATION)

The Company has the right, on the statutory and regulatory terms in force, to request at any time, at its expense, from the central custodian of financial instruments, as applicable, the name or corporate name, nationality, year of birth or year of formation, and the address of the holders of bearer securities conferring immediately or in the future a voting right in its own general meetings, and the quantity of securities held by each of them and, if applicable, any restrictions on such securities. In view of the list transmitted by the aforementioned organization, the Company has the right to request from the persons on such list, and whom the Company believes to be registered on behalf of third parties, the above information pertaining to the owners of the securities.

Where a person subject to a request for information has not transmitted the information within the time periods provided by the legal and regulatory provisions in force or has transmitted incomplete or incorrect information related either to such person's status or to the owners of the securities, the shares or securities giving access immediately or in the future to the share capital and for which such person has been registered as the owner will be deprived of voting rights for all general meetings that may be held until the date on which the actual owner is identified, and the payment of the corresponding dividends will be deferred until such date.

8.2.10 RESTRICTIONS UNDER THE ARTICLES OF INCORPORATION REGARDING SHARE TRANSFER

There are no statutory clauses restricting the transfer of shares, with the exception of the rules relating to preventing insider trading and the recommendations of the AFEP-MEDEF Code imposing an obligation to retain shares on executive corporate officers.

8.3 INFORMATION ABOUT THE COMPANY'S CAPITAL AFR

8.3.1 PARTICULAR STIPULATIONS GOVERNING CHANGES IN THE SHARE CAPITAL

If the articles of incorporation do not provide any specific stipulations, the share capital may be increased, decreased or amortized by any methods or means authorized by law.

8.3.2 AMOUNT AND STRUCTURE OF THE SHARE CAPITAL

As at December 31, 2017, the Company's share capital was €219,370,207, divided into 219,370,207 shares with a par value of one euro (€1.00) each, fully subscribed, fully paid up and all of the same class. The share capital was the same at the date of filing of the registration document.

In 2017, the share capital increased by 105,364,040 shares as a result of the following transactions:

- **Capital increase through a public offering:**

  As part of the financing of the acquisitions of Indusal and Lavebras, the Company carried out a share capital increase with preferential subscription rights for an amount of 325,176,649.50 (gross amount, including share premium, before the issue fees) through the issuance of 25,910,490 new shares. This transaction closed the financing of the bridge loan entered into by Elis in connection with the above-mentioned acquisitions.

  Following the subscription period, which ended on February 3, 2017, total subscription orders amounted to approximately €853 million, representing a subscription rate of 262.34%:

  - 25,790,720 new shares were subscribed on an irreducible basis, representing 99.54% of the new shares issued;
  - orders submitted on a reducible basis represented 42,183,211 new shares and were therefore partly fulfilled. A total of 119,770 new shares (representing 0.46% of the new shares to be issued) were allocated in this respect according to a ratio of 0.003199940025 calculated on the number of rights exercised on a non-reducible basis, disregarding fractions and on the basis that no allocation may exceed the number of shares subscribed for on a reducible basis.

  In accordance with their respective subscription commitments, Eurazeo and Crédit Agricole Assurances (Predica), Elis's two main shareholders holding at the date of the capital increase 16.9% and 10% of the share capital respectively, exercised all of their subscription rights on a non-reducible basis, representing a combined subscription amount of approximately €87 million.

  Settlement and delivery of and the admission to trading on Euronext Paris (Compartment A) of the 25,910,490 new shares occurred on February 13, 2017.

  As part of this share capital increase, an adjustment of the rights of the beneficiaries of unvested performance shares was made and the beneficiaries were informed of such adjustment by a public notice published in the *Bulletin des annonces légales obligatoires* (BALO). This adjustment occurred on February 13, 2017.

- **Capital increase in consideration for asset contribution:**

  In connection with the acquisition of Berendsen Plc and the financing thereof, the Company's general shareholders' meeting of August 31, 2017 approved the capital increase in consideration for the contribution by Berendsen Plc shareholders of all shares in Berendsen Plc, with the exception of those held by Berendsen's Employee Benefit Trust, effected by means of a court-sanctioned Scheme of Arrangement under Part 26 of the United Kingdom's Companies Act 2006, for a total nominal amount of €69,052,152 through the issue of 69,052,152 ordinary shares with a par value of €1 each.

  This capital increase transaction became final on September 13, 2017.

- **Capital increase reserved for CPPIB:**

  In connection with the acquisition of Berendsen Plc and in accordance with the terms of the investment agreement between the Company and Canada Pension Plan Investment Board ("CPPIB"), Elis's general shareholders' meeting of August 31, 2017 approved the capital increase of €10,131,713 through the issue of 10,131,713 shares with a par value of €1 each, issued at the subscription price of €19.74 each, with preferential subscription rights canceled in favor of CPPIB.

  This capital increase transaction became final on September 13, 2017.

- **Capital increase through the capitalization of reserves:**

  For the purposes of the performance share plans introduced on April 7, 2015 and December 21, 2015, the Management Board issued 250,392 shares with a par value of €10 each on April 7, 2017 and 19,293 shares with a par value of €1 each on December 21, 2017, in accordance with the delegation granted to it by the general shareholders' meeting of May 27, 2016 (12th resolution) and the authorization of the Supervisory Board dated March 14, 2017 and December 14, 2017. These shares were issued as part of capital increases through the capitalization of sums deducted from the "Additional paid-in capital" account.

- **Share capital reduction:**

  At the combined general meeting of May 19, 2017, the shareholders approved the reduction of the Company's share capital in an amount of €1,261,503,441 by reducing the par value of shares from €10 each to €1 each, said amount having been allocated to the "Additional paid-in capital" account.

8.3.3 CHANGES IN SHARE CAPITAL OVER THE PAST THREE FINANCIAL YEARS

The table below shows changes to the Company's share capital over the past three financial years:

Date	Type of transaction	Transaction amount *(In euros)*	Share premium *(In euros)*	Share capital before transaction *(In euros)*	Number of shares before transaction	Number of shares after transaction	Par value after transaction *(In euros)*	Share capital after transaction *(In euros)*
01/29/14	Capital increase	36,433,132	6,566,867.98	461,177,277	922,354,554	995,220,818	0.50	497,610,409
10/08/14	Capital increase	1	–	497,610,409	995,220,818	995,220,820	0.50	497,610,410
11/06/14	Reverse stock split [(a)]			497,610,410	995,220,820	49,761,041	10	497,610,410
02/10/15	Exercise of warrants [(b)]	19,398,010	–	497,610,410	49,761,041	51,700,842	10	517,008,420
02/10/15	Capital increase in consideration for asset contribution [(c)]	16,318,630	4,863,972	517,008,420	51,700,842	53,332,705	10	533,327,050
02/10/15	Capital decrease [(d)]	16,354,060	(3,463,070)	533,327,050	53,332,705	51,697,299	10	516,972,990
02/10/15	Capital increase [(e)]	84,627,150	25,388,145	516,972,990	51,697,299	60,160,014	10	601,600,140
02/12/15	Capital increase (initial public offering)	538,461,530	161,538,459	601,600,140	60,160,014	114,006,167	10	1,140,061,670
02/13/17	Capital increase with preferential subscription rights	325,176,649.50	66,071,749.50	1,140,061,670	114,006,167	139,916,657	10	1,399,166,570
04/07/17	Capital increase through capitalization of reserves [(f)]	2,503,920	–	1,399,166,570	139,916,657	140,167,049	10	1,401,670,490
06/21/17	Reduction in the par value of shares from €10 to €1 [(g)]	1,261,503,441	–	1,401,670,490	140,167,049	140,167,049	1	140,167,049
09/13/17	Capital increase in consideration for asset contribution [(h)]	69,052,152	1,300,885,293	140,167,049	140,167,049	209,219,201	1	209,219,201
09/13/17	Capital increase [(i)]	10,131,713	9,868,301.62	209,219,201	209,219,201	219,350,914	1	219,350,914
12/21/17	Capital increase through capitalization of reserves [(j)]	19,293	–	219,350,914	219,350,914	219,370,207	1	219,370,207

(a) Under the Company's reverse stock split, the share's par value was multiplied by 20, taking it from €0.50 to €10 per share, while the number of shares making up the share capital was divided by 20, taking it to 49,761,041.

(b) The listing of the Company's shares on the regulated market constituted a case of exercising share subscription warrants (that event that triggered this exercise being separate from the second event that triggered the sale of shares provided for under the warrants' terms and conditions).
In consequence, and in accordance with the terms and conditions of the share subscription warrants, 3,879,602 share subscription warrants became exercisable and 1,939,801 new shares were issued following the exercise of the 3,879,602 share subscription warrants. The non-exercisable BSA and/or those still outstanding after the Company's initial public offering lapsed or were forfeited.

(c) Merger by absorption of Quasarelis.

(d) Following the cancellation of the Company's treasury shares as a consequence of the completed merger by absorption of Quasarelis.

(e) Capital increase fully subscribed by Legendre Holding 27, the subscription price of which was fully paid up by offsetting a receivable held by Legendre Holding 27 against the Company relating to an intra-group loan on June 14, 2013 and amended by supplemental agreements of September 23, 2014 and October 22, 2014.

(f) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on April 7, 2015 and whose vesting period expired on April 7, 2017.

(g) Capital reduction for reasons other than losses approved by the combined general meeting of May 19, 2017 and which became effective on June 21, 2017 at the expiration of the creditors' objection period.

(h) Capital increase in consideration for the contribution by Berendsen shareholders of all of shares in Berendsen Plc, with the exception of those held by Berendsen's Employee Benefit Trust, effected by means of *a Scheme of Arrangement under Part 26 of the* United Kingdom's *Companies Act 2006.*

(i) Capital increase reserved for CPPIB.

(j) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on December 21, 2015 and whose vesting period expired on December 21, 2017.

8.3.4 THE COMPANY'S SELF-CONTROLLING AND SELF-HELD SHARES AND ACQUISITION OF ITS OWN SHARES

As at December 31, 2017, the Company held 61,798 treasury shares accounting for 0.03% of the Company's capital (based on the share capital as at December 31, 2017). Of these shares, 57,500 were held under the liquidity agreement (see section 8.4 below, "Share buyback"). These shares have no voting rights.

8.3.5 UNISSUED AUTHORIZED CAPITAL

Table of financial delegations of authority granted by the general meeting to the Management Board valid in 2017 and use of these delegations in 2017 and since the beginning of financial year 2018

To enable the Company to access the market if necessary, particularly in relation to the Group's ongoing expansion, the general meeting of May 19, 2017 renewed its financial delegations of authority to the Management Board. The general meeting of May 27, 2016 also gave the Management Board authority for a period of 38 months to grant performance shares to Group employees and executives. A table summarizing the delegations that are currently valid in respect of a capital increases, share buyback programs and transactions reserved for employees and executive corporate officers is included in the Supervisory Board's report on corporate governance in chapter 4 of this registration document.

Pursuant to the aforementioned authorizations, the Management Board carried out the following transactions during financial year 2017, after receiving approval from the Supervisory Board, in accordance with the Company's articles of incorporation:

- grant of 577,050 performance shares on March 24, 2017, the main terms of which are described in Note 5.2 to the 2017 consolidated financial statements included in chapter 6 of this 2017 registration document;
- capital increase through a public offering in an amount of €325,176,649.50 effected as part of the financing of Indusal and Lavebras as described above (see section 8.3.2 "Amount and structure of share capital");
- issue on October 6, 2017 of bonds with the option of conversion and/or exchange for new and/or existing shares (*Océanes*) for an amount of €399,999,977.65, representing 12,558,869 underlying shares. This transaction was carried out by the Management Board on October 3, 2017 under the delegation of authority granted to it by the 26th resolution of the general shareholders' meeting of May 19, 2017 and by the authorization of the Supervisory Board. The final terms and conditions of this transaction are set out in the Management Board's supplementary report presented in chapter 7, section 7.4 of this registration document;
- capital increase on April 7, 2017 and December 21, 2017 in an amount of €250,392 and €19,293 respectively for the purposes of the performance share plans whose vesting period expired in 2017.

Financial delegations submitted to the general meeting of May 18, 2018

At the Company's combined general meeting called for May 18, 2018, the shareholders will be asked to vote on the renewal of the share buyback program, as well as the renewal of the financial delegations of authority expiring in 2018. In addition, the shareholders will be asked to replace certain financial delegations of authority with new ones taking into account the change in the Company's share capital in 2017. Details of the resolutions related to these proposals can be found in chapter 7, "Combined general meeting of May 18, 2018," of the 2017 registration document.

Other issued securities giving access to capital

As at the filing date of this registration document, the Company had granted some performance-related bonus shares (for a description of performance shares, please refer to Note 5.4 to the 2017 consolidated financial statements and Note 5.2 to the Company's annual financial statements in chapter 6, "Financial statements for the year ended December 31, 2017," of the 2017 registration document) and issued *Océane* bonds representing 12,558,869 underlying shares (the terms and conditions of the *Océanes* are described in more detail in chapter 7, section 7.4 of this 2017 registration document).

No other instruments give access to the Company's share capital.

8.3.6 INFORMATION ABOUT THE POTENTIAL DILUTION OF SHARE CAPITAL

As at December 31, 2017, the potential volume of outstanding dilutive instruments was 12,558,869 shares related to the *Océanes*, and 1,635,366 shares related to the performance shares likely to be covered by new shares. The overall potentially dilutive effect of these instruments stood at around 6.4% of the share capital as at December 31, 2017.

Since the beginning of the financial year, the Company has granted 1,072,357 shares. Based on the vesting of these shares, the overall potentially dilutive effect of these instruments as at the filing date of this registration document is 6.9% of the share capital.

8.3.7 PLEDGES

As at December 31, 2017, existing pledges of Company shares concerned 3,000 registered shares held by a single shareholder. The Company is not aware of any other pledges of Company shares.

No shares held by the Company in its subsidiaries had been pledged.

8.4 SHARE BUYBACK

8.4.1 ONGOING ELIS TREASURY SHARE BUYBACK PROGRAM

On May 19, 2017, the general shareholders' meeting voting as an ordinary general meeting renewed the 18-month authorization granted to the Company by the combined general meeting of May 27, 2016 to trade in its own shares. A description of the share buyback program is available on the Group's website: http://www.corporate-elis.com.

Subject to any necessary amendments under regulation (EU) No. 596/2014 of April 16, 2014 on market abuse, related European Commission regulations, and market practices allowed by the French Financial Markets Authority (AMF), the goals of the buyback program are as follows:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI), using an investment services provider as intermediary;
- to honor obligations deriving from the exercise of rights attaching to securities giving the right by conversion, exercise, redemption, exchange or any other means to the allocation of shares in the Company in compliance with applicable regulations;
- to honor obligations related to stock option plans, the grant of bonus shares to employees and corporate officers, the grant or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share grant, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions in respect of these transactions, as provided by law;
- to cancel any shares acquired in the context of a capital reduction;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use in payment for potential acquisitions in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by laws or regulations in force or by the AMF.

The purchase of Company shares may involve a number of shares such that on the date of each repurchase, the total number of shares purchased by the Company since the start of the buyback program does not exceed 10% of the number of shares making up the share capital at that date, with the understanding that in accordance with Article L. 225-209 of the French Commercial Code, the number of shares purchased by the Company to be retained and delivered at a later date as consideration or exchange in the context of an acquisition may not exceed 5% of its share capital.

The maximum purchase price per share is €30. The total maximum amount allocated to the share buyback program may not exceed €350 million.

The share buyback may be staggered over an 18-month period as from May 19, 2017, i.e., until November 19, 2018 inclusive. A description of the renewal of the share buyback program for 2017 has been drawn up in accordance with Articles 241-1 *et seq.* of the AMF general regulations.

Under this program, purchases, sales or transfers of the Company's shares may take place at any time in accordance with legal and regulatory requirements, except during public offers for the purchase or exchange of shares initiated by the Company or concerning the Company's shares.

In the financial year ended December 31, 2017, the Company made use of the share buyback program firstly in connection with the liquidity agreement managed by Kepler Cheuvreux and secondly to fulfill the rights of Berendsen's stock option holders in accordance with its commitments under the terms of the Scheme of Arrangement.

The half-year statement of the liquidity agreement and all press releases relating to the share buyback program are available on the Group's website at www.corporate-elis.com.

The table below shows the transactions conducted by the Company under the share buyback program in 2017:

Treasury shares held as at January 1, 2017 at the start of trading	119,000
Number of shares purchased during financial year 2017	314,660 [c]
Number of shares sold during financial year 2017	310,633
Number of shares canceled in the last 24 months	0
Treasury shares held directly or indirectly as at December 31, 2017 [a]	61,798
Market value of the portfolio as at December 31, 2017 [b] *(In euros)*	1,422,280.98

(a) As at December 31, 2017, a total of 57,500 of the Company's 61,798 treasury shares were allocated for liquidity purposes.
(b) Price at December 31, 2017: €23.015.
(c) O/w 261,660 for the liquidity agreement.

8.4.2 SHARE BUYBACK PROGRAM SUBMITTED FOR SHAREHOLDER APPROVAL AT THE NEXT GENERAL MEETING OF MAY 18, 2018

At the combined general shareholders' meeting convened for May 18, 2018, the shareholders will be asked to terminate the 18th resolution approved by the general meeting of May 19, 2017 and to authorize, pursuant to the vote on the 21st resolution, the implementation of a new share buyback program, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, Articles L. 241-1 *et seq.* of the AMF General Regulation, EU Regulation no. 596/2014 of April 16, 2014 on market abuse (MAR), and the related European Commission regulations (delegated regulations).

8.4.3 LIQUIDITY AGREEMENT

On April 13, 2015 Elis entered into a liquidity agreement with Kepler Cheuvreux, which is consistent with the Code of Conduct issued by the French Financial Markets Association (AMAFI) on March 8, 2011 and approved by the AMF on March 21, 2011. A total of €3 million was credited to the liquidity account to fund these market-making transactions.

On September 13, 2017 the Management Board decided to reallocate up to 12,527 shares of the 55,500 existing treasury shares held at that date under the liquidity agreement in order to be able to allocate existing Elis shares to Berendsen's stock option holders during financial year 2017. This was based on the number of Berendsen stock options exercised and in accordance with Elis's commitments under the terms of the Scheme of Arrangement.

As at December 31, 2017, a total of 57,500 of the Company's 61,798 treasury shares had been allocated for liquidity purposes, representing €1,323,362.51.

8.5 SHAREHOLDER STRUCTURE

8.5.1 OWNERSHIP OF SHARE CAPITAL AND VOTING RIGHTS

The latest ownership structure of the Company's share capital is available on the Group's website at www.corporate-elis.com.

The ownership structure as at December 31, 2017 is presented in the table below, based on statutory disclosures establishing an interest of more than 5% of share capital or voting rights at the end of the financial year in application of Article L. 233-7 of the French Commercial Code, and disclosures by Group executives and individuals related to them.

Pursuant to Article 223-11 of the AMF General Regulation, the theoretical voting rights presented in the table below take account of all voting rights attached to outstanding shares, including non-voting shares (i.e., treasury shares). The number of theoretical voting rights thus differs from the number of voting rights that can actually be exercised at general meetings.

Furthermore, a double voting right is allocated to each registered share held by a shareholder for at least two years, pursuant to Article 9 of the Company's articles of incorporation (see section 8.2.4 of this registration document).

	December 31, 2017					
Shareholders	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Legendre Holding 27 SAS [h]	13,825,204	23,479,653	23,479,653	6.30	10.24	10.24
Eurazeo SA [a] [h]	–	–	–	–	–	–
SUBTOTAL	13,825,204	23,479,653	23,479,653	6.30	10.24	10.24
FMR LLC [b]	14,106,636	14,106,636	14,106,636	6.43	6.16	6.16
ECIP Elis SARL [a] [h]	-	–	–	–	–	–
Predica [c]	14,311,662	14,311,662	14,311,662	6.52	6.24	6.24
Quasarelis SAS	–	–	–	–	–	–
Canadian Pension Plan Investement Board [d]	18,356,394	18,356,394	18,356,394	8.37	8.01	8.01
Free float O/w	158,770,311	158,932,752	158,932,752	72.38	69.35	69.36
– Franklin Resources, Inc. [e]	4,356,493	4,356,493	4,356,493	1.98	1.90	1.90
– Ameriprise Financial, Inc. [f]	15,767,160	15,767,160	15,767,160	7.19	6.88	6.88
– Executives and employees [g]	321,533	364,596	364,596	0.15	0.16	0.16
– Treasury stock	61,798	61,798	–	0.03	0.02	0.00
TOTAL	**219,370,207**	**229,187,097**	**229,125,299**	**100**	**100**	**100**

	December 31, 2014		December 31, 2015			December 31, 2016					
Shareholders	**Number of shares**	**% of share capital and theoretical voting rights**	**Number of shares**	**% of share capital and theoretical voting rights**	**% of share capital and exercisable voting rights**	**Number of shares**	**Theoretical voting rights**	**Exercisable voting rights**	**% of share capital**	**% of theoretical voting rights**	**% of exercisable voting rights**
Legendre Holding 27 SAS	43,853,538	92.30	43,853,538	38.46	38.52	18,351,303	27,109,817	27,109,817	16.1	21.97	21.99
Eurazeo SA [(a)]	3,467,774	6	3,467,774	3.04	3.05	906,864	1,330,179	1,330,179	0.8	1.08	1.08
SUBTOTAL	47,321,312	98.3	47,321,312	41.50	41.57	19,258,167	28,439,996	28,439,996	16.9	23.05	23.07
ECIP Elis SARL [(a)]	592,849	1.19	592,849	0.52	0.52	154,952	309,904	309,904	0.14	0.25	0.25
Predica	–	–	–	–	–	11,400,617	11,400,617	11,400,617	10	9.24	9.25
Quasarelis SAS [(b)]	165,432	0.33	–	–	–	–	–	–	–	–	–
Franklin Resources, Inc.			4,615,992	4.05	4.05	5,895,968	5,895,968	5,895,968	5.17	4.78	4.78
Ameriprise Financial, Inc.			5,752,999	5.05	5.05	5,752,999	5,752,999	5,752,999	5.04	4.66	4.67
Executives and employees	87,162	0.18	375,377	0.33	0.33	58,116	113,882	113,882	0.05	0.09	0.09
Treasury stock	–	–	148,147	0.13	0	119,000	119,000	0	0.10	0.10	0
Free float	–	–	55,199,491	48.42	48.48	71,366,348	71,366,348	71,366,348	62.60	57.83	57.89
TOTAL	**49,761,041**	**100**	**114,006,167**	**100**	**100**	**114,006,167**	**123,398,714**	**123,279,714**	**100**	**100**	**100**

(a) Shareholders having declared that they were bound by a shareholders' agreement ended on October 4, 2017 (see section 8.5.10 of this registration document).
(b) Based on FRM LLC's declaration of shareholding threshold disclosure dated October 31, 2017.
(c) Based on Crédit Agricole's declaration of shareholding threshold disclosure dated September 19, 2017.
(d) Based on CPPIB's declaration of shareholding threshold disclosure dated November 16, 2017 – CPPIB and the Company signed an investment agreement on June 7, 2017, the terms of which are described below in section 8.5.10 of this registration document.
(e) Based on Franklin Resources, Inc.'s declaration of shareholding threshold disclosure dated October 30, 2017.
(f) Based on Ameriprise Financial, Inc.'s declaration of shareholding threshold disclosure dated June 22, 2017 – Ameriprise Financial holds shares in Elis through its subsidiary, Threadneedle Asset Management Limited.
(g) Following the acquisition of 250,392 performance-based shares under the April 7, 2015 plan, whose vesting period ended on April 7, 2017, and 19,293 performance-based shares under the December 21, 2015 plan, whose vesting period ended on December 21, 2017.
(h) Based on Eurazeo's declaration of shareholding threshold disclosure dated October 10, 2017.

In 2017, Eurazeo's stake in the Company's share capital was reduced by approximately 10% as a result of the following transactions:

- the increase in the Company's capital in a nominal amount of €10,131,713 through the issue of 10,131,713 new shares with a par value of €1 each, issued at the subscription price of €19.74 per share (an issue premium of €9,868,301.62) fully subscribed by CPPIB;
- the increase in the Company's capital in a nominal amount of €69,052,152 through the issue of 69,052,152 new shares issued in consideration for Berendsen shares under the Scheme of Arrangement (for more details on the Berendsen Transaction, see section 1.1 in chapter 1 of this registration document);
- the sale on October 4, 2017, either directly or indirectly through its subsidiary Legendre Holding 27, and jointly with ECIP Elis SARL, of 10 million Company shares, representing 4.47% of the share capital and 4.28% of the voting rights of Elis as part of an accelerated book-building placement reserved for institutional investors. The sale included 8,696,854 shares sold by Legendre Holding 27, a total of 1,112,974 shares sold by Eurazeo and 190,172 shares sold by ECIP Elis SARL.

As a result of the above transactions, at December 31, 2017 Eurazeo held 13,825,204 shares, either directly or indirectly through its subsidiary Legendre Holding 27, representing 23,479,653 voting rights, i.e., 6.30% of the share capital and 10.24% of theoretical voting rights. It should be noted that, since April 3, 2016, Eurazeo and Legendre Holding 27 have acquired double voting rights pursuant to the provisions of Article 9 of the Company's articles of incorporation, and were exempt from the obligation to file a public offer proposal pursuant to the provisions of Articles 234-8 and 234-9, paragraph 10 of the AMF General Regulation (AMF Notice 2016C0886).

CPPIB's stake in the Company's share capital exceeded 8% of share capital during financial year 2017.

8.5.2 DOUBLE VOTING RIGHTS

As of March 31, 2018, 9,813,493 shares held a double voting right pursuant to Article 9 of the Company's articles of incorporation, the provisions of which are described in section 8.2.4 "Shareholders' Rights" of this 2017 registration document.

8.5.3 CONTROL OF THE COMPANY

No shareholder, alone or in concert with others, directly or indirectly, has held a controlling interest in the Company or has been deemed to exercise control over the Company.

8.5.4 SHARE TRANSACTIONS CARRIED OUT BY EXECUTIVES AND ASSOCIATED PERSONS

In accordance with Article 223-26 of the AMF General Regulation and EU Regulation No. 596/2014 of April 16, 2014 on market abuse ("MAR Regulation"), the provisions of which came into force on July 3, 2016 in France, the table below shows the transactions carried out by the Company's executives and persons closely associated with them as defined in Article 3 of the MAR Regulation, who are subject to a declaration with the AMF in accordance with Articles 223-22-A *et seq.* of the AMF General Regulation, under the terms set out in Article 19 of the MAR Regulation for the financial year ended December 31, 2017 and since the beginning of the financial year that started on January 1, 2018:

Date of transaction	Disclosed by	Type of transaction	Number of shares	Unit price *(In euros)*	Transaction amount *(In euros)*
January 23, 2017	Legal entity associated with Marc Frappier	Acquisition of preferential subscription rights [(a)]	200,248 50,000	1.0021 0.9761	200,668.52 48,805
January 23, 2017	Xavier Martiré	Disposal of preferential subscription rights [(a)]	19,500	0.9018	17,585.10
January 23, 2017	Xavier Martiré	Disposal of preferential subscription rights [(a)]	26,000	0.9745	25,337
January 24, 2017	Louis Guyot	Disposal of preferential subscription rights [(a)]	7	1.089	7.623
January 24, 2017	Xavier Martiré	Disposal of preferential subscription rights [(a)]	200	1.0400	208
January 26, 2017	Louis Guyot	Disposal of preferential subscription rights [(a)]	7	1.105	7.735
January 25, 2017	Matthieu Lecharny	Disposal of preferential subscription rights [(a)]	19	1.21	22.99
January 27, 2017	Matthieu Lecharny	Disposal of preferential subscription rights [(a)]	4,367	1.05	4,585
January 30, 2017	Philippe Audouin	Acquisition of preferential subscription rights	14	1.0621	14.8694
January 30, 2017	Xavier Martiré	Disposal of preferential subscription rights [(a)]	18	1.0310	18.56
February 9, 2017	Matthieu Lecharny	Share subscription [(a)]	1,825	12.55	22,903.75
February 9, 2017	Louis Guyot	Share subscription [(a)]	6,905	12.55	86,657.75
February 9, 2017	Xavier Martiré	Share subscription [(a)]	9,655	12.55	121,170.25
February 13, 2017	Philippe Audouin	Shares subscribed	685	12.55	54,581
February 13, 2017	Legal entity associated with Marc Frappier	Share subscription [(a)]	101,407	12.55	1,272,657.85
September 14, 2017	Xavier Martiré	Share disposal	5,000	20.79	103,957.5
September 14, 2017	Xavier Martiré	Share disposal	5,000	20.80	104,023
September 14, 2017	Xavier Martiré	Share disposal	7,500	20.82	156,166.5
September 14, 2017	Xavier Martiré	Share disposal	7,500	20.92	156,918.75

Date of transaction	Disclosed by	Type of transaction	Number of shares	Unit price *(In euros)*	Transaction amount *(In euros)*
September 14, 2017	Xavier Martiré	Share disposal	7,500	21.01	157,593
September 14, 2017	Xavier Martiré	Share disposal	7,500	21.07	158,025.75
September 14, 2017	Xavier Martiré	Share disposal	7,500	21.15	158,693.25
September 14, 2017	Xavier Martiré	Share disposal	7,500	21.18	158,866.5
September 14, 2017	Xavier Martiré	Share disposal	7,500	21.24	159,318
September 14, 2017	Xavier Martiré	Share disposal	2,334	21.25	49,601.93
September 21, 2017	Xavier Martiré	Share disposal	10,000	22.1418	221,418
September 21, 2017	Xavier Martiré	Share disposal	10,000	22.0366	220,366
September 21, 2017	Xavier Martiré	Share disposal	12,727	21.8868	278,553
Marsh 22, 2018	Louis Guyot	Share acquisition	195	20.08	3,915.60

(a) Within the scope of the capital increase of €325 million approved by the Management Board on January 17, 2017.

As at the filing date of the registration document, no other executive or corporate officer had reported transactions in the Company's shares in 2017 or since the beginning of the financial year that started on January 1, 2018.

8.5.5 TRANSFER OR DISPOSAL OF SHARES UNDERTAKEN TO REGULARIZE CROSS SHAREHOLDINGS

None.

8.5.6 SHAREHOLDING DISCLOSURE THRESHOLDS

Statutory shareholding disclosure thresholds

Pursuant to Article L. 233-7 of the French Commercial Code, any individual or entity, acting alone or in concert with others, who comes to hold, directly or indirectly, a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights, is required to notify the Company and the AMF thereof in writing within four trading days as from the date of exceeding the threshold, indicating the total number of shares and voting rights held. Shareholding disclosures filed with the AMF are made public by the AMF. Declarations of disclosure are also filed within the same timeframe and under the same conditions whenever the equity interest or voting rights fall below the above-mentioned thresholds. If any shareholder fails to comply with these disclosure requirements, the shares in excess of the relevant threshold that should have been disclosed in accordance with the above-mentioned provisions will be stripped of voting rights at all shareholders' meetings until a period of two years has elapsed following the date on which the breach of notification was rectified.

Thus, during financial year 2017, the following declarations of statutory shareholding threshold disclosure were filed with the AMF:

Shareholder	Date of declaration of disclosure	Declaration reference	Shareholding disclosure
FMR Co. Inc.	October 31, 2017	2017C2541	Threshold of 5% of voting rights exceeded.
FMR LLC	October 11, 2017	217C2406	Threshold of 5% of the share capital and voting rights exceeded.
Eurazeo	October 9, 2017	217C2392	Drop below the thresholds of 10% of the share capital and of 15% of voting rights.
Crédit Agricole SA [(a)] Prédica	September 19, 2017	217C2173	Drop below the threshold of 10% of the share capital.
Ameriprise Financial, Inc.	September 18, 2017	217C2160	Drop below the threshold of 10% of the share capital.
Eurazeo	September 15, 2017	217C2138	Drop below the thresholds of 25% and 20% of voting rights and the threshold of 15% of the share capital.
Canada Pension Plan Investment Board	September 15, 2017	217C2137	Threshold of 5% of voting rights exceeded.
Canada Pension Plan Investment Board	September 6, 2017	217C2078	Threshold of 5% of share capital exceeded.
Eurazeo	February 15, 2017	217C0466	Threshold of 25% of Elis's voting rights exceeded, directly and indirectly via its subsidiary Legendre Holding 27, following the granting of double voting rights to registered shares held for at least two years. Declaration of intent.
Franklin Resources, Inc.	February 7, 2017	217C0392	Drop below the threshold of 5% of the share capital.

(a) Predica's parent company.

Disclosure of shareholding thresholds set forth in the articles of incorporation

Shareholders are required to disclose to the Company any movement of 1%, or a multiple of that percentage, above or below the threshold in accordance with the stipulations of Article 8 of the Company's articles of incorporation (see section 8.2.8 above in this registration document).

These declarations of disclosure are in addition to the aforementioned declarations of disclosure required by law. Shareholders who fail to comply with the disclosure requirement set forth in the articles of incorporation will lose the voting rights attached to their shares exceeding the threshold in question at the request of one or more shareholders holding at least 1% of the share capital, under the conditions and within the limits set forth by law.

8.5.7 EMPLOYEE SHAREHOLDING AND PROFIT-SHARING

Shareholding agreements

Employee shareholding agreements were signed with the Group's principal French subsidiaries.

Employee profit-sharing agreements

Profit-sharing is an optional incentive whose purpose is to allow the Company to involve employees more closely, based on a calculation formula, in the Company's operations and, more specifically, in its earnings and performance. On such basis, profit-sharing agreements were signed with a majority of the Group's French entities.

An employee savings plan was set up in most of the Group's French entities. The plan offers Group employees with more than three months of seniority the possibility of using immediately and in full the amounts paid to them as part of their shareholding or profit-sharing plan or the amounts voluntarily paid by employees to subscribe for units in employee shareholding mutual funds (FCPE). The amounts invested in the employee savings plan are not available for five years, except in the cases of early release provided for by law.

8.5.8 EQUITY INTERESTS OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As at December 31, 2017, the personal interests in Elis's share capital of Xavier Martiré, Louis Guyot and Matthieu Lecharny, members of the Management Board, and those of the members of the Supervisory Board, accounted for less than 1% of the share capital and voting rights. The number of shares held by members of the Management Board and Supervisory Board is included in their biographies in chapter 4, "Corporate governance," of the 2017 registration document.

8.5.9 OTHER INFORMATION ABOUT THE CAPITAL

Agreements likely to cause a change in control of the Company

At the date of this registration document, and to the Company's knowledge, there are no shareholders or other agreements likely to cause a change in control of the Company at a later date.

Options or conditional or unconditional agreements regarding the capital of the Company or its subsidiaries

At the date of this registration document, there is no share capital of the Company or its subsidiaries under option or agreed conditionally or unconditionally to be put under option (including the identity of those persons to whom such options relate).

8.5.10 EVENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

In accordance with Articles L. 225-37-5 and L. 225-100-3 of the French Commercial Code, the events likely to have an impact with regard to the public offering are disclosed below:

Agreements entered into by the Company that would be amended or terminated in the event of a change in control of the Company

As at the date of this registration document, the financing agreements entered into by the Company (in particular the Senior Credit Facilities Agreement, the *Océanes*, the bond issues under the EMTN program, and the Schuldschein), described in chapter 1, section 1.13 "Financing policy and financial rating" of this registration document, contain a clause providing for the possibility under certain conditions of their early redemption in the event of a change of control of the Company.

Likewise, the agreement relating to the issue of High Yield Bonds stipulates that in the event of a change of control, each bond lender has the option to request redemption of said Bonds by the Company, at a price of 101% of the par value of the High Yield Bonds held by the lender, plus accrued interest.

Note that the 2017 Bridge Loan Agreement, entered into as part of the Berendsen Acquisition described in section 1.14 of chapter 1 of this 2017 registration document and which included early redemption clauses under certain conditions in the event of a change in control of the Company, was repaid in full on February 19, 2018.

Shareholder agreement

- In letters dated March 25, 2015 and March 27, 2015, in accordance with the provisions of Article L. 233-11 of the French Commercial Code, Eurazeo and ECIP Elis notified the Company, for the purposes of filing with the AMF, of the signing of a shareholder agreement (the "**Agreement**") relating to their holding in the Company's share capital and defining the terms and conditions of their investment in the Company's capital.

  The Agreement was submitted to the AMF on March 25, 2017 and March 27, 2015 and a notice relating thereto was published by the AMF on its website on March 30, 2015 (215C0370 of March 30, 2015). Parties to the Agreement have declared that the Agreement does not constitute concerted action as defined by Article L. 233-10 of the French Commercial Code.

  The Agreement provides for a divestment clause under the terms of which each of the parties to the Agreement undertake, in the event of a sale of all or some of their Elis shares, to sell said shares concomitantly and under the same legal and financial terms and conditions.

  The Agreement, which had come into effect on March 23, 2015, ended automatically following the sale by Eurazeo and ECIP Elis SARL of all Elis shares held on October 4, 2017.

- On May 30, 2016, Eurazeo, Legendre Holding 27 and Predica entered into an automatically renewable 5-year agreement related to the Company's corporate governance, in order to lay down certain commitments concerning the composition of the Elis Supervisory Board, in view of their respective holdings in the Company. Eurazeo, Legendre Holding 27 and Predica have thus undertaken to ensure that (i) the Supervisory Board members appointed on their proposal vote in favor of maintaining a majority of independent members on the Company's Supervisory Board and (ii) at general meetings, vote in favor of maintaining a majority of independent members on the Company's Supervisory Board (except in the event of a significant change in Elis's shareholding structure). Moreover, as long as Predica holds at least 5% of Elis's share capital, Eurazeo and Legendre Holding 27 have undertaken to ensure that (i) the Supervisory Board members appointed on their proposal vote in favor of any resolution aimed at allowing Predica to hold a seat on the Company's Supervisory Board and (ii) at general meetings, vote in favor of such a resolution. Eurazeo and Legendre Holding 27 have also undertaken to ensure that, within six months from the date their direct or indirect holdings fall below:

  - 15% of Elis's voting rights, they will only have two representatives on the Company's Supervisory Board; and
  - 10% of Elis's voting rights, they will only have one representative on the Company's Supervisory Board.

  The parties have declared that this corporate governance agreement did not represent concerted action within the meaning of Article L. 233-10 of the French Commercial Code.

- On June 7, 2017, the Company and CPPIB, which at the time held 4.83% of Elis's share capital, signed an investment agreement (**"Investment Agreement"**) pursuant to which CPPIB undertook to Elis to subscribe for 10,131,713 new Elis shares (**"CPPIB Shares"**) as part of a reserved capital increase carried out on September 13, 2017 as part of the acquisition of Berendsen (**"Reserved Capital Increase"**), at a subscription price of €19.74 per CPPIB Share (**"CPPIB Cash Placing"**). The total proceeds of the CPPIB Cash Placing would be €200 million. The funds raised by the CPPIB Cash Placing were used to repay the amounts due pursuant to the 2017 Bridge Term Facility Agreement incurred by Elis to finance the Berendsen Transaction and to help Elis meet its 2018 leverage target of ~3x (consistent with its current level) if the Berendsen transaction is completed.

  Pursuant to the provisions of the Investment Agreement:

  - Elis undertook not to, until the completion of the Elis Reserved Capital Increase, (i) propose or issue any equity securities on a pre-emptive basis (rights issue) to Elis shareholders, (ii) propose or issue any equity securities to any Elis shareholder or third party other than CPPIB and any of the Elis shareholders listed in chapter 8 of the registration document as holding more than 8% of the Company's share capital (**"First Offer Investors"**) without first offering to all of the First Offer Investors to subscribe for such equity securities, and (iii) issue equity securities to any First Offer Investor on terms more favorable than those offered to the other First Offer Investors, which in any event will not be more favorable than the terms of the CPPIB Shares, it being specified that the Company is authorized to issue equity securities for the purposes of the bonus share award plans;
  - CPPIB has undertaken for a 12-year lock-up period as from the settlement of the Reserved Share Capital not to (i) directly or indirectly transfer title to the CPPIB Shares, for which it has subscribed as part of the Reserve Capital Increase, (ii) grant any right or promise on such CPPIB Shares or (iii) announce its intention to perform one of the transactions mentioned in (i) and (ii). CPPIB is however authorized to tender all or part of the CPPIB Shares in the context of a public tender offer for any of the Elis Shares recommended by the Elis Supervisory Board Members and cleared by the AMF.

The Investment Agreement also includes an anti-dilution clause pursuant to which as long as CPPIB holds at least 8% of Elis's share capital, Elis must make any and all efforts for CPPIB to have the right, in connection with any future offerings of securities by Elis, including any offering of equity securities, to purchase or subscribe for a portion of such new securities pro rata to its shareholding in the Company for the same per-security price either (i) in the context of the offering, or (ii) by any other means agreed among the parties so that the CPPIB shareholding remains unchanged and in all cases on the same terms as those applicable to the purchase or subscription of the securities offered to others.

At the end of the CPPIB Lock-Up Period, CPPIB may freely transfer all or part of the CPPIB Shares it holds. In the event CPPIB and/or its affiliates wish that such transfer occurs through a trade sale or a private placement, CPPIB may notify Elis, within the limit of three times every five years, and Elis undertakes to cooperate with CPPIB, its affiliates and its/their advisers in order to ensure the liquidity of CPPIB's investment in Elis, by using commercially reasonable efforts to implement these transactions and provide CPPIB with the assistance it is reasonably able to give it in order to facilitate the marketing of the securities that CPPIB wishes to transfer. The cooperation commitment of the company with CPPIB is only applicable if the block disposal relates to at least 10% of the share capital of the Company and/or if the private placement relates to at least 5% of the share capital of the Company.

As regards corporate governance, the Investment Agreement provides that CPPIB has the right to propose at any time the designation of a member of Elis's Supervisory Board (membre du Conseil de surveillance) provided that its shareholding in the Company is at least equal to 8% of Elis's share capital and the designation of a second member within Elis's Supervisory Board provided that its shareholding in the Company is at least equal to 15% of Elis's share capital. In this context, CPPIB proposed the nomination of Joy Verlé as a member of Elis's Supervisory Board, Ms. Verlé having been coopted by the Supervisory Board at its meeting of March 6, 2018 to replace Philippe Audouin, who has resigned.

The Investment Agreement was signed for a 10-year period as from its execution date and is renewable for subsequent three-year periods unless terminated by written non-renewal notice sent by either party to the other party at least 12 months prior to the expiration of the initial 10-year period or of any renewal period.

Following the completion of the Elis Reserved Capital Increase, CPPIB may terminate the Investment Agreement at any time by providing at least four (4) months' prior notice to Elis.

To the Company's knowledge, there are no other agreements likely to have a material impact on the Company's capital in the event of a public offering for the Company's shares.

Agreements providing for compensation payments to members of the Management Board or employees if they resign or are dismissed without just or serious cause

As stated in chapter 4, "Corporate governance," Management Board members are eligible for compensation payments in the event of departure. The terms and conditions of such payments are presented in the Supervisory Board's report on corporate governance in chapter 4, section 4.1 herein, and in the Statutory Auditors' special report on regulated agreements and commitments included in section 4.2 of this registration document. Given that the term of office of Management Board members expires in 2018, the shareholders will be asked to vote at their general meeting on May 18, 2018 on the departure arrangements for each of the Management Board members.

Agreement that may lead to restrictions on share transfers or on the exercise of voting rights

In accordance with the terms of the Investment Agreement signed by CPPIB and the Company on June 7, 2017 as described above, CPPIB has undertaken for a 12-year lock-up period as from the settlement of the Reserved Share Capital, namely September 12, 2017, not to (i) directly or indirectly transfer title to the CPPIB Shares, for which it has subscribed as part of the Reserve Capital Increase, (ii) grant any right or promise on such CPPIB Shares or (iii) announce its intention to perform one of the transactions mentioned in (i) and (ii). CPPIB is however authorized to tender all or part of the CPPIB Shares in the context of a public tender offer for any of the Elis Shares recommended by the Elis Supervisory Board Members and cleared by the AMF.

Note that the commitment to a lock-up period of 180 calendar days from the date of settlement and delivery of the new shares, i.e., February 13, 2017, to which the Company was subject under the underwriting agreement signed by a bank syndicate, and the shareholders' commitment to retain shares for 90 calendar days from the date of settlement and delivery of the new shares subscribed for in connection with the capital increase in an amount of €325 million through a public offering as described above have expired.

At the date of this registration document, to the Company's knowledge and with the exception of the restrictions stipulated in Article 8 of the Company's articles of incorporation as described above, there are no shareholder agreements or other agreement that may, at a later date, lead to restrictions on share transfers or on the exercise of voting rights.

8.6 DIVIDENDS

8.6.1 DIVIDEND POLICY

The Company will determine the amounts of any future dividend distributions on the basis of various factors, including the Company's general business conditions and in particular its strategic objectives, financial position, the opportunities it wishes to pursue and the applicable statutory provisions.

8.6.2 DIVIDENDS PAID IN THE PAST THREE FINANCIAL YEARS

The Company did not pay any dividends in the financial years ended December 31, 2014, 2015 and 2016.

The general shareholders' meeting of May 19, 2017 voted in favor of the payment of a special dividend amounting to €51,861,808.13, i.e. €0.37 per share (an increase of 5.7% over the previous year), which was fully deducted from additional paid-in capital and paid on May 31, 2017. At the next general meeting convened for May 18, 2018, the shareholders will be asked to vote under the 4th resolution on a special cash dividend to be deducted from additional paid-in capital (see chapter 7 of this registration document).

8.6.3 TIMEFRAME FOR CLAIMING DIVIDENDS

Dividends not claimed within five years from the payment date are time-barred and must be paid over to the French government.

8.7 TRADING OF SHARES

8.7.1 EXCHANGE

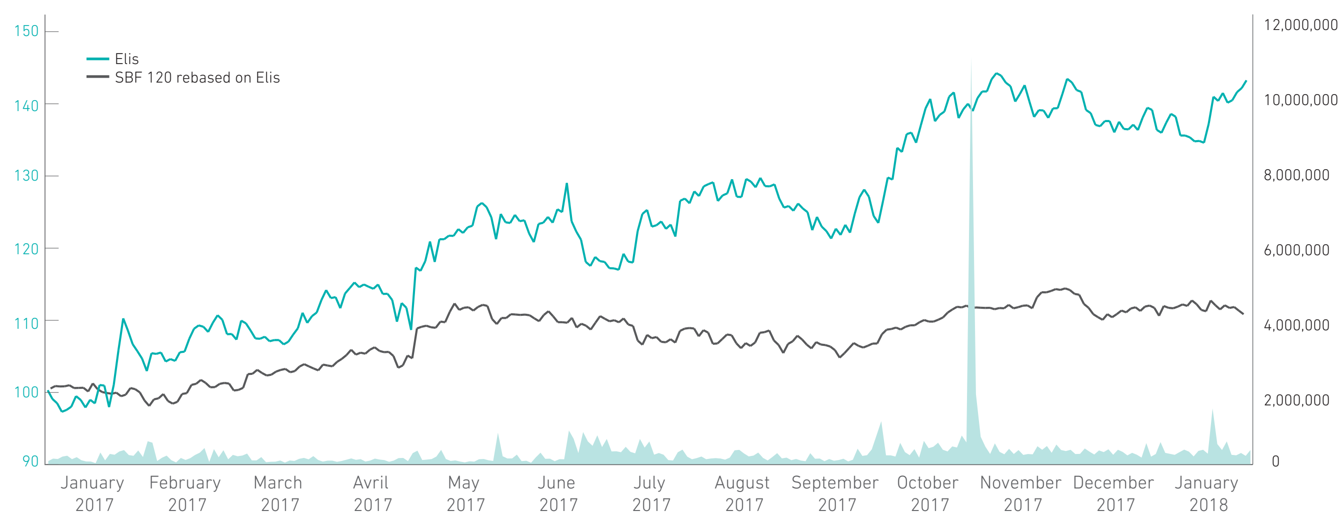
On February 11, 2015 Elis was listed for trading in Compartment A of the Euronext Paris regulated market. Following the acquisition of Berendsen, the Company is now included in the SBF 120 index in around 75th place and in the Euro Stoxx 600 index.

Elis share data

- ISIN code: FR0012435121.
- Exchanges: Ongoing trading on Euronext – Compartment A of NYSE Euronext Paris.
- Other exchanges where the shares are traded: none.
- Par value of shares: €1.
- Number of shares outstanding at December 31, 2017: 219,370,207.
- Price at December 31, 2017: €23.01.
- Market capitalization at December 31, 2017: €5,049,902,165.14.

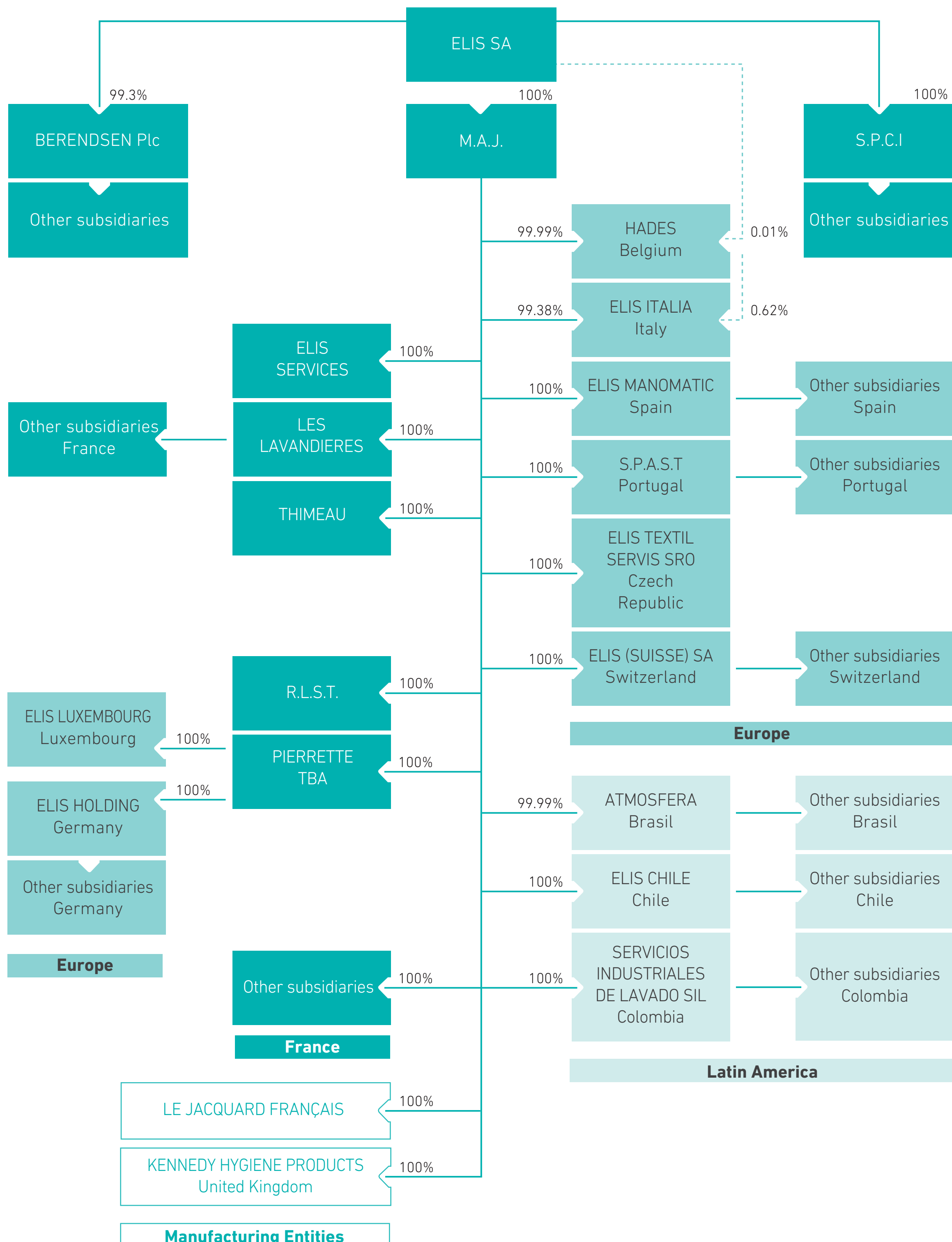
8.7.2 VOLUMES TRADED AND SHARE PRICE TREND IN 2017

	Share price *(In euros)*			Traded volume		
	High	Low	Closing price (last day of the month)	Number of shares traded per month	Daily average of shares traded	Market capitalization (end of month) *(In millions of euros)*
January 2017	17.75	15.51	16.59	4,860,050	220,911	1,999.44
February 2017	18.08	16.53	17.70	4,628,939	231,447	2,476.52
March 2017	18.45	17.06	18.42	2,823,851	122,776	2,577.26
April 2017	19.50	17.44	19.00	2,746,258	152,570	2,663.17
May 2017	20.42	18.55	19.84	3,920,843	178,220	2,780.91
June 2017	20.75	18.48	20.06	9,736,975	442,590	2,811.75
July 2017	21.48	19.51	20.43	5,124,454	244,022	2,864.31
August 2017	21.30	19.33	19.65	3,786,757	164,642	2,753.58
September 2017	22.83	19.51	22.66	9,023,985	429,714	4,969.39
October 2017	23.42	21.82	22.40	21,332,013	969,637	4,912.36
November 2017	23.11	21.69	21.92	7,484,651	340,211	4,808,172
December 2017	23.01	21.43	23.01	7,640,849	402,150	5,048.81



8.8 SIMPLIFIED GROUP ORGANIZATIONAL CHART

The simplified Group organizational chart set out below shows the Group's legal structure as at December 31, 2017 (the percentages shown on the organizational chart correspond to the percentage of share capital and voting rights held by the Company in the subsidiary concerned):



8.9 LIST OF SUBSIDIARIES

Elis is the Group's holding company and the head of the French tax consolidation group set up on March 1, 2008.

The position of Elis subsidiaries and its direct investments is described in the table in Note 11 to the 2017 consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2017" of this 2017 registration document.

No Group subsidiary is listed.

Additional information AFR

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9.1 PERSONS RESPONSIBLE

9.1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

Xavier Martiré, Chairman of the Management Board.

9.1.2 DECLARATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

Having taken all reasonable care to this effect, I hereby declare that, to the best of my knowledge, the information contained in this registration document is consistent with the facts and contains no omission likely to affect its scope.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present fairly the assets and liabilities, financial position, and results of the Company and all companies in the Group, and that the information included in the 2017 registration document relating to the management report listed in the cross-reference table on pages 395 and 396 of this registration document presents fairly the changes in the business, the results, and the financial position of the Company and all companies in the Group as well as a description of the major risks and uncertainties they face.

I have obtained a completion of work letter from the Statutory Auditors stating that they have audited the information relating to the financial position and financial statements contained in this registration document, which they have read in its entirety. The letter does not contain any comments.

Saint-Cloud, April 11, 2018

Xavier Martiré
Chairman of the Management Board

9.2 STATUTORY AUDITORS

9.2.1 PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Bruno Tesnière

Member of the Association of Statutory Auditors of Versailles (*Compagnie régionale des commissaires aux comptes de Versailles*)

63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Principal Statutory Auditor in 2007 when the Company was incorporated, PricewaterhouseCoopers Audit had its term of office renewed during the June 26, 2013 general meeting for a period of six financial years, i.e., until the general meeting called to approve the financial statements for the financial year ending December 31, 2018.

Mazars

Represented by Isabelle Massa

Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

61, rue Henri Regnault
Tour Exaltis
92400 Courbevoie, France

Appointed Principal Statutory Auditor on June 29, 2011, Mazars had its term of office renewed during the June 26, 2013 general meeting for a period of six financial years, i.e., until the general meeting called to approve the financial statements for the financial year ending December 31, 2018.

9.2.2 ALTERNATE STATUTORY AUDITORS

Anik Chaumartin

Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Alternate Statutory Auditor on June 26, 2013 for a period of six fiscal years expiring at the end of the general meeting called to approve the financial statements for the fiscal year ending December 31, 2018.

CBA

Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

61, rue Henri Regnault
Tour Exaltis
92400 Courbevoie, France

Appointed Alternate Statutory Auditor on June 29, 2011, CBA had its term of office renewed during the June 26, 2013 general meeting for a period of six financial years, i.e., until the general meeting called to approve the financial statements for the financial year ending December 31, 2018.

9.3 CONTACTS AND AVAILABLE FINANCIAL INFORMATION

9.3.1 INVESTOR RELATIONS

The Group is committed to maintaining ongoing relationships with financial analysts and its shareholders, including French and foreign individual shareholders and institutional investors. Analyst meetings and/or conference calls are organized in Paris for the publication of annual and half-year results, as well as for other significant events. Quarterly revenue announcements are made by conference call. The Group's management gives talks all year round at conferences organized by specialized financial intermediaries.

Individual meetings between investors and various contact persons within the Company are also arranged several times a year, especially during road shows in France and abroad. Investors may also contact the Director of Investor Relations at any time.

The Investor Relations section of the Elis website is specially designed for both individual and institutional shareholders, and offers open and unrestricted access. This section provides share price information (both in near real time and historical data) and all information published by the Group's Financial Department: press releases and news, analyst presentations, annual financial report and registration documents from previous financial years, composition of the Management Board and the Supervisory Board, Company articles of incorporation, the Supervisory Board's internal regulations, the charters of the Audit Committee and the Appointments and Compensation Committee, the Code of Conduct for Trading and Market Activities, the financial publications calendar and the list of financial analysts that cover the Elis stock.

Investor relations contact
Nicolas Buron
Director of Investor Relations
5, boulevard Louis-Loucheur – 92210 Saint-Cloud – France
Telephone: +33 (0)1 75 49 98 30
Fax: +33 (0)1 47 11 02 19
investors@elis.com
www.corporate-elis.com

9.3.2 BANK RESPONSIBLE FOR REGISTERED SHAREHOLDERS' ACCOUNTS

BNP Paribas Securities Services
Elis shareholder relations

CTS – Corporate Trust Services
Grands Moulins de Pantin – 9, rue du Débarcadère – 93500 Pantin, France
Telephone: +33 (0)1 40 14 00 90

Elis shares may be registered with this institution.

9.3.3 REGULATED INFORMATION

Regulated information, as defined in the AMF general regulations, is available on the Company's website. This information is archived in a specific section of the Company's website and may be accessed at: www.corporate-elis.com.

Elis has signed a contract with an AMF-licensed professional information agency for the distribution of regulated information within the meaning of the AMF general regulations. This service provider is responsible for the distribution of all press releases covering periodic or ongoing regulated information.

9.3.4 PROVISIONAL FINANCIAL COMMUNICATION CALENDAR

For 2018, the provisional calendar for the key communication events is as follows:

Date (Indicative)	Contents
03/07/2018	Presentation of FY 2017 results
05/02/2018	Presentation of Q1 2018 revenue
05/18/2018	Combined general shareholders' meeting
05/31/2018	Payment of special dividend
07/25/2018	Q2 2018 revenue and H1 2018 results
10/25/2018	Q3 2018 revenue

9.4 PUBLIC DOCUMENTS

Company press releases, this registration document, including Company and Group historical financial information filed with the AMF, and, where applicable, any updates, are available on the Company's website at www.corporate-elis.com, and on the AMF's website at www.amf-france.org. A copy may be obtained free of charge from the Company's registered office (5, boulevard Louis Loucheur – 92210 Saint-Cloud – France).

Pursuant to Article 221-3 of the AMF general regulations, regulated information (as defined in Article 221-1 of the AMF general regulations) is available on the Company's website. This information is available for at least ten years following its publication.

In accordance with AMF recommendations, the Company's articles of incorporation and the Supervisory Board's internal regulations are available on the Company's website (www.corporate-elis.com). These documents, the minutes of the General Meetings, the Statutory Auditors' reports and all other company documents may be consulted at the Company's registered office under the conditions provided for by law and the articles of incorporation.

All these legal and financial documents relating to the Company and made available to shareholders according to the regulations in force may be consulted at the Company's registered office.

Moreover, declarations of shareholding threshold disclosure are published on the AMF's website.

CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

This cross-reference table lists the main disclosure items required by European Commission regulation (EC) 809/2004 of April 29, 2004 (the "Regulation") and refers to the pages in this registration document containing information regarding these items.

No.	Items shown in Appendix 1 of the Regulation	Chapter/section	Corresponding page(s) of the registration document
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No.	Items shown in Appendix 1 of the Regulation	Chapter/section	Corresponding page(s) of the registration document
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To facilitate the reading of this document, the cross-reference table below may be used to identify in this 2016 registration document the information that constitutes the annual financial report which must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the general regulations of the French Financial Markets Authority.

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CROSS-REFERENCE TABLE FOR THE MANAGEMENT BOARD'S REPORT

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Article R. 225-105-1 of the French Commercial Code	Chapter/section of the registration document	Page(s) of the registration document
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