2019

Universal Registration Document

including the Annual Financial Report

We empower your day

elis

Contents

General remarks: In this Universal Registration Document, unless otherwise stated, the terms "Company" and "Elis" refer to Elis, a joint-stock corporation *(société anonyme)* headquartered 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 both the Company and its consolidated subsidiaries.

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

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Universal Registration Document was filed on April 2, 2020, with the French Financial Markets Authority (Autorité des marchés financiers – AMF), in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of said Regulation.

The Universal Registration Document may be used for the purpose of a public offering of securities or the admission of securities to trading on a regulated market if it is supplemented by a transaction note and, where applicable, a summary and any addenda made to the Universal Registration Document. All this material must be approved by the AMF in accordance with Regulation (EU) 2017/1129.

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following information is included in this Universal Registration Document by reference:

- the consolidated financial statements of the Elis Group relating to the 2018 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2018 Registration Document, available on the Company's website: https://fr.elis.com/sites/fr.elis.com/files/2019/12/27/Elis%20-%20Document%20de%20R%C3%A9f%C3%A9rence%202018.pdf
- the consolidated financial statements of the Elis Group relating to the 2017 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2017 Registration Document, available on the Company's website: https://fr.elis.com/sites/fr.elis.com/files/2019/12/27/Elis%20-%20Document%20de%20R%C3%A9f%C3%A9rence%202017.pdf

Annual financial information is identified with the symbol AFR


48-DRAPS DE BAIN

1 Presentation of the Group and its activities

1.1
ELIS EN 2019

Avec plus d'un siècle d'existence, le Groupe bénéficie d'un savoir-faire exceptionnel qui le positionne comme leader international en matière de solutions de location-entretien d'articles textiles, d'hygiène et de bien-être.

3 281,8 M €
de chiffre d'affaires

Environ
400 000
clients

Environ
50 000
collaborateurs

Elis, un leader international de solutions de location-entretien

Présent dans **28** pays

440 usines et centres de distribution

+ de 60 ans de croissance ininterrompue

Mission

Permettre aux clients du Groupe de concentrer leurs efforts sur leur cœur de métier et garder la maîtrise de leur budget.

Évaluation de leurs besoins par un expert › Achat et stockage des articles par Elis › Entretien des articles › Service personnalisé › Livraison et ramassage réguliers adaptés aux contraintes des clients

Valeurs

- Respect d'autrui
- Intégrité
- Responsabilité
- Exemplarité

Avantages clients

- Tranquillité d'esprit
- Gain de temps
- Économies
- Éco-responsabilité
- Hygiène et qualité

Engagements RSE

- Maîtriser l'impact sociétal du Groupe
- Diminuer l'empreinte environnementale de l'activité d'Elis
- Être un vecteur d'épanouissement des collaborateurs du Groupe

Ambition

« *We empower your day* »

Elis : un partenaire et un allié aux côtés de ses clients

Le Groupe assure chaque jour aux professionnels une attention absolue et un dévouement constant pour qu'ils puissent se concentrer, l'esprit libre et confiant, sur leur cœur de métier.

Elis a fait le choix du modèle de l'économie de la fonctionnalité, qui privilégie l'usage plutôt que la vente de produits. Cette démarche s'inscrit dans une perspective de développement durable, qui limite les externalités négatives en matière de consommation d'énergie et de matières premières.

Le Groupe a pour ambition de contribuer à un changement de mode de consommation, plus respectueux de l'environnement et en accord avec l'évolution des usages. Elis a la conviction que ce modèle simplifie la vie de ses 400 000 clients en s'adaptant à leurs besoins, en instaurant un contrat de confiance à long terme ainsi qu'une véritable relation personnalisée et de proximité.

Message **des dirigeants**

Thierry Morin

Président du conseil de surveillance

En affichant en 2019 un chiffre d'affaires record et des résultats en solide croissance, Elis a démontré une nouvelle fois que l'alliance d'une offre multiservice et du développement international est un modèle gagnant et créateur de valeur.

L'année écoulée témoigne en effet de la résilience d'Elis et de sa forte capacité à faire face avec succès à un environnement chahuté dans ses marchés clés. En dépit des mouvements sociaux en France, des incertitudes politiques en Espagne ou au Royaume Uni ou des soubresauts en Amérique latine, le chiffre d'affaires ressort à près de 3,3 milliards d'euros, en hausse de 4,7 %, le résultat net courant progresse de 16 % et la génération de trésorerie s'est renforcée. Le Groupe a aussi amélioré sa structure financière et le profil de sa dette avec de nouvelles opérations de financement.

Ces résultats sont le reflet d'une stratégie claire et constante s'appuyant sur quatre piliers : la consolidation des positions d'Elis au travers d'acquisitions et de croissance organique, l'ouverture régulière de nouveaux marchés, la poursuite de l'amélioration de l'excellence opérationnelle et une approche visant à enrichir l'offre à nos clients par des ventes croisées de services.

L'année 2019 a vu Elis parachever avec succès deux opérations majeures de croissance externe réalisées ces dernières années, qui illustrent à la fois la pertinence de cette stratégie et l'excellence dans son exécution. En atteignant en 2019 les objectifs à moyen terme affichés lors des acquisitions de Lavebras au Brésil fin 2016 et de Berendsen en 2017, Elis a doublé de taille en termes de chiffre d'affaires, consolidé son leadership paneuropéen et sud-américain, amélioré la rentabilité

> **Le Groupe a amélioré sa structure financière et le profil de sa dette avec de nouvelles opérations de financement.**

des sociétés, développé le marché de la location-entretien d'articles textiles et d'hygiène dans de nouveaux pays et innové avec son offre multiservice.

Ce modèle permet non seulement de réaliser d'excellents résultats financiers, il est aussi vertueux du point de vue environnemental. Le concept d'économie circulaire encourage l'entretien, la réutilisation et le recyclage ainsi que le savoir-faire et les process d'Elis permettent d'optimiser les consommations d'eau, d'énergie et des lessives et d'en réduire les impacts environnementaux.

Renforcé dans sa taille et dans son attractivité, avec un modèle qui allie performance économique et écologique, Elis aborde l'avenir avec confiance, bien armé pour poursuivre sa croissance rentable et continuer de créer de la valeur pour ses actionnaires.

Xavier Martiré

Président du directoire

Êtes-vous satisfait des performances d'Elis en 2019 ?

2019 a été une nouvelle année de croissance rentable pour Elis et nous pouvons être très satisfaits de nos résultats. Notre chiffre d'affaires a atteint un niveau record, à 3,3 milliards d'euros, et nous continuons de dégager une rentabilité élevée, avec une marge d'EBITDA de 31,5 % à normes comptables comparables à celles de 2018. Dans le même temps, nous avons amélioré notre génération de cash-flow de 21 % et nous avons ramené notre dette nette à 3,2 fois l'EBITDA. Nous sommes donc en ligne avec les objectifs fixés. C'est une performance d'autant plus notable que nous avons dû faire face non seulement à un environnement macroéconomique et politique compliqué dans nos principaux marchés, mais surtout à une inflation de nos coûts dans plusieurs pays. Notre capacité à répercuter cette hausse dans nos prix tout en améliorant notre activité commerciale et le taux de rétention de nos clients et en gagnant des parts de marché témoigne de la force du modèle d'Elis.

L'approche multiservice donne-t-elle les résultats escomptés ?

Absolument, et c'est une des forces d'Elis. Le modèle multiservice permet d'optimiser notre réseau logistique tout en offrant de la valeur ajoutée à nos clients. Généralement, le point d'entrée est le Linge plat ou le Vêtement professionnel, mais à partir de cette première approche, nous complétons l'offre en apportant aux clients des solutions d'hygiène ou de bien-être. C'est un modèle créateur de valeur car chaque produit additionnel vendu est un plus pour Elis, puisque les coûts logistiques sont déjà en place. C'est aussi un modèle entrepreneurial et valorisant pour nos agents car de simples livreurs, ils deviennent de véritables forces de vente, le point de contact d'une relation de proximité avec les clients, et ils bénéficient d'une opportunité d'augmenter leur rémunération car ils sont incités à faire de la vente croisée.

> **« Le modèle multiservice permet d'optimiser notre réseau logistique tout en offrant de la valeur ajoutée à nos clients. »**

Quels sont vos objectifs en matière de responsabilité sociale d'entreprise (RSE) ?

La RSE est au cœur de nos préoccupations, et notre ambition se décline en trois piliers : proposer des produits et services responsables, améliorer de façon continue notre empreinte environnementale et favoriser la sécurité, l'épanouissement professionnel et la diversité de nos collaborateurs. Notre modèle est vertueux du point de vue environnemental car le concept d'économie circulaire encourage l'entretien, la réutilisation et le recyclage. Le savoir-faire et les process d'Elis ont permis de poursuivre, en 2019, la réduction des consommations d'eau, d'énergie et des lessives, et d'en réduire les impacts environnementaux. Nous avons fixé des objectifs ambitieux à horizon 2025 pour nos consommations et nos émissions de CO_2 et nous sommes en bonne voie pour les atteindre.

L'année 2020 s'annonce difficile pour beaucoup d'entreprises. Quelles sont vos priorités ?

L'année 2020 commence en effet sous le signe d'incertitudes en matière économique, sociale et même sanitaire. Dans ce contexte, nous continuerons de mettre l'accent sur la génération de trésorerie. Nous poursuivrons nos acquisitions ciblées pour consolider nos positions sur nos marchés existants. Et enfin, nous allons continuer à étendre notre offre multiservice tout en améliorant toujours plus notre excellence opérationnelle. La combinaison des 4 piliers de notre stratégie devrait permettre au Groupe de démontrer la résilience de son modèle.

1

Une présence **internationale**

Répartition des types de solutions et de produits par pays en 2019 (mentionnés lorsqu'ils génèrent au moins 10 % du chiffre d'affaires du pays).

Les solutions	Linge plat	Vêtement professionnel	Hygiène et bien-être
FRANCE	●	●	●
EUROPE CENTRALE			
Pays-Bas	—	●	●
Belgique	●	●	●
Luxembourg	●	●	●
Allemagne	●	●	—
Suisse	●	●	—
Pologne	—	●	●
République tchèque	—	●	●
Slovaquie	—	●	●
Autriche	●	●	—
Hongrie	—	●	—
ROYAUME-UNI	●	●	—
ET IRLANDE	●	●	●
SCANDINAVIE ET EUROPE DE L'EST			
Danemark	●	●	●
Norvège	—	●	●
Suède	●	●	●
Finlande	—	●	●
Pays baltes			
Estonie	—	—	●
Lettonie	—	—	●
Lituanie	—	●	●
Russie	—	●	●
EUROPE DU SUD			
Italie	●	●	●
Espagne	●	●	—
Portugal	●	●	●
Andorre	●	—	—
AMÉRIQUE LATINE			
Brésil	●	●	—
Chili	●	●	—
Colombie	●	—	—

67 %* du chiffre d'affaires 2019 hors de France

AMÉRIQUE LATINE

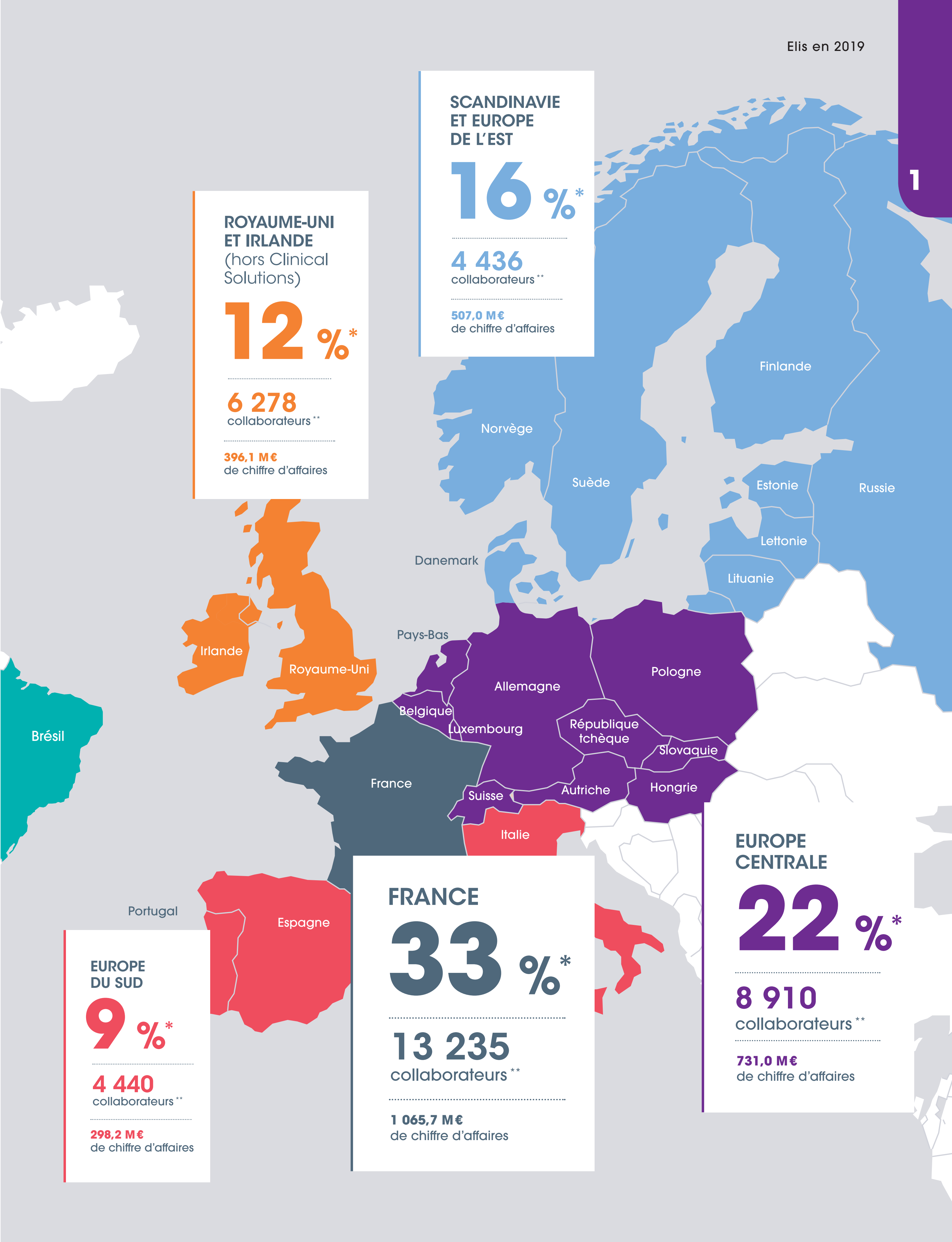
8 %*

11 674 collaborateurs**

262,5 M€ de chiffre d'affaires

* En pourcentage du chiffre d'affaires consolidé, hors autres secteurs.

** Effectif au 31/12/2019.



SCANDINAVIE ET EUROPE DE L'EST

16 %*

4 436 collaborateurs **

507,0 M€ de chiffre d'affaires

ROYAUME-UNI ET IRLANDE (hors Clinical Solutions)

12 %*

6 278 collaborateurs **

396,1 M€ de chiffre d'affaires

EUROPE CENTRALE

22 %*

8 910 collaborateurs **

731,0 M€ de chiffre d'affaires

FRANCE

33 %*

13 235 collaborateurs **

1 065,7 M€ de chiffre d'affaires

EUROPE DU SUD

9 %*

4 440 collaborateurs **

298,2 M€ de chiffre d'affaires

Chiffres clés 2019

2019, une année performante

Chiffre d'affaires
3 281,8 M€

EBITDA
1 103,0 M€
33,6 %
du chiffre d'affaires

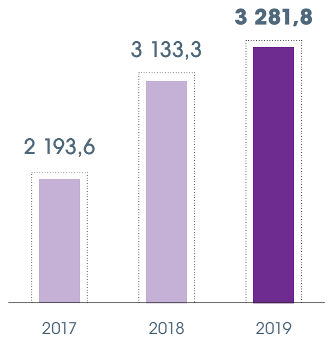
Résultat net courant
256,1 M€

Free cash-flow
247,5 M€

Investissements
660,3 M€

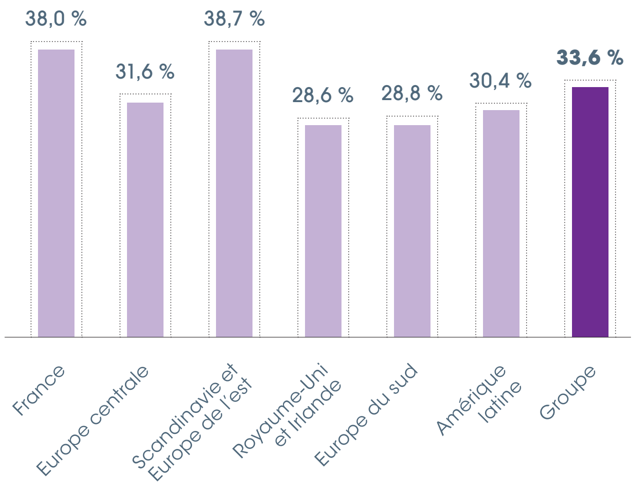
CHIFFRE D'AFFAIRES

En millions d'euros



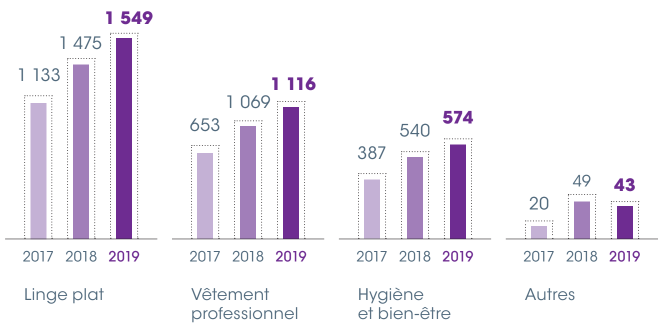
EBITDA 2019 PAR ZONE GÉOGRAPHIQUE

En % du chiffre d'affaires



ÉVOLUTION DE LA RÉPARTITION DU CHIFFRE D'AFFAIRES PAR SOLUTION

En millions d'euros

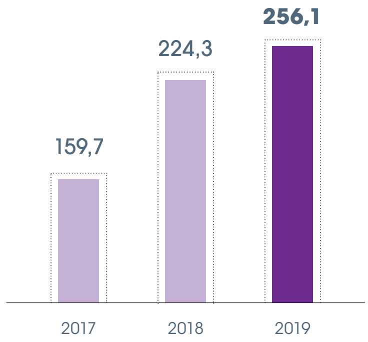


Plus d'informations dans le chapitre 5

La définition des agrégats financiers figure à la section 5.2.6 du présent document d'enregistrement universel.

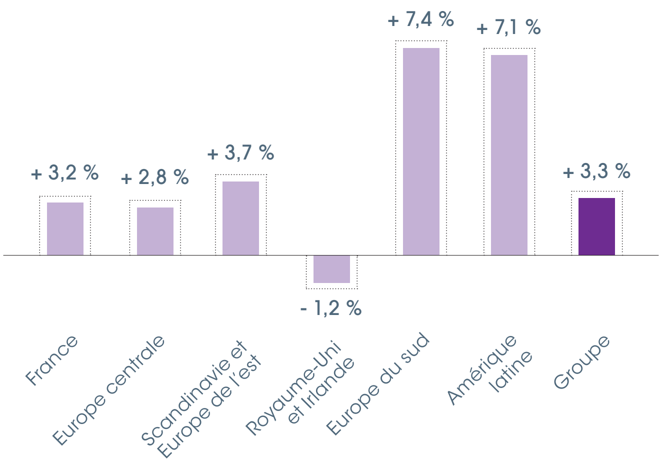
RÉSULTAT NET COURANT

En millions d'euros

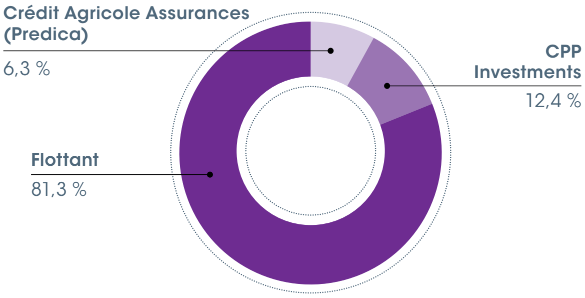


CROISSANCE ORGANIQUE DU CHIFFRE D'AFFAIRES EN 2019

En % du chiffre d'affaires



RÉPARTITION DU CAPITAL AU 31/12/2019*



** Plus d'informations dans le chapitre 7*

Social

EFFECTIF

48 973 salariés au 31 décembre 2019
Dont **53 %** de femmes

33 % des managers sont des femmes (+9 % en 5 ans)

ELIS FOR ALL

En 2019, Elis a lancé son premier plan d'actionnariat salarié dans **16** pays. Un moyen d'accroître l'engagement des collaborateurs et une opportunité pour eux de participer au succès d'Elis.

Réputation

87,1 % des clients sont satisfaits ou très satisfaits d'Elis*

**données issues d'enquêtes de satisfaction pour Elis en France, en Belgique francophone, au Luxembourg, en Espagne, au Portugal, au Brésil, en Italie et en Suisse en 2019.*

Environnement

CONSOMMATION D'EAU

Réduction de **40,6 %** par rapport à 2010*

**par kg de linge livré, périmètre Europe*

CONSOMMATION D'ÉNERGIE

Réduction de **23,4 %** par rapport à 2010*

**par kg de linge livré, périmètre Europe.*

SITES CERTIFIÉS ISO 50001

81

SITES CERTIFIÉS ISO 14001

139

Plus d'informations dans le chapitre 3.

Histoire

Depuis sa création, Elis n'a cessé de croître et de se réinventer, s'adaptant à l'évolution des modes de consommation et des usages. Elis ne cesse d'innover pour répondre aux besoins de ses clients et aux nouvelles attentes des consommateurs.

1883

La création des Grandes Blanchisseries de Pantin marque le début de l'histoire du Groupe.

1968

Le Groupe réunit ses activités sous le nom de Europe Linge Service (ELIS).

1973 – 2001

Elis se développe à travers différentes acquisitions européennes puis diversifie ses activités de location-entretien par des fontaines à eau et des machines à café et se développe dans l'ultra-propre.

2010

Le Groupe poursuit son développement en Suisse avec le rachat de Lavotel.

2014

Elis s'installe au Brésil, et multiplie les acquisitions avec notamment Atmosfera, 1er groupe de blanchisserie industrielle du pays.

2015

Le Groupe entre en Bourse en février sur le marché réglementé d'Euronext à Paris et poursuit son développement en Amérique latine en rachetant le n° 1 chilien, Albia.

2016

Elis renforce sa présence en Espagne avec l'acquisition d'Indusal et s'implante en Colombie avec l'acquisition de SIL.

2017

Cette année marque un tournant décisif pour le Groupe qui double de taille et devient un leader paneuropéen avec le rachat de son concurrent britannique Berendsen. Le Groupe se renforce aussi au Brésil avec l'acquisition de Lavebras.

2018

Elis réaffirme son identité de marque à travers une nouvelle signature « We empower your day ».

2019

Elis renforce encore ses positions européennes avec de nouvelles acquisitions en Allemagne et en Russie, entre autres. Le Groupe lance son premier plan d'actionnariat salarié « Elis for All » dans 16 pays.

Rétrospective
d'une année ambitieuse

Acquisitions importantes en 2019

DANEMARK	**A-Vask A/S**
ALLEMAGNE	**Curantex**
COLOMBIE	**Metropolitana**
ESPAGNE	**Lloguer Textil**
SUÈDE	**Carpeting Entrémattor**
RUSSIE	**Blesk InCare Mats**

Cinq nouvelles usines en 2019

Southampton
ROYAUME-UNI

Avril 2019
Hôtellerie-Restauration
Santé
Linge plat
Capacité à terme :
Linge plat :
400 t/semaine

Dartford
ROYAUME-UNI

Octobre 2019
Santé
Linge plat
Capacité à terme :
Linge plat :
580 t/semaine

Clisson
FRANCE

Juin 2019
Multiservice
Capacité à terme :
Linge plat :
330 t/semaine
Vêtement professionnel :
200 000 articles/semaine
Tapis : 35 t/semaine

San Francisco de Mostazal, CHILI

Holbæk, DANEMARK

Lancement d'Elis Pest Control

Depuis sa création en 2012, l'activité de prévention et de lutte contre les nuisibles d'Elis n'a cessé de croître en France, puis en Espagne, Portugal, Italie, Belgique et Suisse. Ce service complet assure une protection optimale dans les établissements des clients du Groupe. Marqué par son succès, Elis lance sa marque fille internationale Elis Pest Control à la fin du premier trimestre 2019, asseyant sa volonté de poursuivre son développement en Europe.

Déploiement d'Elis Cleanroom

Fort de son expertise en matière de conditions d'hygiène et de mesures sanitaires, Elis propose une prestation de service, Ultra-Propre, et marque sa position de leader en lançant Elis Cleanroom. Dédié aux entreprises exigeant un environnement contrôlé et une maîtrise de la contamination (pharmaceutique, micro-électronique, sciences de la vie…), Elis Cleanroom est né de cinq marques historiques du secteur : Elis, Berendsen, SNDI, Micronclean NL et decontam. Elles sont désormais unies sous un même nom.

Une politique RSE réaffirmée

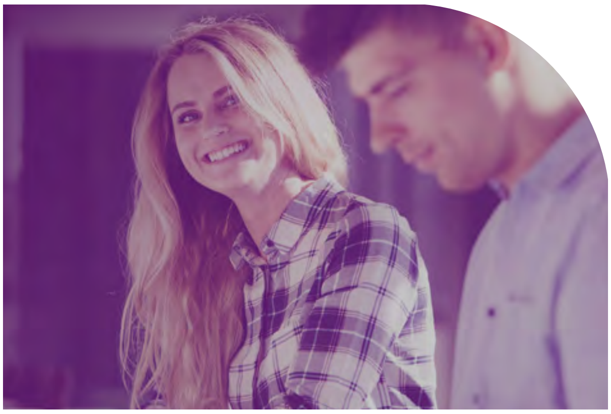
L'économie circulaire est au cœur du développement d'Elis, grâce à son modèle de location-entretien. Elis va plus loin et réaffirme en 2019 son engagement sociétal au travers des trois piliers de sa politique RSE : maîtriser son impact sociétal, réduire continuellement l'empreinte environnementale de son activité, être un vecteur d'épanouissement et de bien-être pour ses collaborateurs.

Pour la cinquième fois, Elis s'est vu décerner la médaille d'or par EcoVadis pour sa performance en termes de responsabilité sociétale des entreprises.

Soucieux de favoriser l'épanouissement de chacun, le Groupe met en place plusieurs programmes visant à développer les compétences de ses collaborateurs. Parce que chaque personne est unique, Elis a pour mission de favoriser l'apprentissage et l'écoute.

Les piliers de la politique RSE d'Elis

- Maîtriser l'impact sociétal du Groupe
  - Fabrication responsable des produits du Groupe
  - Amélioration de l'impact de la supply chain
  - Soutien à l'éducation
- Réduire continuellement l'empreinte environnementale du Groupe
  - Conception de produits durables
  - Réduction, réutilisation ou recyclage des matières premières et produits
  - Réduction de l'impact des usines du Groupe et de sa logistique
- Favoriser le bien-être et l'épanouissement des collaborateurs
  - Amélioration de la sécurité
  - Développement personnel et professionnel
  - Développement de la diversité



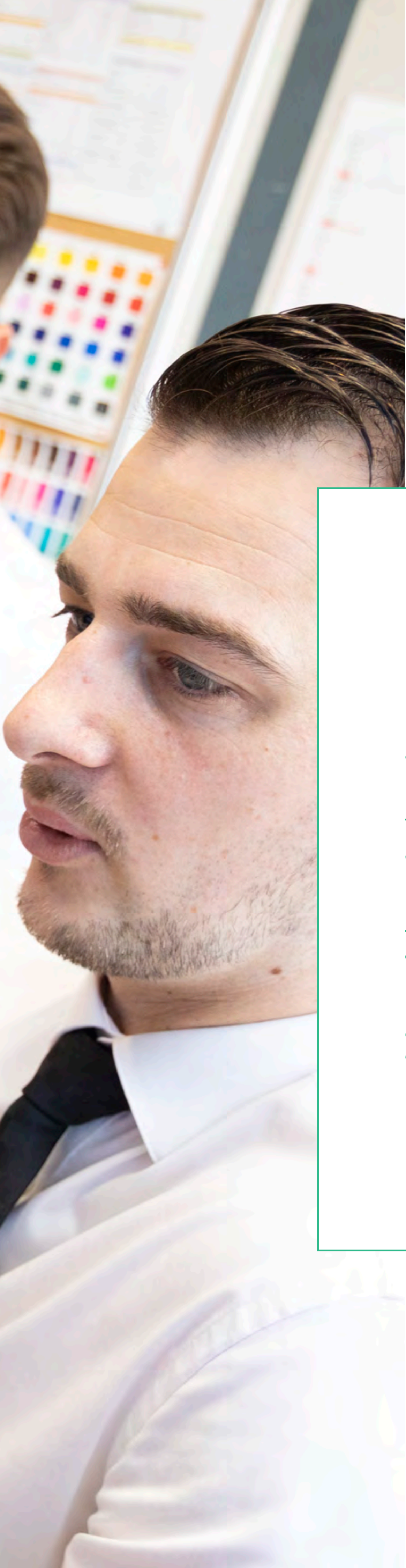
Elis Management Trainee Program

Déployé dans les pays nordiques depuis plus de vingt ans, le *Management Trainee Program* s'étend désormais à tout le Groupe. Sur une période de deux ans, en sortie d'études, le *trainee* s'immerge au sein de l'entreprise en menant quatre projets de six mois chacun, dont un à l'étranger, et bénéficie ainsi d'une vision globale de l'entreprise. Les projets qui lui sont confiés lui permettent de développer ses compétences managériales et transverses. À l'issue des deux ans, le stagiaire intègre une position de manager au sein du Groupe.

Création de la Fondation Elis

La Fondation Elis a pour objectif d'accompagner les bacheliers méritants n'ayant pas les ressources suffisantes pour leur permettre de poursuivre leurs études supérieures. Une mission au cœur des ambitions du Groupe, qui souhaite ainsi contribuer à la réussite de jeunes talents. Le bénéficiaire est également accompagné dans son parcours par un parrain ou une marraine, collaborateurs d'Elis.

Remise du certificat de bourse à Yvana Amegavie en présence de sa marraine Hélène Peditto et du Président du directoire d'Elis Xavier Martiré.



1.2 STRATÉGIE

Elis place l'usage au cœur de son modèle multiservice de location-entretien. Le Groupe favorise l'économie circulaire en encourageant **l'entretien, la réutilisation et le recyclage** afin de contribuer à une croissance durable.

L'ambition du Groupe est d'accompagner chaque jour ses 400 000 clients en leur simplifiant la vie. Elis leur propose des solutions à la pointe de l'innovation et à forte valeur ajoutée pour que tous sans exception puissent se concentrer sur leurs activités.

Les solutions du Groupe s'appuient sur trois fondamentaux : **la proximité, la simplicité et la fiabilité.**

Elis garantit des délais de traitement courts, une écoute attentive des besoins de ses clients ainsi qu'une qualité de service irréprochable à budget maîtrisé.

Modèle d'affaires

Ressources

CLIENTS

- **400 000** clients de toute taille et tout secteur
- **4** marchés : Hôtellerie-Restauration, Santé, Industrie, Commerce et Services
- Savoir-faire de plus d'un siècle

RESSOURCES HUMAINES

- Près de **50 000** collaborateurs
- Répartis dans **28** pays

FINANCE

- Société cotée sur Euronext (SBF 120)
- Résilience du modèle d'affaires, garant d'une croissance rentable

OUTIL INDUSTRIEL

- **440** centres de production et de distribution
- ≈ **6 000** véhicules
- **139** sites certifiés ISO 14001
- **81** sites certifiés ISO 50001
- Un modèle industriel responsable
- Économie de fonctionnalité

MARQUE

- Leadership reconnu
- Une signature « *We empower your day* » pour véhiculer l'ADN de la marque. Elis propose des solutions qui permettent à ses clients de donner le meilleur d'eux-mêmes quotidiennement et d'améliorer ainsi leur performance, jour après jour.

Mission

Faciliter le quotidien des clients du Groupe et contribuer à leurs succès grâce à un processus durable et responsable

L'expérience client au cœur de l'ADN d'Elis

- Une direction de l'expérience client regroupant près de **60** collaborateurs dédiés
- Un programme interne « satisfaction client »
- Un programme d'écoute client « Customer Voice » créé en 2017
- Près de **53 000** enquêtes de satisfaction par an

Les quatre piliers de la stratégie du Groupe

Pour proposer des solutions à la pointe de l'innovation, la stratégie d'Elis s'appuie sur quatre piliers essentiels.

Consolidation des positions

Le Groupe consolide ses parts de marché et son maillage territorial en conjuguant croissances organique et externe, condition indispensable à la pérennité de son modèle multiservice.

Extension du réseau

Pour trouver des relais de croissance, le Groupe ouvre de nouveaux marchés dans des zones géographiques où il est déjà implanté ou, dans certains cas, dans de nouveaux pays s'il considère qu'ils offrent un potentiel attractif.

Excellence opérationnelle

La maîtrise des coûts et la diffusion des bonnes pratiques permettent d'améliorer la productivité des usines et des centres et, par ailleurs, de bénéficier d'économies d'échelle rendues possibles par la densité de notre réseau.

Innovation

À l'heure de la transformation digitale et de la révolution des usages, l'esprit d'innovation du Groupe est fort afin de répondre aux nouvelles attentes de ses clients et créer de nouveaux services ou optimiser ceux existants.

Elis s'appuie sur les innovations technologiques et capte les avancées les plus prometteuses pour les adapter rapidement à ses activités. Cette démarche se traduit par une douzaine de partenariats avec des start-up et PME innovantes susceptibles d'optimiser son offre.

Valeur créée

CLIENTS

- La possibilité de se concentrer sur leur cœur de métier
- **87,1 %** de taux de satisfaction en France, Belgique, Luxembourg, Espagne, Portugal, Brésil, Italie et Suisse.

COLLABORATEURS

- **53 %** de femmes
- **« Elis for All »,** premier plan d'actionnariat salarié lancé dans **16** pays pour accroître l'engagement des collaborateurs.

INVESTISSEURS

Depuis l'IPO* :

- Taux de rendement annuel de l'actionnaire > 10 %
- Dividende proposé en hausse de 5,4 % en 2019

** Initial Public Offering*

PLANÈTE

Réduction des consommations entre 2010 et 2019, en ligne avec les objectifs 2025* :

- Eau : **- 40,6 %**
- Énergie : **- 23,4 %**
- Produits lessiviels : **- 25,5 %**

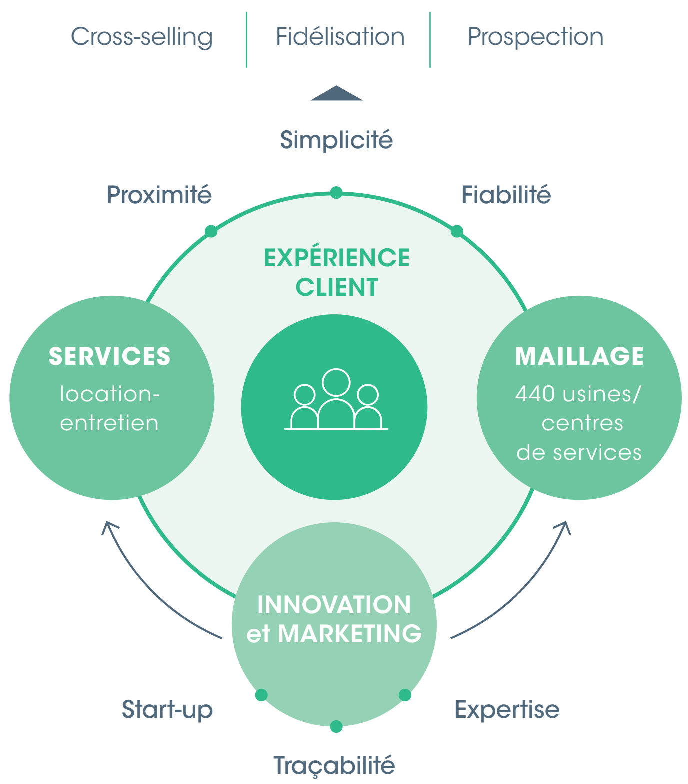
** par kg de linge livré, périmètre Europe*

L’expérience client
au cœur de l’ADN d’Elis

Depuis la création du Groupe, l’expérience client est au cœur de sa stratégie et de ses innovations, elle guide chacune de ses réflexions et de ses actions.

L’ambition d’Elis est d’anticiper en permanence les besoins et les attentes de ses clients pour leur offrir une expérience unique et conçue pour eux, en toutes circonstances.

Développement et croissance



Solutions

Linge plat

- Linge de restauration
- Linge de cuisine
- Linge d’hébergement

Vêtement professionnel

- Vêtement de travail
- EPI (équipements de protection individuelle)
- Cleanroom
- Linge des résidents

Hygiène et bien-être

- Sanitaire
- Boissons
- Protection des sols
- Essuyage industriel
- Pest control
- DASRI (déchets d'activités de soins à risques infectieux)

Les trois fondements de l'expérience client

Pour entretenir une relation de confiance avec les clients, trois fondements soutiennent l'expérience client :

La proximité

Grâce à la densité de son maillage géographique, Elis accompagne les professionnels chaque jour en garantissant des délais de traitement courts de leurs demandes ainsi qu'une écoute attentive des besoins.

La simplicité

Confier l'entretien des vêtements professionnels, du linge ou des appareils d'hygiène à un partenaire multiservice est le gage d'une efficacité optimale, en toute sérénité.

La fiabilité

Elis délivre à ses clients, à chaque étape de leur parcours avec le Groupe, une qualité rigoureuse de service, un respect de toutes les normes en vigueur, une flexibilité selon la saisonnalité ainsi que la garantie d'un budget maîtrisé.

« 5 stars », programme de satisfaction client

Intégrée au sein de notre direction marketing, la direction de l'expérience client traduit la volonté du Groupe d'adopter une démarche plaçant la relation client au cœur de sa stratégie.

Cette volonté est incarnée par le programme de satisfaction client « 5 stars », construit autour de cinq engagements majeurs :

- s'assurer que les services mis en place donnent totale satisfaction ;
- réaliser une prestation conforme aux attentes des clients ;
- effectuer un suivi personnalisé et de proximité ;
- s'engager sur un service réactif et tangible ;
- être proactif et force de proposition.

Grâce à son dispositif d'écoute active du client (enquêtes mail et téléphone), le Groupe est capable d'anticiper et de répondre aux besoins de ses clients continuellement.

400 000 clients dans 28 pays, sur deux continents

53 000 enquêtes de satisfaction menées en 2019

Entretenir une relation personnalisée avec les clients grâce au digital

Elis développe chaque année des nouveaux outils innovants pour améliorer l'expérience de chacun de ses clients et contribuer à leur satisfaction.

Ainsi, Elis déploie un **programme CRM *(customer relationship management)*** pour rendre chacune des interactions avec ses clients toujours plus pertinente et en accord avec leurs attentes. Ses collaborateurs peuvent ainsi comprendre et répondre aux mieux à leurs besoins en temps réel.

La mise à disposition du **portail client MyElis** permet un suivi personnalisé des prestations et offre la possibilité d'effectuer des demandes en toute simplicité et liberté.

Industrie et RSE

Trois questions à : **Frédéric Deletombe**

Directeur industriel, achats et supply chain

Quelles actions avez-vous privilégiées pour renforcer votre modèle d'économie circulaire, en 2019 ?

Notre modèle est effectivement fondé sur une économie de fonctionnalité, nous privilégions le service plutôt que le produit, la location plutôt que l'achat, afin de réduire de façon significative la pression environnementale. Au Brésil, nous avons atteint 77 % de part de chiffre d'affaires en location en 2019 contre 61 %, trois ans plus tôt. Le modèle commercial de location et de services d'Elis est circulaire par nature : concevoir des produits durables, les entretenir de façon optimale et faciliter leur réutilisation est dans l'ADN du Groupe. En fin de vie, nos textiles sont principalement valorisés en chiffons. Pour aller plus loin, nous avons lancé plusieurs programmes sur d'autres filières telles que les tissus d'ameublement ou les matériaux d'isolation phonique. Par ailleurs, nous avons initié un grand chantier de rationalisation de nos gammes d'articles pour favoriser leur mutualisation entre pays européens. Cela aura pour effet d'optimiser notre supply chain, nos process industriels et logistiques, et de réduire notre impact environnemental.

> **« Notre modèle de location-entretien réduit significativement la pression environnementale par une meilleure utilisation des articles, la réduction et la responsabilisation des achats, un entretien et une logistique optimisés. »**

> **« Le point fort de l'année 2019 aura été d'atteindre une fois encore dans nos usines des résultats très significatifs sur l'amélioration de nos performances en consommation d'eau, d'énergie et de lessives. »**

Quels investissements ont été menés pour réduire l'empreinte environnementale de vos activités ?

Nous avons ouvert en 2019 cinq nouvelles usines : à Clisson près de Nantes en France, à Dartford et à Southampton au Royaume-Uni, à Holbæk au Danemark et à San Francisco de Mostazal au Chili. Ces usines permettront, à terme, d'atteindre des consommations d'eau et d'énergie plus basses de 20 % et 30 % par rapport aux moyennes de référence du Groupe.

En ce qui concerne notre logistique industrielle de service, nous avons choisi de tester des véhicules électriques en France même si, actuellement, la technologie n'offre pas encore un compromis satisfaisant entre l'autonomie kilométrique et le chargement en poids.

Quels sont les projets en perspective ?

Un nouveau seuil devrait être franchi dès l'année prochaine sur les consommations d'eau et de produits lessiviels des usines, avec le déploiement de process innovants en matière de lavage. Enfin, nous allons construire à Nyköping près de Stockholm, en Suède, notre première usine européenne utilisant la biomasse pour nos clients du service Ultra-Propre et comptons capitaliser sur l'utilisation du biogaz et du biofuel déjà utilisés sur plusieurs sites, pour évaluer nos opportunités de déploiement sur d'autres lieux et d'autres pays.

Ecolab,
un partenariat durable

Ecolab est le leader mondial en matière de technologies et de services liés à l'eau, l'hygiène et l'énergie.

Il propose des services et des solutions complètes sur site pour maintenir la propreté des environnements, optimiser l'utilisation de l'eau et de l'énergie et améliorer l'efficacité opérationnelle de ses clients, présents dans plus de 170 pays.

Partenaires depuis près de quarante ans, Elis et Ecolab réalisent des économies d'eau et d'énergie importantes grâce à une nouvelle technologie d'émulsion.

« Nous sommes fiers de proposer nos services sur plusieurs sites d'Elis en Europe. Actuellement, nous déployons un système de traitement simplifié avec une technologie de détergent sous forme d'émulsion pour garantir un dosage approprié, précis et sûr, tout en réduisant la consommation d'eau et d'énergie. C'est une parfaite illustration du « comment faire plus avec moins ». Cette technologie brevetée d'émulsion nous permet d'aider Elis à réduire la quantité de produit utilisé et par conséquent, à diminuer ses déchets chimiques, ses besoins en eau de rinçage, son impact environnemental et sa consommation d'énergie, mais également d'améliorer la productivité des lavages et la durée de vie des textiles. »

Bert BAKKER
Vice-Président corporate accounts
textile care Europe

Elis poursuit ses objectifs RSE à l'horizon 2025

› Utilisation efficace des ressources*

Émissions de CO_2 : 2010 à 2025 : - 20 %

Produits chimiques : 2010 à 2025 : - 37 %**

Énergie : 2010 à 2025 : - 35 %**

Eau : 2010 à 2025 : - 50 %**

** Ratios par kg de linge livré.*
*** Elis Europe*

› Réduction, réutilisation et recyclage

80% de textiles recyclés d'ici à 2025

Identification de nouveaux moyens de recyclage (isolation acoustique, recyclage des textiles pour l'industrie de l'ameublement, recyclage des textiles pour l'industrie des fibres de carbone)

Ressources humaines

Trois questions à : **Didier Lachaud**

Directeur des ressources humaines et de la RSE

Comment conciliez-vous les enjeux à dimension internationale d'Elis et la gestion RH au niveau local ?

Nous avons distingué, au fil de notre internationalisation, le corporate de l'opérationnel. Notre rôle central consiste à définir et mettre en œuvre les politiques salariales et sociales, la mobilité internationale et la gestion des carrières. Au niveau local, les RH gèrent les affaires courantes avec un certain nombre de délégations. Notre force et notre équilibre reposent sur un socle commun de valeurs et d'expertises, autour duquel nous fédérons l'ensemble de nos collaborateurs sans pour autant négliger les différences culturelles et les législations inhérentes à chaque pays.

Quels programmes avez-vous menés pour favoriser la formation interne en 2019 ?

Nous portons une attention toute particulière à la formation interne et y consacrons beaucoup de temps et de ressources, en accord avec les valeurs de notre entreprise : respect d'autrui, exemplarité, intégrité et responsabilité. Chaque collaborateur, quel que soit son niveau, peut accéder à des formations de qualité pour développer de nouvelles compétences et grandir au sein de l'entreprise.

Depuis un an, nous avons deux programmes qui rencontrent déjà beaucoup de succès : la *Sales Academy* et le *Management Trainee Program*. Le premier s'adresse aux commerciaux ; c'est un parcours complet d'apprentissage dédié aux techniques de vente, avec la même approche opérationnelle quel que soit le pays. Quant au second, il est ouvert aux candidats externes et vise à préparer une carrière dans le Groupe en développant ses compétences managériales. Nous avons intégré des personnes de grande qualité et sommes très satisfaits des premiers résultats.

Pourriez-vous citer deux ou trois actions majeures de l'année 2019 ?

Je suis particulièrement fier de la création de la Fondation Elis. Elle a pour objectif de favoriser l'égalité des chances, en attribuant une bourse à de jeunes bacheliers méritants, qui souhaitent poursuivre leurs études, mais ne disposent pas des ressources financières suffisantes. Un parrain ou une marraine les accompagne tout au long de leur cursus, parfois sur plusieurs années. Nous avons également étendu à l'ensemble de l'Europe et au Brésil, le Club des Chevrons qui valorise les opérateurs de production et de maintenance. En 2019, 450 d'entre eux ont participé à un voyage avec leur conjoint.

Enfin, dans le domaine de la RSE, nous sommes assez fiers d'avoir été classés 22e sur 230 entreprises dans le cadre de la campagne **Gaïa Rating**, une agence de notation ESG* d'EthiFinance. Nous sommes également heureux d'avoir obtenu le taux BBB de l'**indice MSCI**.**

Chiffres clés 2019

Nombre d'heures de formation en 2019 : 272 714

La Sales Academy

- 300 personnes formées en France, en Italie, en Suisse, au Royaume-Uni, au Benelux et en Irlande
- 1 800 sessions de coaching

* Environmental, social, and governance
** Morgan Stanley Capital International

Témoignage d'Yvana Amegavie,
boursière de la Fondation Elis

Yvana est inscrite à la faculté de médecine de Rouen depuis la rentrée 2019. Désormais étudiante, elle fait partie des heureux boursiers de la Fondation Elis.

Elle a découvert la Fondation lors de sa recherche de financement pour ses études supérieures. Après avoir candidaté, Yvana a été sélectionnée parmi la centaine de dossiers reçus, puis a passé un entretien final au siège d'Elis après l'obtention de son bac S, mention bien, en juillet dernier.

Yvana est très enthousiaste : grâce au soutien financier de la Fondation Elis, elle a pu se libérer d'une partie de ses contraintes financières et se concentrer sur la réussite de ses études.

Elle souligne combien la Fondation Elis s'engage vraiment auprès de ses jeunes boursiers. « *Elle ne se contente pas de nous aider financièrement, elle s'intéresse à la façon dont nous nous adaptons à la vie d'étudiant* », précise Yvana. Elle a ainsi rencontré en octobre sa marraine, une collaboratrice du Groupe, qui la suit avec beaucoup d'attention.

> **Je bénéficie d'un accompagnement exceptionnel, j'ai la chance de pouvoir échanger chaque vendredi par téléphone avec ma marraine pour faire le point sur la semaine passée, c'est rassurant et réconfortant.**

Yvana espère que la Fondation Elis va se développer pour que de nombreux bacheliers méritants puissent bénéficier de son soutien.

Depuis sa création, la Fondation Elis permet aux étudiants sélectionnés, qui n'ont pas les moyens d'accéder à une grande école, de poursuivre leurs études supérieures. S'ils obtiennent une mention, la Fondation met à leur disposition une bourse, ainsi qu'un parrain ou une marraine.

Elis poursuit ses objectifs RSE à l'horizon 2025

› Soutien à l'éducation

Tripler le budget disponible pour la Fondation Elis

› Sécurité des collaborateurs

Diminuer de 50 % les accidents de travail*

› Développement personnel et professionnel

Déployer les Clubs des Chevrons dans tous les pays opérationnels d'Elis

Augmenter la rétention du personnel clé à travers le développement des talents

› Diversité

Poursuivre nos engagements de parité hommes-femmes, en atteignant un taux de 40 % de femmes dans des postes permanents de direction

**Année de base 2019.*

Innovation

Trois questions à : **Caroline Roche**

Directrice marketing et innovation

Avez-vous développé de nouveaux services innovants en 2019 ?

Oui, bien sûr, mais plus que des services, ce sont surtout des expériences innovantes que nous proposons à nos clients et à leurs utilisateurs finaux, en accord avec notre modèle d'affaires, basé sur le principe de l'économie de fonctionnalité. Lorsque nous concevons, par exemple, un vêtement professionnel avec notre studio de design en Suède, nous nous assurons qu'il répond bien à l'usage qui doit en être fait. Nous nous attachons aussi à ce que le vêtement soit éco-conçu, confortable et esthétique. Au-delà d'un simple vêtement de travail, il doit inspirer un sentiment de fierté à la personne qui le porte. Nos vêtements peuvent ensuite être tracés grâce à un système innovant de puces RFID et de codes-barres de notre solution exclusive Elis Connect.

En outre, le Groupe dépend des ressources textiles qui, comme les autres ressources de la planète, sont soumises à la pression des effets du changement climatique et de la raréfaction des ressources fossiles. Les performances de durabilité des matériaux (approvisionnement, pérennité, recyclabilité) sont prises en compte par les responsables de produits et incluses dans les outils de gestion des informations sur les produits.

En quoi Elis se démarque-t-il de ses concurrents en matière d'innovation ?

Notre position de leader nous donne les moyens d'investir très vite et d'innover de façon concrète et pragmatique dans de nombreux secteurs d'activité et un peu partout dans le monde. Le secret réside dans un juste équilibre entre créativité et culture du résultat.

Nous organisons également de nombreux ateliers de réflexion avec nos clients, qui sont souvent pilotes de nos innovations. Nous avons par exemple réfléchi à la manière d'optimiser l'hygiène dans un grand centre hospitalier ou aux zones majeures de passages fréquents sur des tapis. Ces démarches un peu « hors les murs » sont très stimulantes pour nous comme pour nos clients et contribuent à nous faire connaître et reconnaître comme un groupe innovant.

Elis entreprend des projets d'innovation de produits axés sur une meilleure gestion des matériaux (par exemple, la certification C2C de la gamme d'appareils sanitaires Fusion et les projets d'innovation actuels pour remplacer les gobelets en plastique jetables dans le secteur des boissons). Le Groupe applique la méthodologie de l'analyse du cycle de vie sur des produits sélectionnés (serviette de toilette, champ opératoire), afin de démontrer scientifiquement la performance environnementale de son produit-service, par rapport aux solutions jetables ou d'achat direct.

Pourriez-vous citer un projet particulièrement innovant de l'année 2019 ?

Nous avons développé pour un grand groupe agroalimentaire une gamme complète de vêtements pour l'ensemble de ses usines dans 11 pays européens. Ensemble, nous avons créé des vêtements de travail qui allient style et technicité, confort et approche RSE. En effet, le textile utilisé pour fabriquer ces vêtements est composé de bouteilles en plastique recyclées.

Elis poursuit ses objectifs RSE à l'horizon 2025

Conception de produits durables

Proposer, pour chaque groupe de produits, au moins une collection composée de matériaux 100 % durables

Nos équipes de chefs de produits développent des gammes répondant aux exigences en matière de santé et de sécurité des consommateurs, et principalement liées aux réglementations existantes, aux demandes des clients ou à une volonté d'innovation. Des phases d'essais approfondis sont au cœur des processus de développement ; ils sont réalisés dans le laboratoire du Groupe, sauf pour les tests nécessitant des certifications ou des équipements spécifiques. En tant que propriétaire de ses produits, le Groupe effectue des tests et un entretien réguliers tout au long de la vie du produit, soit en interne (par exemple, pour le Linge plat), soit directement chez le client (par exemple, pour les refroidisseurs d'eau).

Elis Connect, le programme de traçabilité d'Elis

Avec cette volonté toujours plus forte de répondre aux enjeux de notre époque, Elis a accéléré cette année le développement de solutions innovantes de traçabilité Elis Connect. Son ambition : simplifier la vie de ses clients dans leur activité quotidienne, grâce à des solutions basées sur de nouvelles technologies et la collecte de données.

En 2019, le Groupe a accompagné par exemple de grands acteurs de l'industrie agroalimentaire avec une offre moderne de traçabilité des vêtements professionnels, répondant ainsi aux besoins primordiaux de ses clients : proposer un suivi fiable des livraisons aux porteurs et garantir ainsi la capacité de travail des équipes, en assurant hygiène et sécurité.

Équipés d'une puce RFID, les vêtements sont scannés en centre et chez les clients, à chaque livraison et à chaque collecte. Les clients obtiennent la vision du cycle complet grâce aux rapports détaillés envoyés instantanément par e-mail ou en accédant au portail clients MyElis.

Le Groupe a également étoffé son offre de distributeurs automatiques de vêtements pour une traçabilité optimale. Installés sur site, ces distributeurs permettent aux équipes de se doter en toute autonomie de leurs vêtements. Quels que soient le nombre de porteurs, la taille de l'établissement, ou le secteur d'activité, Elis Connect est capable aujourd'hui de proposer une solution de distribution adaptée.

L'innovation s'étend également à l'offre sanitaire avec la commercialisation de notre gamme d'appareils connectés. Dotés de capteurs, ils communiquent les informations sur les niveaux de consommation. Elis permet ainsi aux clients de limiter les ruptures de consommables et d'organiser les interventions sur chaque appareil en fonction du besoin réel. C'est une garantie de service.

Enfin, Elis travaille sur une solution de traçabilité du Linge plat afin d'aider ses clients à mieux piloter leur stock, faciliter le comptage et assurer des volumes en phase avec les taux d'occupation des hôtels par exemple.

Précurseur sur les offres de traçabilité en blanchisserie, le Groupe a instauré trois niveaux de prestations selon les besoins : avec Elis Connect Access, les clients savent quand les agents d'Elis sont intervenus ; avec Elis Connect Focus, les clients reçoivent le détail et les observations de la prestation effectuée ; enfin, Elis Connect Vision est dédiée à notre gamme d'appareils connectés qui permet de donner les informations en temps réel du niveau de consommation de chaque appareil.

Nos 3 offres Elis Connect

ACCESS

Preuve de passage
Les clients savent quand les agents des services du Groupe sont intervenus et reçoivent un bon de livraison dématérialisé.

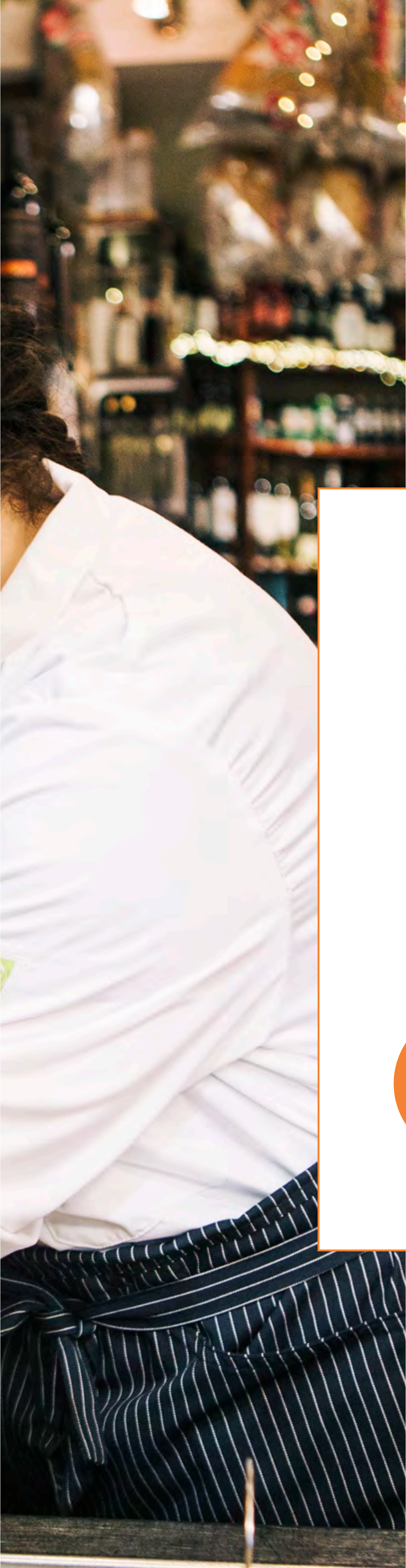
FOCUS

Preuve de service
Les clients ont le détail, par article, de la prestation réalisée et les observations effectuées par l'agent de service du Groupe.

VISION

Service proactif
Les clients sont informés en temps réel du niveau de consommation de leurs équipements, et de l'état de leurs stocks.

Ils sont en mesure d'adapter l'organisation de leurs équipes.



1.3 MARCHÉS

Soucieux de faciliter le travail des professionnels, Elis propose des produits et des solutions adaptés à chaque secteur d'activité. Fort de son expérience, Elis a fondé son expertise de location-entretien autour de quatre marchés.

Pour chacun de ces marchés, Elis propose trois grands types de solutions : le linge plat, les vêtements professionnels et les équipements d'hygiène et de bien-être.

Solutions

- **47 %*** Linge plat
- **34 %*** Vêtement professionnel
- **19 %*** Hygiène et bien-être**

* En pourcentage du chiffre d'affaires consolidé.
** Et divers.

Hôtellerie-Restauration

Professionnels de l'hôtellerie, croisiéristes, compagnies aériennes et de ferries, plateformes de location saisonnière et conciergeries… le Groupe met à la disposition de ce marché des solutions de location-entretien de linge, tapis ou matériel d'hygiène pour simplifier la gestion de leurs établissements au quotidien.
En cuisine comme en salle, l'image d'un établissement de restauration est essentielle. Pour satisfaire cette exigence, Elis propose un service de location-entretien de tabliers, vêtements professionnels, nappes, serviettes et produits d'hygiène.

Secteurs d'activité

- **Hôtels**
- **Restauration traditionnelle**
- **Restauration rapide, bars et cafés**
- **Traiteurs**
- **Compagnies aériennes, de croisière et de ferry**
- **Location courte et de longue durée**

27 %*

* En pourcentage du chiffre d'affaires consolidé, hors autres secteurs.

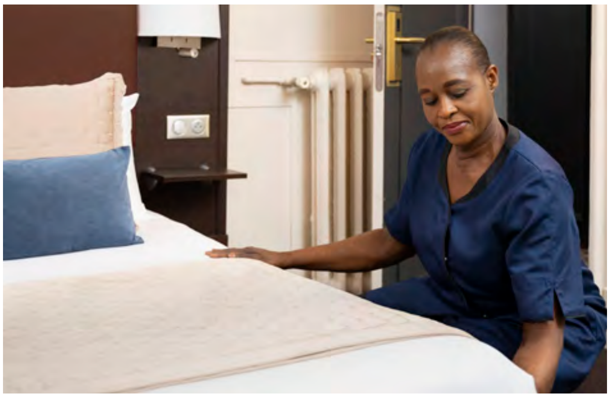
La collection Regencia,
un équilibre entre style et confort

La nouvelle collection Regencia s'adresse aux métiers de l'hôtellerie et du bien-être. Étudiée et définie avec des femmes de chambre pour assurer un équilibre entre style, confort et liberté de mouvement, elle répond aux attentes de ce marché.

Cette collection offre une gamme composée de tuniques et de pantalons, aux coupes tendance, dans des modèles aux couleurs variées, adaptées à chaque morphologie afin d'offrir une tenue souple et élégante à porter. Elle est composée à 50 % de Tencel, une fibre naturelle issue de pulpe de bois, qui lui confère un toucher doux et soyeux, même après de nombreux lavages, et à la rétention de l'humidité au cœur de la fibre. Sa production moins « gourmande » que le coton en eau et produits chimiques, en fait une matière écoresponsable idéale.

Cette collection correspond aux attentes que nous avions pour vêtir nos équipes dans nos hôtels 4 étoiles et hôtels de luxe en France. Je remercie vraiment la société Elis d'avoir pensé à tous ces détails, qui facilitent le travail difficile et journalier de nos équipes.

Corinne VEYSSIÈRE
Présidente de l'AGGH**



Le Jacquard Français, un savoir-faire unique et historique

LE JACQUARD FRANÇAIS

Le Jacquard Français, filiale du groupe Elis, est la référence du linge haut de gamme. Depuis plus de 130 ans, la marque perpétue la tradition du tissage et des matières d'exception, dans son atelier de Gérardmer, dans les Vosges. En 2010, Le Jacquard Français s'est vu décerner le label EPV, (Entreprise du patrimoine pivant) pour son savoir-faire d'excellence, entre artisanat et industrie. Pour les produits en lin, elle détient la certification Masters of Linen®. Il s'agit d'une marque déposée et d'un sceau d'excellence 100 % *made in* Europe : la garantie de traçabilité européenne du lin, de la plante au fil, jusqu'au tissu.

** Association des gouvernantes générales de l'hôtellerie

Industrie

Le secteur industriel requiert de l'expertise et de la minutie ; les gestes doivent être précis et la sécurité doit être maintenue à tous les niveaux. Fort de son expérience, le Groupe connaît les réglementations et obligations qui régissent ces métiers. C'est pourquoi il veille à fournir au quotidien des équipements textiles et sanitaires spécifiques, qui requièrent un niveau d'hygiène maximal, indispensables au bon déroulement de cette activité et à la protection des collaborateurs.

Secteurs d'activité :

- Industrie agroalimentaire
- Industrie chimique et pharmaceutique
- Industrie lourde
- Industrie légère et logistique

29 %*

* En pourcentage du chiffre d'affaires consolidé, hors autres secteurs.

Être un pilier de l'hygiène de l'industrie agroalimentaire

Dans le secteur agroalimentaire, l'hygiène et la sécurité sont au cœur des enjeux afin d'éviter les risques de contamination. À travers la méthode HACCP[1], sont mises en œuvre la qualité des produits, la sécurité des consommateurs et les conditions de travail des employés.

Fort d'un savoir-faire unique dans le secteur – une usine agroalimentaire sur deux fait appel à Elis en Europe –, le Groupe fournit des solutions de location-entretien, d'articles textiles, d'hygiène et de bien-être adaptées aux problématiques du métier. Les prestations d'Elis vont de l'identification des besoins à la conception d'équipements répondant aux plus hautes normes et réglementations de sécurité européennes, en passant par leur entretien selon la norme RABC[2]. Elis accompagne ses clients au quotidien pour les conseiller et réagir très vite en cas d'aléas en apportant solutions et informations, grâce notamment à la densité de son maillage géographique.

Elis Design Center crée Food Industry

Elis Design Center[3] a conçu la gamme Food Industry selon les recommandations de la DIN10524, dont le référentiel vise à éviter toute influence négative d'un vêtement inapproprié ou mal ajusté sur les produits alimentaires. Les exigences de la DIN10524 concernent en particulier les tissus et le design des vêtements professionnels en fonction de trois niveaux de risques définis selon la vulnérabilité du produit face aux dangers de contamination, du process de production et du type de consommateurs finaux : risque maximum, risque élevé et risque faible. Ainsi, les vêtements de production d'Elis intègrent, dans leur design, toutes les caractéristiques adaptées pour offrir la fonction protectrice requise. Ils apportent une réponse rigoureuse et structurée aux attentes des différentes normes et référentiels du secteur agroalimentaire : IFS, BRC, Tesco, ISO 22000.

[1]Hazard Analysis Critical Control Point.
[2]Risk Analysis Bio-contamination Control
[3]Elis Design Center est un studio de création internalisé où sont conçus vêtements et accessoires dans le respect des exigences des marchés.

Santé et action sociale

Les hôpitaux, les cliniques et les EHPAD nécessitent du linge et des vêtements professionnels à l'hygiène irréprochable. Pour les résidents en situation de handicap ou les maisons de retraite, il est essentiel de proposer des solutions d'entretien du linge. Elis accompagne les acteurs de la santé et de l'action sociale en fournissant une gamme d'équipements sanitaires et de produits d'accueil en conformité avec les règles d'hygiène des établissements. De plus, grâce à la location-entretien des produits du Groupe, le service d'Elis libère du temps aux professionnels au quotidien pour les aider à mieux se concentrer sur leur métier, quels que soient les besoins.

Secteurs d'activité :

- **Hôpitaux et cliniques**
- **Établissements pour personnes âgées**
- **Établissements pour personnes en situation de handicap**
- **Médecine de ville**
- **Crèches et haltes-garderies**

26 %*

* En pourcentage du chiffre d'affaires consolidé, hors autres secteurs.

Prévenir par l'hygiène les risques de biocontamination

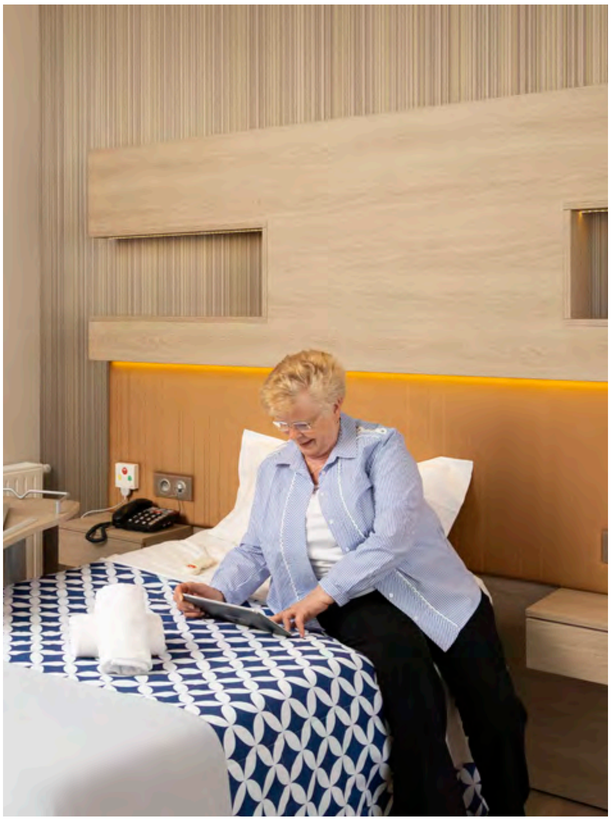
En tant que leader de la location-entretien du linge, le Groupe a pleinement conscience que l'hygiène des établissements du secteur de la santé est d'abord liée à la maîtrise des risques de biocontamination.

C'est la raison pour laquelle Elis adapte ses programmes de lavage et répond aux exigences de la norme RABC[1] dans ses processus de traitement et de contrôle. À l'hôpital, en crèche ou en EHPAD, le Groupe garantit la qualité bactériologique du linge qu'il met à la disposition de ses clients, pour mieux répondre à leurs besoins.

AD3, un service de qualité qui s'inscrit dans une démarche sociétale

Filiale du groupe Elis, AD3 est le spécialiste de l'entretien du linge personnel des résidents de maisons de retraite, maisons d'accueil médicalisées, foyers d'accueil spécialisés. Au travers d'un réseau de blanchisseries externes ou internes aux établissements, AD3 prend soin de tout type de vêtements. L'objectif est de permettre aux familles et résidences de se consacrer pleinement au bien-être du résident.

Conscient de sa responsabilité sociétale, AD3 a également fait le choix de s'investir auprès de personnes en situation de handicap et de les accompagner dans l'emploi en milieu ordinaire au sein d'une nouvelle blanchisserie située située à Bray-sur-Seine, en Seine-et-Marne.



[1]Risk Analysis Bio-contamination Control.

Commerces et services

En tant que commerçant ou prestataire de services, soigner sa prestation est au cœur de ses préoccupations afin de donner aux clients et utilisateurs finaux une expérience optimale. Accueil de la clientèle, qualité des produits et du service, gestion des stocks et du personnel… autant de tâches qui nécessitent à la fois de la rigueur et du temps. Grâce à Elis, les professionnels peuvent se concentrer sur leur cœur d'activité en toute sérénité. Le Groupe leur fournit une gamme complète de vêtements professionnels, d'équipements et de produits sanitaires en location-entretien. Conscient des enjeux propres à ce secteur d'activité, Elis prend également en charge le ramassage du linge et sa livraison.

Secteurs d'activité

› **Restauration collective**
› **Entreprises de propreté**
› **Grande distribution**
› **Commerces alimentaires**
› **Garages et concessions**
› **Autres points de vente**

18 %*

* En pourcentage du chiffre d'affaires consolidé, hors autres secteurs.

L'éco-conception au cœur de la gamme Fusion

La gamme **Fusion** répond aux exigences d'éco-conception. Elle embellit les sanitaires avec un design exclusif et élégant et contribue à la qualité de l'image des clients en leur offrant un environnement sanitaire, sain et agréable.

Le service Elis inclut :

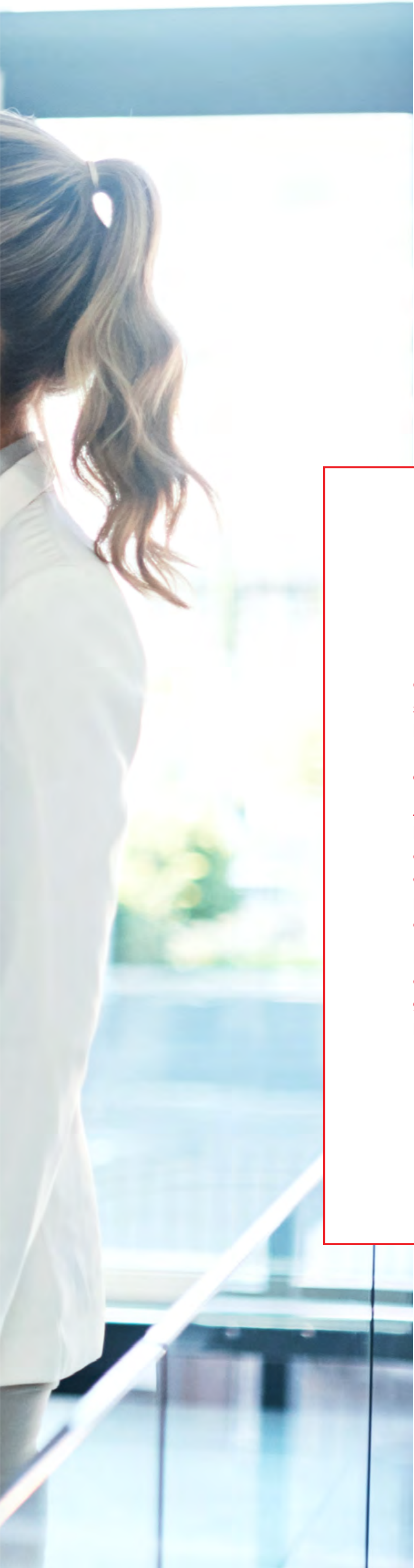
- Évaluation des besoins
- Étude d'implantation
- Installation des appareils
- Livraison des consommables
- Fréquence des passages
- Entretien continu

Un modèle plus respectueux de l'environnement, au service de l'économie circulaire

Elis s'engage activement dans la protection de l'environnement. C'est la raison pour laquelle ses distributeurs sont dotés de système anti-surconsommation et de produits sélectionnés pour leurs propriétés environnementales démontrées.

100 % des papiers Elis sont certifiés **Ecolabel** et 100 % des essuie-mains papier rouleau du Groupe sont issus de forêts **labellisées FSC** (Forest Stewardship Control).

Elis bénéficie aussi de la certification **Cradle to Cradle (C2C),** une mesure mondialement reconnue de produits plus sûrs et plus durables fabriqués pour l'économie circulaire. Le Groupe s'appuie sur cette norme pour avoir un meilleur impact sur les personnes et la planète.



1.4 GOUVERNANCE

Une équipe dirigeante expérimentée

Composée du comité exécutif et du conseil de surveillance, la gouvernance est garante de la direction de l'entreprise, de sa pérennité et de son bon fonctionnement. Elle assure la stabilité du Groupe à travers une **stratégie de croissance rentable.**

Attentif à respecter la parité appliquée par le groupe Elis, le conseil de surveillance est composé de sept membres, dont quatre femmes. Il offre une complémentarité d'expériences et reflète la politique de diversité menée par le groupe Elis, notamment en termes de nationalités, d'expériences internationales, d'expertises…

La gouvernance est idéalement organisée pour saisir de nouvelles opportunités, **consolider le leadership du groupe Elis** et créer de la valeur stratégique et financière pour ses actionnaires.

Le conseil de surveillance

Le conseil de surveillance exerce le contrôle permanent de la gestion de la Société par le directoire, dans les conditions prévues par la loi, les statuts de la Société et son règlement intérieur. Il opère également les vérifications et les contrôles qu'il juge opportuns et peut se faire communiquer les documents qu'il estime utiles à l'accomplissement de sa mission.

Il est composé de 7 membres

THIERRY MORIN Président du conseil de surveillance, membre indépendant

JOY VERLÉ
Vice-Présidente

MAGALI CHESSÉ
Membre

FLORENCE NOBLOT
Membre indépendant

PHILIPPE DELLEUR
Membre indépendant

ANNE-LAURE COMMAULT
Membre indépendant

ANTOINE BUREL
Membre indépendant

4 femmes **3** hommes **53 ans** âge moyen **71 %** indépendance

8 nombre de réunions **81 %** taux d'assiduité **2** journées stratégiques

Le comité d'audit

Il est composé de 3 membres

ANTOINE BUREL
Président

THIERRY MORIN
Membre indépendant

MAGALI CHESSÉ
Membre

Missions principales

- Suivi du processus d'élaboration de l'information financière.
- Suivi de l'efficacité des systèmes de contrôle interne, d'audit interne et de gestion des risques relatifs à l'information financière et comptable.
- Suivi du contrôle légal des comptes sociaux et consolidés par les commissaires aux comptes de la Société.
- Suivi de l'indépendance des commissaires aux comptes.

100 % taux d'assiduité **4** nombre de réunions

Le comité des rémunérations et des nominations et de la gouvernance

Il est composé de 3 membres

FLORENCE NOBLOT
Présidente

THIERRY MORIN
Membre indépendant

JOY VERLÉ
Membre

Missions principales

- Détermination et appréciation des règles de gouvernance :
  - composition des instances dirigeantes du Groupe, indépendance du conseil) ;
  - réflexion sur la composition du conseil (diversité, complémentarité des profils, indépendance, mixité, cumul des mandats, etc.) ;
  - plan de succession.
- Détermination et appréciation régulière de la politique de rémunération des mandataires sociaux.
- Évaluation annuelle du fonctionnement du conseil de surveillance.

92 % taux d'assiduité **4** nombre de réunions

Le comité exécutif

Il est composé de 11 membres

1. XAVIER MARTIRÉ Président du directoire

2. LOUIS GUYOT
Membre du directoire,
Directeur administratif et financier

3. DIDIER LACHAUD
Directeur des ressources humaines et de la RSE

4. FRÉDÉRIC DELETOMBE
Directeur industriel, achats et supply chain

5. CAROLINE ROCHE
Directrice marketing et innovation

6. MATTHIEU LECHARNY
Membre du directoire,
Directeur général adjoint en charge des opérations

7. ALAIN BONIN
Directeur général adjoint en charge des opérations

8. YANN MICHEL
Directeur général adjoint en charge des opérations

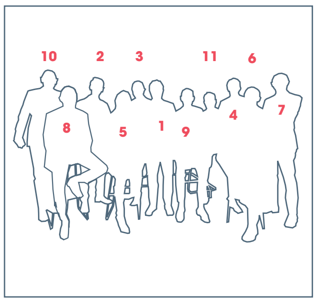
9. MICHEL DELBECQ
Directeur de la transformation et des systèmes d'information

10. ANDREAS SCHNEIDER
Directeur général adjoint en charge des opérations

11. ERIK VERSTAPPEN
Directeur général adjoint en charge des opérations

Le comité exécutif contribue à la définition ainsi qu'à la mise en œuvre de la stratégie du Groupe. Ce comité, constitué d'une équipe de 11 membres est présidé par le président du directoire. La structure organisationnelle du Groupe s'articule autour de cinq fonctions supports et de cinq fonctions opérationnelles régionales. Les fonctions opérationnelles sont à la charge des cinq directeurs généraux adjoints organisés par géographie.

Le comité exécutif se réunit au moins une fois par mois, une fréquence jugée suffisante compte tenu des rythmes de l'activité d'Elis.



Plus d'informations dans le chapitre 2.


landre 1

2 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. Additionally, this report includes information specific to companies with Supervisory Boards relating to the compensation of corporate officers 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 3, 2020.

The Appointments and Compensation Committee was involved in preparing the section of this report that describes the compensation policy applicable to the Chairmen and members of the Management and Supervisory Boards for 2020, as well as the elements of compensation paid or awarded during the financial year.

2.1 GOVERNANCE

2.1.1 Corporate Governance Code

In drafting the Supervisory Board's report on corporate governance, the Company referred to the AFEP-MEDEF Code, which was revised in January 2020. The revised version of the Code is available on the MEDEF website.

In the context of the "comply or explain" rule stipulated in Article L. 225-7-4 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 28 of the AFEP-MEDEF Code of January 2020, 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 and committee meetings Article 11.3: *"It is recommended that at least one meeting be held every year from which executive corporate officers are excluded."*	There is no formal meeting specifically excluding executive corporate officers (who are members of the Management Board), but these officers do not attend Supervisory Board discussions about compensation policy or the level of the targets to be achieved related to their variable compensation.

2.1.2 General management of the Group

The Management Board and Executive Committee, both of which are chaired by the Chairman of the Management Board, Xavier Martiré, oversee the general management of the Group. There were no significant changes in general management in 2019.

Management Board

Composition of the Management Board

The rules on the composition of the Management Board, the terms of office of its members, its rules of procedure, its role, responsibilities and powers, and the powers and obligations of the Management Board, are described in the Company's bylaws (Articles 12, 14 and 15), which can be found on the Company's website (www.elis.com).

As at the date of this 2019 universal registration document, the Management Board has three members:

Full name	Nationality	Age	Number of Elis shares[b]	Role	Date of first appointment	Start of current term of office	Expiration of current term of office
Xavier Martiré	French	48	279,826	Chairman	October 21, 2008[a]	September 5, 2018	September 5, 2022
Louis Guyot	French	47	90,402	Member	September 5, 2014	September 5, 2018	September 5, 2022
Matthieu Lecharny	French	50	58,501	Member	September 5, 2014	September 5, 2018	September 5, 2022

(a) Chairman of the Company under its former structure as a French simplified limited liability company.
(b) As at December 31, 2019 (see chapter 7, section 7.2.3, which describes transactions in the Company's shares carried out by its executives in 2019).

Presentation of the members of the Management Board (Article L. 225-37-4, paragraph 1 of the French Commercial Code)

Xavier Martiré

Chairman of the Management Board

Business address:
5, boulevard Louis Loucheur
92210 Saint-Cloud – France

Date of birth:
January 18, 1971

BIOGRAPHY

Xavier Martiré began his career at SNCF in 1997 as a 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 Chief Operating Officer 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 held as at December 31, 2019

Other offices and positions held within the Group:

- Chairman and Chief Executive Officer of MAJ SA
- Director of Pierrette TBA SA
- Chairman of Berendsen Ltd (United Kingdom)
- Member of the Board of Berendsen A/S (Denmark)
- Director of Compañía Navarra de Servicios Integrales SL (Spain)
- Chairman of Elis Luxembourg SA (Luxembourg)
- Director of Elis Manomatic SA (Spain)
- Director of Lavanderias Triton SL (Spain)
- Director of Elis Italia SpA (Italy)
- Director of SPAST SA (Portugal)
- Director of Gafides SA (Portugal)
- Director of Wäscherei Mariano AG (Switzerland)
- Director of Albia SA (Chile)
- Director of Servicios Hospitalarios SA (Chile)

Offices and positions held outside the Group:

None.

Offices and positions having ended in the past five years:

- Chairman and Chief Executive Officer of Elis Services SAS
- Chairman of Quasarélis SAS
- Chairman of Novalis SAS
- Chairman of the Supervisory Board of Atmosfera Gestão e Higienização de Têxteis SA (Brazil)
- Director of Blanchâtel SA (Switzerland)
- Director of Wäscherei Papritz AG (Switzerland)
- Director of Grosswäscherei Domeisen AG (Switzerland)
- Director of Lavalia Sur Servicios y Renting Textil SL (Spain)
- Director of Lavalia Balears Servicios y Renting Textil SL (Spain)
- Director of Lavanderia Hotelera Del Mediterraneo 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

Main activity:
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 from 2010 to 2013. Louis Guyot holds degrees from École polytechnique, École nationale des ponts et chaussées and Collège des Ingénieurs.

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

- Chairman of Pro Service Environnement SAS
- Chairman of Blanchisserie Blésoise SAS
- Director of Pierrette TBA SA
- Chairman of Elis Belgium
- Director of Elis Luxembourg SA (Luxembourg)
- Director of Elis Manomatic SA (Spain)
- Director of Elis Italia SpA (Italy)
- Director of SPAST SA (Portugal)
- Director of Gafides SA (Portugal)
- Director of Albia SA (Chile)
- Director of Servicios Hospitalarios SA (Chile)
- Director of Berendsen A/S (Denmark)
- Director of Berendsen Textil Service OY (Finland)
- Director of Berendsen Textil Service AB (Sweden)
- Director of S Berendsen AB (Sweden)
- Director of Energías Margua, SAU (Spain)
- Director of Cogeneración Martiartu, SLU (Spain)
- Director of Goiz Ikuztegia, SLU (Spain)
- Director of Indusal Centro, SAU (Spain)
- Director of Indusal Navarra, SAU (Spain)
- Director of Base Lavanderia Industrial SLU (Spain)
- Director of Lloguer Textil Maresme SLU (Spain)
- Director of Lesa Inmuebles Siglo XXI, SL (Spain)
- Director of Lavanderias Triton SL (Spain)
- Member of the Supervisory Board of Elis Textile Service Sp zoo (Poland)
- Director of Indusal, SAU (Spain)
- Director of Servicios de Lavandería Industrial de Castilla la Mancha, SAU (Spain)
- Director of Colidays Holdings Ltd (Cyprus)
- Member of the Supervisory Board of Elis Textile Service AS (Estonia)

Offices and positions held outside the Group:

None.

Offices and positions having ended in the past five years:

- Director of Elis Services SAS
- General Manager of Blanchisserie Professionnelle d'Aquitaine SARL
- Director of InoTex Bern AG (Switzerland)
- Director of Berendsen Tekstil Service AS (Norway)
- Director of Compañía Navarra de Servicios Integrales SL (Spain)
- Director of Lavandería Industrial La Condesa, SLU (Spain)
- Director of Indusal Sur, SA (Spain)
- Chairman of Hygiène Contrôle Île-de-France SAS
- Chairman of BMF SAS

Matthieu Lecharny

Member of the Management Board

Business address:
5, boulevard Louis Loucheur
92210 Saint-Cloud – France

Date of birth:
December 26, 1969

Main activity:
Deputy Chief Operating Officer

BIOGRAPHY

Matthieu Lecharny joined the Elis Group in 2009. He serves as Deputy Chief Operating Officer for two regions in France and for Portugal, Spain, Andorra, Italy, and Latin America, and is responsible for 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 Oral Care Brand Director 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 brand Cif. Matthieu Lecharny holds a degree from École supérieure de commerce de Paris (ESCP Europe).

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

- Director of Elis Manomatic SA (Spain)
- Director of Compañía Navarra de Servicios Integrales SL (Spain)
- Director of Energías Margua, SAU (Spain)
- Director of Cogeneración Martiartu, SLU (Spain)
- Director of Goiz Ikuztegia, SLU (Spain)
- Director of Casbu, SL (Spain)
- Director of Indusal Centro, SAU (Spain)
- Director of Indusal Navarra, SAU (Spain)
- Director of Lesa Inmuebles Siglo XXI, SL (Spain)
- Director of Indusal, SAU (Spain)
- Director of Servicios de Lavandería Industrial de Castilla la Mancha, SAU (Spain)
- Director of SPAST, SA (Portugal)
- Director of Albia (Chile)
- Member of the Supervisory Board of Atmosfera Gestão e Higienização de Têxteis SA (Brazil)
- Director of Servicios Hospitalarios SA (Chile)
- Chairman of Elis Italia SpA (Italy)

Offices and positions held outside the Group:

None.

Offices and positions having ended in the past five years:

- Director of Lavandería Industrial La Condesa, SLU (Spain)
- Director of Indusal Sur, SA (Spain)
- Director of Lavalia Balears Servicios y Renting Textil SL (Spain)
- Chairman and Sole Director of GIE Eurocall Partners
- *Chairman* of Kennedy Hygiene Products Ltd (United Kingdom)
- *Chairman* of Kennedy Exports Ltd (United Kingdom)
- General Manager of Le Jacquard Français SARL
- Director of Lavalia Sur Servicios y Renting Textil SA (Spain)
- Director of Lavanderia Hotelera Del Mediterraneo SA (Spain)

Powers of the Management Board

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 granted by law and the bylaws to the Supervisory Board and general shareholders' meetings. Some decisions falling within the remit of the Management Board are also subject to the prior approval of the Supervisory Board (see below for an excerpt from Article 20.IV of the Company's bylaws).

No restrictions on the powers of the Management Board are enforceable against third parties, and third parties may make claims against the Company to fulfill the commitments made on its behalf by the Management Board's Chairman or a Chief Executive Officer, if their appointments have been duly announced.

Excerpt from Article 20.IV of the Company's bylaws and Article 3.2 of the Supervisory Board's rules of procedure

Decisions and transactions at the Company or its controlled subsidiaries as defined by Article L. 233-3 of the French Commercial Code that are subject to the prior approval of the Supervisory Board:

- any proposal to the general shareholders' meeting of the Company to amend the Company's bylaws;
- any proposal of resolutions to the general shareholders' meeting of the Company relating to the issue or buyback 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 through the issue or cancellation of securities;
- any proposal to the general shareholders' meeting of the Company to allocate income or distribute dividends or 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;
- significant transactions likely to affect the Group's strategy and modify its financial structure or its scope of business, 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 issue 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 planned transaction 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 transaction involving the Company;
- in case of disputes involving the Group, 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.

Executive Committee

The Management Board is assisted in its duties by an Executive Committee composed of members of the Management Board and the Group's chief operating officers and support function directors, presented in chapter 1 of this 2019 universal registration document. Michel Delbecq joined the Group in October 2019 as the Group's Transformation & Information Systems Director and member of the Executive Committee, taking over from François Blanc, who retired.

Information about members of the Executive Committee (who are not members of the Management Board)

(Information current as at December 31, 2019)

Alain Bonin, aged 56, has been Deputy Chief Operating Officer since 2012 and in charge of operations 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.

Michel Delbecq, aged 55, is the Group's Transformation & Information Systems Director. He has spent his entire career in various IT roles, becoming CIO of two LVMH subsidiaries in Europe and Asia before taking charge of IT at the Sephora Group. He is a graduate of École nationale supérieure d'informatique et de mathématiques appliquées de Grenoble (ENSIMAG) and holds a master's degree in information systems.

Frédéric Deletombe, aged 47, has been the Engineering Director since 2009 and Purchasing and Supply Chain Director since 2015. He joined the Group in 2006 and has held various managerial positions. Prior to that, he held managerial positions in various operating and industrial departments at IBM Microelectronics and 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 60, has been the Human Resources and Corporate Social Responsibility Director of the Elis Group since 2010. Before joining the Group, he 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 (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 46, has been a Deputy Chief Operating Officer since March 1, 2015. He is responsible for pest control services, operations in two French regions, and operations in the United Kingdom and Ireland. Yann Michel has been with the Group for more than 15 years and has held various operational positions, including Director of two regional departments. He is a graduate of Université de Technologie de Compiègne.

Caroline Roche, aged 47, 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 for web agencies and 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 53, is the Deputy 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 holds an MBA in economics.

Erik Verstappen, aged 61, is the Deputy Chief Operating Officer for the Nordic region and is responsible for the Cleanroom business unit. He began his career in sales at Kyocera, 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.

Group diversity policy

(Management Board, the Company's Executive Committee and 10% of senior positions)

The Group's diversity policy, especially diversity on management bodies, is based on talent identification and management processes and succession plans for key positions focused on performance and potential.

The Company has set a goal of reducing the gender gap in certain job categories and executive roles (the Executive Committee and senior management in general) and of increasing the number of women in senior positions (including Executive Committee posts).

It has implemented various measures and taken actions to achieve this goal:

- gender-blind recruitment procedure based on the candidates' skills, professional experience and qualifications;
- increased awareness among those in charge of recruitment or communications at universities and French *grandes écoles* to promote Elis's different business lines; and particular attention is paid to applicants of the under-represented sex on the final shortlist of candidates for a position.

Talent reviews, led by the Human Resources Department in conjunction with the country, regional, and central departments, identify and develop managers' potential to maximize their career prospects within the Group in the short, medium and long term.

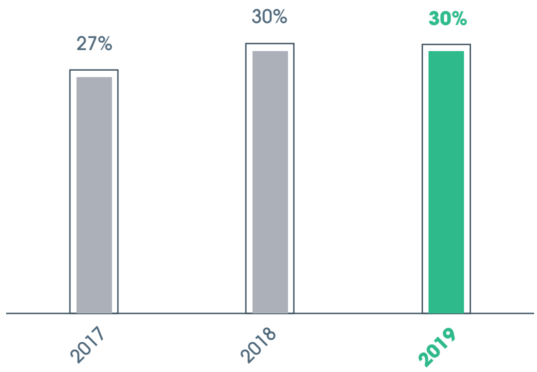
During talent reviews and individual annual reviews, priority is given to employees who have expressed an interest in developing their careers in an area where their gender is under-represented.

The Appointments, Compensation and Governance Committee regularly analyzes the skills and profiles required by the Executive Committee and the Management Board.

In addition, the process of selecting candidates to serve on the Management Board now includes the nomination of at least one male and one female candidate for each position, whether to fill a vacancy or improve the Board's gender balance. If an external recruitment firm is used, it will be asked to put forward at least one male and one female candidate.

At least one male and one female candidate matching the profile and meeting the relevant criteria who were previously identified during the candidate selection process will be shortlisted by the Appointments, Compensation and Governance Committee before being presented to the Supervisory Board, which is responsible for appointing members to the Management Board.

Change in the percentage of women in executive or managerial roles



The company has set itself a target of 40% by 2025.

2.1.3 Supervisory Board

The rules governing the composition and operation of the Supervisory Board are described in the Company's bylaws (Articles 17 and 18) and in the Board's rules of procedure (Article 1), which are available on the Company's website (www.elis.com).

Composition of the Supervisory Board

Diversity policy for the composition of the Supervisory Board

The Supervisory Board and the Appointments and Compensation Committee regularly assess the composition of the Board and its committees, as well as the skills and experience contributed by each Board member. They also draw up guidelines to ensure that the Board is as balanced as possible, seeking complementarity between backgrounds from an international and diversity perspective in terms of nationality, gender and experience.

In accordance with Articles L. 225-68 and L. 225-37-4, paragraph 6 of the French Commercial Code, the diversity policy used by the Supervisory Board for the selection of its members, the objectives it set, the procedures applied and the outcomes are described below. This diversity is also ensured by staggering terms of office. This enables the smooth replacement of members and allows shareholders to vote each year on whether to reappoint several members. To allow the board to be staggered, the Company's bylaws stipulate that the general shareholders' meeting may decide, upon appointing certain members of the Supervisory Board, that their term of office will be less than four years.

Criteria	Objectives	Implementation and outcomes
Independence	Comply with the recommendations of the AFEP-MEDEF Code on the independence of the Board	As at March 3, 2020 5 independent members
Gender equality	Comply with legal provisions on gender equality, which require a minimum percentage of 40% of each gender (L. 225-69-1 of the French Commercial Code)	**Composition of the Supervisory Board as at March 3, 2020** 4 women 3 men
Age of Board members	No more than a third of Board members may be over 70 years of age, in accordance with the relevant legal provisions (Article 17 of the Company's bylaws)	0 members over age 70 7 members under age 70 Average age: 53
Employee representation on the Board	Article 17 of the Company's bylaws	See "Representation of employees on the Supervisory Board" paragraph below
Complementarity of backgrounds from an international and nationality perspective	Reflect the different regions where the Group operates as much as possible	All members of the Supervisory Board have international experience. One Board member is British.
Complementarity of backgrounds in terms of expertise and experience	Include members with technical abilities from a variety of realms of expertise and experience	**Competency map for members of the Supervisory Board** International business management: 4 members Finance: 4 members (including 3 members of the Audit Committee) Marketing and sales: 1 member Strategy and M&As: 1 member

Representation of employees on the Supervisory Board (Article 17 of the Company's bylaws)

The category of employee members of the Supervisory Board provided for in Articles L. 228-79 (for employee shareholders) and Article L. 225-79-2 (for employee members) of the French Commercial Code is not currently represented on Elis's Supervisory Board for the following reasons:

- **regarding the representation of employee shareholders**, the shares held by the Company's staff and by the staff of its affiliated companies as defined in Article L. 225-180 of the French Commercial Code represent 1.07% of the share capital, i.e. less than the 3% threshold above which such appointment is required by law (see chapter 7, section 7.2.1 of this 2019 universal registration document);
- **regarding members representing employees**, this employee representative category will be represented on Elis's Supervisory Board from November 2020, i.e. within six months of the next annual general shareholders' meeting, which will vote on the amendments to the Company's bylaws to bring them into compliance with the applicable legal provisions as amended by the law on business growth and transformation (the Pacte Law). As a reminder, Elis was not required to appoint one or two employee representatives to the Supervisory Board under the applicable laws as they were originally written. In addition, a director representing employees currently sits on the Board of Directors of MAJ, the Group's main operating subsidiary.

Composition of the Supervisory Board and its special committees as at March 3, 2020 and attendance at Board and committee meetings in 2019

	Supervisory Board								Comitees				
											Attendance rate in 2019		
	Nationality	Age	Number of executive appointments	Number of Elis shares[b]	Position on the board	Start of first term of office	Start of current term of office	Attendance rate in 2019	Audit Committee	Appointments and Compensation Committee	Audit Committee	ACC	End of current term of office on the Board and committees[a]
Thierry Morin ✔	FR	67	1	1,233	Chairman	06/23/2014	05/23/2019	100%	Member	Member	100%	100%	2023
Magali Chessé	FR	45	1	500	Member	06/01/2016	05/23/2019	88%	Member	-	100%	-	2023
Philippe Delleur ✔	FR	61	0	1,600	Member	06/24/2015	05/23/2019	88%	-	-	-	-	2023
Florence Noblot ✔	FR	56	0	1,000	Member	07/31/2014	05/19/2017	88%	-	Chair	-	100%	2021
Anne-Laure Commault ✔	FR	45	0	500	Member	05/19/2017	05/19/2017	75%	-	-	-	-	2021
Joy Verlé[d]	FR/ UK	41	1	500	Vice-Chair-woman	03/06/2018	03/06/2018	100%		Member	-	100%	2021
Antoine Burel ✔[c]	FR	57	0	500	Member	02/20/2019	02/20/2019	86%	Chair	-	100%	-	2022

✔ *Independent member: the independence criteria used by the Company are described below in the section "Independence of members of the Supervisory Board" of the Supervisory Board's report on corporate governance.*

(a) *Year in which term of office expires.*

(b) *As at December 31, 2019.*

(c) *Co-opted by the Supervisory Board on February 20, 2019 and ratified by the shareholders on May 23, 2019.*

(d) *Appointed Vice-Chairwoman of the Supervisory Board and member of the Appointments and Compensation Committee on October 23, 2019 to replace Marc Frappier, who resigned.*

Changes in composition of the Supervisory Board

Member of the Supervisory Board	Type of change	Date
Joy Verlé	Appointed as Vice-Chairwoman of the Supervisory Board and member of the Appointments and Compensation Committee	October 23, 2019
Marc Frappier	Resigned from the Supervisory Board and the Appointments and Compensation Committee	July 29, 2019
Thierry Morin	Reappointed as Chairman of the Supervisory Board, member of the Audit Committee and member of the Appointments and Compensation Committee	May 23, 2019
Philippe Delleur	Reappointed as member of the Supervisory Board	May 23, 2019
Magali Chessé	Reappointed as member of the Supervisory Board and Chair of the Audit Committee	May 23, 2019
Maxime de Bentzmann	Resignation	May 23, 2019
Antoine Burel[a]	Co-opted to the Supervisory Board Appointed as Chair of the Audit Committee	February 20, 2019

(a) *Ratified by the general shareholders' meeting on May 23, 2019.*

At the next general shareholders' meeting, on the recommendation of the Appointments, Compensation and Governance Committee, shareholders will be asked to vote on the appointment of:

- **Fabrice Barthélémy** as an independent member: Since January 2019, Fabrice Barthélémy has been Chairman of the Management Board of Tarkett, which he joined in 2008. He has served as President of Tarkett Europe, Middle East, Africa (EMEA) and Tarkett Latin America (2017-2018) and as Chief Financial Officer and member of the Management Board (2008-2017). He began his career as an industrial controller with Safran and joined Valeo in 1995 as Financial Controller at the United Kingdom division. From 2000 to 2003, he helped to turn around Valeo's Lighting Division in France before becoming Global Finance Director of Electronics and Connective Systems and then Wiper Systems.
- **Amy Flikerski,** who is a portfolio manager at the Canada Pension Plan Investment Board (CPP Investments), which she joined in 2012. She was involved in manager search and selection, mainly focusing on global equity strategies. Prior to joining CPP Investments, she worked as a senior analyst at Highbridge Capital Management (2003-2007) and subsequently at Talpion Fund Management (2010-2011). As a partner at PAAMCO (2009-2010), she was involved in assessing and searching for hedge fund managers. Amy Flikerski began her career as a senior partner in the High Yield group at Moody's Investors Service.

If these appointments are ratified by the next annual general shareholders' meeting, the Supervisory Board will have 9 members, including 6 independent members and 5 women.

2

Presentation of members of the Supervisory Board (Article L. 225-37-4, paragraph 1 of the French Commercial Code) – Information Current as at March 3, 2020

Antoine Burel

Independent member of the Supervisory Board

Business address:
128, avenue du Maréchal de Lattre-de-Tassigny;
87045 Limoges Cedex – France

Date of birth:
December 22, 1962

Main activity:
Deputy Chief Executive Officer, Executive VP Operations of the Legrand Group

BIOGRAPHY

A graduate of Neoma Business School and holder of a diploma in accounting and finance, Antoine Burel began his career in auditing in 1986 (Fiduciaire de France-KPMG). Following this initial step, he spent time working in management control in the agri-food industry. He then joined Legrand (listed on the CAC 40 index) in 1993.

After a stint as Finance Director at several of the Group's operating subsidiaries, he took the reins of the Group's Management Control Department in 2005. He was appointed Group Chief Financial Officer in 2008, before becoming Deputy Chief Executive Officer and Executive VP Group Operations in 2019.

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

— Chair of the Audit Committee

Offices and positions held outside the Group:

— Director and Deputy Chief Executive Officer of Legrand France
— Chairman of the Board of Directors of Legrand Saudi Arabia
— Director of Legrand (Shanghai) Trading Co. Ltd (in liquidation)
— Director of Shanghai Legrand Electrical Talent
— Director of TCL-Legrand International Electrical (Huizhou) Co., Ltd ("TIE")
— Vice-Chairman of the Supervisory Board of Legrand Polska Factory Service Sp z oo
— Vice-Chairman of the Supervisory Board of Legrand Polska Sp z oo

Offices and positions having ended in the past five years:

- Director of Kimbe Electric Company of South Africa (Pty) Ltd
- Director of Raritan Australia, Ltd
- Director of Famco Lighting Pty Ltd
- Director of Legrand Australia Pty Ltd
- Director of Legrand Group Pty Ltd
- Director of Legrand Group Belgium SA
- Chairman of the Board of Directors of Legrand Integrated Solutions Nv
- Director of Legrand Canada, Inc.
- Director of Middle Atlantic Products Canada, Inc.
- Director of Solarfective Products Limited
- Director of Beijing Raritan Technologies Company Limited
- Director of Shenzhen Shidean Legrand Electronic Products Co., Ltd.
- Director of Legrand (Beijing) Electrical Company Ltd.
- Director of Legrand (Shanghai) Management Co., Ltd.
- Director of TCL Wuxi
- Director of Legrand Colombia SA
- Director and Chairman of the Board of Directors of Legrand Korea Co., Ltd.
- Teller for Bticino Costa Rica SA, SDA
- Teller for Comercializadora Centroamericana GI SA, SDA
- Chairman of the Board of Directors of Legrand Scandinavia
- Director and Chairman of the Board of Directors of EMB Electrical Industries SAE
- Director of Bticino Ecuador Compañía Limitada
- Director of Legrand Group España
- Director of Legrand SNC FZE
- Director of Lastar Limited
- Director of Raritan Computer UK
- Director of CP Electronics Limited
- Director of Jontek Limited
- Director of Legrand Electric Limited
- Director of Legrand UK Limited
- Director of Tynetec Ltd
- Secretary of Bticino Guatemala SA
- Director of Helliniki Legrand SA
- Secretary of Bticino Guatemala SA
- Director of Promotora Bticino Honduras SA
- Director of Legrand Electric (HK) Ltd
- Director and Manager of TCL Communication (HK), Limited
- Director of Rocom Electric Company Ltd
- Chief Executive Officer of Legrand Közép
- Director of Legrand ZRT
- Director of Legrand (Mauritius) Ltd
- Director of Raritan International India, Pvt Ltd
- Chairman of the Board of Commissioners of PT Trias Indra Saputra
- Commissioner of PT Legrand Indonesia
- Director of Bticino SpA
- Director of Raritan Japan, Inc.
- Director of Legrand Eastern Africa Limited
- Director of Bticino El Salvador SA de CV
- Director and Chairman of the Board of Directors of Legrand Maroc
- Director of Cablofil Mexico
- Director and Chairman of the Board of Directors of BT Industrial, SA de CV
- Director and Chairman of the Board of Directors of BT Manufactura, SA de CV
- Director and Chairman of the Board of Directors of Bticino Corporativo, SA de CV
- Director and Chairman of the Board of Directors of Bticino de Mexico, SA de CV
- Director and Chairman of the Board of Directors of Bticino Operacional, SA de CV
- Director of Legrand New Zealand Limited
- Director of Bticino Panama Centroamerica SA
- Chief Executive Officer of PB Finelectric
- Director of Raritan Europe, BV
- Director of Raritan International, BV
- Director of Ticino Del Peru SA
- Chairman of the Board of Directors of Legrand Electrica SA
- Director and Chairman of the Board of Directors of Bticino República Dominicana
- Director of Legrand Romania SRL
- Director of OAO Kontaktor
- Member of the Board of Directors of Legrand (Russia)
- Director of Numeric Lanka Technologies Private Ltd
- Chairman of the Board of Directors of Legrand Skandinaviska AB
- Chairman of the Board of Directors of Van Geel Sverige AB
- Director and Chairman of the Board of Directors of Legrand (Schweiz) AG
- Director of Raritan Asia Pacific, Inc.
- Director of Bticino (Thailand) Ltd.
- General Manager of Legrand Méditerranée
- Vice-Chairman of Inform Elektronik San. ve Tic. AŞ
- Vice-Chairman of Eltaş Elektrik Malzemeleri Sanayi ve Pazarlama AŞ
- Vice-Chairman of Legrand Elektrik Sanayi AS
- Director of Cablofil, Inc.
- Director of Finelite, Inc.
- Director of Lastar Global Sourcing, LLC
- Director and Vice-Chairman of Legrand Holding Inc.
- Director of Legrand Home Systems, Inc.
- Director of Legrand North America, LLC
- Director of Luxul Wireless, Inc.
- Director of Ortronics Inc.
- Director of Pass & Seymour, Inc.
- Director of Pinnacle Architectural Lighting, Inc.
- Director of Raritan Americas, Inc.
- Director of Raritan Technologies, Inc.
- Director of Raritan, Inc.
- Director of Riip, Inc.
- Director of Rototech Electrical Components Inc.
- Director of Server Technology, Inc.
- Director of The Original Cast Lighting, Inc.
- Director of The Watt Stopper, Inc.
- Director of The Wiremold Company
- Director of Ultimate Precision Metal Products, Inc.
- Director and Chairman of the Board of Directors of Ticino de Venezuela CA

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

Main activity:
Head of Equity Investment Strategies
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 Université de Strasbourg, Université Paris-Dauphine, and the French Society of Financial Analysts. She also holds a corporate director certificate (IFA/Sciences Po).

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

— Member of the Audit Committee

Offices and positions held outside the Group:

— Member of the Supervisory Board of Indigo Infra SA (Indigo Group)
— Member of the Supervisory Board of Arcapark SAS (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
— Permanent representative of Predica on the Board of Directors of Semmaris SA
— 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 SAS (TDF Group)
— Director: 2i Aeroporti SpA
— Member of the Board of Directors of Cassini SAS (Comexposium Group)

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 SAS
— Permanent representative of Predica on the Supervisory Board of Effi Invest I SCA
— Member of the Supervisory Board of Infra Foch Topco SAS (Indigo Group)

** Listed company.*

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

Main activity:
Chief Executive Officer of Générale de Téléphone,
a wholly owned subsidiary of Orange France

BIOGRAPHY

Anne-Laure Commault is Chief Digital Officer Retail of Orange France, 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), Operational Senior Vice-President, Marketing – Retail Offers (2013-2016), and Chief Executive Officer of Générale de Téléphone (2016-2019), a subsidiary of the Orange Group. 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 Université Paris-Dauphine.

Main offices and positions held as at December 31, 2019

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.

Philippe Delleur

Independent member of the Supervisory Board

Business address:
48, rue Albert Dhalenne
93400 Saint-Ouen – France

Date of birth:
April 11, 1958

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 successively served as 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 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 bachelor's degree in law.

Main offices and positions held as at December 31, 2019

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.*

Thierry Morin

Chairman of the Supervisory Board

Business address:
5, rue Quentin-Bauchart
75008 Paris – France

Date of birth:
March 27, 1952

Main activity:
General Manager of TM France

BIOGRAPHY

Thierry Morin began his career in 1977 as a sales engineer with 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) at the Schlumberger Group. In 1986, he joined the Thomson Consumer Electronics Group as Chief Information Officer. In 1989, Thierry Morin joined the Valeo Group as Finance Director of the Transmission division, before transferring to the Thermal Systems division. Promoted to the Group level, he moved on to become Chief Financial Officer, Chief Strategy Officer, Deputy Chief Operating Officer and finally Chairman and Chief Executive Officer from 2000 to 2009. Since 2009, he has managed seed capital investments in new technologies as well as an industrial consulting firm. In 2013, he acquired and restructured Sintertech, France's leading producer of metal powders for industrial markets. In 2015, he acquired F2R, which produces wheels for the automobile market (leader in France). He is also the 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 Université 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.

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

— Member of the Audit Committee
— Member of the Appointments and Compensation Committee

Offices and positions held outside the Group:

— Director and Chairman of the Appointments, Compensation and Corporate Governance Committee of Arkema*
— Chairman of Thierry Morin Consulting (TMC)
— General Manager of TM France
— Chairman of TMPARFI SA
— Chairman of HNT Electronics Co., Ltd. (South Korea)

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.*

2

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

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 a key accounts 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 CEO of DHL Express France and a member of the Executive Committee for DHL Express Europe. In 2012, she became the European Commercial Projects Director for DHL Express Europe before being appointed Senior Vice-President, Technology Sector EMEA in 2013, covering all activities of the Deutsche Post DHL Group. Florence Noblot studied economics at Université Paris II Panthéon-Assas and in 2011 attended the General Management Program at Harvard University in the United States.

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

- Chair of the Appointments and Compensation Committee

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
- CEO of DHL Express France SAS
- Member of the Board of Directors of Elis*

** Listed company.*

Joy Verlé

Vice-Chairwoman of the Supervisory Board

Business address:
40 Portman Square
London, W1H 6LT
United Kingdom

Date of birth:
May 23, 1979

Main activity:
Senior Principal in the Relationship Investments department at CPP Investments

BIOGRAPHY

Joy Verlé is Senior Principal at the Canada Pension Plan Investment Board (CPP Investments), which she joined in 2016 and where she is responsible for Relationship Investments (investments in public companies or soon-to-be-public companies). She was involved in the investment CPP Investments made in Elis. She began her career in 2003 at Morgan Stanley in London, where she was an analyst on the M&A and Global Capital Markets teams. In 2006, she joined the private equity firm Bregal Capital as Partner and was involved in investments in the education, renewable energy and healthcare sectors. Joy Verlé is a graduate of École des hautes études commerciales in Paris.

Main offices and positions held as at December 31, 2019

Other offices and positions held within the Group:

Member of the Appointments and Compensation Committee

Offices and positions held outside the Group:

— Director and member of the Audit Committee and Appointments and Compensation Committee of Orpea*

Offices and positions having ended in the past five years:

— Member of Bregal Capital LLP
— Director of Studialis SAS

** Listed company.*

Independence of the members of the Supervisory Board

Pursuant to Article 1 of its rules of procedure, and in accordance with the recommendations of the AFEP-MEDEF Code, the Appointments, Compensation and Governance Committee and the Supervisory Board conduct an annual review of the independence of each Board member. The latest reviews took place at their meetings on March 2, 2020 and March 3, 2020, respectively. The Supervisory Board also conducts this review whenever a candidate is nominated for appointment or reappointment to the Board.

During this review, the Supervisory Board, after having received the opinion of the Appointments, Compensation and Governance Committee, assesses, on a case-by-case basis, the qualifications of each of its members (or candidates) based on the criteria listed below, and the member or candidate's particular circumstances and situation vis-à-vis the Company.

At the end of its review, and based on the report of the Appointments, Compensation and Governance Committee, the Supervisory Board concluded that all of the criteria had been met and confirmed that Florence Noblot, Philippe Delleur, Thierry Morin, Antoine Burel and Anne-Laure Commault continued to meet the independence criteria; this makes the proportion of independent members greater than 50%.

The Supervisory Board also concluded that Fabrice Barthélémy, whose appointment will be proposed at the next general shareholders' meeting, could qualify as an independent member.

The Supervisory Board may decide that a member of the Supervisory Board, even though they satisfy the above criteria, must not be deemed independent given their particular situation, the Company's situation vis-à-vis its shareholders or for any other reason. Conversely, the Supervisory Board may decide that a member of the Supervisory Board, who does not satisfy the above criteria, is nevertheless independent.

The Supervisory Board's 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.

The criteria used to assess the independence of Supervisory Board members are those provided for in the AFEP-MEDEF Code, listed below and contained in Article 1 of the Supervisory Board's rules of procedure:

Criterion 1	› not be or have been within the previous 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 within this parent company.
Criterion 2	› not be an executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or to which an employee has been appointed as a director or in which an executive corporate officer of the Company (currently in office or having held such office within the last five years) holds a directorship;
Criterion 3	› not be a customer, supplier, commercial banker or investment banker: – that is significant to the Company or the Group; – or for whom the Company or the Group represents a significant portion of their business.
Criterion 4	› not be related by close family ties to a corporate officer.
Criterion 5	› not have been an Auditor of the Company within the previous five years.
Criterion 6	› not have been a director or member of the Supervisory Board of the Company within the previous 12 years.
Criterion 7	› not have received variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the Group.
Criterion 8	› not represent a significant shareholder or shareholder holding more than 10% of the share capital or voting rights of the Company.

Business ties

When reviewing Elis's business relationships (criterion 3) with the companies in which independent members of the Supervisory Board hold executive positions, the Supervisory Board chose a quantitative criterion—namely, the consolidated revenue of both the Group and the external company in which the Supervisory Board member holds an executive position—to assess whether or not the business relationship was material in nature.

It was therefore established that the nature of the business relationships between Elis and the company or group in which Supervisory Board members hold executive positions does not affect their independence and is not material, since the consolidated revenue generated by the Group with the company or group in which Supervisory Board members hold executive positions is less than 1%, as is the percentage of consolidated revenue of the company or group in which Supervisory Board members hold executive positions and which is generated from their business relationships with Elis.

In light of the above, the Supervisory Board deemed that the business relationships conducted by the companies in which some independent board members hold executive positions did not affect their independence.

Capital relationships

For members of the Supervisory Board holding 10% or more of the Company's share capital or voting rights, or representing a legal entity holding such stake, on the basis of the report by the Appointments and Compensation Committee, the Supervisory Board decides 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.

SUMMARY TABLE ON THE SITUATION OF THE MEMBERS OF THE SUPERVISORY BOARD REGARDING INDEPENDENCE CRITERIA

Criteria for assessing independence	Magali Chessé	Joy Verlé	Thierry Morin	Philippe Delleur	Florence Noblot	Anne-Laure Commault	Antoine Burel
Criterion 1			✔	✔	✔	✔	✔
Criterion 2			✔	✔	✔	✔	✔
Criterion 3			✔	✔	✔	✔	✔
Criterion 4			✔	✔	✔	✔	✔
Criterion 5			✔	✔	✔	✔	✔
Criterion 6			✔	✔	✔	✔	✔
Criterion 7			✔	✔	✔	✔	✔
Criterion 8	✘	✘	✔	✔	✔	✔	✔

✔ *Criterion met.*

✘ *Criterion not met.*

Duties, activities and organization of the work of the Supervisory Board

The operating rules of the Supervisory Board and its duties are defined by the Company's bylaws (Articles 17 and 20) and the Supervisory Board's own rules of procedure (Articles 1 to 3), which can be viewed in full on the Company's website (www.elis.com). The Supervisory Board's rules of procedure are regularly reviewed so they can be tailored to the regulatory context and changes in the recommendations of the AFEP-MEDEF Code.

As part of its oversight duties and in addition to transactions relating to the granting of any sureties, endorsements and guarantees that must have the prior approval of the Supervisory Board pursuant to the applicable laws and regulations, Article 20.IV of the Company's bylaws and Article 3.2 of the Supervisory Board's rules of procedure provide that transactions, at the Company or its controlled subsidiaries as defined by Article L. 233-3 of the French Commercial Code, must have the prior approval of the Supervisory Board (see above, section 2.1.2 "General management of the Group"). In addition, as part of its duties and in accordance with the AFEP-MEDEF Code, the Board regularly reviews opportunities and risks and the risk prevention measures taken by the Group.

Supervisory Board involvement in shareholder relations is limited to verifying the information provided to shareholders and participating in general shareholders' meetings.

Information provided to the Supervisory Board

The Management Board submits a report to the Supervisory Board at least once per quarter outlining the Company's main management actions or events and containing all the information the Board needs to be informed of developments in the Group's business, the Group's management objectives, and the achievement of said objectives (especially with regard to the annual budget and the investment plan) as well as investment policies, risk exposure management policies, human resources management policies and their implementation at the Group, as well as the financial position, cash position and commitments made by the Company.

The Management Board presents to the Supervisory Board, by the regulatory deadline for verification and control, the parent company financial statements, consolidated financial statements, interim consolidated financial statements and its report to the general shareholders' meeting. 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 its observations on the Management Board's report and the Company's parent company and consolidated financial statements to the general shareholders' meeting.

The Management Board presents the budget and investment plans to the Supervisory Board once every six months.

The Supervisory Board is informed by the Management Board of any exceptional circumstances, as needed.

In addition, pursuant to Article 4.4 of the Supervisory Board's rules of procedure, the Management Board communicates the following information to the Supervisory Board and to its special committees as needed:

- generally, any document or information regarding the Company or the Group whose preparation by the Management Board or whose publication is required under applicable regulations or necessary 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 (2) months of the reporting date for the first half of the year, 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 (2) months of the close of the financial year, the Management Board will present to the Audit Committee, then to the Supervisory Board, for verification and auditing purposes, the parent company and consolidated financial statements and the related management 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 (8) days of their preparation and after being reviewed by the Audit Committee;
- the Company's and the Group's annual budget and mid- and long-term investment and financial plan; the Supervisory Board has the right to request that the Management Board communicate a monthly monitoring report 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, at least once per year, the Management Board presents to the Audit Committee its policy for managing 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 Group's internal control, internal audit and risk management systems.

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 specificities of the Company and the companies it controls, their businesses and their business sectors, and may also obtain information periodically or hear from members of the Management Board or the Executive Committee. Lastly, the rules also stipulate that Board members will, in general, receive a periodic, steady flow of information about the Company's results, activities and developments.

How the Supervisory Board operates

Supervisory Board meetings are convened by the Chairman or, if he or she is unable, 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 reasoned 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 by setting 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 has the casting vote; if the person chairing a meeting is not the Chairman of the Supervisory Board, such person does not have a casting vote.

Members participating in Supervisory Board meetings by video conference or other means of telecommunication allowing them to be identified and thus confirm their attendance are deemed to be present, under the conditions provided by the applicable legal and regulatory provisions.

The Board meets at least four times a year according to a schedule mutually agreed to before the end of the previous financial year that 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 if 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 allowing them to deliberate with enough information to 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 on during the presentation.

For special Supervisory Board meetings, the documents are sent, if possible, by email with enough time to allow the Board members to discuss items on the agenda submitted to them. Moreover, paper copies of the documents may also be provided 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 work of the Statutory Auditors, and financial transactions; (ii) for the Appointments, Compensation and Governance Committee, the appointment of new members to the Supervisory Board and Management Board, the composition of the committees and the compensation of corporate officers. The respective chairs of the various committees present the minutes of their work meetings to the Supervisory Board during its meetings.

Company managers may also be invited to Supervisory Board meetings to present special reports and/or answer questions from Board members depending on the matters discussed and the specialties of said people.

The minutes of Supervisory Board meetings are prepared and copies or excerpts 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 2019

8 meetings (face-to-face and conference calls)
2 strategy days

Average meeting duration: 3 hours
Attendance rate: 81%

Governance and risks

- Approval of the compensation policy for corporate officers.
- Review of the reports on corporate governance and internal control prepared by the Chairman of the Supervisory Board for the 2018 financial year and monitoring of regulations on market abuse, corporate governance and compensation.
- Review of the composition of the Supervisory Board and the independence of its members.
- Review of the regulated agreements and commitments and the authorization to sign them in accordance with Article L. 225-86 of the French Commercial Code.
- Review of the Company's risk prevention program as it applies in particular to corruption and cybercrime.
- Review of the regular reports of the Appointments and Compensation Committee.
- Updating of the rules of procedure of the Supervisory Board and Audit Committee based on the recommendations of the AFEP-MEDEF Code; this mainly concerned the role the Board and the Audit Committee play in providing strategic guidance on diversity, compliance and non-discrimination.
- Supervisory Board operating procedures.

General shareholders' meeting

- Preparation for the annual general shareholders' meeting on May 23, 2019.
- Review of the Management Board's report on the Group's management and operations for financial year 2018.
- Approval of the reports to be presented to the shareholders.
- Verification of the information provided to shareholders and participation in the general shareholders' meeting.

Strategy and financing

- Review and approval of the Group's industrial and marketing strategy, planned acquisitions and intra-group restructuring.
- Review and approval of the Group's financing policy.
- Review and approval of the budget.

Financial performance

- Audit of the parent company and consolidated financial statements for financial year 2018, the results and financial statements for the first half of 2019, the 2019 quarterly financial information, and the 2019 half-year financial report and related financial communications.
- Review of the Audit Committee's regular reports.

Corporate social responsibility

- Review of the Group's CSR policy.

Employee share ownership plan

- Review of the terms and conditions of the Elis Group's first "Elis for All" employee share ownership plan.

Specific duties during financial year 2019

- No Supervisory Board member was assigned any special duties in 2019 other than those entrusted to him or her under the bylaws and applicable rules of procedure.

Shareholdings of members of the Supervisory Board

Pursuant to the recommendations of the AFEP-MEDEF Code, the Company's bylaws 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 their entire term of office;
- 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 this universal registration document, each of the members had met these requirements (see page 51 above).

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 as part of the Group's employee savings plan, at least one share or a number of shares in such fund equal to at least one share.

Assessment of the Supervisory Board's operations

In accordance with the provisions of the AFEP-MEDEF Code and its rules of procedure (Article 8), the Supervisory Board devotes one agenda item each year to a review of its operations.

Accordingly, at its meeting on December 11, 2019, the Supervisory Board once again reviewed its operations and the operations of its committees, primarily to assess any changes made compared to the previous self-assessment. In line with the expectations expressed by Board members during previous Board assessments, two strategy days were held in 2019 at an operating site in Spain during which Board members mainly discussed the Group's strategy. All Executive Committee members attended these strategy days. At least one strategy day may be held again in 2020.

The Appointments, Compensation and Governance Committee held one meeting in 2019 devoted entirely to the executive succession plan. This followed the previous assessment in which the Board had stressed that the executive succession plan should be a priority for the Appointments, Compensation and Governance Committee.

2.1.4 Supervisory Board committees

The Supervisory Board is assisted in its duties by two special committees, an Audit Committee and an Appointments, Compensation and Governance Committee.

These committees are in charge of examining the questions that the Supervisory Board or its Chairman refers to them and issuing proposals and recommendations, as applicable, in their area of expertise. The rules governing the operation and powers of each committee are described in the rules of procedure of each committee. These rules are approved by the Supervisory Board.

At its meeting on March 3, 2020, in accordance with the governance practices in place, the Supervisory Board broadened the duties of the Appointments and Compensation Committee to include governance and renamed it the Appointments, Compensation and Governance Committee. The composition of the committee is the same.

Composition of the Supervisory Board committees

The composition of the Supervisory Board committees is presented on page 51 above.

Each committee may have a maximum of seven members (Article 9 of the Supervisory Board's rules of procedure). Committee members are appointed on a personal basis and may not be represented at meetings by another party. They are chosen freely by the Supervisory Board, which ensures that the committees include independent members according to the independence criteria adopted by the Supervisory Board.

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 professional experience and training, which are presented above. Antoine Burel has chaired the Audit Committee since March 6, 2019, replacing Agnès Pannier-Runacher, who resigned after entering government. Each committee chair possesses the requisite qualifications, particularly with regard to their main role and executive appointments held within other large corporations.

The term of office of committee members is equal to their term of office as member of the Supervisory Board, with the understanding that the Supervisory Board may modify the composition of the committees at any time and, consequently, end the term of office as a committee member.

Upon appointment, all members of the Audit Committee will receive information on the specific aspects of the Company's accounting, finances, and operations.

The secretarial duties for the Audit Committee's work may be provided by any person appointed by the Committee's Chair. For the Appointments, Compensation and Governance Committee, this is the Group's Human Resources & CSR Director.

Roles, responsibilities and work of the committees

Roles and responsibilities of the Audit Committee	Main work carried out in 2019 4 meetings Attendance rate: 100%
› Monitoring of the process for preparing financial information. › Monitoring of the statutory auditing of the parent company and consolidated financial statements by the Company's Statutory Auditors. › Monitoring of the Statutory Auditors' independence. › Monitoring of the effectiveness of internal control, internal audit and risk management systems for financial and accounting information. › Approval of audit services other than the independent audit. › Review of the internal audit department's program and objectives and internal control methods and procedures.	**Work relating to the review of the financial statements** › Review of the key points of the financial statements for 2018 and for the first half of 2019. › Review of draft press releases on the annual and half-year results. › Review of the Statutory Auditors' work and the results of the audits carried out, their recommendations and the follow-up to the statutory audit. › Approval of services other than the independent audit. **Work relating to internal control** › Monitoring of internal audit activity, including the 2019 audit plan and department schedule. › Monitoring of the effectiveness of internal control and the progress of action plans. › Review of the Group's main risks through the presentation of the Group's risk map. › Review of the anti-corruption framework put in place by the Group in accordance with the Sapin II Law and its and anti-cybercrime framework. › Review of the Group's General Data Protection Regulation (GDPR) policy.

Roles and responsibilities of the Appointments, Compensation and Governance Committee	Main work carried out in 2019 4 meetings Attendance rate: 92%
› Issuing proposals for appointments of independent members of the Supervisory Board, the Management Board and Board committees and analyzing 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. › Determining the principles and criteria for determining, structuring and awarding the elements of compensation of corporate officers and proposing them to the Supervisory Board. › Review and proposal of special compensation relating to special projects that may be assigned, as applicable, by the Supervisory Board to some of its members. › Review of the executive succession plan. › Analysis of the regulatory changes following the publication of the Pacte Law, the Simplification Law of July 19, 2019, and the order transposing the Shareholder Rights Directive.	**Work relating to governance** Review of the Board's membership (diversity, complementarity of backgrounds, independence, gender balance, concurrent appointments, etc.). › Proposing criteria for selecting members of the Supervisory Board. › Selecting and interviewing candidates and making a proposal to the Board for approval (the committee worked on the appointment of new Board members: Antoine Burel, appointed in 2019, and Fabrice Barthélémy, whose appointment will be proposed at the next general shareholders' meeting). › Defining the procedures for the annual assessment of the Board and its committees and coordinating the self-assessment. › Review of the succession plan for corporate officers of the Company and the Group's main subsidiaries. These plans, which are regularly reviewed, plan for several succession scenarios: unforeseen succession in the event of incapacity, resignation or death; early succession (mismanagement, non-performance); and planned succession (retirement, expiration of term of office). To that end, the committee works with the general management team (Human Resources Department) to ensure that the plan is consistent with the practices of the Company and the market, provides support and training for high-potential internal candidates, and monitors key positions likely to become vacant. › Review of the Group's human resources policy, in particular with regard to organization, compensation, employee relations and talent management. **Work relating to compensation** › Analysis of the 2018 performance of executive corporate officers and recommendation to the Supervisory Board on variable compensation for financial year 2018. › Recommendations for determining the compensation policy for executives and corporate officers for 2019: setting of targets and weighting of compensation for the 2019 financial year. › Performance share plan: – recognition of the performance of plans whose vesting period ended in 2019; – recommendation on performance share plans implemented in 2019; – examination of the principles and procedures for the allocation of performance shares introduced in 2019 for the benefit of executives and corporate officers (Management Board and Executive Committee) and certain Group managers; – consideration of new regulations on pay and recommendations on how to define the Group scope that should be taken into account when publishing pay ratios.

Committee operations

Audit Committee (Article 2 of the Audit Committee's rules of procedure)

The Audit Committee may legitimately deliberate either during physical meetings or by telephone or video conference, under the same conditions as the Board, at the invitation of its Chair 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 Chair has the casting 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 twice per year when the annual financial statements and the half-year financial statements are being prepared.

Appointments, Compensation and Governance Committee (Article 3 of the Appointments, Compensation and Governance Committee's rules of procedure)

The Appointments, Compensation and Governance Committee meets as often as needed and, in any event, at least once per year prior to the Supervisory Board meeting called to assess the independence of the Supervisory Board's members based on the criteria adopted by the Company and, in any event, prior to any Supervisory Board meeting called to set the compensation of the members of the Management Board or the Supervisory Board.

The Appointments, Compensation and Governance Committee may legitimately deliberate in person, by telephone or by video conference, under the same conditions as the Supervisory Board, at the invitation of its Chair 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. Calls to meetings must include an agenda and may be transmitted verbally or by any other means.

The Appointments, Compensation and Governance 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 for choosing candidates 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 to select Supervisory Board members.

The Committee must also ensure that the Supervisory Board regularly assesses how it operates and proposes improvements.

2.1.5 Code of Conduct for trading and market activities

The Supervisory Board adopted a Code of Conduct for Trading and Market Activities whose purpose is to reiterate the legal and regulatory provisions that apply to the distribution and use of information relating to the Company, particularly inside information. The charter summarizes the regulatory requirements regarding the prevention of insider misconduct by corporate officers, managers, executives and other insiders and lays out rules concerning restrictions on trading in the Company's or the Group's securities, particularly by introducing "closed periods" and disclosure requirements for securities trading. These provisions will be reiterated annually to all of the members of the Supervisory Board and information will periodically be provided in the event of significant changes. Details of transactions in the Company's securities carried out by members of the Management Board and Supervisory Board in 2019 can be found in chapter 7, section 7.2.3 "Share transactions carried out by executives and associated persons" of this 2019 universal registration document.

The Company has also introduced an internal procedure to qualify and manage inside information. A dedicated committee has been set up for this purpose.

This Code is given to each member of the Supervisory Board and every insider, who undertake to abide by it under all circumstances during their entire term of office or while serving in their positions within the Group.

A compliance officer was appointed to handle potential questions.

2.1.6 Disclosure statements on the members of the Management Board and the Supervisory Board

As at the date of this universal registration document, and to the best of the Company's knowledge:

- there are no family ties between the aforementioned members of the Company's Management Board and Supervisory Board;
- no member of the Company's Management Board or Supervisory Board has 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;
- no member of the Company's Management Board or Supervisory Board has been an executive or corporate officer of a company that has declared bankruptcy or been placed in liquidation or receivership in the past five years;
- no member of the Company's Management Board or Supervisory Board has 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 exist between the duties of any of the members of the Management Board and the Supervisory Board to the Company and their own private interests or other duties.

2.1.7 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, Compensation and Governance Committee monitors the independence of the members with respect to the criteria of the AFEP-MEDEF Code and discusses this topic during its meetings at least once per year.

To prevent and manage 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 he or she represents 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 accept any consequences with respect to exercising his or her office.

As appropriate, 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.

2.1.8 Regulated agreements

Regulated agreements that remained in effect or were signed in 2019

In accordance with the provisions of Article L. 225-88-1 of the French Commercial Code, at its meeting on March 3, 2020, the Supervisory Board reviewed the regulated agreements signed and authorized during previous financial years that remained in effect in 2019, namely:

- the "Underwriting Agreement" signed on February 10, 2015 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); and
- the intra-group loan agreement between the Company and Berendsen Ltd on September 18, 2017.

During the 2019 financial year, the Supervisory Board authorized intra-Group agreements signed with MAJ under the regulated agreements procedure, given that these two entities have executives in common. The main terms of these agreements are presented in the Statutory Auditors' special report on regulated agreements, which is included in chapter 6 of this 2019 universal registration document.

As part of its annual review of the agreements, the Supervisory Board, at its meeting on March 3, 2020, assessed whether the agreements in effect still met the criteria it had applied when authorizing them. The Supervisory Board noted that commitments made to members of the Management Board in the event of the termination of their office were no longer subject to the procedure applicable to regulated agreements. Therefore, these commitments are now excluded from the Board's annual review. The Board also reviewed the classification of intra-group agreements and parent company guarantees or counter-guarantees granted by Elis. The Board concluded that those agreements and guarantees met the criteria of conventional agreements and were entered into at arm's length.

Note that since the entry into force of Order 2014-863 of July 31, 2014 on August 3, 2014, the agreements entered into by the Company and any of its subsidiaries that are wholly 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.

Agreements entered into by a company controlled by the Company as defined by Article L. 233-3 of the French Commercial Code

(Article L. 225-102-1, paragraph 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 controlled by the Company as defined by Article L. 233-3 of the French Commercial Code.

Service agreements between members of the administrative, management or supervisory bodies and the Company and its subsidiaries

As at the date of this corporate governance report and to the best of the Company's knowledge, there are no:

- service agreements binding members of the Management Board or the Supervisory Board;
- pacts or agreements signed with the shareholders, customers, suppliers or other parties under which any of the members of the Supervisory Board or Management Board were appointed to their positions;
- service agreements signed by the Company or its subsidiaries and any of the members of the Management Board or the Supervisory Board.

Assessment procedure for conventional agreements entered into at arm's length

In accordance with Article L. 225-87 of the French Commercial Code, the Supervisory Board has set up an internal procedure to regularly assess whether agreements described as "conventional agreements entered into at arm's length" actually meet the relevant criteria.

This procedure formalizes the process used by the Company to assess whether an agreement entered into by the Company qualifies as a conventional agreement entered into at arm's length. This procedure is followed prior to signing any agreement that could be classified as a regulated agreement, and upon any amendment to or renewal of such an agreement. If no amendments are made, an assessment may be carried out where there is evidence that the classification criteria should be revised. Elis's legal department is responsible for the classification and assessment of conventional agreements. To that end, it may consult anyone with the facts needed for classification and ask anyone with the necessary legal, financial or technical expertise to help assess whether the agreement is ordinary in nature. As part of this assessment, the department may also seek out the Statutory Auditors' opinion on the agreements. The findings from the assessments will be reported to the Supervisory Board at least once a year.

2.2 COMPENSATION OF CORPORATE OFFICERS

In accordance with Article L. 225-82-2 of the French Commercial Code, as amended by Order No. 2019-1234 of November 27, 2019 on the compensation of corporate officers of listed companies (the "**Order**"), supplemented by Decree No. 2019-1235 of November 27, 2019 transposing Directive (EU) 2017/828 of May 17, 2017 amending Directive 2007/36/EC to encourage long-term shareholder engagement (the "**Decree**"), the compensation policy for corporate officers as established by the Supervisory Board at its meeting on March 3, 2020, on the recommendation of the Appointments, Compensation and Governance Committee, is set out below.

Therefore, pursuant to Articles L. 225-82-2 I and R. 225-56-1 of the French Commercial Code, the following are described below:

- the general principles of the compensation policy applicable to all corporate officers, together with the related disclosures; and
- the individual disclosures resulting from this policy for each corporate officer.

No element of compensation, of any kind whatsoever, may be paid or awarded by the Company, nor may any commitment corresponding to elements of compensation, allowances or benefits that are or may be owed as a result of the assumption, termination or change of duties or subsequent to the exercise thereof, be made by the Company, unless it is in accordance with the compensation policy approved by the shareholders.

2.2.1 Compensation policy

The compensation policy for the Company's corporate officers is determined by the Supervisory Board on the recommendation of the Appointments, Compensation and Governance Committee. It is subject to shareholder approval pursuant to applicable legal provisions. It is reviewed by the Appointments, Compensation and Governance Committee and then by the Supervisory Board at the beginning of each year.

When determining and reviewing the compensation policy for executive and non-executive corporate officers, the Supervisory Board, on the recommendation of the Appointments, Compensation and Governance Committee:

- relies on compensation studies carried out by specialized firms analyzing market practices in general, and specifically the practices of a panel of companies considered the most comparable, especially in terms of market capitalization, business sector and international environment. The Appointments, Compensation and Governance Committee will propose changes to the panel as the Group, its businesses, its market capitalization and the companies in the panel evolve;
- ensures that the principles that govern the compensation of Management Board members are aligned with the Group's strategic priorities and tailored both to the Group's financial performance and to the personal performance of each Management Board member.

The compensation policy for members of the Management Board takes into account the principles of:

- **balance**, ensuring that no element of compensation is disproportionate;
- **company performance**, ensuring that the compensation of Management Board members is closely linked to the Group's performance, mainly through annual variable compensation dependent on the achievement of targets based on quantitative and qualitative criteria relating to the Group's performance and strategy;
- **alignment** of management interests with shareholders' interests, ensuring that the performance criteria associated with long-term compensation are ambitious, complementary and stable;
- **competitiveness**, taking into account both the level of responsibility of the executive concerned and market practices;
- **compliance** with the governance rules recommended by the AFEP-MEDEF Code adopted by the Group.

Companies in the panel used to determine the compensation policy for corporate officers

Alten, Altran, Bic, CGG, Eramet, Eutelsat, Faurecia, GTT, Imerys, Ingenico, JCDecaux, Korian, Nexans, Orpea, Plastic Omnium, Remy Cointreau, Rexel, Soitec, Spie and Tarkett.

The role of and the work carried out by the Appointments, Compensation and Governance Committee when determining the compensation policy for corporate officers and analyzing the performance of members of the Management Board, and measures taken to avoid or manage conflicts of interest, are described in sections 2.1.4 and 2.1.7, respectively, of this report on corporate governance.

No substantial changes have been made to the general principles of the compensation policy for corporate officers compared with the policy applied in previous financial years and widely approved by shareholders.

Elements of the Management Board's compensation policy and related disclosures

(Articles R. 225-56-1 I. and R. 225-56 II. of the French Commercial Code)

The Appointments, Compensation and Governance Committee conducted a comprehensive review of the compensation policy for members of the Management Board for 2020 and considered potential adjustments based on the above-mentioned panel of companies, which has not changed.

When determining the compensation policy for executive corporate officers, the compensation and employment conditions of salaried employees were taken into account, particularly in the context of the following measures:

- increase in the number of people eligible for the performance share plan (see chapter 6, section 6.1 Note 5.4 to the consolidated financial statements); and
- development of an employee stock ownership policy as part of the "Elis for All" plan, on terms favorable to eligible employees (discount and matching contribution).

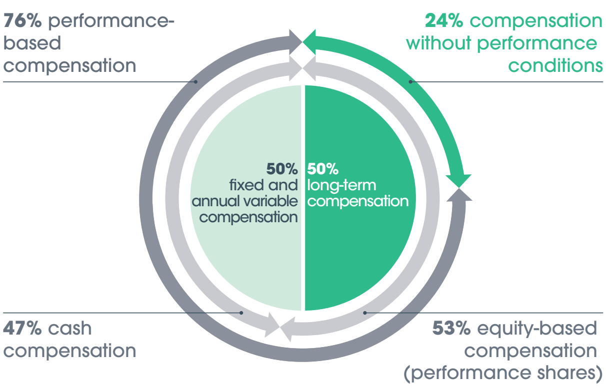
In general, the analysis carried out by the Appointments, Compensation and Governance Committee showed that the level of fixed, variable and long-term compensation is in line with the market. **This level will therefore remain unchanged from 2019**.

Compensation structure

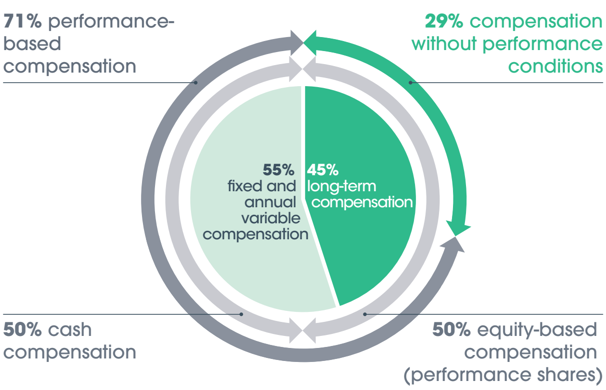
The compensation of the Chairman and members of the Management Board is composed of **cash compensation**, consisting of a fixed portion and an annual variable portion directly linked to their individual performance and their contribution to the Group's performance, and **equity-based compensation**, in the form of a share award whose vesting is subject to the fulfillment of performance conditions assessed over several consecutive financial years. This compensation structure is consistent with the one offered to the Group's senior executives. Each of the compensation components is complementary and meets different objectives. Together they form a balanced package.

For 2020, the Supervisory Board did not want to change the compensation structure for members of the Management Board. As a result, their compensation is predominantly subject to performance conditions.

CHAIRMAN OF THE MANAGEMENT BOARD



MEMBERS OF THE MANAGEMENT BOARD



The compensation structure for members of the Management Board, the amount of each component, the quantitative and qualitative nature of the collective and individual criteria used to determine the annual variable portion and long-term compensation, which include financial and non-financial elements aligned with the Group's strategy, as well as the complementarity and continuity of those criteria, ensure consistency with the Company's performance.

This motivating compensation structure, a significant proportion of which is based on and thus encourages individual and financial performance, contributes to and furthers the Company's development.

Fixed compensation

The Supervisory Board determines the fixed compensation of the Chairman and of each member of the Management Board by taking into account the scope and complexity of their responsibilities, their respective experience and expertise, the market practices for the same or similar roles (external competitiveness), and changes to employee compensation (see the above disclosures on the compensation policy for corporate officers, describing the decision-making process followed to determine the compensation and the role of the Appointments, Compensation and Governance Committee).

This fixed portion is stable over several years and may only be adjusted every three years, unless an earlier adjustment is considered necessary due to special circumstances justifying a change (change in scope, major difference compared with the reference panel, etc.), which would be explained by the Supervisory Board and announced publicly. This fixed portion serves as the basis for determining the variable compensation of the Chairman and members of the Management Board.

The Board decided that the amount of fixed compensation for each member of the Management Board would remain unchanged for 2020. The Supervisory Board confirmed that the amount is appropriate in view of the executive compensation studies carried out.

For the 2020 financial year, the fixed gross annual compensation of the Chairman and members of the Management Board, applicable and unchanged since January 1, 2018, is as follows:

Name	Role	Fixed compensation *(In euros)*
Xavier Martiré	Chairman of the Management Board	800,000
Louis Guyot	Member of the Management Board Chief Financial Officer	400,000
Matthieu Lecharny	Member of the Management Board Deputy Chief Operating Officer	300,000

2

Variable compensation

The annual variable compensation of the Chairman and members of the Management Board is meant to involve executives in the Group's short-term performance. In accordance with the AFEP-MEDEF Code, this element of compensation corresponds to a percentage of their annual fixed compensation, which is as follows:

	Target variable portion Percentage of fixed compensation	Maximum variable portion Percentage of fixed compensation
Chairman of the Management Board	100%	170%
Members of the Management Board	70%	119%

Performance criteria

The indicators used for determining the variable portion and the level of the targets to be achieved are defined each year at the beginning of the reference period to which they apply. The targets are determined based on the Group's **key financial, non-financial and qualitative indicators** in line with the Group's activities, strategy and goals.

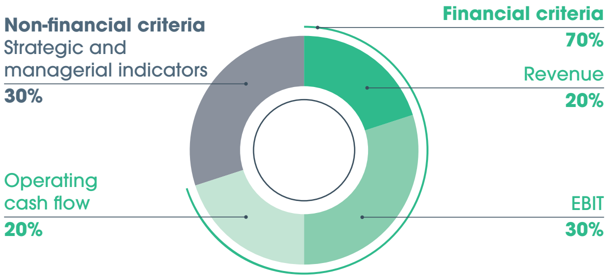
For each of the financial and non-financial indicators, a trigger threshold below which no compensation is paid, a target achievement level, and a maximum level reflecting outperformance relative to the targets set are defined. Only outperformance relative to the financial indicators can give rise to a bonus amount higher than the target level. With regard to performance measurement through financial indicators, the variable portion is achieved if an indicator is equal to the budget. The variable portion ranges from 0 to 200% if the indicator is around the target value.

The quantitative targets (accounting for 70% of variable compensation) based on financial indicators are set based entirely on the budget preapproved by the Supervisory Board. The targets are subject to a trigger threshold whereby no sum is due for a particular criterion if the level of performance does not reach this minimum threshold. The financial performance indicators, their targets and their weighting will remain the same for each member of the Management Board (including the Chairman). The types of financial indicators used have not changed since 2015.

Qualitative targets based on non-financial indicators (accounting for 30% of 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. Of the non-financial indicators, at least one indicator is based on quantitative logic informed by one or more quantifiable factors determined each year according to the Group's scope, strategy, objectives, and priorities, and tailored to the responsibilities of each member of the Management Board.

The Supervisory Board, at its meeting on March 3, 2020, on the recommendation of the Appointments, Compensation and Governance Committee and in the interests of a consistent evaluation and ongoing assessment of the Management Board's financial performance in accordance with the objectives of the compensation policy, made the following decisions to determine the annual variable compensation of the members of the Management Board for 2020:

- the target amount and the maximum amount of variable compensation for 2020 will remain unchanged compared with 2019;
- the same economic indicators attached to variable compensation will be reused; and
- the same weighting will be maintained for the financial and non-financial indicators used to calculate the variable portion for 2020.



The Supervisory Board deemed that the criteria adopted best reflected the overall performance of the business in terms of growth, profitability and cash flow corresponding to the metrics used to monitor the Company (i.e., revenue, EBIT, and operating cash flow) and were consistent with the budget target discussed annually with the Board, which is also in line with the guidance communicated to the market. These non-financial criteria remain aligned with the strategy and current targets for non-financial and operational performance.

BREAKDOWN OF FINANCIAL AND NON-FINANCIAL INDICATORS USED TO DETERMINE THE ANNUAL VARIABLE COMPENSATION OF XAVIER MARTIRÉ, LOUIS GUYOT AND MATTHIEU LECHARNY FOR 2020, TOGETHER WITH THE WEIGHTING OF EACH INDICATOR

Variable portion *(as a % of target variable)*	Target % of target variable	Min	Target	Max
Chairman and members of the Management Board		**0**	**100**	**170**
Financial indicators	**70**	**0**	**70**	**140**
Revenue compared to budget	20	0	20	40
EBIT compared to budget	30	0	30	60
Operating cash flow compared to budget	20	0	20	40

Xavier Martiré	Target % of target variable	Min	Target	Max
Non-financial indicators	**30**	**0**	**30**	**30**
Transformation of EBITDA into cash flow	7.5	0	7.5	7.5
CSR: Reduction in the consumption of water, energy and chemicals	7.5	0	7.5	7.5
Integration of ROCE in investment decisions	7.5	0	7.5	7.5
Development of IT systems and development of digitalization	7.5	0	7.5	7.5

Louis Guyot	Target % of target variable	Min	Target	Max
Non-financial indicators	**30**	**0**	**30**	**30**
Implementation of a tool for monitoring central support service expenditures in all countries	10	0	10	10
Integration of ROCE in investment decisions	10	0	10	10
Improvement of financial communications and integration of CSR policy into these communications	10	0	10	10

Matthieu Lecharny	Target % of target variable	Min	Target	Max
Non-financial indicators	**30**	**0**	**30**	**30**
Cash management across all regions	7.5	0	7.5	7.5
Acceleration of international pest control acquisitions	7.5	0	7.5	7.5
Spain: Industry and Trade & Services growth, price increases, productivity, customer losses	7.5	0	7.5	7.5
Development of CSR in Brazil	7.5	0	7.5	7.5

The Supervisory Board deemed that the financial and non-financial indicators on which the targets for the annual variable compensation of the Chairman and members of the Management Board, were based, as well as their weighting, reflect the direct link between the compensation of Management Board members, the changes in the Group's results, and overall performance. In so doing, they contribute to the objectives of balance, performance and competitiveness of the compensation policy for corporate officers, as well as to the Group's performance.

Furthermore, taking financial elements and criteria aligned with the Group's strategy into account when choosing the criteria used to calculate the annual variable portion of corporate officers' compensation also contributes to the Group's performance.

Performance level

At its meeting on March 3, 2020, the Supervisory Board decided to use the same methods for calculating whether targets were achieved and changes in variable compensation in 2020.The variable portion ranges from 0 to 200% when the indicator is around the target value.

The trigger threshold and expected level of achievement of the financial indicators (revenue, EBIT and cash flow) are strategic and economically sensitive information that cannot be made public. However, at the end of the performance evaluation period, Elis will disclose the level of performance achieved for each of the criteria. With regard to budgetary targets, these are in line with the guidance communicated to the market by management at the beginning of the year and on which analysts' consensus recommendations are based.

Payment conditions

Annual variable compensation may only be paid if it has previously been approved by the shareholders through an ex-post vote provided for in Article L. 225-100 III of the French Commercial Code.

Long-term equity-based compensation

For several years, the Group has pursued a dynamic policy of involving employees in the Company's performance by awarding long-term equity-based compensation in the form of performance shares, intended to encourage members of the Management Board to consider a long-term perspective when taking action and to align management interests with those of shareholders.

Accordingly, performance shares are granted each year to several hundred employees, including members of the Management Board, based on the recorded performance (see Note 5.4 to the consolidated financial statements for the year ended December 31, 2019 in chapter 6 of this universal registration document).

While determining the compensation policy for executive corporate officers for 2020, the Supervisory Board, on the recommendation of the Appointments, Compensation and Governance Committee, maintained the principle of awarding long-term equity-based compensation in the form of performance shares for each member of the Management Board. It defined the award and vesting arrangements for this element of compensation as follows:

Amount of equity-based compensation

The rights granted to the Chairman and members of the Management Board in accordance with the authorization put forward for renewal at the forthcoming general shareholders' meeting may not represent more than 0.6% of the Company's share capital;

To determine the number of shares to be granted to the Chairman and members of the Management Board, the Appointments, Compensation and Governance Committee examines the fair value of said instruments and then defines an allocation amount to ensure a balance between the various elements of compensation and benefits of any kind (fixed, annual variable and long-term compensation).

Accordingly, at the Supervisory Board meeting on March 3, 2020, on the recommendation of the Appointments, Compensation and Governance Committee, the Supervisory Board maintained the principle whereby 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). Note that in 2019, this ratio was 0.8.

Duration of the vesting period of the shares granted

The performance shares will only vest after a minimum vesting period of **three** years.

Vesting conditions of the shares granted

Continuous service

Vesting of the shares is subject to contiluous service with the Group from the date of the share grant and throughout the entire vesting period (except under special circumstances). In the event members of the Management Board leave the Group during the vesting period for reasons other than dismissal for gross negligence or willful misconduct, said members may, on a proposal from the Appointments, Compensation and Governance 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 cases, the overall grant will be prorated to take into account the employment of the corporate officer concerned with the Group during the vesting period;

Performance conditions

The vesting of the shares granted will be subject to the fulfillment of performance conditions based on economic criteria and stock market criteria, measured over a period of three consecutive financial years. These performance conditions apply to all shares granted.

Type of performance criteria

- **Economic criteria:** The Supervisory Board will take care to select appropriate absolute internal and relative external criteria that are assessed over time, which may be identical to the financial criteria used to determine the annual variable portion of compensation.

  For the plan due to be implemented in 2020, the Supervisory Board decided to apply the same economic criteria used since 2015, namely consolidated revenue and consolidated EBIT. The Board considers these two criteria, assessed over a long period of time (three full financial years) and maintained for several plans, to be complementary, in line with the Group's objectives, and able to promote balanced, continuous growth over the long term. The ambitious criteria are motivating for beneficiaries.
- **External criterion:** Positioning of the overall performance of Elis shares (TSR) relative to a benchmark index. For the plan due to be implemented in 2020, the chosen benchmark is the EuroStoxx 600.

Conditional vesting thresholds

- **Absolute internal criteria:** The expected level of performance for each of the absolute internal criteria applicable to the vesting of the shares granted is determined based on the business plan approved by the Supervisory Board, itself in line with the guidance communicated to the market and reflected in analysts' consensus recommendations. The Board defines a threshold below which no shares will vest. The threshold is not made public for confidentiality reasons. For the shares to vest, performance must at least be on a par with the business plan.
- **External criterion:** The relative criterion is linked to the relative performance of the Company's share price compared with the EuroStoxx 600 index.

  For the plan due to be implemented in 2020, the EuroStoxx 600 index is used to measure performance. The criterion will be met if the TSR of Elis shares is greater than or equal to the change in value of the EuroStoxx 600 during the performance evaluation period (20-day moving average).

Calculating the number of shares vested and measuring performance

The number of shares that have vested permanently at the end of the minimum three-year performance evaluation period is calculated by applying a coefficient to the number of shares granted that measures the performance of each of the criteria.

The fulfillment of each of the criteria is assessed in a binary manner so that if the criterion is not met, the portion of performance shares contingent on achieving that target does not vest. No additional shares are granted if the performance target is exceeded.

For the plan due to be implemented in 2020, the percentage of shares granted based on the number of targets met will be similar to those applied under the 2019 plan, namely:

- no shares vest if no targets are met;
- 34% of shares vests if one target is met;
- 67% of shares vests if two targets are met;
- 100% of shares vests if all three targets are met.

Past fulfillment of performance conditions attached to the long-term compensation of corporate officers

Date of the performance plan	April 7, 2015	June 15, 2016	March 24, 2017
Revenue	✔	✔	✔
EBIT	✘	✔	✔
Elis TSR	✔	✔	✔
Level of fulfillment of performance conditions	**50%** (a)	**100%** (b)	**100%** (b)

(a) Performance assessed over two consecutive financial years.
(b) Performance assessed over three consecutive financial years.
✔*: Criterion met –* ✘*: Criterion not met.*

At its meeting on March 3, 2020, the Supervisory Board, on the recommendation of the Appointments, Compensation and Governance Committee, looked at the level of fulfillment of the performance conditions attached to the vesting of the shares granted to employees (excluding members of the Executive Committee, whose vesting period is for three years) under Plan No. 7 dated April 6, 2018. The Board concluded that two of the three criteria had been fulfilled, as the required stock market performance criteria have not been fulfilled. Therefore, 50% of the shares granted will vest at the end of the vesting period on April 6, 2020. Since the plans were introduced in 2015, only 50% of the shares granted have vested in the case of two plans (see below).

Rules for the retention of shares vested as part of equity-based compensation

Each corporate officer has an obligation to retain shares on a plan-by-plan basis. The Supervisory Board sets the applicable rules, which are as follows:

- for the Chairman of the Management Board, one third of the shares vested must be retained until his or her Company share portfolio reaches a value representing three times the amount of his or her annual fixed compensation;
- for the other members, one third of the shares vested must be retained until their Company share portfolios reach a value representing twice the amount of their annual fixed compensation.

Restrictions on the sale of vested shares

Members of the Management Board are subject to lock-up periods during which trading in the Company's securities is not permitted under the conditions provided in Article L. 225-197-1, paragraph 4 of the French Commercial Code on performance share grants. Members of the Management Board are also bound by more general rules on the prevention of insider trading, which impose restrictions on share transfers (closed periods related to financial publications). Furthermore, members have all stated that they have not used hedging instruments (see chapter 7of this 2019 universal registration document).

Special compensation

For 2020, the Supervisory Board has maintained the principle whereby the Chairman and other members of the Management Board may be eligible for special compensation if warranted by extraordinary circumstances or events (for example, their importance to the Group, the commitment they require and the difficulties they pose). The Supervisory Board must justify its decision. In any event, the amount of special compensation may not exceed the maximum amount of the annual monetary compensation (fixed + maximum variable).

Such compensation may only be paid if it has previously been approved by the shareholders through an ex-post vote provided under Article L. 225-100 III of the French Commercial Code.

Executive appointments and employment contracts held by members of the Management Board

The members of the Management Board are appointed by the Supervisory Board for a four-year term. Under Article L. 225-61 of the French Commercial Code and Article 12 of the Company's bylaws, the office of Chairman and member of the Management Board may be revoked either by the Supervisory Board or by the general shareholders' meeting on a proposal from the Supervisory Board. The removal of members of the Management Board does not bring about the termination of their employment contracts, which are subject to specific grounds for termination.

Furthermore, Louis Guyot and Matthieu Lecharny have an open-ended employment contract with the Company for their respective positions as Chief Financial Officer and Deputy Chief Operating Officer. These employment contracts terminate at the request of the employee or the Company, subject to three months' notice, except in cases of gross negligence or willful misconduct.

Elements of compensation related to termination or change in role

Termination benefits for the Chairman and members of the Management Board have remained unchanged since 2015.The general shareholders' meeting on May 18, 2018 voted to renew these benefits under the commitments governed by the regulated agreements procedure as part of the reappointment of the Chairman and members of the Management Board in 2018.

Severance pay in the event of forced departure

The Chairman and members of the Management Board may receive severance pay if their respective duties are terminated in the event of their forced departure. On that basis, the Supervisory Board decided that dismissal constituted forced departure, as did non-reappointment by the Supervisory Board following a change of control or due to a recognized disagreement between the Supervisory Board and the member concerned, taking into account the profile of the members of the Management Board and their background with the Group (length of service and contribution to the Group's performance and transformation).

The amount of severance that may be due is capped at **18 months of total (fixed and variable) compensation** calculated based on the average compensation paid during the last two full years preceding the departure, subject to the fulfillment of the following performance conditions:

- revenue over a rolling 12-month period calculated at the last interim reporting date (December or June) prior to departure at > 90% of the budget for the rolling 12-month period approved by the Supervisory Board;
- EBIT over a rolling 12-month period calculated at the last interim reporting date (December or June) prior to departure at > 85% of the budget for the rolling 12-month period approved by the Supervisory Board.

No severance 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 benefit is payable in full.

The criteria used to measure the Company's performance and determine whether or not the benefit is payable are the same as those used to measure the Company's short-term performance when setting the annual variable compensation. As mentioned above, those criteria best reflect the Company's overall performance in terms of growth and profitability, and thus contribute to the performance targets for the executive compensation policy.

Severance pay will not be due if the member concerned is at fault or is soon to be eligible for retirement benefits at the date of forced departure.

Compensation relating to a non-compete clause

Considering the expertise acquired by the members of the Management Board, each member is subject to a conditional non-compete commitment for a one-year period in the case of the Chairman of the Management Board and six months in the case of the other Management Board members. This commitment starts at the end of their term of office and/or employment contract (except in the event of retirement) 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, this will result in the staggered 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.

Non-compete benefits will not be paid if, on the date of their departure, members exercise their retirement rights under Article R. 225-56-1 III of the French Commercial Code.

The total amount of benefits that may be received by the Chairman and members of the Management Board in the event of their departure from the Group (including compensation for the termination of their employment contract or any other benefit) may not exceed 24 months' compensation under any circumstances, in accordance with the recommendations of the AFEP-MEDEF Code.

No other commitment has been made by the Company to its corporate officers in the event their duties at the Company are terminated.

Benefits in kind

Each member of the Management Board is entitled to a company car, which represents a benefit in kind (see summary table 2 in section 2.2.2 "Compensation of members of the Management Board" below).

Under the compensation policy for Management Board members, at its meeting on March 3, 2020, the Supervisory Board agreed to maintain the principle of this benefit in kind in 2020.

Supplemental retirement plans

No member of the Management Board receives a specific retirement plan beyond those legally required. Therefore, the Company has not reserved 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 are enrolled in the statutory retirement plan applicable to employees in France.

Compensation paid by a Group company

Members of the Management Board receive no compensation for any corporate office held at a company in the Group.

Compensation policy applicable to new executives

In the event a new corporate officer is recruited (Chairman or member of the Management Board), he or she:

- will be subject to:
  - the general fixed compensation policy for members of the Management Board approved by the shareholders, although the fixed compensation of the Chairman of the Management Board may not, at the time of his or her appointment, exceed the amount awarded to his or her predecessor;
  - the general annual variable compensation policy based on targets approved by the shareholders, provided that if a new corporate officer is recruited during the second half of a financial year:
    - performance will be evaluated on a discretionary basis on the proposal of the Appointments, Compensation and Governance Committee. In this case, the new member will receive as variable compensation at least the prorated target amount of the variable portion attributable to his or her predecessor, as voted on by the shareholders. This may not exceed 100% of the Chairman's fixed compensation or 70% of the fixed compensation of other members of the Management Board,
    - any member who joins during the second half of the year will not be entitled to the variable portion linked to outperformance;
  - the general long-term equity-based compensation policy for members of the Management Board, according to the same terms and conditions as those applicable to members of the Management Board (maximum award, vesting period, etc.) as approved by the shareholders;
  - the general policy regarding special compensation approved by the shareholders;
  - the general policy approved by the shareholders regarding the elements of compensation, allowances or benefits that may be paid as a result of termination or a change in role under the same conditions (amount, duration) as those approved by the shareholders for the compensation policy;
  - the general policy regarding benefits granted to the Chairman and members of the Management Board as approved by the shareholders.
- may be entitled to a signing bonus to make up for the loss of benefits incurred by leaving a previous post held at a company outside the Group. This bonus may not exceed the amount of annual fixed compensation under any circumstances. The bonus must be specified and made public when it is set.

Summary table of commitments made to the members of the Management Board

(TABLE 11 – AFEP-MEDEF CODE & TABLE 11 – AMF)

	Employment contract		Supplemental retirement plan		Benefits due or potentially due upon termination or change in role		Non-compete benefits	
Members of the Management Board	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:09/05/2022		• (a)		•	• (b)		• (b)	
Louis Guyot Member of the Management Board Start of term of office:09/05/2014 End of term of office:09/05/2022	• (c)			•	• (b)		• (b)	
Matthieu Lecharny Member of the Management Board Start of term of office:09/05/2014 End of term of office:09/05/2022	• (c)			•	• (b)		• (b)	

(a) *In accordance with the provisions of the AFEP-MEDEF Code, Xavier Martiré resigned from his role 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 in the event of their departure, the renewal of which was approved in 2018 when the members of the Management Board were reappointed, are set out in section 2.2.1 of this corporate governance report.*

(c) *Louis Guyot and Matthieu Lecharny have an employment contract with Elis.*

Elements of the compensation policy for members of the Supervisory Board and related disclosures (Articles R. 225-56-1 I. and R. 225-56-1 II. of the French Commercial Code)

The general shareholders' meeting on May 18, 2018 set the total amount of fees allocated to members of the Supervisory Board and its committees at €600,000.

The rules governing the allocation of this amount are reviewed at the beginning of each year by the Supervisory Board on the recommendation of the Appointments, Compensation and Governance Committee. These rules are based on an allocation formula that includes a fixed portion and a variable portion linked to the rate of attendance at meetings of the Supervisory Board and special committees, in accordance with the recommendations of the AFEP-MEDEF Code. This applies to all members of the Supervisory Board.

Based on the recommendations of the Appointments, Compensation and Governance Committee, at its meeting on March 3, 2020, the Supervisory Board renewed the same rules for 2020 for the allocation of the fixed annual sum allocated to the members of the Supervisory Board as compensation for their participation in the work and meetings of the Supervisory Board and its committees:

Supervisory Board	Fixed amount (annual lump sum)	Variable amount (per meeting)
Chairman	36,000	3,600[a]
Member and Vice-Chairman	18,000	3,600[a]

Board committees	Fixed amount (annual lump sum)	Variable amount (per meeting)
Chair	-	3,000[a]
Member	-	2,000[a]

(a) *50% of this amount for Board and committee meetings held by conference call.*

As the fixed component of compensation allocated for the office of member of Supervisory Board is determined on an annual basis. The amount allocated to each of the members is calculated on a prorated basis in the event of the appointment or termination of a Supervisory Board member for any reason during the financial year.

Current members of the Supervisory Board do not hold options or financial instruments giving access to the Company's share capital. Furthermore, the Company has made no other commitments to members of the Supervisory Board corresponding to elements of compensation or benefits due or potentially due upon termination or change in role.

2

2.2.2 Compensation allocated and paid to corporate officers

The elements of compensation mentioned in Article L. 225-37-3 I. of the French Commercial Code are presented below. These include the total compensation and benefits of any kind paid in 2019 for the offices held (that may also relate to a previous financial year) or granted in 2019 for the offices held to all corporate officers (the Chairman and members of the Supervisory Board and the Chairman and members of the Management Board), including corporate officers whose terms of office ended in 2019 (Marc Frappier and Maxime de Bentzmann) or who were newly appointed (Antoine Burel).

Please note that:

- elements of compensation **paid** in 2019 for the offices held refer to cash elements actually paid, regardless of which year they relate to. These consist of variable elements paid in 2019 for the 2018 financial year.
- elements of compensation **awarded** in 2019 for the offices held refer to share-based or cash elements, established in principle for the duties performed in 2019, but the number and/or amount of which is uncertain at the time of the grant and which are therefore subject, where appropriate, to an accounting valuation at the grant date.

These elements of compensation were determined in accordance with the compensation policy approved by shareholders at the general shareholders' meeting on May 23, 2019. No exceptions have been made to this policy.

In addition, the structure of the total compensation, the level of each component, the quantitative and qualitative nature of the collective and individual criteria used to determine the variable portion of short- and long-term compensation of corporate officers, as well as the complementarity and continuity of those criteria, ensure consistency with the Company's performance.

At the next general shareholders' meeting, shareholders will be asked to vote:

- on the elements of compensation **mentioned in Article L. 225-37-3 I. of the French Commercial Code** as a single resolution pursuant to Article L. 225-100 II of the French Commercial Code, provided that, if the resolution is not carried, the compensation allocated to members of the Supervisory Board will be suspended; and
- on the fixed, variable and special elements of total compensation and the 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 Management Board as separate resolutions pursuant to Article L. 225-100 III of the French Commercial Code. It should be noted that the payment of the variable portion of monetary compensation is subject to the shareholders approving said element of compensation.

Disclosures concerning compensation awarded and paid to executive corporate officers

XAVIER MARTIRÉ, CHAIRMAN OF THE MANAGEMENT BOARD

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
Fixed compensation	800,000(*)		(*) Amount of Xavier Martiré's gross annual fixed compensation effective January 1, 2018. This amount corresponds to the amount of fixed compensation awarded for 2019.
Annual variable compensation	1,096,830(*) 137.10% of fixed compensation	1,194,380(**) (149.29% of fixed compensation) Payment subject to the approval of this element of compensation by the shareholders at the general shareholders' meeting in 2020.	**(*) Compensation paid in 2019:** This includes the amount of variable compensation relating solely to 2018, since Xavier Martiré does not receive deferred variable compensation or multi-year variable compensation. This amount was paid in 2019 for the 2018 financial year in accordance with the 2018 compensation policy. It was paid at the end of the general shareholders' meeting held on May 23, 2019 following the adoption of the 17th resolution (approval rate: 92.85%). **(**) Compensation awarded for 2019:** Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments, Compensation and Governance 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 a bonus amount in excess of the target. The targets used to determine the 2019 annual variable compensation, the financial and non-financial indicators used, their weighting and the level of achievement are detailed below on pages 83 and 84.
Deferred variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2019 does not provide for it.
Multi-year variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2019 does not provide for it.
Special compensation	0	0	No amounts were paid in 2019 for previous financial years, nor awarded for 2019.
Equity-based compensation		1,489,892(*)	On May 2, 2019, Xavier Martiré was awarded 116,580 performance shares (0.052% of the share capital as at December 31, 2019). This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 (22nd resolution) and the authorization granted by the Supervisory Board at its meetings on March 6, 2019 and May 2, 2019. **(*) The valuation of the performance shares at the award date is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.** The vesting of the performance shares thus awarded is subject to continuous service at the vesting date and to performance conditions assessed over three consecutive financial years. The performance conditions attached to the performance shares awarded in 2019 are defined in reference to three quantifiable criteria, including two absolute internal criteria based on consolidated revenue and consolidated EBIT determined according to the business plan and In line with the guidance communicated to the market, and one relative external criterion based on the performance of Elis's share price relative to a benchmark index. The confidential nature of the Group's absolute internal performance criteria prevents them from being disclosed. However, at the end of the performance evaluation period, Elis will disclose the number of vested shares and the level of fulfillment of the performance criteria applicable to the vesting of the shares.

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
			The number of fully vested shares will thus depend on the number of targets achieved, with the understanding that the fulfillment of the performance criteria is binary, such that if a criterion is not fulfilled, the portion of rights linked to that target is not due and the corresponding shares do not vest: › 34%, if one of the targets is met; › 67%, if two targets are met; and › 100%, if all three targets are met.
Benefits of any kind	7,296	7,301	Xavier Martiré enjoys the use of a company car.
Signing bonus	-	-	None.
Severance benefits	0	0	Xavier Martiré may be entitled to severance pay in the event of his forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (6th resolution) as part of the regulated agreements procedure. The compensation policy applicable to Xavier Martiré described in section 2.2.1 above sets out the procedures for evaluating performance in the event of forced departure.
Non-compete benefits	0	0	Xavier Martiré is subject to a non-compete agreement for a period of one year, in consideration for which, should it be implemented by the Board, he would 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. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (6th resolution) as part of the regulated agreements procedure. No benefit will be paid if the officer concerned exercises his retirement rights.
Supplemental retirement plan	0	0	This element of compensation is not applicable, as the compensation policy of the Chairman of the Management Board for financial year 2019 does not provide for it.
Profit sharing	0	0	Not applicable.
Executive liability insurance	0	0	Applicable.
Compensation paid by companies included in the scope of consolidation as defined by Article L. 233-16 of the French Commercial Code	0	0	-

LOUIS GUYOT, MEMBER OF THE MANAGEMENT BOARD

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
Fixed compensation	400,000(*)		(*) Amount of Louis Guyot's gross annual fixed compensation effective January 1, 2018.This amount corresponds to the amount of fixed compensation awarded for 2019.
Annual variable compensation	375,491(*) 93.87% of fixed compensation	415,513(**) (103.87% of fixed compensation) Payment subject to the approval of this element of compensation by the shareholders at the general shareholders' meeting in 2020.	**(*) Compensation paid in 2019:** This includes the amount of variable compensation relating solely to 2018, since Louis Guyot does not receive deferred variable compensation or multi-year variable compensation. This amount was paid in 2019 for the 2018 financial year in accordance with the 2018 compensation policy. It was paid at the end of the general shareholders' meeting held on May 23, 2019 following the adoption of the 18th resolution (approval rate: 95.73%). **(**) Compensation awarded for 2019:** Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments, Compensation and Governance Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 70% of the amount of fixed compensation, capped at 119% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to a bonus amount in excess of the target. The targets used to determine this 2019 annual variable compensation, the financial and non-financial indicators used, their weighting and the level of achievement are detailed below on pages 83 and 84.
Deferred variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Multi-year variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Special compensation	0	0	No amounts were paid in 2019 for previous financial years, nor awarded for 2019.
Equity-based compensation		579,407(*)	On May 2, 2019, Louis Guyot was awarded 45,337 performance shares (0.020% of the share capital as at December 31, 2019).This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 (22nd resolution) and the authorization granted by the Supervisory Board at its meetings on March 6, 2019 and May 2, 2019. The vesting of the performance shares thus awarded is subject to continuous service at the vesting date and to performance conditions assessed over three consecutive financial years. **(*) The valuation of the performance shares at the award date which is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.** The performance conditions attached to the shares awarded in 2019 are defined in reference to three quantifiable criteria, including two absolute internal criteria based on consolidated revenue and consolidated EBIT determined according to the business plan and In line with the guidance communicated to the market, and one relative external criterion based on the performance of Elis's share price compared with a benchmark index. The confidential nature of the Group's absolute internal performance criteria prevents them from being disclosed. However, at the end of the performance evaluation period, Elis will disclose the number of vested shares and the level of fulfillment of the performance criteria applicable to the vesting of the shares.

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
			The number of fully vested shares will thus depend on the number of targets achieved, with the understanding that the fulfillment of the performance criteria is binary, such that if a criterion is not fulfilled, the portion of rights linked to that target is not due and the corresponding shares do not vest: › 34%, if one of the targets is met; › 67%, if two targets are met; and › 100%, if all three targets are met.
Benefits of any kind	2,678	2,469	Louis Guyot enjoys the use of a company car.
Signing bonus	0	0	-
Severance benefits	0	0	Louis Guyot may be entitled to severance pay in the event of his forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (7thresolution) as part of the regulated agreements procedure. The compensation policy applicable to Louis Guyot described in section 2.2.1 above sets out the procedures for evaluating performance in the event of forced departure.
Non-compete benefits	0	0	Louis Guyot is subject to a non-compete agreement for a period of six months, in consideration for which, should it be implemented by the Supervisory Board, he would receive a non-compete payment equal to 50% of the gross fixed and variable compensation paid for the last full financial year prior to his departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (7th resolution) as part of the regulated agreements procedure. No benefit will be paid if the officer concerned exercises his retirement rights.
Supplemental retirement plan	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Profit sharing	6,833(*)	4,702(**)	(*) Profit-sharing amount paid to Louis Guyot for 2018 under his employment contract. (**) Provisional profit-sharing amount due to Louis Guyot for 2019 under his employment contract – definitive payment May 2020.
Executive liability insurance	0	0	Applicable.
Compensation paid by companies included in the scope of consolidation as defined by Article L. 233-16 of the French Commercial Code	0	0	-

MATTHIEU LECHARNY, MEMBER OF THE MANAGEMENT BOARD

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
Fixed compensation	300,000		Amount of Matthieu Lecharny's gross annual fixed compensation effective January 1, 2018.This amount corresponds to the amount of fixed compensation awarded for 2019.
Annual variable compensation	278,468(*) (93.87% of fixed compensation)	317,935(**) (105.97% of fixed compensation) Payment subject to the approval of this element of compensation by the shareholders at the general shareholders' meeting in 2020.	**(*) Compensation paid in 2019:** This includes the amount of variable compensation relating solely to 2018, since Matthieu Lecharny does not receive deferred variable compensation or multi-year variable compensation. This amount was paid in 2019 for the 2018 financial year in accordance with the 2018 compensation policy. It was paid at the end of the general shareholders' meeting held on May 23, 2019 following the adoption of the 19th resolution (approval rate: 94.17%). **(**) Compensation awarded for the 2019:** Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments, Compensation and Governance Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 70% of the amount of fixed compensation, capped at 119% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to a bonus amount in excess of the target. The targets used to determine this 2019 annual variable compensation, the financial and non-financial indicators used, their weighting and the level of achievement are detailed below on pages 83 and 84.
Deferred variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Multi-year variable compensation	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Special compensation	0	0	No amounts were paid in 2019 for previous financial years, nor awarded for 2019.
Equity-based compensation		413,855(*)	On May 2, 2019, Matthieu Lecharny was awarded 32,383 performance shares (0.014% of the share capital as at December 31, 2019).This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 (22nd resolution) and the authorization granted by the Supervisory Board at its meetings on March 6, 2019 and May 2, 2019. The vesting of the performance shares thus awarded is subject to continuous service at the vesting date and to performance conditions assessed over three consecutive financial years. **(*) The valuation of the performance shares at the award date is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.** The performance conditions attached to the shares granted in 2019 are defined in reference to three quantifiable criteria, including two absolute internal criteria, based on consolidated revenue and consolidated EBIT determined In relation to the business plan and In line with the guidance communicated to the market, and one relative external criterion based on the performance of Elis's share price compared with a benchmark index. The confidential nature of the Group's absolute internal performance criteria prevents them from being disclosed. However, at the end of the performance evaluation period, Elis will disclose the number of vested shares and the level of fulfillment of the performance criteria applicable to the vesting of the shares.

Elements of compensation submitted for voting	Amounts paid during 2019 *(in euros)*	Amounts awarded for 2019 *(in euros)*	Description and comments
			The number of fully vested shares will thus depend on the number of targets achieved, with the understanding that the fulfillment of the performance criteria is binary, such that if a criterion is not fulfilled, the portion of rights linked to that target is not due and the corresponding shares do not vest: › 34%, if one of the targets is met; › 67%, if two targets are met; and › 100%, if all three targets are met.
Benefits of any kind	3,337	2,917	Matthieu Lecharny enjoys the use of a company car.
Signing bonus	0	0	-
Severance benefits	0	0	Mathieu Lecharny may be entitled to severance pay in the event of his forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (7th resolution) as part of the regulated agreements procedure. The compensation policy applicable to Mathieu Lecharny described in section 2.2.1 above sets out the procedures for evaluating performance in the event of forced departure.
Non-compete benefits	0	0	Matthieu Lecharny is subject to a non-compete agreement for a period of six months, in consideration for which, should it be implemented by the Board, he would receive a non-compete payment equal to 50% of the gross fixed and variable compensation paid for the last full financial year prior to his departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 (8th resolution) as part of the regulated agreements procedure. No benefit will be paid if the officer concerned exercises his retirement rights.
Supplemental retirement plan	0	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2019 does not provide for it.
Profit sharing	6,833(*)	4,702(**)	(*) Profit-sharing amount paid to Matthieu Lecharny for 2018 under his employment contract. (**) Provisional profit-sharing amount due to Matthieu Lecharny for 2019 under his employment contract – definitive payment May 2020.
Executive liability insurance	0	0	Applicable.
Compensation paid by companies included in the scope of consolidation as defined by Article L. 233-16 of the French Commercial Code	0	0	-

Fulfillment of the performance conditions related to the annual variable compensation of members of the Management Board for financial year 2019

The amount of variable compensation for the 2019 financial year of each member of the Management Board is provided below in summary table 2, "Summary tables of compensation of members of the Management Board for 2019."

At its meeting on March 3, 2020, the Supervisory Board examined the level of fulfillment of the performance conditions relating to the annual variable compensation for 2019 of the Chairman of the Management Board and each member of the Management Board. It concluded that the level of achievement and performance of the financial and non-financial indicators used to determine this element of compensation was as follows:

Financial indicators

Type of target	Respective weighting of variable compensation *(as a percentage of variable compensation)*	Achievement level *(as a percentage of variable compensation)*	Amount *(in euros)* Xavier Martiré	Louis Guyot	Matthieu Lecharny	Justification
Revenue	20%	24.4%	195,180	68,313	51,235	Revenue totaled €3,282 million, with growth of 3.3% driven by inflation-related price increase, good sales momentum, and an improvement in the customer retention rate in most countries: › Very satisfactory performance in France (+3.2%), good sales momentum and an improvement in the contract renewal rate. › Good growth in central Europe (+2.8%): strong growth in Poland and the Netherlands, more moderate growth in Germany. › Acceleration in Scandinavia and Eastern Europe (+3.7%) driven by the favorable momentum in flat linen in Sweden and Denmark. › Continued recovery of operating margin in the United Kingdom and Ireland (-1.2%), with an increase in prices in hospitality and improvement in the workwear retention rate. › Sustained growth for Southern Europe (+7.4%) with successful price increases in Spain and further opening of the workwear market there. › Latin America continues to have excellent growth (+7.1%) driven by the increase in outsourcing in Brazil across all segments.
EBIT compared to budget	30%	60.0%	480,000	168,000	126,000	Group EBIT totaled €455 million, driven mainly by the improvement in EBITDA and an increase in depreciation that was lower than the increase in revenue: › In France, EBIT was 38.0% of revenue: the pricing environment is positive, customer retention rates are improving, and productivity continues to rise. › In Central Europe, the margin was 31.6%, with the healthcare segment still in the consolidation phase in Germany. › In Scandinavia and Eastern Europe, the margin was 38.7%, with very strong sales momentum. › In the United Kingdom and Ireland, the margin was 28.6%, with an improvement in the three key indicators: the increase in prices in hospitality, the reduction in customer attrition in workwear, and the improvement of operating indicators. › In Southern Europe, the margin was 28.8%, which reflects both the pass-through of higher labor costs into prices and productivity gains in the region. The buoyant workwear market that we are continuing to develop in Spain and Portugal is driving margin growth in the region. › In Latin America, the margin was 30.4%, thanks to the implementation of the Elis model's best practices in the region and the ensuing productivity gains.
Operating cash flow compared to budget	20%	40.0%	320,000	112,000	84,000	FCF totaled €247.5 million, a marked improvement, thanks mainly to: › the improvement in EBITDA; › controlled investments, marked by the last year of the catch-up plan; › the excellent improvement in WCR, thanks to high levels of customer payments; › the standardization of other lines.
TOTAL	**70%**	**124.4%**	**995,180**	**348,313**	**261,235**	

Non-financial indicators

Type of target	Respective weighting of variable compensation *(as a percentage of variable compensation)*	Achievement level *(as a percentage of variable compensation)*	Amount	Justification
Xavier Martiré, Chairman of the Management Board				
› Transformation of EBITDA into cash flow	15%	14.0%	112,000	FCF totaled €247.5 million, a marked improvement, thanks mainly to: › the improvement in EBITDA; › controlled investments, marked by the last year of the catch-up plan; › the excellent improvement in WCR, thanks to high levels of customer payments; › the standardization of other lines.
› Development of the Group's CSR policy	7.5%	6.0%	48,000	› CSR is a core part of the Group's DNA, and in 2019 it focused its efforts on formalizing its commitments and the measures it has taken, as well as how it provides information about them. › The CSR policy described in chapter 3 of this document is based on three key areas – social, environmental and societal. Note that in 2019, the Chevrons program was expanded to cover all Group entities and the Group's commitments from 2010 to 2015 were formally documented. The Group also created the Elis Foundation in 2019.
› Optimization and standardization of information systems throughout the Group	7.5%	4.9%	39,200	› Since the merger with Berendsen, the Group has overhauled its IT transformation road map and is focusing its priorities on LMS (laundry management system) convergence, infrastructure and system security, and customer-oriented innovations (traceability, CRM, etc.). › Significant progress was made in 2019 on this transformation.
TOTAL	**30%**	**24.9%**	**199,200**	
Louis Guyot, member of the Management Board				
› Introduction of cash management tools	10%	8%	22,400	FCF performance was driven by the introduction of a set of indicators and reporting for all key cash contributors; in addition to operational monitoring, linen management, industrial capex, inventory and customer payments all played a decisive role.
› Staggering of debt maturities	10%	9%	25,200	Two strategic refinancing opportunities helped smooth the debt profile by extending it and reducing its overall cost: › refinancing in April of a €800 million bond maturing in 2022 with a coupon of 3% with a bond (5 years at 1.75%) and a USPP (2.7%); › refinancing in October of a 2022 drawn credit line of €850 million by two bonds (5.5 years at 1% and 8.5 years at 1.625%).
› Effectiveness of financial communication, particularly in terms of CSR	10%	7%	19,600	In 2019, management met with some 780 investors during 33 roadshow days, 16 conferences, 7 site visits and various other meetings. All financial communications now include a CSR component, which has allowed Elis to successfully integrate various CSR indicators.
TOTAL	**30%**	**24%**	**67,200**	
Matthieu Lecharny, member of the Management Board				
› Improvement in overall performance in Spain	10%	9%	18,900	Spain had an excellent year in 2019 despite very high wage inflation (22% increase in the minimum wage) and an increase in energy costs: 6.4% organic growth and an improving margin. This was thanks to finalizing the Indusal integration and sharing sales, logistics and industrial best practices.
› Development of CSR across the organization	10%	8%	16,800	› In Southern Europe and Latin America, CSR criteria have been integrated into public, and sometime private, calls for tender. › In terms of social responsibility, these countries have all developed training programs, internal promotion campaigns and best worker awards (Chevrons). › Moreover, several social initiatives have helped put Elis center stage in these countries: the replanting of pine trees in Portugal following forest fires, initiatives in Brazil's favelas, and a specific program aimed at disabled people in Columbia.
› Strong sales momentum in Brazil	10%	10%	21,000	Brazil has enjoyed another successful year, with close to 7% in organic growth, driven by: › an increase in healthcare and workwear outsourcing; › quality of service provided that has led to a high customer retention rate; › the launch of the small customer offering in São Paulo and Rio de Janeiro.
TOTAL	**30%**	**27%**	**56,700**	

Fairness ratio between the level of compensation of the Chairman and members of the Management Board and the median and mean compensation of Elis employees

Pursuant to Article L. 225-37-3 paragraphs 6 and 7 of the French Commercial Code, as amended by the Order, the ratios between the level of compensation of each member of the Management Board and the Chairman of the Supervisory Board, on the one hand, and the mean and median compensation on a full-time equivalent basis of employees, on the other, plus the annual change in compensation, the Company's performance, the mean compensation on a full-time equivalent basis of employees other than the members of the Management Board, and the aforementioned ratios during the last five financial years, are presented below.

The Company confirms that it calculated these ratios in accordance with the guidelines published on January 28, 2020 by AFEP.

The Company has also voluntarily chosen to publish a ratio based on a broader scope that includes two of the Group's French entities representing a thousand or so people in France.

The following ratios were calculated based on the fixed and variable compensation and benefits in kind due for the financial years mentioned, as well as the performance shares awarded for the same years in accordance with AFEP guidelines. The valuation of the performance shares at the award date is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.

The presentation of these ratios could change, particularly in the light of the official positions for companies published by AFEP.

	2019	2018	2017	2016	2015
	€256m	€224m	€163m	€108m	€71m
Xavier Martiré, Chairman of the Management Board					
Compensation and benefits due or paid for the financial year	3,491,573	3,707,976[b]	3,440,920[a]	4,192,643	3,227,512
Ratio to average pay	35.1	37.9	41.4	46.6	35.6
Ratio to median pay	56.3	63.1	63.0	77.3	59.3
Louis Guyot, member of the Management Board					
Compensation and benefits due or paid for the financial year[b]	1,402,091	1,546,699[b]	1,015,684[a]	909,095	899,584
Ratio to average pay	14.1	15.8	12.2	10.1	9.9
Ratio to average pay	22.6	26.3	18.6	16.8	16.5
Ratio to median pay					
Matthieu Lecharny, member of the Management Board					
Compensation and benefits due or paid for the financial year	1,039,409	1,210,116[b]	763,043	909,454	673,865
Ratio to average pay	10.5	12.4	9.2	10.1	7.4
Ratio to median pay	16.8	20.6	14.0	16.8	12.4
Thierry Morin, Chairman of the Supervisory Board					
Compensation and benefits due or paid for the financial year	64,800	64,800	68,000	62,000	65,000
Ratio to average pay	0.7	0.7	0.8	0.7	0.7
Ratio to median pay	1.0	1.1	1.2	1.1	1.2
Average employee compensation	**99,416**	**97,767**	**83,151**	**90,006**	**90,915**

(a) This includes the amount of the special bonus linked to the Berendsen acquisition.

(b) The compensation of members of the Management Board was revised with effect from January 1, 2018.This revision was part of the three-year review and is consistent with the events affecting the Group and market practices since the Company's IPO, especially the significant change in the responsibilities of the Management Board, and executives in general, related to the change in scope following the Berendsen acquisition.

Summary tables of executive corporate officers' compensation for 2019

TABLE 1: SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES GRANTED TO MANAGEMENT BOARD MEMBERS FOR FINANCIAL YEARS 2018 AND 2019

The following tables present a summary of the compensation awarded or paid to Xavier Martiré, Louis Guyot and Matthieu Lecharny during the financial years ended December 31, 2018 and 2019:

(In euros)	**Financial year ended December 31, 2019**	Financial year ended December 31, 2018
Xavier Martiré, Chairman of the Management Board		
Compensation awarded or paid for the financial year[a]	2,001,681	1,904,126
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]	1,489,892	1,803,850
TOTAL	**3,491,573**	**3,707,976**
Louis Guyot, member of the Management Board		
Compensation awarded or paid for the financial year[a]	822,684	785,002
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]	579,407	761,697
TOTAL	**1,402,091**	**1,546,699**
Matthieu Lecharny, member of the Management Board		
Compensation awarded or paid for the financial year[a]	625,554	588,638
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]	413,855	621,478
TOTAL	**1,039,409**	**1,210,116**

(a) *Compensation due, i.e., after applying the fulfillment condition to the variable compensation base and including the provisional profit-sharing amount for 2019 paid annually in May. The variable compensation of the members of the Management Board is established based on the following criteria: financial indicators accounting for 70% and non-financial indicators accounting for 30%. The level of the performance criteria that must be met corresponding to the targets set for determining variable compensation for 2019, approved by the Supervisory Board on March 3, 2020, is 149.29% of fixed compensation for Xavier Martiré, 103.87% of fixed compensation for Louis Guyot, and 105.97% of fixed compensation for Matthieu Lecharny.*

(b) *The vesting of performance shares awarded in 2019 to executive corporate officers is contingent on the fulfillment of performance conditions and continuous service with the Group for the duration of the vesting period. The performance targets are defined in reference to three quantitative criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to a benchmark index. Table 6 below, as well as Notes 5.4 and 5.2 to the 2019 consolidated financial statements and 2019 parent company financial statements, respectively, included in chapter 6, "Financial statements for the year ended December 31, 2019" of this 2019 universal registration document, detail the rules of the plan for performance shares granted in 2019 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, 2019, 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 accounts for the data and assumptions prevailing at the grant date. This amount reflects the valuation of the performance shares at the award date, which is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.*

TABLE 2: COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD

(In euros)	**Financial year ended December 31, 2019**		Financial year ended December 31, 2018	
	Amount awarded[(1)]	**Amount paid[(2)]**	Amount awarded[(1)]	Amount paid[(2)]
Xavier Martiré, Chairman of the Management Board				
Fixed compensation	800,000[(a)]	800,000[(a)]	800,000[(a)]	800,000
Annual variable compensation	1,194,380[(b)]	1,096,830[(d)]	1,096,830[(d)]	829,846[(e)]
Compensation linked to the Berendsen acquisition				550,000[(f)]
Compensation allocated to members of the Supervisory Board	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind[(c)]	7,301	7,301	7,296	7,296
TOTAL	**2,001,681**	**1,904,131**	**1,904,126**	**2,187,142**
Louis Guyot, member of the Management Board				
Fixed compensation	400,000[(a)]	400,000[(a)]	400,000[(a)]	400,000[(a)]
Annual variable compensation	420,215[(b)(g)]	382,324[(d)]	382,324[(d)]	170,495[(e)(g)]
Compensation linked to the Berendsen acquisition				250,000[(f)]
Compensation allocated to members of the Supervisory Board	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind[(c)]	2,469	2,469	2,678	2,678
TOTAL	**822,684**	**673,443**	**785,002**	**823,173**
Matthieu Lecharny, member of the Management Board				
Fixed compensation	300,000[(a)]	300,000[(a)]	300,000[(a)]	300,000
Annual variable compensation[(2)]	322,637[(b)(g)]	285,301[(d)]	285,301[(d)]	167,495[(e)(g)]
Special compensation	0	0	0	0
Compensation allocated to members of the Supervisory Board	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind[(c)]	2,917	2,917	3,337	3,337
TOTAL	**625,554**	**588,218**	**588,638**	**470,832**

(1) Fixed compensation awarded to the members of the Management Board during the relevant financial year.

(2) Total compensation paid during the financial year, i.e., after applying the fulfillment condition to the variable compensation for the previous financial year.

(a) The fixed compensation of Xavier Martiré, Louis Guyot and Matthieu Lecharny for 2018 and 2019 was determined on the basis of the market practices of international listed companies. This compensation applies to both financial years 2018 and 2019.

(b) The variable compensation for financial year 2019 for each member of the Management Board is based on ambitious targets and predefined quantitative performance criteria, accounting for 70%, and qualitative performance criteria, accounting for 30%. These were set by the Supervisory Board at its meeting on March 6, 2019 following the advice of the Appointments, Compensation and Governance Committee. The fulfillment condition corresponding to the 2019 targets approved by the Supervisory Board at its meeting on March 3, 2020 is 149.29% of fixed compensation for Xavier Martiré, Chairman of the Management Board, 103.87% of fixed compensation for Louis Guyot, and 105.97% of fixed compensation for Matthieu Lecharny. These amounts include the provisional profit-sharing amount for 2019 (exact payment to be made in May 2020).

(c) Benefits in kind are measured for individual members and correspond to a company car.

(d) Amount including profit sharing compensation of €6,833 paid to Louis Guyot and Matthieu Lecharny for their positions as Elis employees for the 2018 financial year.

(e) In 2018, Xavier Martiré received annual target-based variable compensation of €829,846 for financial year 2017. Louis Guyot received annual target-based variable compensation of €150,881 for financial year 2017. Matthieu Lecharny received annual target-based variable compensation of €147,881 for financial year 2017.

(f) In accordance with the 2017 compensation policy approved by the shareholders on May 18, 2018, a special bonus was 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.

(g) Amount includes the payment of profit-sharing compensation for financial year 2017 in the amount of €19,614 for their salaried positions with Elis.

TABLE 4: STOCK OPTIONS GRANTED DURING THE YEAR TO EACH MEMBER OF THE COMPANY'S MANAGEMENT BOARD BY THE COMPANY OR ANY GROUP COMPANY

None.

TABLE 5: STOCK OPTIONS EXERCISED DURING THE YEAR BY EACH MEMBER OF THE MANAGEMENT BOARD

None.

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TABLE 6: BONUS SHARES GRANTED TO EACH CORPORATE OFFICER DURING THE YEAR

Name of corporate officer	Plan no. and date of grant	Number of shares granted during financial year 2019	Value of performance shares[(a)] *(in euros)*	Vesting date[(b)(e)]	Availability date[(c)]	Performance conditions
Xavier Martiré Chairman of the Management Board	Plan No 10 May 2, 2019	116,580, i.e., 0.052% of the share capital[(d)]	1,489,892	May 2, 2022	May 2, 2022	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the EuroStoxx 600 index over three financial years[(e)]
Louis Guyot Member of the Management Board	Plan No 10 May 2, 2019	45,337, i.e., 0.020% of the share capital[(d)]	579,407	May 2, 2022	May 2, 2022	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the EuroStoxx 600 index over three financial years[(e)]
Matthieu Lecharny Member of the Management Board	Plan No 10 May 2, 2019	32,383, i.e., 0.014% of the share capital[(d)]	413,855	May 2, 2022	May 2, 2022	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the EuroStoxx 600 index over three financial years[(e)]
TOTAL		**194,300, I.E., 0.087% OF THE SHARE CAPITAL[(D)]**	**2,483,154**			

(a) *The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2019, 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 accounts for the data and assumptions prevailing at the grant date. This amount reflects the valuation of the performance shares at the award date, which is not necessarily representative of their value at the vesting date, particularly if the performance conditions attached to their vesting are not met.*

(b) *The free performance shares vest at the end of a three-year period from the grant date (vesting period), subject to continuous service throughout the vesting period and the achievement of performance targets measured over three consecutive financial years.*

(c) *At the end of the vesting period, the shares are immediately transferable, although members of the Management Board are still subject to the obligation to retain shares for the duration of their tenure.*

(d) *On the basis of the share capital as at December 31, 2019.*

(e) *The vesting of these shares is subject to the fulfillment of economic and stock market performance conditions assessed over three financial years and to a condition of continuous service with the Group throughout the vesting period.*

The economic performance conditions are defined in relation to two absolute internal criteria linked to consolidated revenue and consolidated EBIT, determined in relation to the business plan approved by the Supervisory Board in line with the guidance communicated to the market.

The relative criterion is linked to the relative performance of the Company's share price compared with the EuroStoxx 600 index.

The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, such 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. For this plan, the vesting percentages are as follows:

- *0%, if none of the targets is met;*
- *34%, if one target is met;*
- *67%, if two targets are met; and*
- *100%, if all three targets are met.*

Trigger threshold for the vesting of the shares: Target achievement

Target:

- *Economic criteria: performance at least on a par with the business plan (the expected level of absolute internal targets cannot be made public for business confidentiality reasons).*
- *Stock market performance: TSR of Elis shares ≥ change in value of the EuroStoxx 600 during the period from January 1, 2019 to December 31, 2021 (20-day moving average).*

TABLE 7: SHARES THAT VESTED DURING FINANCIAL YEAR 2019 FOR EACH MEMBER OF THE MANAGEMENT BOARD

Name of corporate officer	Plan no. and date of grant[(a)]	Number of shares vested during financial year 2019	Vesting date	Availability date[(b)]	Performance conditions
Xavier Martiré Chairman of the Management Board	Plan no. 3 June 15, 2016	220,268, i.e., 100% of the shares granted[(c)]	June 15, 2019	June 15, 2019	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the SBF 120 index over three financial years
Louis Guyot Member of the Management Board	Plan no. 3 June 15, 2016	37,226, i.e., 100% of the shares granted[(c)]	June 15, 2019	June 15, 2019	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the SBF 120 index over three financial years
Matthieu Lecharny Member of the Management Board	Plan no. 3 June 15, 2016	37,226, i.e., 100% of the shares granted[(c)]	June 15, 2019	June 15, 2019	› Revenue compared to business plan › Consolidated EBIT compared to business plan › Change in the relative performance of the Elis share price (TSR) compared to the SBF 120 index over three financial years

(a) *See Notes 5.4 and 5.2 to the consolidated financial statements and parent company financial statements, respectively, for the year ended December 31, 2019.*

(b) *At the end of the vesting period, the shares are immediately transferable, although members of the Management Board are still subject to the obligation to retain shares for the duration of their terms of office.*

(c) *The shares vested on June 15, 2019.The shares granted were Class A and B shares, which vested subject to the fulfillment of performance conditions assessed over a period of three financial years. The performance conditions for the vesting of the Class A shares were defined in relation to two absolute internal criteria linked to consolidated revenue and consolidated EBIT, determined in relation to the business plan, and an external criterion linked to the Elis share price relative to the SBF 120 index; the performance conditions for the vesting of the Class B shares were defined in relation to two absolute internal criteria linked to revenue and EBIT.*

Target performance:

- *Internal criteria: performance at least on par with the business plan;*
- *Stock market performance: TSR of Elis shares>change in SBF 120.*

Trigger threshold for the vesting of the shares: *Target achievement.*

Amount paid: *At its meeting on March 6, 2019, the Supervisory Board, on the recommendation of the Appointments, Compensation and Governance Committee, looked at the level of fulfillment of the performance conditions attached to the vesting of the shares granted under Plan No. 3 dated June 15, 2016. The Board concluded that the target amount for each of the criteria had been reached, so that 100% of the shares granted vested.*

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

None.

TABLE 9: STOCK OPTIONS GRANTED TO THE TOP TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS AND OPTIONS EXERCISED THEREBY

None.

TABLE 10: HISTORY OF BONUS SHARE GRANTS

(See Note 5.4 to the Group's 2019 consolidated financial statements and Note 5.2 to the parent company financial statements for the year ended December 31, 2019, which are included in chapter 6, "Financial statements for the year ended December 31, 2019" of this 2019 universal registration document.)

No bonus shares were granted to the members of the Supervisory Board.

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Disclosures concerning compensation awarded and paid to non-executive corporate officers (Supervisory Board members)

Thierry Morin, Chairman of the Supervisory Board for 2019

Elements of compensation paid or awarded for the financial year ended December 31, 2019	Amount or valuation submitted for voting *(in euros)*	Description and comments
Fixed compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Annual variable compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Deferred variable compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Multi-year variable compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Special compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Stock options, performance shares or any other element of long-term compensation	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Compensation allocated to members of the Supervisory Board	77,200[(a)]	In accordance with the compensation policy for non-executive corporate officers approved by the general shareholders' meeting on May 23, 2019, the amount of compensation allocated to the Chairman of the Supervisory Board and paid in 2019 to Thierry Morin for the 2019 financial year is composed of a gross fixed portion equal to €36,000 and a variable portion, linked to his attendance at Supervisory Board meetings during the 2019 financial year. For 2019, the variable portion was set at €3,600 (gross) for each Supervisory Board meeting attended. This amount is reduced to €1,800 (gross) for meetings attended by conference call. For 2018, this represents an amount of €25,200 (gross) based on an attendance rate of 100%. Thierry Morin will also receive an additional payment for his duties as a member of the Audit Committee and of the Appointments, Compensation and Governance Committee, the amount of which is based on attendance at meetings of said committees. Attendance at a meeting of each committee entitles members to compensation equal to €2,000. This amount is reduced to €1,000 for meetings attended by conference call. For 2019, the portion related to Thierry Morin's attendance at committee meetings amounted to €16,000 (gross).
Benefits of any kind	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Severance benefits	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Non-compete benefits	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Supplemental retirement plan	0	Not applicable, as the 2019 compensation policy for non-executive corporate officers does not provide for it.
Executive liability insurance	0	Applicable.

(a) Gross amount before 17.2% withholding tax and a 12.8% tax installment payment.

Other members of the Supervisory Board

The total compensation paid during the 2019 financial year or awarded for the 2019 financial year to each member of the Supervisory Board for their terms of office as members of the Supervisory Board and, where applicable, its special committees, including members whose terms of office ended in 2019 or who were appointed during that year, is presented below in summary table 3 "*Directors' fees and other compensation granted to members of the Supervisory Board.*"

These elements are the only compensation paid during the 2019 financial year or awarded for the 2019 financial year to members of the Supervisory Board in accordance with the compensation policy applicable to them, as approved by the shareholders at the general shareholders' meeting on May 23, 2019.

No member of the Company's Supervisory Board has received compensation of any kind whatsoever from companies included in the scope of consolidation, as defined in Article L. 233-16 of the French Commercial Code.

Furthermore, the failure to implement the gender equality provisions applicable to Supervisory Boards in Article L. 225-69-1 of the French Commercial Code has led to the suspension of all payments of compensation allocated to Supervisory Board members. Payments, including any arrears accrued since the suspension, will resume only once the composition of the Supervisory Board is in compliance.

TABLE 3: COMPENSATION RECEIVED BY MEMBERS OF THE SUPERVISORY BOARD

Non-executive corporate officer (Supervisory Board member)	Compensation for work and attendance at Board meetings (*gross amounts* in euros*)				Other compensation (fixed, variable, special, benefits in kind)			
	2019		2018		2019		2018	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
Marc Frappier[a]	10,500	13,000	18,000	22,000	0	0	0	0
Michel Datchary[b]	-	-	4,500	6,600	0	0	0	0
Thierry Morin[c]	36,000	41,200	36,000	28,800	0	0	0	0
Florence Noblot[d]	18,000	33,600	18,000	26,300	0	0	0	0
Agnès Pannier-Runacher[e]	-	-	18,000	21,600	0	0	0	0
Philippe Delleur	18,000	23,400	18,000	19,800	0	0	0	0
Magalie Chessé(f)	0	0	18,000	23,800	0	0	0	0
Anne-Laure Commault	18,000		18,000	19,800	0	0	0	0
Joy Verlé[g]	18,000	27,200	18,000	19,800	0	0	0	0
Maxime de Bentzmann[h]	7,500	5,400	18,000	19,800	0	0	0	0
Antoine Burel[i]	18,000	31,800	-	-	0	0	-	-
TOTAL	**144,000**	**175,600**	**184,500**	**208,300**	**0**	**0**	**0**	**0**

(*) Before social security contributions of 17.2% and a withholding tax of 12.8%, as a tax installment payment for Supervisory Board members who are French tax residents and a withholding tax for members who are not.

(a) Marc Frappier resigned from the Supervisory Board and from the Appointments, Compensation and Governance Committee on July 29, 2019.

(b) Michel Datchary resigned from the Supervisory Board and from the Appointments, Compensation and Governance Committee on March 6, 2018.

(c) Thierry Morin was appointed as a new member of the Appointments, Compensation and Governance Committee to replace Michel Datchary on March 6, 2018.

(d) Florence Noblot was appointed as Chair of the Appointments, Compensation and Governance Committee to replace Michel Datchary on March 6, 2018.

(e) Agnès Pannier-Runacher resigned from the Supervisory Board and from the Audit Committee on October 17, 2018.

(f) Magali Chessé does not receive compensation for her service as member of the Supervisory Board or member of the Audit Committee, in accordance with the compensation policy applicable to entities of the Crédit Agricole Group, (including Predica, a subsidiary of Crédit Agricole Assurances) and their representatives on Elis's Supervisory Board for attendance at meetings of the Supervisory Board and its committees from January 1, 2019.

(g) Joy Verlé was co-opted by the Supervisory Board on March 6, 2018 to replace Philippe Audouin.

(h) Maxime de Bentzmann resigned from the Supervisory Board effective May 23, 2019.

(i) Antoine Burel was co-opted by the Supervisory Board on February 20, 2019 and appointed as Chairman of the Audit Committee at the same Board meeting.

2.2.3 Shareholder approval and presentation of resolutions relating to compensation (say on pay)

Pursuant to Articles L. 225-82-II and L. 225-100-II of the French Commercial Code, the compensation policy for corporate officers, as well as the elements of compensation to be paid or awarded to corporate officers, will be submitted for shareholder approval at the next general shareholders' meeting. The draft resolutions related to say on pay are presented below (note that the numbering of the draft resolutions is for reference only; the definitive numbering will be published in the notice of meeting that will appear in the French bulletin of mandatory legal announcements (bulletin des annonces légales obligatoires – BALO). The results of the shareholder voting will be published on the Company's website on the first business day after the vote.

Seventh resolution

Approval of the compensation policy applicable to the Chairman of the Supervisory Board for the year ending December 31, 2020

The general shareholders' 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 describing the compensation policy for corporate officers, namely the information relating to the corporate officers as a whole and to each corporate officer individually, approves, in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, the compensation policy applicable to the Chairman of the Company's Supervisory Board for the year ending December 31, 2020, as described in the Supervisory Board's report on corporate governance attached to the management report, and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Eighth resolution

Approval of the compensation policy applicable to members of the Supervisory Board for the year ending December 31, 2020

The general shareholders' 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 describing the compensation policy for corporate officers, namely the information relating to the corporate officers as a whole and to each corporate officer individually, approves, in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, the compensation policy applicable to members of the Company's Supervisory Board for the year ending December 31, 2020, as described in the Supervisory Board's report on corporate governance attached to the management report, and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Ninth resolution

Approval of the compensation policy applicable to the Chairman of the Management Board for the year ending December 31, 2020

The general shareholders' 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 describing the compensation policy for corporate officers, namely the information relating to the corporate officers as a whole and to each corporate officer individually, approves, in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, the total compensation policy applicable to the Chairman of the Company's Management Board for the year ending December 31, 2020, as described in the Supervisory Board's report on corporate governance attached to the management report, and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Tenth resolution

Approval of the compensation policy applicable to members of the Management Board for the year ending December 31, 2020

The general shareholders' 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 describing the compensation policy for corporate officers, namely the information relating to the corporate officers as a whole and to each corporate officer individually, approves, in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code, the compensation policy applicable to members of the Management Board for the financial year ending December 31, 2020, as described in the Supervisory Board's report on corporate governance attached to the management report, and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Eleventh resolution

Approval of the information referred to in Article L. 225-37-3, I of the French Commercial Code on compensation paid during the 2019 financial year or awarded for the 2019 financial year to all corporate officers by virtue of their tenure on the Supervisory Board or the Management Board

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100, II of the French Commercial Code, the information referred to in Article L. 225-37-3, I of the French Commercial Code on compensation paid during the 2019 financial year or awarded for the 2019 financial year to all corporate officers by virtue of their tenure on the Supervisory Board or Management Board, as such information appears in the report on corporate governance attached to the management report, presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Twelfth 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, 2019

The general shareholders' 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 Article L. 225-100, III of the French Commercial Code, the fixed, variable and exceptional elements of 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, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Thirteenth 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, 2019

The general shareholders' 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, III of the French Commercial Code, the fixed, variable and exceptional elements of 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, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Fourteenth 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, 2019

The general shareholders' 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, III of the French Commercial Code, the fixed, variable and exceptional elements of 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, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

Fifteenth 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, 2019

The general shareholders' 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, III of the French Commercial Code, the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to **Matthieu Lecharny** in his capacity as Chairman of the Management Board for the financial year ended December 31, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 2 "Corporate governance" of the Company's 2019 universal registration document.

2.3 PARTICIPATION OF SHAREHOLDERS AT GENERAL SHAREHOLDERS' MEETINGS

Pursuant to Articles 23 and 24 of the Company's bylaws, general shareholders' meetings are convened and held 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 shareholders' meetings as provided by law.

All shareholders may participate in meetings either in person or by proxy. They may also participate in any meeting by voting by mail or online under the conditions provided by the legal and regulatory provisions in force.

The Management Board has the option to authorize proxy and vote-by-mail forms to be sent to the Company by remote transmission (including any electronic means) per the legal and regulatory provisions in force.

When used, electronic signatures may be considered a reliable process that satisfies the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. Upon the decision of the Management Board to use such means of telecommunications as published in the notice of meeting or in the meeting announcement, shareholders who participate in the meeting by video conference or by means of telecommunications that make it possible to identify them under the conditions provided by the regulations in force are deemed to be present for the purposes of quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by the Vice-Chairman. If both are absent, the meeting elects its own Chairman.

Meetings minutes are prepared and copies or excerpts thereof are certified and issued in accordance with the law.

2.4 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

(See chapter 7, section 7.2.3 of this 2019 universal registration document).

2

2.5 SUMMARY TABLE OF THE DELEGATIONS OF AUTHORITY AND POWERS TO THE MANAGEMENT BOARD

Type of delegation or authorization granted to the Management Board by the general shareholders' meeting	Maximum amount authorized *(in euros)*	Authorization date	Expiration date	Duration of the authorization	Use in 2019
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	110 million[(a)]	May 18, 2018	July 18, 2020	26 months	-
Capital increase through the capitalization of reserves, profits, share, merger or contribution premiums or other additional paid-in capital	130 million	May 18, 2018	July 18, 2020	26 months	March 24, 2019 June 15, 2019 October 30, 2019
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	22 million[(b)(c)]	May 18, 2018	July 18, 2020	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 referred to in section II of Article L. 411-2 of the French Monetary and Financial Code[(f)]	10% of the Company's share capital as at the date of the transaction per 12-month period[(c)(d)]	May 18, 2018	July 18, 2020	26 months	-
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 18, 2018	July 18, 2020	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 18, 2018	July 18, 2020	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 18, 2018	July 18, 2020	26 months	–
Share buyback program					
Share buyback	10% of the Company's share capital Maximum purchase price per share: €30 Maximum purchase amount: 350 million	May 23, 2019	November 23, 2020	18 months	Use excluding liquidity contract[(e)] Use under the liquidity contract:[(f)]
Capital reduction through the cancellation of treasury shares	10% of the Company's share capital per 24-month period	May 23, 2019	November 23, 2020	18 months	–

Type of delegation or authorization granted to the Management Board by the general shareholders' meeting	Maximum amount authorized *(in euros)*	Authorization date	Expiration date	Duration of the authorization	Use in 2019
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	May 2, 2019 July 25, 2019(h)
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	5 million	May 23, 2019	July 23, 2021	26 months	October 30, 2019(h)
Capital increase through the issue of ordinary shares or securities giving access to the Company's share capital reserved for employees	5 million(j)	May 23, 2019	November 23, 2020	18 months	October 30, 2019(h)

(a) Overall limit of capital increases with and without preferential subscription rights that may be carried out under the 23rd to 28th resolutions adopted by the general shareholders' meeting on May 18, 2018.

(b) Overall limit of capital increases without preferential subscription rights that may be carried out under the 24th and 27th resolutions of the combined general shareholders' meeting on May 18, 2018.

(c) (c)Deducted from the overall limit of €110 million set by the 30th resolution of the general shareholders' meeting on May 18, 2018.

(d) (d)Deducted from the overall limit of €22 million set by the 24th resolution of the general shareholders' meeting on May 18, 2018.

(e) As part of the Elis for All employee stock ownership plan, 26,000 Elis shares were acquired for a total price of €391,081.86, i.e. an average price of €15.0416, as a matching contribution. Trading costs amounted to €391.08 as at December 31, 2019; of the 26,000 shares acquired, 22,794 were delivered to employees.

(f) For more details, see chapter 7, section 7.2.2 of the 2019 universal registration document.

(g) Under this authorization, should it be used by the Management Board, the issue price of the shares would be set in accordance with the following conditions:
- *the issue price of the shares will be at least equal to the closing price of the Company's shares on Euronext Paris during the last trading session prior to the date on which the price is set, minus a maximum discount of 5%.*
- *the issue price of the securities giving immediate or future access to the share capital will be such that the sum immediately received by the Company, increased, if necessary, by a sum that may be subsequently received by the Company, will be at least equal to the issue price referred to in item (a) above, for each share issued as a result of the issue of these securities.*

(h) Used to cover the free performance share allocation plans whose vesting period expired in 2019 and for the matching contribution for the Elis for All employee stock ownership plan (see chapter 6 of this 2019 universal registration document and Note 5.4 and Note 5.2 to the 2019 consolidated and parent company financial statements, respectively).

(i) Used as part of the Elis for All employee stock ownership plan.

(j) Deducted from the overall limit of €110 million set by the 30th resolution of the general shareholders' meeting on May 18, 2018.

2.6 SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT BOARD'S REPORT

To the Shareholders,

Our Company's Management Board has called a combined general shareholders' meeting, in accordance with the law and the Company's bylaws, to inform you of the position and activities of the Company during the financial year ended December 31, 2019, and to submit for your approval the financial statements for said financial year and the allocation of 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 shareholders' 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 2019, the consolidated financial statements for 2019 and the Management Board's report in accordance with Article L. 225-68 of the French Commercial Code.

Having verified and audited the parent company financial statements for 2019, the consolidated financial statements for 2019 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 Articles L. 225-82-2, R. 225-56 and L. 225-100 of the French Commercial Code, 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 for the fulfillment of their duties, 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

3 Disclosure of non-financial performance AFR

Elis is a multi-service provider offering textile, hygiene and facility services solutions. With our international scale and position as market leader comes a responsibility not only for our own people and customers, but also for the environment and society at large. Acting as a responsible company has long been fully integrated as part of Elis' business model and is fundamental to who we are, reflected in our values of respect, integrity, responsibility and exemplarity. We depend on resources that are under pressure from the effects of climate change, like energy, water and textiles. World population growth also poses new challenges for our hygiene and pest-control products. Sustainability concerns are increasing among our people, talents, customers and investors.

In recent years, we have taken steps to formalize our approach to CSR by setting targets and establishing performance measures. For Elis, CSR is not a distinct program that runs parallel to the rest of the company; CSR is inseparable from our daily operations and to Elis' development and strategy. This reflects the fact that our business exemplifies the notion of a "circular economy," in which the take-make-dispose model of production is replaced by a system that minimizes waste and maximizes the value of resources. With its multi-service model and by encouraging maintenance, reuse and recycling, Elis is at the forefront of the new economy. At the same time, we genuinely involve our employees, ensuring a positive workplace environment in which diversity is promoted and ethics and integrity instilled in all we do.

At the heart of our CSR strategy are three complementary focus areas: responsible products and services, our environmental footprint and employee well-being and growth.

This strategy is supported by our 2025 sustainability goals in which we want to do our part in creating a more sustainable world for society, the environment and our own people.

Xavier Martiré – CEO

3.1 THE GROUP'S APPROACH TO CSR

3.1.1 Vision

Elis's primary responsibility is to ensure the well-being and professional development of its employees. Our human resources are a pillar of the culture that underpins everything we do. This culture is based on the values that have been the core of Elis's DNA from the very beginning: respect for others, exemplarity, integrity and responsibility.

Our Group's ethical and responsible conduct are the key to our success and longevity.

Respect for others and exemplary conduct under all circumstances are factors that contribute to our employee's job satisfaction. The principles that are shared by all Elis employees can be summarized as follows:

- act with integrity, responsibility, and exemplarity;
- respect the dignity and rights of others;
- act in an environmentally-friendly way;
- comply with all laws and regulations;
- continuously improve performance.

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

The Elis Group does not compromise when it comes to integrity, which it believes must govern its business relations and professional practices every single day.

The Group's business model is based on the concept of the product–service system and offering a range of high-quality products and services. This business model, which is centered around the life cycle of products, has led the Group to improve both their resource efficient design and sustainability in contrast to traditional modes of consumption, which encourage disposable products or planned obsolescence; this business model puts less pressure on the environment.

The Group's business model, which reflects the value chain of Elis's products and services, is described in chapter 1, section 1.2.

3.1.2 The Group's commitments

The Group's commitments are demonstrated by the priority given to employee comfort and safety, the attention paid to employees' career development, the promotion of the true value of work, and profit sharing.

Its Code of Ethics states the principles that apply to everything the Company does and provides a reference framework for what the Group expects from its employees, its managers and its partners. The Code is intended to help everyone seek out and make the right decision in any given situation, in accordance with the prevailing laws and regulations in each of the countries where the Group operates.

The Code sets out rules of conduct all stakeholders must adopt in four major areas:

- protecting employees;
- acting with all stakeholders with integrity, responsibility, and exemplary behavior;
- protecting Group assets;
- limiting environmental impact.

This Code is intended to form the foundation on which all internal standards and charters adopted by the Group are based, including the Supplier Code of Conduct, the Code of Conduct for Trading and Market Activities, and resources developed by the Group to combat the risk of corruption. The documents referred to are publicly available on the Elis website.

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

All Group employees, regardless of rank, whom they report to, or geographical region of activity, must be both promoters and guardians of this Code of Ethics.

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

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

3.1.3 CSR policy

Elis's CSR policy aligns with the Group's overall strategy, which is based on customer satisfaction, the ability to enter new territories and markets and generating continuous, profitable and sustainable growth. Elis strives to provide a working environment that respects human rights and promotes diversity while limiting its environmental footprint.

The Group wants to lead by example, particularly through its integrity and honesty, and to share its values with its employees and partners.

Elis's commitments are based on three pillars:

Manage our impact on society through responsible products and services

- Ensuring that our products are produced in a manner that respects people and the planet
- Respecting the Elis Code of Ethics throughout the value chain, whatever our function or the country in which we operate
- Empowering those directly or indirectly connected to Elis through educational support

Continuously reducing our business's environmental footprint

- Promoting sustainable decision-making by reducing; reusing; repurposing or recycling materials and products
- Increasing the value of our products by improving their resource-efficient design, lifespan and end-of-life use
- Improving our direct and indirect environmental impact and lowering our greenhouse gas emissions caused by our activities

Promoting the well-being and fulfillment of our employees

- Working together to ensure our employees' well-being and safety
- Enabling each other to grow both personally and professionally
- Promoting diversity and equal opportunity

The key elements for the sustainable growth of Elis's business are: the Elis experience, employees proud of their Company and its values, and shareholder confidence. Individual buy-in at all levels of the Group is essential to ensure the success of this approach and, by extension, total customer satisfaction.

3.1.4 CSR governance

To steer and coordinate its sustainability ambitions, Elis has set up a governance structure overseen by the Human Resources and CSR Director, supported by the CSR Manager. The members of the Management Board have annual, individual non-financial goals related to CSR topics. These goals are reviewed annually and are published in the annual report. A general international update is given to the Executive Committee once a year. As CSR is a broad subject, closely-linked to our day to day activities, subareas have been defined and placed under the responsibility of our Executive Committee members and their teams:

- Human Resources and CSR Director: subjects linked to human resources and CSR
- Engineering, Purchasing and Supply Chain Director: subjects linked to the environment, supply chain and industry
- Marketing and Innovation Director: product development and sustainable innovation

The key sustainability issues are reviewed during the annual collection of worldwide data on human resources and quality, safety and environment (QSE) and during meetings.

3.1.5 Assessment of non-financial risks

Methodology

The Human Resources, Quality, Safety, and Environment and Purchasing departments have formed an in-house working group to describe and assess the CSR risks that could affect the Elis Group's performance. Its work is based on the Group's business model described in chapter 1, section 1.2.

The risks identified and examined cover the following four areas:

- the social impact of our business;
- the environmental impact of our business;
- the impact of our business with regard to human rights;
- the impact of our business with regard to the fight against corruption.

Some thirty risks were identified in 2018 and a risk matrix was created. In order to identify its material risks, Elis assessed the likelihood of occurrence, as well as the potential consequences at the legal and operational level and on brand image. The CSR risks were reassessed in 2019.

This study and assessment were validated by two members of the Executive Committee and some risks were taken into account, even though they did not emerge as significant after application of the rating.

Of the risks assessed, the following were not selected:

- the impact on economic performance and employee working conditions of collective bargaining agreements entered into within the Group; good labor relations mean that the Group negotiates balanced collective bargaining agreements that protect the interests of both the Group and its employees;

- the risks related to initiatives aimed at combating discrimination and promoting diversity and measures taken for people with disabilities; the Company is committed to promoting diversity and equal opportunity without these initiatives creating any risk for the Group or the Company itself.

Corruption risk was also not selected as a material risk, firstly because the Group has implemented procedures to combat corruption and influence peddling, especially in countries considered vulnerable (see the paragraph entitled "Combating corruption and influence peddling" in section 4.2 "Elis Group's internal control and risk management system" of this 2019 registration document), and secondly because the percentage of business activities and sites that could be considered vulnerable to corruption at Group level is very small. Similarly, given the Group's business activities and the location if its sites, its exposure to the risk of tax evasion is minimal.

In addition, the following social aspects were not considered to pose a significant risk to Elis's business activities: food insecurity, animal welfare, responsible, fair and sustainable food, and the fight against food waste.

The Group's business and the use of its goods and services are not considered to have a significant impact on climate change. The main greenhouse gas emissions are related to thermal and electrical energy and fuel. The measures implemented by the Group to reduce these emissions are indirectly exposed through the corresponding material risks. The impact of climate change on the availability of water resources is addressed in section 3.3.2.

This document will not further elaborate on corporate commitments to sustainable development and the circular economy. Because our business model is based on the product-service system, our strategy consists of enhancing the useful lives of our textiles and recycling our waste. Furthermore, Elis locates its operations where its customers are and is involved in those communities.

Summary of material non-financial risks and key performance indicators

Social	Environmental	Responsible Purchasing
› **Challenge: Ongoing dialogue with employees** - Risk: Temporary halt to business with operational, financial and reputational consequences - KPI: Percentage of employees working at centers or in countries with stable or increasing results (when comparison is possible) › **Challenge: Occupational health and safety** - Risk: Employee injuries, accidents or illnesses - KPI: Frequency rate › **Challenge: Managing short-term absenteeism** - Risk: Business disruption - KPI: Percentage of employees present throughout the year who had no days absent during the year - KPI: Percentage of short absences (up to seven days) out of all absences › **Challenge: Recruitment of key personnel** Risk: Difficulty recruiting certain types of candidates due to a market unsuited to our needs - KPI: Recruitment rate of permanent staff (number of permanent hires/permanent staff as at December 31)	› **Challenge: Having the required environmental permits for our activities** - Risk: Not obtaining environmental permits - KPI: Percentage of countries with a system for managing environmental permits › **Challenge: Sustainable use of water resources** - Risk: Reduction in water resources that could result in the temporary closure of laundries - KPI: Ratio of water consumption in liters per kg of linen treated › **Challenge: Wastewater management** - Risk: Untreated wastewater discharged into municipal networks for regulatory reasons - KPI: Percentage of wastewater treated before being discharged into the natural environment › **Challenge: Changes in costs related to energy consumption** - Risk: Significant increase in energy costs - -KPI: Thermal energy consumption ratio (excluding fuel for vehicles) in kWh per kg of linen treated › **Challenge: Reduction in fuel consumption** - Risk: Reduction in the availability of fossil fuels leading to a significant increase in energy costs - KPI: Ratio of fuel consumed in liters per ton of linen treated	› **Challenge: Sustainable purchasing** - Risk: Unethical practices on the part of our suppliers in conducting their business - KPI: Percentage of direct purchases covered by a CSR assessment

Elis implements appropriate policies with relevant indicators to prevent, identify and mitigate the occurrence of these risks.

For each indicator, the scope covered is specified in order to calculate the rate of coverage.

As is 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.

Reporting scope

The declaration of non-financial performance applies to all of Elis's business, including all of its subsidiaries in all countries of operation.

- There were 2 disposals in 2019: On my Way in Switzerland and Rocialle Healthcare Ltd in the United Kingdon, which were excluded in the 2019 report.
- The legal entities acquired in 2019 (Br Laundry Industria Comercio e Serviços in Brazil, AS Desinfection SA in Switzerland, Lloguer Textil, Marina de Complementos SLU and Base Lavanderia Industrial SLU in Spain, Lavamejor Zona Franca in Columbia, and OOO Maki Service, OOO Geo Group, OOO Hollservice, OOO Mat, OOO Novost and OOO KoverService in Russia) were not included in the 2019 report.

- There's an exception with Curantex GmbH & Co KB acquired at the beginning of 2019, which has been included in the 2019 report.
- They will be included in the 2020 report or, at the latest, the 2021 report (in order to set up reporting and ensure it is reliable).
- Where applicable, new entities have been added to the reporting scope (those acquired before 2018 but not included in the 2018 report, and entities acquired in 2018).
- A few minor logistics sites with no environmental aspects have been excluded from the scope of environmental reporting.

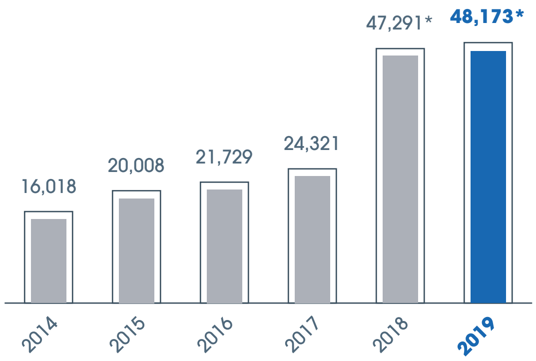
3.2 EMPLOYEE-RELATED RISKS

3.2.1 Ongoing dialogue with employees

Challenge

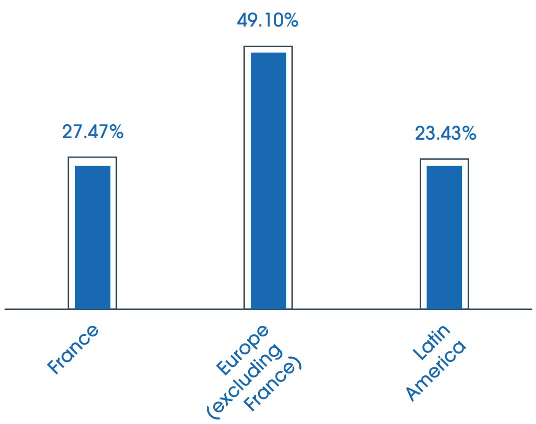
Social conflicts or even strikes caused by a lack of monitoring and prevention of social tension could have an operational and financial impact due to temporary inactivity, and a reputational impact as an employer and supplier within the local community. No events of this magnitude have occurred in recent years, but if they did, the consequences are likely to be significant. As a company committed to its employees' wellbeing, Elis makes every effort to ensure ongoing close contact between management and employees at every level. Because its employees are the guarantors of the quality of its service, the trust that the Group places in these relationships every day is essential.

NUMBER OF EMPLOYEES



* *Scope of CSR.*

BREAKDOWN OF TOTAL WORKFORCE (PERMANENT AND NON-PERMANENT) BY REGION AS AT DECEMBER 31, 2019



Policy

Every day, at each site, Elis employees create value. This is the result of a close relationship between the Company and its employees, established on the basis of a common vision and ambition since Elis was created, which naturally allows them to promote and contribute to performance.

Elis's long-held values are an integral part of our social policy:

- respect: accepting everyone's differences, recognizing everyone's commitment, valuing each contribution;
- integrity: remaining true to our values, respecting our commitments, being honest;
- responsibility: listening to our customers and our employees, working to protect the environment and being involved at the local level, taking responsibility for the quality of our service;
- exemplarity: serving as an example to all, both internally and externally, embodying the company's values in everything that we do, remaining humble.

Together with the communications department, we have created several types of documents to facilitate the sharing of our values among all Elis employees and to insist that they be applied.

Measures implemented

Employee representation

Since employee regulations are specific to each country, staff representative bodies are created accordingly.

For example, in France in 2018 and 2019, new employee representative bodies created by the Order of September 22, 2017 have gradually been introduced at different sites.

Created in 2018, the European Works Council has 28 members, covers approximately 41,600 employees in 22 countries. The EWC leads discussions and formal meetings with its members on the Group's current situation and outlook.

70% of Elis employees are covered by a collective bargaining agreement. These agreements, which mainly concern working time organization, remuneration or working conditions contribute to the ongoing dialogue with the employees, and their representatives.

Elis for All

In 2019, Elis launched its first employee shareholding plan, "Elis for All," in 16 countries. The aim is to increase employee engagement and give employees the opportunity to capitalize on Elis's success.

The plan gave eligible employees the chance to buy shares with very advantageous conditions that allow employees to participate in the Group's growth, aims to bring them together, unite them and build loyalty around Elis's strategy by strengthening their sense of belonging and commitment.

Elis Chevron – rewarding our employees' work

The effectiveness of the Elis model is strengthened by a strong culture of conviviality, as a way for employees to engage. The best example is Elis's "Club des chevrons" (Chevrons Club) which has been rewarding the most deserving production and maintenance operators for more than 30 years. In 2019, the Chevrons Club brought together 425 employees from 15 of the Group's countries. Due to the recent merger with the entities that formerly were part of the Berendsen Group, many employees were part of the Chevrons Club for the first time and were able to take part in a trip to Prague. The same program has been set up in Brazil.

Employee surveys

The commitment of each and every individual is key to the Group's success. This commitment is measured periodically through a survey sent to all employees, who respond individually and anonymously. 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. It demonstrates the importance attached to corporate climate and the working environment at all levels.

The results of each social survey are eagerly awaited and allow us to determine the areas of improvement specific to each center.

The results are communicated to the employees by the management team together with the action plans defined in the response to the survey.

This periodic measurement of employee commitment is essential for the relationship of trust that the Group maintains with its staff on a daily basis and that underpins the quality of its service.

This employee survey is a key indicator of Elis's human resource policy.

Key performance indicator (KPI) and outcomes

In all, 25 countries periodically conduct employee surveys. In 2019, a total of 6,935 employees in 14 countries responded to an employee survey (compared with a total of 9,881 employees in 10 countries in 2018). Some countries haven't done any survey since the Berendsen acquisition because of successive acquisitions or internal reorganization. These countries and,in particular, the United Kingdom and Germany will conduct an employee survey in 2020.

In the centers or countries, where a comparison can be made with previous surveys, the results were either stable or improving for 87% of employees surveyed.

(2018: 87%)

3.2.2 Managing short-term absenteeism

Challenge

Absenteeism is a reality that affects the Group. A reactive attitude towards absenteeism caused by internal and external factors could cause a negative operational and financial impact.

In our business, unexpected and short-term absences impact us the most. These absences have a variety of consequences:

- company productivity and performance can suffer: production delays, quality issues, poor customer service;
- work teams must be reorganized on short notice to replace absent workers;
- workloads must be redistributed, other employees must be asked to step in and ensure additional effort;
- it represents a cost for the company in terms of administrative and replacement costs, plus it can have an indirect financial impact linked to the repercussions on the quality of customer services (dissatisfactions that have to be dealt with, durability of contracts, etc.).

Policy

Although each absence has its own particular characteristics and employers are not permitted to ask employees about the medical reasons for their absence, the Group has nevertheless implemented a series of collective measures to prevent absences and limit their impact on its business. There is no international policy for absenteeism, as this issue is very much linked to different climates (for example, influenza is not a major concern in Brazil, Chile or Colombia, unlike in European countries). Policies are decided at the national level, based on each country's legislation and regulations, and sometimes by collective agreements for each sector.

Measures implemented

Preventative measures

Each center has introduced measures in accordance with their specific issues:

- vaccinations against influenza (or other diseases) are offered every year at certain centers;
- some centers pay a bonus to employees who have perfect or near-perfect attendance;
- in 2012, French entities introduced the Gest'Elis program, aimed primarily at preventing musculoskeletal disorders (see below), which will be rolled out at various centers outside France;
- training sessions on job-specific body movements and postures are provided to production and distribution staff;
- training is offered to managers to provide them with the skills and knowledge to deal with absenteeism cases;
- some countries link a portion of managers' variable compensation to the absenteeism performance of their teams.

Return-to-work interview

Management may set up an informal interview after an employee returns from a short- or long-term absence. Return-to-work interviews allow the Company to demonstrate to employees not only its concern for them, but also how much absences impact its business. These interviews are conducted in full compliance with medical confidentiality obligations. The interviews update employees about the center and how business is going and gauge how employees feel about their work and the quality of life in the workplace. Appropriate measures may be taken following these interviews.

Versatility

The company encourages employee versatility, so they can step into a variety of positions at processing centers in order to replace an absent colleague. This is ensured by cross-functional training and job adjustments or modifications to documentation material, with the simplest positions being filled by employees on fixed-term contracts.

Brazil

"We have implemented measures and indicators in many plants and link them to variable pay. In 2019, we recorded the best results in the fight against absenteeism in the history of Elis Brazil. For 2020, we want to focus on those plants that require more support and that did not perform well in 2019."

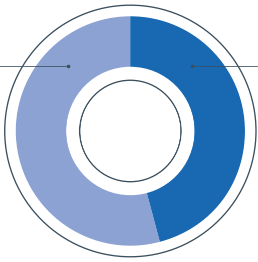
Key performance indicator (KPI) and outcomes

The absenteeism indicator was changed in 2019: in 2018, we were measuring the number of days of short-term absences, whereas it is the short-term absences themselves, not their duration, that have an impact on our activities. Therefore, it appeared more relevant to measure the number of short-term absences rather than the number of days. The definition of an absence was also reviewed, shared with all Elis countries and adjusted in the data collection tool. The change in the indicator means that a comparison with historical data is not possible this year.

Number of absences shorter than 7 days (paid or unpaid): 48,246

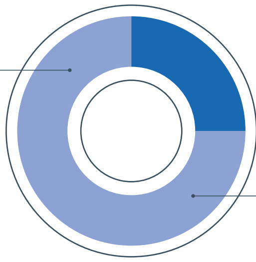
(In 2019, the coverage rate was 73%)

NUMBER OF EMPLOYEES WITH PERFECT ATTENDANCE



In 2019, the coverage rate was 94.3%.
(In 2018, the coverage rate was 66%.)

BREAKDOWN OF DAYS ABSENT



In 2019, the coverage rate was 73%.
(In 2018, the coverage rate was 62%.)

3.2.3 Health and safety

Challenge

When an Elis employee is doing the job he or she was hired to do, he/she can be exposed to some risks that can cause injuries, accidents or disease. This could result in legal proceedings and could have significant financial and operational consequences if the person concerned has core competencies. Thus, for the Elis Group, the health and safety of its employees and everyone else at its sites is paramount. To this end, it strives to offer a safe, healthy working environment by preventing the occurrence of workplace accidents, injuries and occupational diseases. With its ongoing expansion and entries into new regions and markets, the Group wants to become an example in terms of health and safety.

Policy

The Elis Group's health and safety policy is designed to reduce the accident rate to zero by improving workplace safety. This means reducing risks, preventing accidents, and applying the Group's safety standards in all countries and across all businesses with the involvement of all employees. This internal policy is rolled out internationally and reviewed frequently. The main commitments in the Elis Health and Safety policy are:

- ensure workplace safety by reducing and preventing accidents;
- apply the Group's safety standards in all our countries and businesses;
- involve all employees, so they actively contribute to maintaining a safe work environment;
- ensure compliance with legal requirements in all countries where we operate.

The Group is committed to a process of continuous improvement to reduce the number of risk situations. Its priorities are to strengthen the Group's safety culture by promoting and raising awareness, preventing fire and handling risks, improving workstation ergonomics, work-place hygiene and preventing business-specific risks.

In 2019, Elis started to implement a corporate incident reporting system (CIRS). This records all information about incidents, their causes and the corrective actions taken as a result. The system is the result of a cooperation of multiple countries and experts within the QSE department and serves the goal of managing incidents and sharing good practices. It will be internationally implemented in 2020.

Measures implemented

As part of integrating Berendsen, Elis has increased the number of corporate staff dedicated to safety and defined a new organizational structure that focuses on quality, safety and the environment. In each operating region, the Cluster/Country QSE teams work closely with the Group QSE Department to help improve and strengthen the Group's safety standards. These teams also assist countries and sites with operational deployment and monitoring their application.

The measures introduced in 2019 with the support of the QSE network primarily involved:

- standardizing incident and accident reporting and safety indicators for all operations;
- reinforcing the Elis safety culture providing materials that promote safety. In 2019 Elis developed 'Golden Rules' that will be rolled out internally in 2020. The rules are based on creating a safe work environment and healthy habits. The materials have been developed in conjunction with the QSE Cluster managers and with the help of the Elis communications department to increase awareness. Golden rules will be part of onboarding for everyone at Elis;
- sharing feedback and good practices;
- strengthening fire prevention by defining an Elis fire management standard in conjunction with the QSE Cluster team, providing training to the departments concerned, improving the fire prevention program, and continuing the fire protection strategy;
- integrating ergonomics and safety principles into all new work equipment and new production lines with main suppliers;
- continuing the development of the Gest'Elis program, including solutions to improve workstation layout/organization as well as the equipment and tools used. Information sheets are created for each affected workstation featuring details about how to perform the task correctly and tips on comfort and safety;
- holding safety committee meetings at sites.

The Cluster/Country QSE teams have assisted with the improvement plans within their respective scopes of activity:

- in Sweden, 100 managers and their direct teams and plant managers underwent training on the rules and regulations applicable to their working environment; other managers will undergo training in 2020. The training will be repeated and updated every three years and must be taken by all newly recruited managers;
- in France, periodic visits focusing on health and safety and conference calls on safety have been introduced in order to increase support to plants. "Minute safety" training materials have been implemented to help managers conduct monthly meetings with all operators;
- in Brazil, daily safety discussions have been established in the plants. A safety monitoring program was also launched, with more than 200 staff members (supervisors, managers, team leaders) trained as part of the program and working on potential safety issues;
- in the United Kingdom, actions to create a safety culture were continued, with the distribution of new health and safety manuals issued to every employee, safety management training attended by 432 people, safety observations raised, site inspections, safety meetings promoting staff involvement/commitment and compliance checks on various health and safety topics by the General Manager.

Key performance indicator (KPI) and outcomes

With the support of the Group's Human Resources Department and the various countries, reporting on safety indicators, frequency rates (FR) and severity rates (SR) have gradually been implemented in all the countries where Elis operates, particularly in the countries that were part of the former Berendsen scope. *(Permanent and non-permanent staff)*	2019	2018
Fatal accidents	0	0
Lost time accidents	1,529	1,658
Frequency rate [(a)]	16.90	19.15
Severity rate [(b)]	0.66	0.71

(a) Frequency rate = Number of accidents resulting in lost time, excluding commuting accidents, during the year/Total number of theoretical hours worked × 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 worked × 1,000.

In 2019, the coverage rate was 99% (compared with 100% in 2018).

3.2.4 Talent recruitment

Some types of candidates can be more difficult to recruit because of a labor market unsuited to our needs, or due to challenges related to our employer brand.

This may result in problems performing certain services or impact the quality of our services, or even lead to compliance issues.

The Group's development strategy relies on its ability to recruit and retain competent, high-performing employees.

Policy

Elis is committed to providing a workplace that respects human rights and promotes diversity. Elis seeks to foster a culture of diversity and inclusion, ensuring that each employee can develop and grow without being subjected to discrimination, including on the basis of gender, religion, origin, age, sexual orientation, physical appearance, health status, disability or political beliefs. Elis promotes equal opportunities for all employees and candidates in terms of recruitment, access to training, compensation and social protection. Elis is committed to highlighting the benefits of diversity and how different knowledge and viewpoints contribute to building synergies and stimulating innovation.

Diversity and equality

Diversity and equality are broad topics for which the Elis Code of Ethics is the minimum requirement, but many countries go beyond this Code by following their own initiatives or local/national regulations. The themes that often recur in the countries where Elis operates is gender equality, the gender salary gap, and recruiting people who are mentally or physically challenged.

In 2019, Elis has signed agreements in France on gender equality in the workplace and the recruitment of people with disabilities.

The individuals responsible for recruitment within the various Human Resources departments work with local employment agencies and other recruitment channels. Depending on the position targeted headhunting is used. Furthermore, on site level the General Managers have the authority to work together with agencies to be flexible in case of absenteeism and seasonal fluctuations in certain activities.

Referral policy

Employees are rewarded for using their network to find a new recruit who proves to be successful in the position (in the Netherlands, employees receive vouchers after the trial period and after the first year of employment; in France, they can choose to make a donation to the Elis Foundation).

Talentsoft

Talentsoft is a tool developed for the Human Resources department which has been further developed in 2019. Talentsoft can be used to support and streamline processes. The following topics are part of the scope: recruiting, performance and competencies review, talent review, compensation and general HR analytics. In 2020, the tool will be launched in new countries, with a goal of making it available across the Elis Group.

Measures implemented

Targeted partnerships

Targeted partnerships with schools and universities are being developed in countries experiencing recruitment problems, the goal being to attract interns or apprentices. Center visits are being organized and the Group is participating in open houses at schools and universities to introduce the Group and its business lines. The partnerships with schools and universities differ depending on the country and the type of challenges they face.

Building on our reputation as an employer

The Company must boost its attractiveness and increase its recognition to encourage more people to join us. The Group's Communications and Human Resources 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.

To become better known and be able to recruit these types of individuals, Elis must increase its visibility among students and more experienced professionals. This objective can be achieved through the Group's presence on social media with articles, videos and pictures, which helps to both enhance the employer brand and provide information about job opportunities.

Programs aimed at young people

- Management Trainee Program: each management trainee completes four projects over a two-year period. Each project lasts six months and one is international. The first and final project are conducted in the trainee's country of origin, allowing them to create their own network and prepare for taking on their permanent role. Throughout the program, management trainees interact with staff in different business lines and from different operating departments. The variety of our business lines and locations means that we can offer them a multitude of opportunities. The recruits are often new graduates or people with a short work experience after their graduation.
- International Exchange Programs: young people are hired and trained in the Group's key business lines (in the production and sales segments), then sent to another country for 12 to 24 months to complete their training, share best practices and strengthen the Group's culture. The first exchange programs took place in 2013 and involved young Spaniards coming to France. Additional exchanges were then organized between Brazil, Portugal and Sweden. Similar exchanges will be organized between the UK and Germany in the coming months before being extended to other countries.

Onboarding program

To help new employees settle in, **onboarding** is arranged for every new hire. This onboarding is developed in each country according to the position being filled. A new integration kit is currently being deployed in all Group countries. It contains information for new employees as well as tools and resources that can be adapted to suit different situations. Most countries have a buddy/mentor program in place for new employees depending on the position to help them get settled in their new role.

Personal and professional development

The majority of countries have an annual performance review in place. This is a moment during which the manager and employee review the previous year, discuss measures for personal or professional development for the coming year, and identify internal mobility opportunities or targeted training to help the employee grow within their field of expertise or broaden their skills, making it possible for them to switch to a new role. This can mitigate recruitment issues, either as part of succession planning or at the request of the employee.

Training

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. Recognizing and developing the skills of all employees to upskill and promote mobility and career development, including internal promotion and geographic mobility, are crucial aspects to develop and nurture employees that make up Elis.

The human resources teams have the freedom to adjust their training initiatives to the specific challenges and opportunities where they are. This gives them the flexibility to quickly adjust their approach when labor market dynamics change and to promote internal mobility.

The Group offers a variety of training programs enabling employee development. The training programs that are internationally available are: the onboarding program, the management trainee program, the Sales Academy and the International Exchange Program.

These are trainings aside from the international programs, to uphold the knowledge and skill level for relevant positions.

For example, in France, 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;
- Customer Service Managers, through the Filière d'Excellence Disco (FED) program: since 2010, this veritable corporate ladder has allowed service agents to advance within the Company.

Elis Talent Month

Launch of a new event: March 2019 was dedicated to improving Elis's image as an employer. The aim is to expand our talent pool and present ourselves to the world as a global organization. Each country has the opportunity to launch a campaign directed a specific group of people, a specific skill set or to just draw attention to Elis and an employer. Events of that type will be launched locally each year.

Elis Talent Month

In the Netherlands, it was decided to recruit drivers, employees who enable our customers to benefit from our services and deliver products where we need them. Our drivers are the "faces of Elis" and highly valued. Recruiting new people for this position has been a challenge, which is why Elis Talent Month was dedicated to attracting drivers. A video was made following one of our drivers during a typical day, showing what the work entails. The video has been broadcast both internally and externally. Our Elis colleagues could, of course, take advantage of the referral policy. In the end, 17 qualified people got in touch with our recruiter.

Promotions

Elis recognizes and develops the skills of all employees to promote mobility and career development.

Certain vacant positions are filled through internal promotion. 1,700 in 2019 (1,239 positions in 2018).

35.82% of new managers are promoted internally.

(31% in 2018)

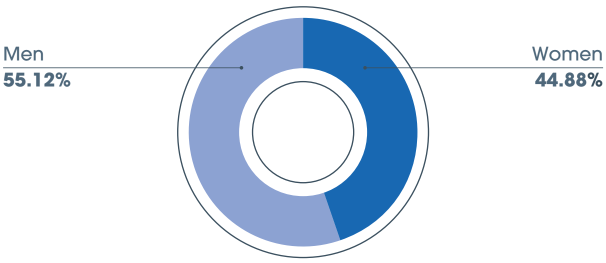
Key performance indicator (KPI) and outcomes

A total of 10,736 permanent new hires, 448 of them managers.

In 2019, the coverage rate was 99%.

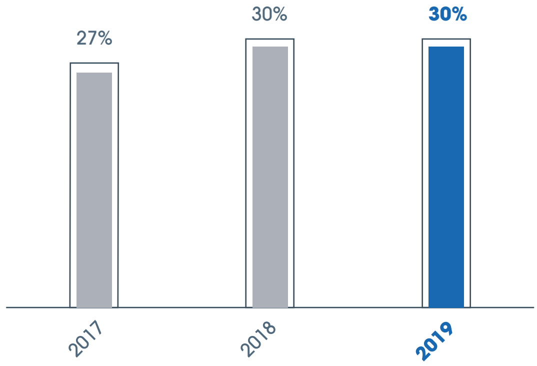
(In 2018, there was a total of 9,114 permanent new hires, 565 of them managers, with a coverage rate of 98%)

BREAKDOWN OF NEW HIRES BY GENDER



In 2019, the coverage rate was 100%.
(In 2018, the coverage rate was 93%.)

PERCENTAGE OF NEWLY HIRED FEMALE MANAGERS



In 2019, the coverage rate was 99%.
(In 2018, the coverage rate was 93%.)

3.3 ENVIRONMENTAL RISKS

3.3.1 Having the required environmental permits for our activities

Challenge

Industrial laundry operations are subject to particularly strict environmental regulations. In most of the countries where Elis does business, such operations require a number of separate permits to cover industrial operations, chemical storage, withdrawal of water resources from the natural environment, and the discharge of industrial wastewater.

In France, for example, each French processing site that washes more than five tons of linen per day is subject to a prefectural-level operating authorization or registration requirement, pursuant to France's regulation on classified facilities for the protection of the environment (ICPE), which sets, among other things, limits on water withdrawal, discharges into water, air emissions and waste management.

Policy

Elis makes every effort to ensure that it is in compliance with legal requirements, regardless of the country of operation, and that its industrial laundries have the necessary approvals and permits covering the entire operating cycle.

Organizational structure vis-à-vis the environment

The Group's Quality, Safety and Environment (QSE) Director reports to the Group Engineering, Purchasing and Supply Chain Director who is a member of the Executive Committee. The QSE Director is responsible for defining the Group's environmental policy and environmental risk prevention policy. A team of environmental engineers assists her with regulatory compliance management.

In the countries where Elis operates, QSE operational teams, or sometimes teams specifically dedicated to the environment, support the operational departments and help sites deal with the competent authorities to obtain, modify or renew permits. The teams are also responsible for helping sites manage environmental indicators and follow environmental best practices.

Operational deployment at each processing center is handled by a network of environmental officers (the plants' technical managers), who are trained in environmental best practices.

Measures implemented

Environmental compliance

Since 2018, all Group countries have implemented a system to manage each site's environmental permits. Whenever it acquires a new company, Elis performs environmental due diligence and systematically checks that the operator is compliant with local regulatory requirements and has the necessary permits.

To support its environmental management system and promote its efforts in this area to stakeholders, Elis holds ISO 14001 certification for a total of 139 sites, mainly in Germany (30), Sweden (24), Spain (25), Denmark (19), Norway (9), the Netherlands (8) and Poland (7).

Investments in environmental provisions and compliance

Elis invests in compliance and in improving its environmental performance every year. The amounts invested are mainly allocated to improving the on-site pre-treatment of water discharges, monitoring action plans following inspections by government environmental agencies, and the remediation of closed facilities.

Elis also regularly assesses its environmental provisions, especially when acquiring new companies.

Key performance indicator (KPI) and outcomes

Number of countries with a system for managing environmental permits: 100%.

In 2019, the coverage rate was 100%.

AMOUNTS AND RESOURCES DEDICATED TO COMPLIANCE AND PREVENTION OF ENVIRONMENTAL RISK AND POLLUTION

(In millions of euros)	2019
Compliance costs	7.3
Environmental provisions and guarantees	70.7
Compensation paid for environmental litigation	0.03

In 2019, the coverage rate was 100%

3.3.2 Sustainable use of water resources

Challenge

Water supply is crucial to operating an industrial laundry, in large part due to the activity of washing laundry. The Group's processing centers obtain their water either from an underground supply (wells) or from the public drinking water system.

Unlike traditional modes of consumption, the rental and maintenance model – which fully fits into the product–service system – enables Group customers to benefit from Elis's services without having to purchase any products (workwear, etc.). This model simplifies customers' lives while also reducing pressure on natural resources and the environment. Through process optimization, Elis's workwear rental and laundry service is able to substantially reduce water consumption compared to a solution based on the purchase of workwear and in-house laundering.

This approach also extends the service life of products and maximizes their use by naturally encouraging their repair, reuse and recycling.

Policy

In accordance with its Quality, Health, Safety and Environment policy, Elis's environmental commitments are primarily aimed at furthering the circular economy aspect of its business model and improving its performance in terms of natural resource consumption.

These commitments are also reflected in the Group's CSR policy, thanks to a concerted capital expenditure program and the deployment and promotion of water-saving best practices. Throughout the Elis group the water and energy consumption reduction are central topics.

Water

Water: 40.6% savings per kg of linen treated since 2010

AREA: EUROPE*

* Laundries only. New facilities acquired in a given year are included in the ratio two years after the acquisition year.

Measures implemented

Reduction in water consumption

The optimization measures implemented in recent years have been based on the following:

- widespread use of heavy-duty tunnel washers: equipped with separate compartments, they allow laundry to progress through the different processing stages by moving from one compartment to another;
- regular monitoring of plants' water meters to prevent any losses;
- 43 water- and energy-related audits conducted in 2019;
- optimization of washing equipment (fine-tuning of water flow monitoring) and related washing programs;
- reusing water between washing equipment;
- recycling of wastewater discharged from plants to partially replenish the washing process with new water;
- updating of washing equipment as soon as possible;
- selection and management of the laundry products used for the industrial process (which affects water consumption).

In 2019, Elis also completed its program to replace powdered detergents with liquid detergents, which are easier to rinse and therefore consume less new water.

Matching water needs with local resources

When choosing sites for its new processing plants, Elis conducts a hydrogeological survey to determine whether its water supply can be obtained from wells or from other sources (recycled water, municipal water, etc.) and consults with the competent authorities regarding the technical and regulatory feasibility of the provision of process water.

When planning to expand its operations, Elis verifies whether it has sufficient supply and implements measures to adapt to local constraints.

Before acquiring a new company, Elis performs environmental audits and systematically checks that the operator has the necessary resources.

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.

Climate change

The measures implemented by Elis to reduce its water consumption have helped reduce the potential consequences of droughts.

Risks related to climate change also include potential changes to flood risk prevention programs. Elis is incorporating appropriate constructive measures when building its new buildings.

Key performance indicator (KPI) and outcomes

Ratio of water consumed per kg of linen treated: 8.9.

In 2019, the coverage rate was 100%.

Annual use of water for the Group's activities: water consumption (in millions of m^3): 15.6

In 2019, the coverage rate was 100%.

3.3.3 Wastewater management

Challenge

Since the nature of wastewater from laundries is the same as household wastewater, the vast majority of Elis's laundry facilities are connected to the municipal wastewater networks in France and other European countries. Prior to being discharged into the natural environment, all industrial discharge is treated either entirely on-site or at the municipal water treatment plant with or without on-site pretreatment, depending on the case. The permanence of these connections, or of the possibility of discharging wastewater into the natural environment itself once it has been treated, is key to growing the Group's business while limiting its impact on the natural environment.

In many European countries, discharges into water are subject to authorizations by local authorities (discharge agreement or decree) setting the conditions for discharges into municipal networks before treatment at wastewater treatment plants. When so required by local regulations, these specifications are also included in environmental permits covering discharges to municipal treatment plants or into the natural environment. The fact that Elis may not be able to discharge its wastewater into municipal collection systems or to other locations, for regulatory reasons, for example, could have operational and financial consequences.

Policy

The Elis Group ensures that it has discharge permits for the wastewater resulting from activities and manages its wastewater in accordance with local regulatory requirements. The Group has been committed to reducing its water consumption for many years and, consequently, the volume of its industrial wastewater discharges has reduced: one cubic meter of unused water saves one cubic meter of discharged wastewater.

In addition, thanks to the self-monitoring of wastewater performed through regular analyses at most sites, the Elis Group has acquired in-depth knowledge of the quality of its wastewater and is working to improve it. Depending on local conditions, some of Elis's plants may have their own water treatment and pre-treatment stations to ensure consistent discharges and quality levels.

Elis laundries are in regular contact with public sanitation services. In the event of changes in the quality or volume of a site's discharges, Elis reviews the potential measures to be implemented with the competent local authorities. If need be, the Group will invest in processes based on the treatment capacities of the local authorities and the local regulations in each country. The Elis Group monitors the topic on corporate level through annual surveys filled out by the local QSE and/or site teams, to get an updated view of how the wastewater is treated.

Measures implemented

The key measures implemented in 2019 to prevent the risks of water pollution are as follows:

- continuation of improvement plans aimed at reducing water consumption and, by extension, the volume of water discharged;
- self-monitoring of industrial wastewater in accordance with the requirements of industrial wastewater discharge ordinances or prevailing regulations.

Key performance indicator (KPI) and outcomes

% of wastewater treated before being discharged into the natural environment*: 100%

In 2019, the coverage rate was 100%.

* Industrial discharge is treated prior to discharge either entirely at the site or at the municipal water treatment plant with or without on-site pretreatment.

3.3.4 Changes in costs related to energy consumption

Challenge

Committed to limiting its environmental footprint, in particular by reducing its greenhouse gas emissions and making better use of natural resources, the Group has been continuously improving its thermal energy performance in Europe for more than ten years, thanks to its focus on energy reduction. Its efforts in this area underpin the Group's resolve to strengthen its leadership position and involve all stakeholders, from the design and purchase of equipment to the daily operation of our facilities, in the ongoing quest for optimal energy consumption. This approach is fully in line with the Elis Group's drive for operational excellence.

Events such as changes in supply and demand, changes in energy-related taxes, or political events in oil- and gas-producing countries can cause fluctuations—sometimes significant—in the price of the thermal energy and electricity required to operate the Group's laundry facilities and processing centers. For this reason, the Group pays close attention to its energy costs and expected trends as it has a financial and operational impact.

Energy

Thermal energy: 23.4% savings per kg of linen treated since 2010

AREA: EUROPE*

* Laundries only. New facilities acquired in a given year are included in the ratio two years after the acquisition year.

Policy

In accordance with its Quality, Health, Safety and Environment policy, Elis's environmental commitments are aimed at reducing its consumption of natural resources, especially when it comes to energy, and reducing its environmental footprint. The aim is to ensure that both consumption and related costs are kept under control.

The Group has a centralized purchasing department supplemented by local buyers in the key countries where it operates. It has also implemented appropriate processes to ensure that purchases in Europe are coordinated by the central department. The Purchasing Department actively monitors changes in energy costs and contracts with preferred suppliers. This allows it to plan for any potential changes and avoid fluctuations in its energy bills.

The policy to reduce energy consumption, which is fully in line with the Group's drive for operational excellence, underpins the following program, which is designed to:

- continuously improve the energy performance of processes, buildings and the vehicle fleet by incorporating energy efficiency criteria at the facility design phase, encouraging the purchase of energy-efficient appliances and services, and implementing best practices for efficient and rational use of energy at existing facilities;
- analyse significant energy consumption items (gas, fuel oil, electricity and fuel);
- 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;
- adapt energy use and consumption and maintain equipment and buildings so that they are always in compliance with legal and other relevant requirements;
- involve all employees and external partners so that everyone is aware of their roles and responsibilities in the Group's overall energy performance.

The program is further strengthened by Elis's efforts to obtain ISO 50001 energy management system certification, which was awarded to 81 European sites in 2019 (77 sites in 2018). 54 sites in France are SGS-certified and 24 sites in Germany are ISO-certified.

In Norway, three sites have been awarded the Nordic Swan Ecolabel for textile services, a standard that sets strict limits on energy consumption. In Denmark, 17 plants also have Nordic Ecolabel certification.

Elis Netherlands is involved in a voluntary energy efficiency program aimed at reducing its consumption by 20,000 MWh by 2020 across all sites.

Measures implemented

The Group is continuing to implement measures to reduce its energy consumption and energy costs, resulting in improvements in the following indicators:

Key performance indicator (KPI) and outcomes

Amount spent on energy (in millions of euros): 109.4.

(In 2019, the coverage rate was 100%)

Ratio of thermal energy consumption in kWh per kg of linen treated: 1.34.

(All sites, excluding fuel for vehicles)

(In 2019, the coverage rate was 100%)

3.3.5 Reduction in fuel consumption

Challenge

With several hundred thousand customers in Europe and Latin America, the logistics service provided by the Group's vehicles accounts for a significant portion of the Group's CO_2 emissions and its consumption of fossil fuels. This is the subject of an optimization strategy deployed in close coordination with the Group's sites, with ongoing priority objectives to limit fuel consumption and reduce emissions of pollutants and nitrous oxides (NOx). Elis is also adapting its delivery fleet to account for sustainable policies related to low-emission zones and to prepare for possible reduction of fossil fuel availability and rising costs which can result in an operational and financial impact.

Policy

Elis's Quality, Safety and Environment policy and the CSR policy underscores the Group's commitment to improving its performance in terms of natural resource consumption and thus limit its greenhouse gas emissions.

To that end, the operating sites, with the assistance of the Logistics Department nationally and internationally, are implementing route optimization plans. The Logistics Department makes sure that the most suitable delivery vehicles are used, manages logistical dashboards and produces strategic studies related to industrial strategy and site location.

Elis manages and reduces its fuel consumption by consolidating its delivery trips, promoting eco-driving, maximizing the fill rate of its trucks, and improving the performance of its vehicle fleet.

Lastly, the Group actively monitors future developments in alternative energy trucks in order to diversify its fleet.

Measures implemented

Management of fuel performance

To better manage energy performance related to fuel consumption, the Group has been progressively implementing a single vehicle fleet management tool supplied with fuel consumption data. The fuel consumption of each vehicle is thus easier to monitor and tracked locally and centrally.

Maximization of vehicle fill rate

To optimize travel while guaranteeing high service quality, the Group's Field Agents have one objective: "full vehicles in both directions." A delivery vehicle never returns empty, as the return journey to the processing center is an opportunity to transport soiled linen/clothing, empty water cooler bottles, etc.

Reducing distances travelled

The Logistics Department lends its expertise to all service centers to optimize routes using special software. These operations aim to concentrate deliveries to a limited number of areas and assign customers to the nearest delivery centers.

Elis is also launching the GLAD (Global Logistics Assistant for Drivers) project to assist operational staff in the field. Field Agents will have a PDA that shows them the best route in real time. This system will also promote eco-driving, since it will inform the driver if it detects excessive speed or braking.

Eco-driving awareness

Best practices have been strengthened and action plans drawn up across the entire Group. Service agents are audited during rounds with their managers in order to assess, reiterate and raise awareness of good driving practices.

Improved vehicle fleet performance

Controlling 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 800kg to 1,200kg. Moreover, the replacement of the former Euro 6 standard light vehicles and heavy goods vehicles means that all new vehicles are equipped with latest-generation pArticle filters.

Key performance indicator (KPI) and outcomes

Ratio of fuel consumed in liters per ton of linen delivered: 25.0.

(All types of vehicles, owned or leased)

In 2019, the coverage rate was 100%.

In 2019, Elis purchased new alternative energy vehicles (hybrids, electric vehicles, NGVs) following tests carried out in previous years. The Elis Group now has 40 hybrid vehicles, 19 electric vehicles, and 8 vehicles powered by natural gas and 20 LPG vehicles.

3.4 SUSTAINABLE PURCHASING

Challenge

Unethical practices of Elis's suppliers in their business (labor, environmental) could result in a significant operational, financial and reputational impact. Therefore, the standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety, and environmental protection are set out in a Sustainable and Ethical Purchasing Charter. Standards like this Charter, other guiding documents and the measures derived from those enable us to decrease the likelihood of an unethical event to occur.

The Purchasing and Procurement Department plays an important role in selecting suppliers, products and services throughout the world. At Elis, item quality is a constant priority. As such, purchases of textile products and HWB (health and well-being) appliances are a key concern.

Therefore, it naturally gravitates toward genuine partnerships, fostered by recurrent collections and stable production cycles. Most of the Company's suppliers have built and continue to build strong relationships with Elis, some of them going back more than 20 years. These relationships are essential to the Company's long-term success and the satisfaction of its customers.

Policy

Since 2006, the Group's commitment has been detailed in its Sustainable and Ethical Purchasing Charter, also known as the Supplier Code of Conduct, which describes Elis's relationships with suppliers beyond the mere purchase of goods and services.

The Charter, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing Department. This system is used to support the deployment of the Charter among all tier 1 suppliers (that is suppliers with whom Elis has a direct business relationship) as well as tier 2 suppliers (but only in situations where Elis imposes the choice of weaver on the manufacturer).

Elis also encourages OEKO-TEX certification for the textiles delivered, in accordance with its Supplier Code of Conduct. This standard is a worldwide testing and certification system involving tests for harmful substances, including prohibited and regulated substances, chemicals that are known to pose health risks, and precautionary parameters relating to healthcare.

Elis procures its supplies from Europe, Asia and Africa. For example, Elis's coffee supplier, Malongo, and its paper and soap suppliers are based in Europe. Furthermore, to ensure the sustainability of the French supply chain, Elis guarantees constant volumes to its European partners, helping them remain competitive and safeguarding local jobs. Please refer to the image "Elis countries and our 'direct' supplier countries."

Lastly, Elis has established a risk assessment matrix for its suppliers related to corporate social responsibility, so that it can conduct periodic CSR assessments of all suppliers of linens and hygiene and well-being products. Any new supplier of items for any Elis service or product must have a satisfactory CSR assessment in order to be listed. The Elis Supplier CSR management policy and the Elis Supplier Management Process policy describe this selection procedure. This procedure can be summarized in the following general steps:

General Elis requirements

Elis supplier requirements are formalized in its Supplier Code of Conduct, also known as the Ethical and Responsible Purchasing Charter. This document is based on the UNGC, ILO core conventions, UKBA (UK) or Sapin II law (France) and covers human rights, labor, the environment and anti-corruption regulations. Responsible suppliers are selected based on risk evaluation, risk assessment and risk mitigation approaches.

Step 1 evaluation: country risk assessment

The first step is to evaluate the risk associated with a given geographical area. Risk is defined based on data from international organizations (for example UN, ILO, World Bank, etc.) and is expressed as a global indicator, with countries classified as low, medium or high risk.

Step 2 evaluation: supplier risk validation

Suppliers operating in medium or high-risk areas must complete a questionnaire, providing detailed information on supplier positioning with respect to CSR international norms and standards. ISO 26000, SA 8000 or ISO 14001 certifications or validated Sedex/SMETA or BSCI audits are considered as positive statements. A CSR self-assessment may be considered as a positive statement, particularly if validated through a third-party audit.

Step 3 evaluation: priorization of tasks

To leverage the controls and ensure maximum coverage, suppliers are assessed against the volume and criticality of the goods or services provided to Elis.

Step 4 mitigation: supplier control and audits

Suppliers that are not directly validated through a CSR assessment are further prioritized in terms of criticality. On the basis of this prioritization, audits are performed at suppliers by an external and independent third party. Elis subsequently monitors the implementation of action plans arising from these audits.

Measures implemented

Our Supplier Code of Conduct applies to all our suppliers, whether new or existing. Each supplier must sign the Supplier Code of Conduct when entering into or renewing a contract. During 2019 Elis started developing a software tool "Supplier On-boarding & Claim system", that will be implemented in 2020. Documents as proof of the OEKO-TEX certification, a signed Supplier Code of Conduct, REACH commitments and more are to be uploaded in this tool. The used of the system will first be required for all direct preferred suppliers and notifies them when documents are about to expire.

Elis is gradually rolling out the CSR assessment to the entire supplier base, which has grown in size since the integration of the Berendsen Group and the other companies acquired in 2018. The Purchasing Department prioritizes this action for strategic suppliers, as defined in the Group's purchasing strategy. 2019 has been a year in which the focus has been on selecting suppliers that fit the new scope and size of the Elis group.

We have increased the level of communication on our suppliers' CSR management with key account end customers. The Elis management system has been validated by these customers. Requests from customers on supplier CSR information and audits happens anonymously, the details of Elis suppliers is considered to be confidential internal information.

In the specific case of Brazil, Elis's biggest suppliers follow a national program for securing a sustainable supply chain. Suppliers not covered by this program must undergo an internal CSR audit performed by Elis in accordance with our Group policy.

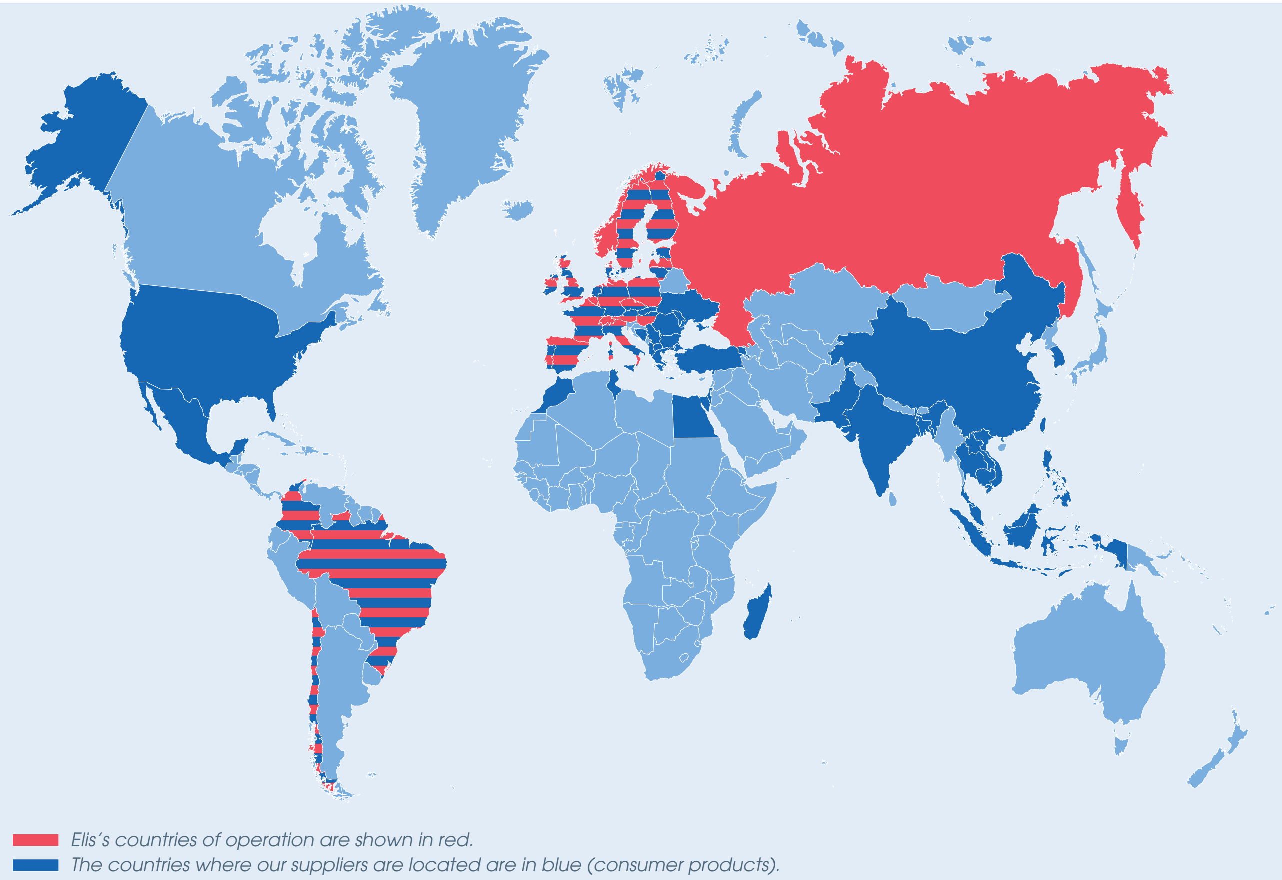
Key performance indicator (KPI) and outcomes

The percentage of direct purchases covered by a supplier CSR assessment is now calculated based on current-year revenue instead of revenue from the previous year.

Percentage of direct purchases* covered by a supplier's CSR assessment: 94%

In 2019, Elis commissioned 16 CSR audits (in 2018 it was 19).

ELIS COUNTRIES AND OUR 'DIRECT' SUPPLIER COUNTRIES



3.5 SUMMARY OF ENVIRONMENTAL AND SOCIAL INFORMATION

3.5.1 Summary of environmental information

	Unit	Group 2019	Group 2018
Scope			
Gross revenue of sites within the scope	Millions of euros	3,200.7	3,105.0
Number of sites included in the scope	Number of sites	419	444
General environmental policy			
ISO 14001 certified sites	Number of sites	139	128
ISO 50001 certified sites	Number of sites	81	77
Amount of compliance costs	Millions of euros	7.5	5.4
Amount of environmental provisions and guarantees	Millions of euros	70.7	69.4
Amount of compensation paid for environmental litigation	Millions of euros	0.03	0.0
Pollution prevention and waste management			
Total amount of waste generated	Tons	34,794	36,111
Amount of hazardous waste generated	Tons	6,367	6,308
Proportion of hazardous waste recovered	%	67	27
Amount of non-hazardous waste generated	Tons	28,428	29,803
Proportion of non-hazardous waste recovered	%	65	58
Amount spent on waste treatment	Millions of euros	6.6	6.1
Amount generated through waste recovery	Millions of euros	1.20	0.6
Sustainable use of resources			
Total volume of water consumed	Millions of m^3	15.6	16.3
Proportion of public water	%	46	N/A
Proportion of groundwater	%	52	N/A
Proportion of surface water	%	2	N/A
Amount spent on water consumption	Millions of euros	12.2	12.8
Volume of industrial wastewater discharged	Millions of m^3	13.7	13.9
Volume of industrial wastewater treated	Millions of m^3	13.7	13.9
Proportion of industrial wastewater treated in municipal wastewater treatment facilities	%	90	N/A
Proportion of industrial wastewater treated in-house before discharge into natural environment	%	10	N/A
Total energy consumption (excl. vehicles)	MWh (HHV)	2,696,704	2,721,191
Electricity consumption	MWh	324,787	348,651[(a)]
Consumption of renewable energy	MWh (HHV)	454,655	430,612
Consumption of natural gas/propane/butane	MWh (HHV)	1,810,510	1,738,267
Consumption of fuel oil (excluding fuel for vehicles)	MWh (HHV)	64,276	61,459
Consumption of other energy sources	MWh (HHV)	42,477	78,985
Amount spent on energy consumption	Millions of euros	109.4	120.6
Total fuel consumption for vehicles	Thousands of liters	43,992.4[(b)]	41,405.3
Gasoline consumption	Thousands of liters	773.6	617.8
Diesel consumption	Thousands of liters	43,068.1	40,787.5
Amount spent on fuel consumption	Millions of euros	50.6	47.1
Fight against climate change			
Direct GHG emissions – Scope 1	Kt CO_2 eq.	474.8	450.3
Direct GHG emissions – Scope 2	Kt CO_2 eq.	71.1	101.5
Total GHG emissions	Kt CO_2 eq.	545.9	551.8

(a) Correction made to consumption declared in the 2018 Registration Document.
(b) All types of liquid fuels.

3.5.2 Summary of social information

	Unit	Group, 2019	Group, 2018
Total workforce	Number of employees	**48,173**	**47,291**
Permanent workforce		**41,701**	**41,062**
Permanent female workforce		22,073	21,712
Permanent male workforce		19,628	19,350
Permanent managers		3,147	2,994
Permanent female managers		1,027	931
Non-permanent workforce		**6,472**	**6,229**
Total workforce – France		13,235	13,049
Total workforce – Europe (excluding France)		23,652	23,153
Total workforce – Latin America		11,286	11,092
Permanent workforce aged 17 or under as at December 31		4	24
Permanent workforce aged 18-26 as at December 31		4,502	4,409
Permanent workforce aged 27-49 as at December 31		23,949	23,974
Permanent workforce aged 50 and over as at December 31		13,246	12,655
Based on the social reporting scope			
Number of new permanent hires		**9,969**	**9,114**
Hiring rate in the permanent workforce *New permanent hires as a proportion of permanent workforce as at December 31*	%	20.6	N/A
New permanent female hires	Number of employees	4,410	N/A
New permanent male hires	Number of employees	5,559	N/A
New permanent hires aged 17 or under as at December 31	Number of employees	28	N/A
New permanent hires aged 18-26 as at December 31	Number of employees	2,915	N/A
New permanent hires aged 27-49 as at December 31	Number of employees	5,747	N/A
New permanent hires aged 50 and over as at December 31	Number of employees	1,279	N/A
New permanent hires in France	Number of employees	1,494	N/A
New permanent hires in Europe (excl. France)	Number of employees	4,230	N/A
New permanent hires in Latin America	Number of employees	4,245	N/A
Number of departures in the permanent workforce *Permanent workforce who leave the organization voluntarily or due to dismissal, retirement, or death in service, other*	Number of employees	4,765	N/A
Turnover rate in the permanent workforce in France *Departures in the permanent workforce as a proportion of the permanent workforce as at December 31*	%	8.8	N/A
Turnover rate in the permanent workforce in Europe (excluding France) *Departures in the permanent workforce as a proportion of the permanent workforce as at December 31*	%	14	N/A
Turnover rate in the permanent workforce in Latin America *Departures in the permanent workforce as a proportion of the permanent workforce as at December 31*	%	25.6	N/A
Departures in the permanent workforce in France	Number of employees	838	N/A
Departures in the permanent workforce in Europe	Number of employees	2,395	N/A
Departures in the permanent workforce in Latin America	Number of employees	1,532	N/A
Compensation	Euros		
Fixed and variable compensation, collective and individual		**978,436,212.69**	**907,559,908**
Of which bonuses, collective compensation and discretionary profit sharing		17,343,534.86	17,820,254
Organization of work	%		
Proportion of full-time permanent workforce		93.8	93.6
Proportion of part-time permanent workforce		**6.2**	**6.40**
Absenteeism rate		6.37	6.13
Number of absences shorter than seven days (paid or unpaid)	Number	48,246	N/A

	Unit	Group, 2019	Group, 2018
Average number of training hours per employee *Number of training hours in proportion to the permanent and non-permanent workforce*	Number	5.8	N/A
Workplace accidents			
Permanent and non-permanent workforce	Number		
Number of fatal accidents		0	0
Number of accidents with lost time		1,529	1,658
Frequency rate *(Number of lost time accidents (excluding commuting accidents) relative to the number of worked hours during the year) x 1,000,000*		16.90	19.15
Frequency rate in Europe		18.66	20.55
Frequency rate in Latin America		11.15	14.5
Severity rate *(Number of calendar days off related to lost time accidents with more than 1 day off (excluding commuting accidents) relative to the number of worked hours during the year) x 1,000*		0.66	0.71
Severity rate in Europe		0.77	0.82
Severity rate in Latin America		0.29	0.33

3.6 CROSS-REFERENCE WITH THE UNITED NATIONS GLOBAL COMPACT

Category		Principles of the United Nation Global Compact	Sections
Human Rights	1	Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	3.1 3.4
	2	Businesses should make sure that they are not complicit in human rights abuses.	3.1 3.4 4.2: The fight against corruption and influence peddling
Labor rights	3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	3.1 3.4
	4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	3.1 3.4
	5	Businesses should uphold the effective abolition of child labor.	3.1 3.4
	6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	3.1 3.4
Environment	7	Business should support a precautionary approach to environmental challenges.	3.1 3.3 3.4
	8	Businesses should undertake initiatives to promote greater environmental responsibility.	3.1 3.3 3.4
	9	Business should encourage the development and diffusion of environmentally friendly technologies	3.1 3.3 3.4
Fight against corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.	3.1 3.4 4.3: The fight against corruption and influence peddling

3.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED DISCLOSURE OF NON-FINANCIAL PERFORMANCE PRESENTED IN THE GROUP'S MANAGEMENT REPORT

Financial year ended December 31, 2019

To the Elis Shareholders,

In our capacity as the Statutory Auditor of Elis (the "Company"), appointed as an independent third party and certified by COFRAC under number 3-1060 rev. 2 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial performance statement for the financial year ended December 31, 2019 (the "Statement") presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Management Board to prepare a Statement in accordance with the legal and regulatory provisions in effect that includes a presentation of the business model, a description of the main nonfinancial risks, a presentation of the policies applied with regard to those risks, and the results of those policies, including key performance indicators.

The Statement was prepared by applying the Company's procedures (the "Reporting Framework"), the material elements of which are available upon request from the Company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors. We have also implemented a quality control system that includes documented policies and procedures for ensuring compliance with the Code of Ethics, professional guidelines and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor appointed as independent third party

It is our role, based on our work, to formulate a reasoned opinion expressing a limited assurance conclusion that:

- the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code;
- the disclosures made pursuant to Article R. 225105(I)(3) and (II) of the French Commercial Code, namely the policy outcomes, including the key performance indicators, and actions in relation to the main risks (the "Disclosures") are fairly presented.

It is not, however, our responsibility to comment on:

- the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the vigilance plan and the fight against corruption and tax evasion;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

Our work, which is described below, was carried out in accordance with the provisions of Articles A. 2251 *et seq.* of the French Commercial Code setting out the conditions under which the independent third party is to conduct its review, the professional guidelines issued by the French Association of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) with respect to this engagement, and international standard ISAE 3000 (*Assurance engagements other than audits or reviews on historical financial information*).

Our work enabled us to assess the Statement's compliance with the regulations in force and the fair presentation of the Disclosures:

- we learned about the business of each of the companies included within the scope of consolidation, the major social and environmental risks affecting that business, and their impact on respect for human rights and the fight against corruption and tax evasion, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Reporting Framework in terms of its relevance, completeness, reliability, objectivity and clarity, taking into account industry best practices, where appropriate;
- we verified that the Statement covers each category of social and environmental information provided for in Article L. 2251021(III), as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation of the reasons for not including the information required by the second paragraph of Article L. 225-102-1(III);
- we confirmed that the Statement describes the business model and the main business risks affecting all of the entities included in the scope of consolidation, including, where relevant and proportionate, the risks arising from their business relationships, products and services, as well as policies, actions and outcomes, including key performance indicators;
- we checked that the Statement contains the information required under Article R. 225-105(II), where relevant in view of the main risks or policies presented;
- we assessed the selection and validation process for the main risks;
- we inquired about the existence of internal control and risk management procedures put in place by the Company;
- we examined the coherence of the key performance indicators selected and outcomes in view of the main risks and policies presented;
- we verified whether the Statement covers the entire scope of consolidation, i.e. all of the companies included in the scope of consolidation in accordance with Article L. 233-16, subject to the limits set out in the Statement;
- we evaluated the data-gathering process put in place by the Company to ensure that the Disclosures are fair and complete;
- we conducted the following for the key performance indicators and other quantitative results we considered material, as listed in the appendix:
  - analytical procedures to check that the data gathered had been consolidated correctly and that trends in the data were consistent,
  - a thorough examination on a test basis to verify the correct application of the definitions and procedures and reconcile the data with the supporting documents. The audit was carried out on a selection of contributing entities (Elis Netherlands and Elis France). It covers 28% of the consolidated workforce, considered representative of the human resources component, and 37% of the consolidated revenue, considered representative of the environmental and societal component;

- we checked the sources of the documentation provided and conducted interviews to corroborate the qualitative information (actions and outcomes) that we considered material, as listed in the appendix;
- we assessed the overall consistency of the Statement with our knowledge of all of the companies included in the scope of consolidation.

We consider that the work carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our work called on the expertise of four people and took place between November 2019 and March 2020 over a total engagement period of approximately four weeks.

We were assisted in our work by our specialists in sustainability and corporate social responsibility. We conducted approximately 15 interviews with the persons responsible for preparing the Statement, mainly from the Legal, Environment and CSR Quality departments.

Conclusion

Based on our work, we have not identified any material misstatement that causes us to believe that the non-financial performance statement is not consistent with applicable regulations or that the Disclosures, considered as a whole, are not presented fairly in accordance with the Reporting Framework.

Neuilly-sur-Seine, March 3, 2020

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Bruno Tesnière
Partner

Pascal Baranger
Director, Sustainable Development Department

Appendix: List of CSR information that we considered to be the most material

Key performance indicators and other quantitative results:

- The number of permanent and non-permanent employees as at 12/31/2019;
- The percentage of employees covered by an employee survey in 2019, the results of which were either stable or had improved;
- Share of employees covered by a collective bargaining agreement in 2019;
- The number of work-related accidents in 2019;
- Frequency rate and severity rate of work-related accidents in 2019;
- The percentage of short absences (seven days or less) out of all absences in 2019;
- The number of employees present during the year who had no days absent in 2019;
- The number of employees present in 2019;
- Share of new managers promoted internally in 2019;
- The number of new permanent salaried hires in 2019;
- The hiring rate of permanent staff in 2019;
- The number of ISO 14001 certified sites;
- The percentage of countries with a system for managing environmental permits;
- Water consumption (well water, municipal water, rainwater, etc.);
- The ratio of water consumed in liters per kilogram of linen treated in 2019;
- The percentage of the annual volume treated prior to discharge into the natural environment in cubic meters, relative to the total annual volume discharged into the natural environment in cubic meters in 2019;
- Energy consumption (electricity, gas, heating oil, fuel, renewable energy) in 2019;
- Total amount of expenditure on energy in 2019;
- The ratio of thermal energy consumed in kWh per kilogram of linen treated in 2019;
- The ratio of fuel consumed in liters per euro of revenue in 2019;
- The percentage of direct purchases covered by a supplier's CSR assessment in 2019.

Qualitative information (actions and outcomes):

- Information related to the employee survey;
- Information on the establishment of "Golden Rules" in order to improve on-site safety and strengthen fire prevention;
- Information on the deployment of a Corporate Incident Reporting System (CIRS);
- Information on measures taken by some countries to reduce absenteeism;
- Information on the "Elis Talent Month" event to recruit new talent;
- Information on the system for managing environmental permits for each site;
- Information on the hydrogeological study carried out before a new site is established;
- Information on the commitment of Elis Netherlands to a voluntary energy efficiency program;
- Information on the GLAD (Google Logistics Assistant for Drivers) project to assist operational staff in the field;
- Information on the Suppliers' Code of Conduct.

4 Risk factors, risk control, insurance policy, and vigilance plan

4.1 RISK FACTORS AFR

The Group does business in France and abroad in a constantly changing economic and political environment. It is therefore exposed to risks that, if materialized, could have an adverse effect on its business, results, financial position, reputation or outlook.

Analyzing these risks and ways to manage them are an integral part of the Group's various decision-making processes.

As part of this analysis, a structured risk management process has been set up based on the following key steps: risk identification, prioritization, management and monitoring.

- the Group's main managers identify risks primarily through annual interviews;
- risks are then prioritized on a scale of 1 to 5 (sliding scale where 1 is the lowest and 5 is the highest) depending on how critical they are (a combination of their impact and likelihood of occurrence) and how well they are managed;
- risks are then managed by the Operations Committee, which is composed mainly of the deputy chief operating officers, regional directors and country directors;
- each risk identified is regularly monitored by the Executive Committee and reported to the Audit Committee twice per year.

As part of its risk management process, the Group conducts an annual review of its risk map. The map is updated when new risks are identified, a previously identified risk increases or is mitigated as a result of the action plans implemented or an improvement in the Group's ability to manage the risk, or when regulations change.

The incorporation of annual risk mapping into strategic planning meets the dual objective of closely involving management in managing risks and focusing on the action plans required to ensure the Group reaches its strategic and operational targets.

The mapping process identified 12 major risks assigned to the following categories:

- strategic risks;
- operational risks specific to the Group's business;
- financial risks;
- legal, regulatory and tax risks.

The material risks specific to the Group that, if materialized, could potentially have a material adverse impact on the Group and its business, financial position, results, or ability to achieve its objectives, and how those risks are managed, are described below.

The potential net risk corresponds to the gross risk mitigated by the Group's ability to manage it through the preventive or precautionary measures implemented. These risks are presented by category and listed in decreasing order of importance. The most significant risks in each category are listed first.

Despite the Group's active risk identification and management policy, the Group cannot guarantee the total absence of risks or a lack of significant consequences if those risks were to materialize.

Other risks could also exist that the Group is currently unaware of or that are considered non-material as at the date of this universal registration document. If those risks were to materialize, they could have a material adverse impact on the Group and its business, financial position, results, ability to achieve its objectives or reputation.

Additional information on the environmental, social and societal risks and how they are managed are also provided in chapter 3 of this 2019 universal registration document.

SUMMARY OF SPECIFIC AND MATERIAL RISK FACTORS FOR THE GROUP

Strategic risks
Section 2.1.1 (pages 123 - 125)

- Risks related to disruption caused by the COVID-19 pandemic
- Risks related to acquisitions and disposals
- Risks related to the competitive landscape

Operational risks specific to the Group's business
Section 2.1.2 (pages 126 - 128)

- Risks related to the customer portfolio
- Risks related to the Group's international operations
- Risks related to IT systems
- Risks related to supply chain disruptions
- Risks related to fires and industrial accidents

Financial risks
Section 2.1.3 (pages 129 - 130)

- Liquidity risk
- Currency risk

Legal, regulatory and tax risks
Section 2.1.4 (pages 131 - 133)

- Risks related to disputes and litigation
- Risks related to compliance with antitrust regulations
- Risks related to restrictive regulations in some of the Group's business sectors

4.1.1 Strategic risks

The strategic risks below are presented in decreasing order of importance. The greatest strategic risk is presented first.

Risks related to disruption caused by the COVID-19 pandemic

Criticality 1 5

Description

The COVID-19 health crisis and the spread of this disease in Europe have caused a sharp decline in the Group's business corresponding to various government-imposed protective measures, especially lockdowns and the closure of all businesses deemed "non-essential," such as hotels, restaurants, and cafés.

These measures, which have been applied more or less restrictively in most of the countries where the Group does business, have led to a significant decrease in volumes for the Group.

The impact of COVID-19 on the business of both the Group and its customers could increase the risk of customers whose businesses are closed or partially or totally shut down (especially in the Hospitality sector) not paying invoices (at least temporarily, until business resumes) and affect the Group's supply chain if it is unable to have its employees work at the plants that remain open but are located in affected regions or if it is unable to have its vendors deliver supplies.

As at the date of this universal registration document, the epidemic has had a very material impact on revenue in Europe.

- in the Hospitality segment, our customers' business has all but stopped;
- the Industry and Trade & Services segments are currently seeing a 40% drop in revenue, but with continuously strong business in the pharmaceutical, agri-food, and energy industries, as well as services to local governments, water treatment, and mass distribution;
- business in the Healthcare segment is at normal levels.

The impact on our business in Latin America will be more limited, given that customers in the Healthcare sector generate two thirds of our revenue there.

From an economic and financial standpoint, the drop in revenue and EBITDA could lead to a risk of non-compliance with the Group's bank and liquidity covenants (cash flow).

The situation is changing rapidly and there could be more impacts of which the Company is currently unaware.

As at the date of this universal registration document, the Company is not in a position to predict the outcome of the disruptions caused by the coronavirus pandemic, which will largely depend on future developments, especially how long it lasts in France, Europe and, more broadly, in the countries where the Group operates.

These disruptions could affect the Group's business, revenue, future financial results and outlook.

Risk management

The Group is fully mobilized, most notably through a crisis management procedure, to protect the health of its employees in line with public guidelines. It is also working to safeguard its assets and operating capacity, adapt to the developing situation, and introduce appropriate measures as and when things return to normal in terms of staffing and business activity and demand.

Operationally, the Group is used to being highly reactive when it comes to managing decreases in business (e.g., after the November 2015 terrorist attacks in Paris). When confronted with this unprecedented crisis, Elis immediately took drastic measures to maintain its margins and generate cash, including:

- temporarily closing approximately 30 plants, especially in Europe (France and Spain), and mostly transferring volumes between plants in the same region in order to optimize production capacity and limit costs;
- adjusting the workforce at all Group plants impacted by a decline in customer business (fewer short-term employment contracts, adjusted working hours for those on open-ended employment contracts, and temporary layoffs). 80% of employees at headquarters in France and all our European countries have been placed on partial unemployment leave under the business-assistance measures introduced by the governments of these countries;
- revising the capital expenditures planned for 2020, specifically by suspending all non-urgent projects and substantially reducing flat linen investments.

The same applies to fixed costs (sales force, local and central offices).

In terms of liquidity, the Group has €700 million in undrawn revolving credit lines and €300 million in available cash on the balance sheet.

In addition:

- a waiver request was submitted to lenders of bank financing and private placement agreements (USPP and Schuldschein) to increase the ratio in the financial covenant applicable at June 30, 2020 from 3.75x to 5.00x. This request was accepted on March 31, 2020 by the lenders of the various financing agreements that fall under this financial covenant. The lenders were also informed that a second waiver request may be submitted in the coming months, depending on how the COVID-19 crisis develops, to increase the ratio of the financial covenant applicable at December 31, 2020;
- lastly, the Company decided to cancel the payment of a dividend for the 2019 financial year.

4

Risks related to acquisitions, mergers and disposals

Criticality 1 5

Description

As part of its development strategy, the Group has made numerous significant acquisitions. In 2019, it acquired 19 companies of various sizes in many parts of the world, having previously acquired such major companies as Atmosfera, Indusal, Lavebras and Berendsen. It plans to continue this external growth (between 2014 and 2019, total growth was 20% per year, 3% of it organic and 17% external; revenue generated outside France went from 72% to 33%). Thanks to its expertise in making and integrating acquisitions, the Group has made external growth one of the cornerstones of its strategy.

The implementation of this strategy presupposes that Elis can identify appropriate targets and growth opportunities at an acceptable cost and on acceptable terms.

In addition, the Group may be confronted with the need to obtain prior authorization for certain transactions from antitrust authorities. Due to its position in some markets, the Group may be faced with the impossibility of completing certain acquisitions or forced to complete them according to terms that make them less attractive.

Although the Group carefully studies each acquisition target, it cannot guarantee that their valuation and the assumptions will prove to be correct. Therefore, actual developments may differ significantly from expectations.

The Group could end up having to bear significant costs, delays or other operational or financial challenges in connection with the integration of its acquisitions. The synergies and other benefits expected may not materialize as expected. The acquired companies may also have trouble maintaining their existing customer base or generating the expected margins or cash flows.

Furthermore, the successful integration of acquired companies requires a high degree of involvement from the Group's central departments, which is likely to adversely affect the ability of these departments to carry out their day-to-day activities.

Despite conducting audits prior to any acquisition, there can be no guarantee that the documents and information provided to the Group during the due diligence process will be comprehensive, suitable or accurate. In particular, it is difficult to guarantee that the due diligence process will identify all the litigation risks of the acquired companies or all the risks related to possible breaches of regulations governing corruption and money laundering. If the Group fails to correctly identify certain risks, it could be exposed to significant undisclosed liabilities of the acquired companies. This could result in losses that may not be covered by the guarantees negotiated as part of the acquisition agreements.

Goodwill is the main asset on the Group's balance sheet (see Note 6.1 to the consolidated financial statements).

Furthermore, in accordance with IFRS, the Group evaluates and measures any potential goodwill impairment each year. In the event of an impairment loss, the amount of the impairment is recognized on the Group's income statement and cannot be reversed. Sensitivity to the assumptions used for impairment tests as at the date of this document is disclosed in Note 6.5 to the consolidated financial statements.

Risk management

The Group has a formal and centralized acquisitions process overseen by General Management, with contributions mainly from the team in charge of acquisitions and the Finance, Legal Affairs and Human Resources departments. The process includes:

- a regular review of all potential Group acquisitions during acquisitions committee meetings, chaired by the Chairman of the Management Board and attended by the Group's Chief Financial Officer, Deputy Chief Operating Officer in charge of acquisitions and Chief Operating Officers,
- the formation of multidisciplinary teams to prepare acquisition projects and conduct due diligence on financial, legal, fiscal, social, regulatory and environmental matters,
- a regular review of acquisition opportunities by the Supervisory Board and the conditions for implementing and financing them.

In addition, Elis routinely develops an integration program for each acquisition coordinated by the acquisitions team and under the responsibility of the operational departments. A performance review of the major acquisitions is carried out by the Finance Department jointly with General Management and is presented to the Company's Audit Committee and Supervisory Board.

Risks related to the competitive landscape	Criticality 1 5
Description	**Risk management**
The Group faces significant competition in each of its sectors and host countries: › active competition in fragmented markets which empowers small, agile local players (several small companies in the Hospitality segment in the United Kingdom and in German, and in Pest control); › major players, such as large cleaning or facility management companies, which offer a full range of services; › new, disruptive digital players, such as Amazon Business or Loss Less Linen, which use technology to meet customers' needs for fast delivery or traceability; › in-house solutions, such as inter-hospital laundries in hospitals. The Group's failure to adapt successfully to these or other changes in the competitive landscape could have an adverse effect on its business, results, financial position or outlook.	The Group preempts this risk by developing a range of unique and innovative solutions to counter competitors' offerings: › a product-service system with an advanced CSR approach; › traceability solutions to prove to our customers that staff have visited their premises and that services have been rendered, by wearer or piece of equipment, and even Internet of Things (IoT) solutions to monitor and improve toilet paper and soap consumption, etc. The Group also has an active monitoring system to identify new players or solutions and swiftly anticipate market trends. Elis is seen as a partner rather than a supplier. As such, the digital tools put in place enable it to create new customer experiences that set it apart from its competitors.

4

4.1.2 Operational risks specific to the Group's business

The operational risks below are presented in decreasing order of importance. The greatest operational risk is presented first.

Risks related to the customer portfolio	Criticality 1 5
Description	**Risk management**
The Group's organic growth rests on its ability to win new contracts and build customer loyalty over the long term. The Group must be able to respond to various calls for tender or customer requests with a unique, innovative offering. Contract expirations are critical junctures. Even when contracts have an automatic renewal clause, they may be terminated at the expiration of the stated term (contracts are usually valid for an initial four-year term). These contracts may also be terminated by the customer before the end of the stated term by paying a termination fee (which usually equals almost the entire residual value of the contract, calculated on the basis of the time remaining had the contract not been canceled), unless the Group has not complied with the terms of the contract. The loss of several contracts at the same time, particularly those with key accounts, could have a material adverse effect on the Group's business, results, financial position or outlook, and its reputation. In workwear, annual losses were 2%. In the United Kingdom, the annual loss of 15% in 2017 was reduced to 10% in 2019. This could have a material adverse effect on its ability to win new contracts from other customers. Customer satisfaction is the key to loyalty, which makes it possible for the Group to stay in business. Any customer dissatisfaction is a risk factor.	The Group prioritizes customer relationship management. The Group's customer base is extremely diverse in terms of size, sectors and profiles, such that the Group's dependence on its customers is limited in each of the sectors in which it operates. The Group's ten largest customers account for less than 10% of consolidated revenue while the single largest contract accounts for less than 1% of the Group's revenue. Major contracts are regularly reviewed at the operating department and Group level, which makes it possible to ensure customer satisfaction and anticipate any risk of issues being raised. The role of the Customer Experience Department is to define what the best customer experience looks like and what processes and tools are needed to make it happen. Customer satisfaction is a valuable KPI for our teams, especially when it comes to handing out bonuses. The entire Group is therefore entirely focused on customers and loyalty. The Group conducts monthly satisfaction surveys on representative samples across countries and markets, both online and by phone. Elis conducted approximately 53,000 satisfaction surveys with its customers in 2019. In 2020, the Group will launch an annual survey to measure Elis brand attachment, with the Net Promoter Score as one of the KPIs. Lastly, customer attrition rates are monitored at the Executive Committee level across all operating regions to ensure a timely and effective responsive.

Risks related to the Group's international operations

Criticality 1 5

Description

Elis operates in 28 countries and generates 67% of its consolidated revenue internationally. Notes 3.1 and 3.3 to the consolidated financial statements describe how much each geographic area and the Group's main countries contributed to revenue in 2018 and 2019. Due to the international scope of its activities, the Group is exposed to a certain amount of risk that is beyond its control.

Political, social or economic upheaval in countries where the Group generates a significant share of its revenue, such as the potential consequences of Brexit, for example, could affect its business.

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

In addition, the management of decentralized international business requires compliance with the legislative and regulatory framework in many different jurisdictions, especially in terms of tax, labor, competition and environmental legislation.

Risk management

Liaising with General Management, the Group's operating departments are continuously analyzing the Group's exposure to activity in less stable countries. The Group has also set up a unit to ensure that the Group's activities and procedures comply with all applicable rules.

In addition, the Group monitors legislation, either directly or through its local advisers. This enables it to learn as much as possible about the scope of any changes that could occur.

Risks related to IT systems

Criticality 1 5

Description

The Group has several information technology (IT) systems to 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 service lines (workwear, flat linen and health and well-being appliances).

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

The Group faces the following main risks:

- the risk of computer failure: IT systems are made up of multiple components, which, if any one of them were to fail, could lead to business interruption for a center or for the entire Group;
- the risk of cybercrime: through contamination (viruses) or hacking of IT systems, cybercrime can have serious consequences, including business interruption, data theft, ransom demands, data loss or infringement of intellectual property rights;
- the risk of obsolescence and IT system scalability: The multitude of IT solutions resulting from acquisitions and the obsolescence of some systems complicates process changes and the implementation of new services. They are also an added risk factor for computer failure and cybercrime.

As at the date of this universal registration document, the Group had not been the target of any cyberattacks that had impacted its business.

Risk management

The Group is upgrading its hardware and updating its software to ensure their longevity. This obsolescence management policy is essential to reduce the risk of failure and cybercrime and to improve the scalability of IT systems.

Another fundamental part of managing this risk is the policy to standardize and integrate IT systems. It is easier to protect and upgrade IT systems if they are standardized and shared across the entire Group. The strategy is to ensure that IT systems, and particularly infrastructure, are gradually standardized across all countries.

Managing the risk of computer failure requires the implementation of a disaster recovery plan. The plan includes the management of backup procedures, the redundancy of critical systems and documentation and testing of recovery procedures. The recovery plan is focused on the Group's critical processes.

Preventing cybercrime risk remains a priority, since the risk factors represent a growing threat. The priority is to protect production management systems, analyze vulnerabilities, detect any attacks and manage any incidents. Ensuring systems are secure requires an ongoing effort. The strategy is to pool resources and teams from different countries make actions more effective. The segmentation of the telecommunications network is another priority to limit the impact of an attack or the spread of contamination.

In order to protect itself, the Group follows a specific segregation policy for information access rights. Access privilege management is synchronized with the HR management systems to ensure that the information is correct. Constantly evolving threats have required the Group to increase the resources dedicated to information security by creating a specialized team.

The Group is also implementing the recommendations required to ensure compliance with the General Data Protection Regulation (GDPR).

Risks related to supply chain disruptions

Criticality 1 5

Description

The Group relies on a select number of suppliers in order to conduct its business. These suppliers are located in Europe, North Africa, and Asia (see map on page 113, which shows where the Group does business and where its suppliers are located).

A supplier evaluation procedure puts them into six categories. The first two categories represent our supplier base and are as follows:

The "PCO: Preferred Corporate" category is the list of go-to suppliers. Suppliers in this category are under a centrally managed group master agreement. They operate in a number of countries.

The "PLO: Preferred Local" category is the list of suppliers under the control (master agreement and management) of the purchasing department (centrally in the case of purchases over €500,000, locally if under that amount). Suppliers in this second category are material at the country level.

A change in the relationship with any of its partners, such as a change in business conditions (price, non-renewal of the contract or possible insolvency of a supplier) could have an effect on the Group's business or outlook.

The Group may also face supply risks or be adversely affected by various events or measures, such as pandemics (COVID-19), strikes, import quotas, taxes and customs duties, unexpected spikes in volume, or the insolvency of a supplier, subcontractor or service provider.

In addition, the Group's suppliers could refuse to fill orders if the negotiated pricing terms were no longer acceptable. Textile prices are fixed for one year in exchange for binding estimates. Sharp fluctuations in cotton prices could make the situation unacceptable to our suppliers.

In cases of captive suppliers (a monopoly or oligopoly situation), such as our partnership with Malongo for coffee, or our suppliers of laundry or tracking equipment, the Group could face supply disruptions, resulting in a risk to its business or outlook.

Risk management

The Group has a centralized purchasing department supported by local buyers in countries with significant purchasing volumes. The Group coordinates and has procedures in place to ensure operating guidelines are followed. This does not yet extend to countries in Latin America.

The central purchasing department is responsible for supplier selection and manages a list of the Group's approved suppliers. Approved suppliers are regularly audited on their innovation and non-financial indicators and challenged to improve them. They also have to compete regularly for contracts to ensure that our prices remain competitive.

The Group regularly seeks out and approves new suppliers to prevent these risks from occurring and to have solutions that can keep pace with its development.

Meanwhile, and since the integration of Berendsen, the marketing department has been working on a plan to streamline the Group's offering. The plan is intended to significantly reduce the number of products listed and therefore reduce the number of suppliers.

The Group has a supply chain unit that centralizes and manages procedures related to goods. It has several warehouses in Europe to facilitate deliveries to laundries. The Group keeps the best-selling from its catalog in stock, thereby reducing the risk of an inventory shortage due to operational uncertainties in the supply chain.

For its workwear business, the Group has its own design center in Sweden, a garment production facility in Estonia and workshops for garment customization and repair. These internal operations make the Group more flexible and agile.

Within the supply chain, a service-level improvement program has been launched. This includes projects to improve the forward planning of purchases, thereby facilitating inventory management and volume forecasting for suppliers and making Elis more attractive as a customer.

A logistics agreement is appended to the framework agreement, which includes a plan to ensure adequate supply.

The Group signs framework agreements with key suppliers for purchases of industrial equipment, production inputs such as laundry products and general purchases. These agreements are closely monitored, allowing the Group to secure its procurement and supply arrangements over the long term.

Risks related to fires and industrial accidents

Criticality 1 5

Description

The Group's 330 processing centers present a certain number of safety risks due to the flammable nature of textiles, the toxic nature of substances used to process them and the potential for malfunctions affecting industrial facilities and equipment. Specifically, the Group's processing centers present a high risk of fire and industrial accidents. Several dozen fires start every year (related to dryers, electric arcs, cotton lint, etc.), most of which are inconsequential. However, they are occasionally difficult to get under control, resulting in one or two plants that are damaged or partially inoperable every year. The Group may also be held liable for accidents involving its activities or products. The occurrence of such events could have a material adverse effect on the Group's business, results, financial position or outlook.

Risk management

The Group has established a proactive prevention/protection approach to industrial hazards related to its business, mainly with the support of internationally recognized insurance companies. The Group thereby ensures that more than 40 preventive inspections on average are carried out per year at its processing plants by the insurer and/or its safety department, both of which have expertise in engineering, fire prevention and consulting.

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4.1.3 Financial risks

The financial risks below are presented in decreasing order of importance. The greatest financial risk is presented first.

Liquidity risk

Criticality 1 5

Description

Given its level of debt, the Group must always have financial resources available, not just to finance its day-to-day operations but also to maintain its investment capacity. The Group, whose gross financial debt as at December 31, 2019 totaled€3,544.4 million, borrows on banking and capital markets. This exposes it to liquidity risk in the event of the partial or total closure of these markets. Furthermore, the bank financing and private placement agreements described in Note 8.3 "Gross debt" to the 2019 consolidated financial statements contain a single restrictive clause pertaining to consolidated financial ratios: the Group's net debt (as defined in the agreement) to pro forma EBITDA (excluding the impact of IFRS 16) must be less than 3.75. As at December 31, 2019, the Total Net Leverage Ratio was 3.2x.

As at December 31, 2019, the Group was complying with all covenants. The maturities of the Group's financial liabilities can be found in Note 8.1 to the 2019 consolidated financial statements.

Risk management

The Group manages its available cash balances prudently and has set up one or more cash management agreements in all the main countries in which it operates and where local regulations allow it to do so. These agreements are designed to optimize and facilitate the daily physical transfer of cash to Elis SA.

Moreover, the Group manages liquidity risk by constant monitoring the duration of its financing arrangements, the permanence of its available credit facilities, and the diversification of its resources. The Group's financial policy involves spreading the maturities of its long-term debt out over time in order to limit the annual amount to be refinanced.

This prudent financial policy means that the Group will have no major medium-term debt maturities to refinance before 2023, thus allowing it to tackle the difficulties related to the COVID-19 crisis with reduced and managed liquidity risk. The Group also has €900 million in revolving credit lines, providing it with an ample liquidity buffer should the COVID-19 crisis have a significant adverse impact on its cash flow generation and cash position. Furthermore, given the adverse impact the COVID-19 crisis is expected to have on the Group's net debt and EBITDA between now and June 30, 2020, a waiver request has been submitted to lenders of bank financing and private placement agreements (USPP and Schuldschein) to increase the ratio of the financial covenant applicable at June 30, 2020 from 3.75x to 5.00x. As mentioned in the press release published by the Group on March 31, 2020, this request was accepted by the lenders of the various financing agreements that fall under this financial covenant. The lenders were also informed that a second waiver request may be submitted in the coming months, depending on how the COVID-19 crisis develops, to increase the ratio of the financial covenant applicable at December 31, 2020.

For more details, see the paragraph "Liquidity risk" in Note 8.1 ("Financial risk management") to the 2019 consolidated financial statements, included in chapter 6 "Financial statements for the year ended December 31, 2019" of the 2019 universal registration document.

Currency risk

Criticality 1 5

Description

Because the Group operates in 28 countries, Group entities may be exposed to a transactional currency risk in their operations. However, since rental and maintenance services tend to be sold locally, the Group's entities do not have significant transactional currency exposure. Transaction risk is mainly linked to the purchase of goods (particularly linen) or services in currencies other than the functional currency of the Group's purchasing entities. Exchange rate fluctuations for these purchases in foreign currencies could therefore adversely affect the Group's results.

In addition, the financing needs of non-eurozone foreign subsidiaries covered by intra-group loans/borrowings expose some Group entities to financial currency risk (linked to the change in value of financial receivables or payables denominated in currencies other than the functional currency of the borrower or lender), which could adversely affect the Group's results.

Lastly, 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 (62% of revenue is in euros, 8% in South American currencies, 14% in Nordic currencies, and 11% in pounds sterling). 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 foreign subsidiaries' balance sheets and income statements. The Group's earnings and financial ratios could thus be affected by changes in exchange rates.

Risk management

Transactional currency risk is managed centrally by the Finance Department as part of a dedicated management policy and a centralized currency risk management agreement. Foreign currency flows of operating entities are hedged as part of the annual budget process for subsidiaries with recurring foreign currency flows via forward derivative instruments.

Financial currency risk is mainly hedged through currency swaps as part of a hedging policy implemented by the Finance Department.

The currency risk associated with the translation of subsidiaries' financial statements is not covered by a specific hedging policy.

For more details, see the paragraph "Market risk" in Note 8.1 ("Financial risk management") to the 2019 consolidated financial statements, included in chapter 6 "Financial statements for the year ended December 31, 2019" of the 2019 universal registration document.

4.1.4 Legal, regulatory and tax risks

The legal, regulatory and tax risks below are presented in decreasing order of importance. The greatest legal, regulatory and tax risk is presented first.

Risks related to disputes and litigation

Criticality 1 5

Description

In the normal course of its business, the Group is involved in or may be involved in administrative, legal or arbitration proceedings that could result in the Group or one of its companies facing a claim for a significant amount or administrative, civil or criminal penalties. The Group is also subject to tax, customs and administrative audits that could result in substantial administrative penalties.

If the Group decided to merge certain companies, including those likely to be subject to such penalties (to take advantage of tax benefits, for example), those same penalties would apply to the whole of the new entity after the merger, and not just to the sanctioned company.

Moreover, the Group could be held liable for the acts of some of its employees. As part of the Group's business, 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 property, premises or agents of a customer, or for spreading infections in healthcare facilities.

For details about material disputes or contingent liabilities that the Group currently faces, including ongoing proceedings in Brazil, see Note 7.2 to the 2019 consolidated financial statements (in chapter 6 of this 2019 universal registration document). Among these significant disputes, the Company is dealing with investigations or proceedings related to the award or performance of a number of public-sector contracts in Brazil. Penalties incurred include fines and exclusion from public procurement (the impact of which could be material given the substantial contribution of public-sector contracts to the Company's revenue in Brazil). For example, under the ongoing dispute in the state of Minas Gerais, one of the Company's subsidiaries, Atmosfera, has been provisionally banned from participating in the state's public tenders until October 1, 2020. The Company is also facing, again in Brazil, a major tax dispute involving substantial amounts (approximately R$337 million, or approximately €75 million). As far as Elis is aware and as at the date of this 2019 universal registration document, other than those listed above and described in Note 7.2 to the 2019 consolidated financial statements, there are no other governmental, arbitration or legal proceedings or any other disputes that are currently ongoing in which the Company or its subsidiaries are involved and which could materially affect its position.

Generally, it is nevertheless possible that in the future, new proceedings that may or may not be connected with those described above and currently underway could be brought to the Company's attention or initiated against Atmosfera and its subsidiaries or other Group companies in Brazil, including Lavebras and its subsidiaries.

The occurrence of one or more of the above events could have a material adverse effect on the Group's image, business model, activities, strategy, results, financial position or outlook.

Risk management

The Group closely monitors the status of ongoing disputes and litigation. It has introduced reporting rules to enable the Group's Legal Department to be informed promptly when a material dispute arises and to optimize its management and the understanding of the associated risks and possible consequences. A provision is also allocated in the parent company and consolidated financial statements whenever this is possible and necessary.

As at December 31, 2019, provisions related to Group personnel or for tax, commercial and other disputes totaled €29.4 million (compared to €46.3 million as at December 31, 2018, see Note 7.1 to the 2019 consolidated financial statements in chapter 6 of this 2019 universal registration document).

To manage and monitor the main disputes and proceedings to which it is party, the Group relies on a network of lawyers and advisers chosen by the Group's legal department and regarded as experts in their field.

The Group views customer satisfaction and following best business and ethical practices as playing a part in limiting the number of disputes to which the Group could be exposed. Therefore, it pays close attention on a day-to-day basis to customer satisfaction and the implementation of best practices.

4

Risks related to compliance with antitrust regulations

Criticality 1 5

Description

The Group is subject to national, European and international competition laws and regulations that might be breached by Group employees who do not follow the Group's instructions on preventing price fixing or concerted practices between competitors. In addition, the Group occasionally faces claims from third parties asserting that, due to its position as a leader in certain markets, some of its business practices could be considered abusive (e.g., excessive and predatory pricing or price gouging) and a barrier to competition in the markets concerned. Further still, the Group may also face antitrust investigations or proceedings involving companies acquired by the Group that were initiated prior to the acquisition or relating to events prior to the acquisition.

Any investigations or proceedings initiated by the relevant authorities in connection with these events could result in fines and other significant penalties (including the alteration of some of the Group's business practices). These actions and fines, including those that have occurred in the past, such as Berendsen Cleanroom Services Limited, a subsidiary of Berendsen, being fined on December 14, 2017 by the UK Competition and Markets Authority (CMA) for market-sharing arrangements in the UK cleanroom sector, could also be followed by action taken by existing or former customers seeking compensation for alleged losses.

In addition, especially as part of merger control, the relevant authorities, courts, and some governments could take steps or make decisions aimed at maintaining or increasing competition in certain markets, to the detriment of the Group's economic and financial interests.

The occurrence of one or more of the above events could have a material adverse effect on the Group's image, business model, activities, strategy, results, financial position or outlook.

Potential exposure to major antitrust cases is described in Note 7.2 to the 2019 consolidated financial statements (see the paragraph on "Inquiry by DIRECCTE" in chapter 6 of this 2019 universal registration document). To the Company's knowledge, there have been no other governmental, arbitration or legal proceedings, including any pending or threatened proceedings, over the past 12 months that have or are likely to have a material adverse effect on the Group's financial position or profitability.

Risk management

The Group's Code of Ethics reaffirms the obligation to comply with local laws and lays down the internal principles that reflect competition law. The Code of Ethics is formally accepted by the Group's main managers, who pledge to uphold its principles and advocate them to their teams.

The implementation of principles relating to competition law is covered in training sessions for the staff concerned in countries considered to be at risk.

In France, in accordance with Decision No. 07-D-21 of the French Competition Authority 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 guidelines regarding compliance with antitrust laws and regulations and has set up a training program and a whistleblowing mechanism for the staff concerned. In addition, mandatory annual compliance reports are prepared and made available to the French antitrust authorities.

Moreover, the Group periodically carries out a critical analysis of its business practices in its most sensitive markets to ensure that they are consistent with applicable regulations.

Acquiring companies according to the process described in the "Risks related to acquisitions, mergers and disposals" section above also provides some control over the risks associated with merger control. The involvement of the various teams concerned in the back and forth and discussions with the relevant authorities and courts and in the analysis of any conditions that could potentially be imposed is meant to ensure that those conditions are the least unfavorable possible and that they can be reasonably implemented.

Risks related to restrictive regulations applicable to the Group or to some of its business sectors

Criticality 1 5

Description

The Group is subject to complex and restrictive regulations for some of its operations or due to the operations of some of its customers in highly regulated sectors. This includes transportation in connection with medical waste management, personal protective equipment (PPE), "cleanroom" (lint-free) clothing, pest control, beverages (water coolers and coffee machines) and certain environmental standards. The industrial wiping business also presents specific regulatory risks.

For example, the Group could be held liable and face penalties, fines, claims for personal injury or property damage, and even negative publicity if it failed to meet the applicable standards or if such failure directly or indirectly harmed individuals or legal entities.

In addition, the introduction of stricter laws and regulations could have an adverse impact on the long-term growth of the services or sectors concerned and on the level of demand from customers operating in those sectors.

Furthermore, the Group, due to its geographic coverage, is subject to a large and growing number of regulations aimed at combating the risk of corruption and influence peddling (such as French Law 2016-1691 of December 9, 2016, referred to as the "Sapin II" law, and the UK Bribery Act), money laundering and modern slavery (UK Modern Slavery Act), or risks in the area of human rights, fundamental freedoms, and health, safety and the environment (French Law 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies). These regulations require that prevention and compliance programs be implemented and usually provide for severe penalties if these programs are not implemented or if the proscribed behavior takes place. If the Group's compliance programs are deemed insufficient by the relevant authorities, this could lead to significant penalties being imposed, as well as extremely negative publicity.

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

Risk management

A growing portion of the Group's technical and financial resources are being directed at efforts to comply with standards. For example, the compliance monitoring and management of Group departments involved in healthcare activities (especially the supply of healthcare linen), certain types of workwear classified as PPE, cleanroom workwear and beverage services) are carried out using ISO 9001- and/or RABC-certified quality management systems (QMS). Specific monitoring of relevant legislation is also carried out for the industrial wiping business.

The Group has also allocated special resources to the rollout of its pest control services to ensure that they meet relevant standards. As part of the development of this business in new geographic regions, a preliminary study is being carried out to gauge and assess the applicable regulatory framework.

In general, the Group regularly monitors the regulatory landscape to identify the binding regulations that apply to it and, where appropriate, adapt to them under optimum conditions given the various factors that must be taken into account.

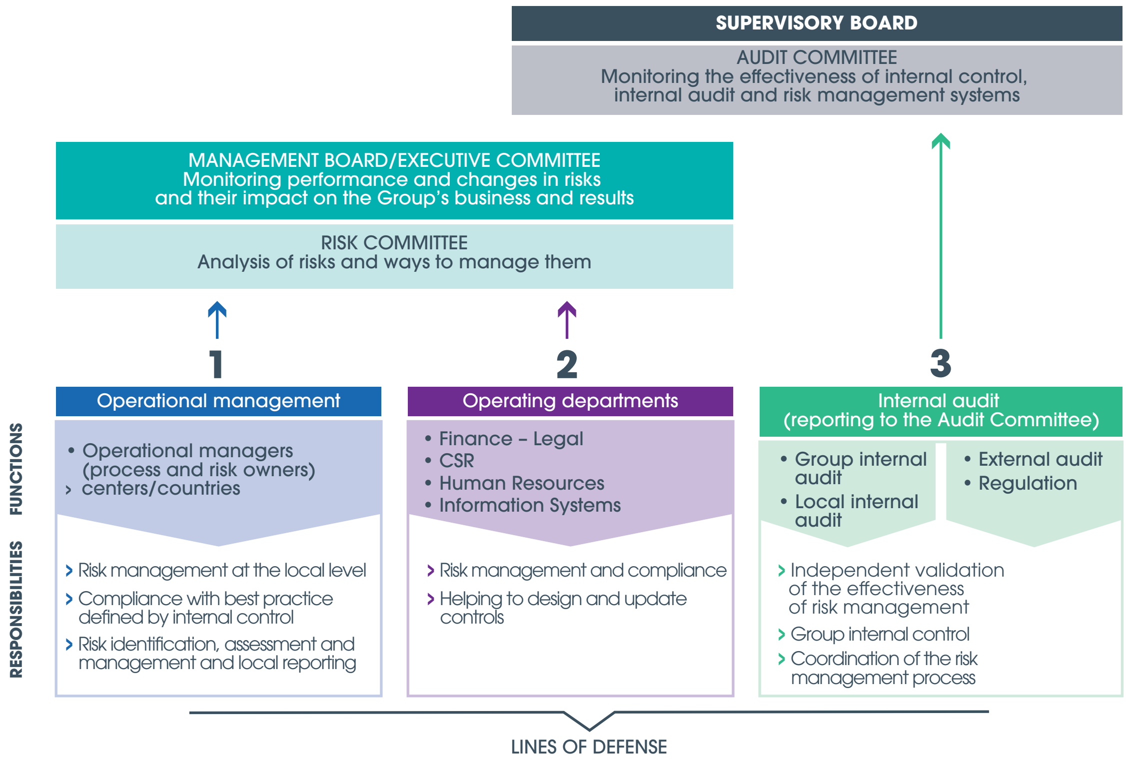
Where necessary, the Group – usually assisted by local legal advisers – makes sure that internal compliance programs tailored to the Group's operations have been set up to satisfy the conditions imposed by the regulations concerned. Where appropriate, these programs attempt to prioritize the most critical situations or geographic regions. The units set up to tackle the risks of corruption and influence peddling and fulfill the duty of care of parent companies and ordering companies are described in section 4.2 "Elis Group's internal control and risk management system" and section 4.4 "Vigilance plan," respectively, of this 2019 universal registration document.

4.2 ELIS GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

This section describes the Group's internal control and risk management system, implemented in accordance with the AMF reference framework published in July 2010. The AMF framework draws on French and European legislative and regulatory requirements and on best practices and international internal control and risk management standards, in particular ISO 31000 and COSO II.

Risk management process

The risk management process ensures that risks are identified and managed at all organizational levels of the Group.



Scope of internal control and risk management

The Group's internal control and risk management system, which is set up to ensure the reliability of its parent company and consolidated financial statements, covers all controlled companies within the Group's scope of consolidation.

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 the reaching of its 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 and implemented by the Executive Committee and all staff.

Regardless of its quality and the degree to which it is applied, it cannot provide an absolute guarantee that the objectives in the following categories will be reached:

- compliance with applicable laws and regulations;
- application of instructions and guidelines set out by the Management Board;
- proper functioning of internal processes, especially 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; or
- 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 out of their control, such as unexpected changes in the market, competition, or geopolitical situation, forecasting errors, or incorrect estimates of the impact 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 through job descriptions, delegations of powers and organizational charts shared with 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 resource management that ensures employees have the necessary skills, act in ethical ways and remain engaged.

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 2018. The Code is available on the Group's website (www.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 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 concerns everyone, from the Executive Committee to each and every one of the Group's employees.

Management remains operationally in charge of internal control and must be proactive 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 of the Group's success.

Elis therefore ensures that its various subsidiaries pursue human resources policies suited to their respective situations and the challenges they face, while also meeting the best local standards. The principles of subsidiary autonomy and accountability still apply, but the Group ensures that the policies implemented are consistent and align with Elis's centrally defined values and actions.

In terms of labor relations policy, subsidiaries abide by high standards of employee dialogue and involvement in the Company, while the Group supports employee dialogue through 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 are suited to the current and future challenges faced by its subsidiaries. These reviews translate into promotions and transfers between departments, as well as external hires when necessary to acquire new skills.

Furthermore, the Group has developed cross-functional tools for assessing individual performance and the 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 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 of the 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 subsidiaries' functional and operating departments and then by central support services.

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 operations of the Audit Committee are detailed in the Supervisory Board's report on corporate governance (see chapter 2 of this universal 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 monitoring of action plan implementation).

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

The Risk Management and Internal Audit Department assesses how the internal control and risk management procedures are working 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 that help 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 business segments. 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;
- material financial, management and operating information is accurate, reliable and issued in a timely manner;

- the targets defined and validated by the Executive Committee are met.

Internal audit activities are performed in concert with the Audit Committee, and the Statutory Auditors present their recommendations upon completion of their internal control review.

The annual audit plan is prepared by the Risk Management and Internal Audit Department using a risk-based approach and takes into account 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 on the audit plan as well as the monitoring of action plans.

Internal control and risk management analysis

Overall risk management and internal control system

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 control 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 collections);
- monitoring of petty cash and bank transactions;
- payroll validation and monitoring of employee benefits;
- accounting entries relating to transactions and monitoring of monthly account closings; and
- monitoring of IT access and protection of data and hardware.

Group risk map

The Group has mapped the main risks to which it is exposed. The risk map is updated annually with the main "risk owners" by incorporating new potential risks and monitoring the action plans.

The risks have been identified by the main managers of the Group and prioritized based on their criticality and how well they are managed.

Material, Group-specific risks and the way each of these risks is managed are described in section 4.1 above.

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 ensure that risk exposure is consistent with the guidelines issued by the management teams of the divisions concerned. The quality and effectiveness of the controls carried out at operating subsidiaries are then reviewed during assessments conducted by the Internal Audit Department, which informs the divisional management teams of the results.

Assessment of internal control and monitoring of action plans

Internal control self-assessment questionnaires

The Group has set up self-assessment questionnaires on the main activities carried out at the Group's headquarters, in each country and at each processing and service center. Self-assessment is one of the key components of the Group's risk management and internal control system. In Elis's northern European countries, self-assessment questionnaires on financial and accounting processes were introduced in 2019.

For 2019, the following activities were self-assessed in France and abroad: central finance and accounting, finance and accounting at the centers, production, sales, maintenance, logistics and human resources.

During the self-assessment, the operational staff were asked to assess the level of internal control using key controls considered "imperative" to effectively conduct their business, in order to identify areas of improvement and to implement corrective actions.

The questionnaire relating to the central 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 process, which is repeated each year, are as follows:

- to create a trade knowledge base for operational staff members;
- to allow centers to assess how well they are managing Elis's "imperatives";
- to identify areas for improvement and initiate action plans;
- to identify local best practices;
- to help improve operational efficiency;
- to create a management tool (assessment of current situation, identification and monitoring 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 of assessing how well the "imperatives" are being applied. This approach makes it possible to:

- immediately and independently identify any gaps between the prescribed key control and how effectively it is being implemented;
- 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 presented to the Audit Committee, which ensures that the corrective measures taken are effective.

Monitoring of action plans

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

The assignments laid out 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 those of its foreign subsidiaries at least once every two years. A total of 77 assignments were conducted in 2019 across all business lines.

The management teams of the audited sites comment on the audit reports, which are then sent to the Group's Executive Committee, the managers at headquarters and the managers of the audited centers or countries. After the final presentation of the findings, and once a concerted action plan has been agreed upon, the centers or subsidiaries concerned must address any shortcomings quickly 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.

This is carried out at least on a quarterly basis and the findings are reported to the Audit Committee twice a year.

The Group has created a monitoring database containing all of the action plans relating to the various types of assignments carried out. The aim is to monitor over time the action plans the operational departments outlined after receiving their recommendations and to compile and share the best practices identified.

Efforts to combat fraud

Preventing and combating fraud is a major issue for the Group and all of its employees. As such, and given its decentralized organizational structure, the Group is working to improve its measures for preventing and combating fraud, with the specific aim of protecting its assets. In 2019, 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 the economy (the "Sapin II" law) and as part of its risk management strategy, the Group has undertaken to set up a program to prevent and combat the risks of corruption and influence peddling that covers France and all the countries in which the Group operates.

During the 2019 financial year, based on the eight measures required under the Sapin II law, the Group continued rolling out the following initiatives:

- updating of the Group's corruption risk map and its breakdown by country;
- the continued overhaul of its ethical charter to create a Group Code of Ethics that 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 distributed in all Group countries (on a case-by-case basis, where appropriate, after having been adapted to any local requirements);
- the continued implementation of a single Group-wide whistleblowing mechanism and a procedure for handling alerts, as well as the regular monitoring of alerts and a biannual presentation to the Group Audit Committee;
- the continuation of training for at-risk managers and staff, giving priority to the most susceptible regions;
- the reinforcement of its procedures, including the distribution of a guide on gifts, invitations, donations and sponsoring;
- the sharing of updated accounting control procedures via a dedicated intranet;
- the development of a system for classifying third parties according to their risk level to introduce different levels of investigation.

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

This program complements the programs that had already been implemented in some Group countries, especially Brazil, as well as the existing programs at Elis's northern European countries and its subsidiaries under UK anti-corruption regulations. The Company has incorporated these programs to prevent and combat corruption risks into its own program.

Tax policy

The Group is committed to complying with and strictly abiding by local laws and paying the taxes it owes in the countries in which it does business. Fiscal matters are duly covered and managed by a Group tax division within the Finance Department. The Group uses external consultants for significant transactions and whenever the necessary expertise is not available in-house.

The Group's tax principles are set out below.

- Taxes are paid in accordance with all rules and regulations applicable in the countries in which the Group operates. The Group undertakes to abide by both the spirit and the letter of the law. The Group pays corporate income tax, withholding tax, customs duties and other taxes to which it is subject in the countries in which it operates, in accordance with national and international rules (i.e. OECD guidelines, local tax laws, international tax treaties, EU directives, etc.).
- The Company's decision to invest in a particular country is driven primarily by commercial objectives and investment strategies, as well as the Company's commitment to develop the best solutions and offer its customers the best service.
- The Group encourages open, respectful and constructive relationships with the tax authorities in each jurisdiction in which it operates. It provides factual and relevant information in accordance with OECD recommendations (Country-by-Country Reporting).
- The Group is transparent about its tax strategy. Declarations are made in accordance with applicable national legislation and reporting requirements.
- Transactions between Group subsidiaries are carried out solely for commercial reasons. They are conducted according to the arm's length principle in accordance with international standards (OECD guidelines) and local transfer pricing rules to ensure they are fairly taxed (i.e. the taxation of profits where value is created).
- As a matter of principle, the Group avoids acquisitions in places that are considered tax havens or non-cooperative countries and territories ("NCCT") under French law or by the OECD. The Group prohibits any tax evasion or artificial tax arrangements that could compromise the Group's reputation and values.

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 monitoring duties.

Building on how the Management Control Department is organized, the Group has set up a system allowing for the internal circulation 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.

Role of the 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 on an annual basis and deliver a report on the Group's half-year consolidated financial statements.

While performing their assignment, the Statutory Auditors present the Audit Committee with a summary of their work and the accounting methods used to prepare the financial statements.

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

The Statutory Auditors' main recommendations regarding these weaknesses in internal control are incorporated in an action plan and a monitoring procedure presented to the Audit Committee and General Management at least once per year.

Audit assignments are divided between Mazars and PricewaterhouseCoopers, the Company's Principal Statutory Auditors.

4.3 GROUP INSURANCE

4.3.1 Policy on insurance

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

- keep the level 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 section deals with exceptional risks with high potential impact and low frequency, and risks relating to the services provided (claims from third parties and customers).

The Property & Insurance 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 mobilizing the necessary resources to ensure business continuity in the event of a loss. The Insurance Department negotiates with major insurance and reinsurance providers to arrange the coverage that is best suited for insuring those risks.

Furthermore, specialized firms appraise the real value of the operating premises and their contents. 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 contents.

For some local entities, specific policies are put in place to meet local legal obligations or to obtain necessary local coverage, such as automotive insurance.

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

4.3.2 Insurance programs

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

The Group has international insurance programs with master property and casualty, liability, environmental liability and fraud policies. This insurance coverage is supplemented by local policies taken out on the Group's recommendation in all countries where it is mandatory or customary to do so.

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

The insurance policies taken out by the Group contain:

- exclusion riders, which are uninsured perils, meaning things that cannot be insured under insurance law. These exclusion riders are the same for insurance policies provided by all insurance companies. However, where legally possible and where appropriate given the risk concerned, the Group takes out additional policies to insure against these perils; and
- coverage limits and deductibles, the amounts of which are set and reviewed on renewal according to changes in the Group's risks.

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

The Group has total coverage of €130 million per claim, with deductible levels that vary based on the nature of the insured sites.

The Group's general liability insurance program was 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.

The Group has total coverage of €80 million per claim per year, with deductible levels that vary based on the type of damage, injury or loss caused to third parties.

The Group's 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.

4.4 VIGILANCE PLAN

4.4.1 Purpose of the vigilance plan

In accordance with French Law 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies, the vigilance plan includes reasonable vigilance 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 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.

4.4.2 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 2015–2019 cycle began with an update of the risk map at the Group level with the assistance of various departments, in particular Human Resources (HR), Quality, Safety and Environment (QSE), and Purchasing and Procurement. Through working groups, self-assessments of processing centers, as well as analyses of criticality and which risks are effectively managed, the main CSR risks were prioritized under four main categories: 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 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 the continuous improvement of its performance.

The non-financial performance statement (see chapter 3 of this universal registration document) is also a way to raise awareness and, through the use of performance indicators, a tool for monitoring and reviewing the actions implemented and their results.

Risks resulting from the activities of subcontractors or suppliers

In October 2019, the Sustainable and Ethical Purchasing Charter: IN53, usually referred to as the "Supplier Code of Conduct," was completely revised. The Charter contains the standards the Group applies to its suppliers and subcontractors regarding fair practices, human rights, health and safety, and environmental protection. 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. It is also routinely appended to the Group's framework agreements. By auditing its strategic suppliers, the Group verifies that they are abiding by the charter. This measure covers over 90% of strategic revenue.

The measures already in place and described below are detailed in chapter 3 in the sections on the system and its results.

4.4.3 Other measures of the vigilance plan

Activities of the Company and its subsidiaries	Activities of suppliers and subcontractors
Measure 2: Procedures for regularly assessing the situation in light of the risk map	
› Signature of the UN Global Compact and annual reporting of corporate social responsibility results. › Self-assessment in France of human resource and safety processes as part of the Group's risk management and internal control system. › Periodic employee surveys in 25 countries. › Annual quantification and consolidation of the impacts of processing plants (see sections 3.3 and 3.5.2 of chapter 3 of this universal registration document). › Periodic energy efficiency and resource utilization audits of processing sites (see sections 3.3.2 and 3.3.4 of chapter 3 of this universal registration document). › Systematic environmental audits during laundry facility acquisitions (see section 3.3.1 of chapter 3 of this universal 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 contingent 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 at-risk suppliers. › Periodic CSR assessment of suppliers against the requirements of the Sustainable and Ethical Purchasing Charter. › CSR audits of at-risk suppliers by an independent third party.

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

Activities of the Company and its subsidiaries	Activities of suppliers and subcontractors
Measure 3: Appropriate actions to mitigate risks or prevent serious harm	
› Update of the Group Code of Ethics and distribution to all employees. › Anti-corruption compliance program at the Group and its main subsidiaries. › Assessment of corrective actions resulting from employee surveys and their integration into the risk management system (see section 3.2.1 of chapter 3 of this universal registration document). › Implementation of a policy to promote diversity and fight against discrimination through diversity advisers and annual training. › Annual review and approval of the QHSE and energy policy and associated targets by the Chairman of the Management Board. › Annual review of the priority preventive action plan (see section 3.2.3 of chapter 3 of this universal 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 3.3.1 of chapter 3 of this universal registration document). › Annual resource impact reduction targets (water, energy).	› Listing subject to triple validation using 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 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.
Measure 4: A whistleblowing mechanism that collects alerts related to the existence or occurrence of risks, established in conjunction with the representative trade unions at the Company	
› Reporting channels set up by networks of contact persons in Human Resources, and Quality, Safety and Environment. › In the event of an incident, the HR and QSE departments are responsible for defining the corrective actions to be implemented and establishing long-term preventive measures. › Duty of vigilance and duty to alert of employee representatives vis-à-vis the Human Resources Department. › Procedure for receiving and handling alerts related to the creation of a whistleblowing mechanism.	› Centralization and standardization of purchasing departments and deployment of tracking tools throughout the value chain. › Development of long-term supplier relationships through "Corporate" and "Local" buyers, including mobilization of their own networks of suppliers and regular dialogue. › Suppliers' duty to inform the Group about any incident that may have an impact on Elis's service or the products delivered.
Measure 5: System for monitoring the measures implemented and assessing their effectiveness	
› Annual review of the actions taken following the self-assessment of processing plants by the Risk Management and Internal Audit Department and the departments concerned. › Internal audit by the Risk Management and Internal Audit Department of imperative safety requirements. › 40 safety inspections per year as part of the insurance program. › Monitoring of the management indicators related to performance and environmental compliance. › Action and improvement plans developed based on the results of internal and external audits and inspections, as well as employee surveys. › Assistance provided to operational staff for their improvement plans through support functions (HR, QSE, etc.).	› Action plan developed according to the results of external audits based on 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 economic review of the business activity to measure suppliers' CSR coverage (see PR40).

4.4.4 Actions implemented in 2019

In 2019, the Group continued the actions described above as part of its continuous improvement and risk management strategy. Following the integration of Berendsen, the Group has standardized and implemented uniform vigilance measures in all countries.

As a result, a supplier risk assessment and management process has now been implemented for all of the Group's suppliers.

Chapter 3 describes and explains how the effectiveness of the measures that have been implemented is evaluated, especially the environmental, health and safety and industrial risk management programs, as well as the measures to ensure ongoing social dialogue.

5 Comments on financial year 2019

5

5.1 HIGHLIGHTS OF FINANCIAL YEAR 2019 AFR

5.1.1 Major acquisitions and disposals

The major acquisitions the Group completed during the financial year were:

- Curantex in Germany;;
- Metropolitana in Colombia
- A-Vask in Denmark;
- Lloguer Textil in Spain;
- Blesk InCare in Russia;
- Carpeting Entrémattor in Sweden.

During the year, the Group also received approval from the Irish Competition and Consumer Protection Commission (CCPC) to finalize the purchase authorization of Kings Laundry in Ireland, subject to Elis putting mandatory legal provisions in place relating to the assignment of certain healthcare contracts.

Lastly, the Group finalized the sale of its Clinical Solutions business in the United Kingdom.

Additional information on these transactions can be found in Notes 2.4, 2.5 and 2.6 to the 2019 consolidated financial statements in chapter 6.1 of this 2019 universal registration document.

5.1.2 Financing

The Group carried out various refinancing transactions during the year as described in Note 2.8 to the 2019 consolidated financial statements.

5.2 GROUP RESULTS AFR

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)	2019	2018 restated	Change
Revenue	**3,281.8**	**3,133.3**	**+4.7%**
EBITDA	**1,103.0**	**985.6**	**+11.9%**
As a % of revenue	*33.6%*	*31.5%*	*+210 bps*
EBIT	**454.9**	**426.4**	**6.7%**
As a % of revenue	*13.9%*	*13.6%*	*+ 30 bps*
Net income (loss) from ordinary operations	**256.1**	**224.3**	**+14.2%**
Free cash flow	**247.5**	**153.7**	**+61.0%**
Net debt – end of period	**3,372.1**	**3,357.7**	
TOTAL NET LEVERAGE	**3.2 X**	**3.3 X**	

5.2.2 Analysis of revenue and EBITDA by operating segment for the financial year ended December 31, 2019

REVENUE BY GEOGRAPHIC REGION

(In millions of euros)	2019	2018	Change	Organic change
France	1,065.7	1,032.8	+3.2%	+3.2%
Central Europe	731.0	682.1	+7.2%	+2.8%
Scandinavia and Eastern Europe	507.0	483.8	+4.8%	+3.7%
United Kingdom and Ireland	396.1	397.8	-0.4%	-1.2%
Southern Europe	298.2	268.0	+11.2%	7.4%
Latin America	262.5	247.7	+6.0%	+7.1%
Other	21.4	21.0	+1.7%	+1.3%
TOTAL	**3,281.8**	**3,133.3**	**+4.7%**	**+3.3%**

France

In 2019, France experienced organic growth of 3.2%. All our markets are expanding thanks to better retention of our customers, whose business is also strong.

Central Europe

In 2019, organic growth of 2.8% was mainly driven by very brisk sales in Poland and the Netherlands. Germany recorded organic growth of over 1.5%, boosted by the Workwear segment, despite a slowing economy.

Scandinavia & Eastern Europe

In 2019, Scandinavia and Eastern Europe continued their strong momentum with nearly 3.7% organic growth in revenue. This robust performance mainly reflects the strong growth in Flat Linen in Sweden and Denmark and the development of the Workwear segment in Eastern Europe. Exchange rate fluctuations had a negative impact of 1.8% during the year.

United Kingdom & Ireland

In 2019, organic revenue in the United Kingdom and Ireland was down slightly by 1.2%, owing mainly to a reduction in business from a major supermarket customer. Operating indicators, however, are up in both Hospitality, through price increases, and in Workwear, through efforts to improve the customer retention rate.

Southern Europe

In 2019, revenue for Southern Europe rose by 11.2%, with organic growth of 7.4%. This excellent performance reflects the impact of price increases in Spain due to sharply rising labor costs, very brisk Workwear sales in the region, and robust Flat Linen business in Portugal.

Latin America

In 2019, organic revenue in Latin America grew by 7.1%, driven by increased outsourcing in Healthcare and Workwear, especially in Brazil, while the attrition rate remained low. In addition, acquisitions had a positive impact of 1.7%, while the changes in foreign exchange rates has a negative effect of 2.9%.

EBITDA

(In millions of euros)	2019	2018	Change
France	**406.1**	**362.0**	**+12.2%**
As a % of revenue	*38.0%*	*35.0%*	*+300 bps*
Central Europe	**231.8**	**209.9**	**+10.4%**
As a % of revenue	*31.6%*	*30.6%*	*+100 bps*
Scandinavia & Eastern Europe	**196.2**	**181.0**	**+8.4%**
As a % of revenue	*38.7%*	*37.4%*	*+130 bps*
United Kingdom & Ireland	**113.5**	**105.3**	**+7.8%**
As a % of revenue	*28.6%*	*26.4%*	*+220 bps*
Southern Europe	**85.9**	**71.0**	**+21.0%**
As a % of revenue	*28.8%*	*26.4%*	*+240 bps*
Latin America	**79.7**	**66.7**	**+19.5%**
As a % of revenue	*30.4%*	*26.9%*	*+350 bps*
Other	**(10.2)**	**(10.3)**	**-1.0%**
TOTAL	**1,103.0**	**985.6**	**+11.9%**
As a % of revenue	*33.6%*	*31.5%*	*+210 bps*

"Other" include Manufacturing Entities and holdings.
Percentage change calculations are based on actual figures.

In 2019, with EBITDA of €1,032.7 million, the Group's EBITDA margin (excluding the impact of IFRS 16) remained stable at 31.5%. Including the impact of IFRS 16, the EBITDA margin was 33.6%, up 210 bps to €1,103.0 million.

France

In 2019, the EBITDA margin rose by 70 bps to 35.7% of revenue (excluding the impact of IFRS 16) and to 38.0% of revenue under IFRS. The pricing environment is positive, customer retention rates are improving, and productivity continues to rise.

Central Europe

In 2019, the EBITDA margin was 29.6% of revenue (excluding the impact of IFRS 16) and 31.6% of revenue under IFRS. Germany saw a slight decline in margins due to its Healthcare business, which is working to offset wage inflation in a still fragmented market, as well as the growth mix, as the main acquisitions during the year were mainly in this segment.

Scandinavia & Eastern Europe

In 2019, the EBITDA margin remained high at 36.6% of revenue (excluding the impact of IFRS 16) and at 38.7% of revenue under IFRS. Sales momentum is very strong in the region, but margins are adversely affected by a two-fold mix effect: (i) the countries driving growth in the region with up to double-digit organic growth are not the region's most profitable, and (ii) growth is driven by Flat Linen in Sweden, Denmark and Finland, creating a negative product mix effect on margins.

United Kingdom & Ireland

In 2019, the EBITDA margin fell by about 60 bps to 25.8% of revenue (excluding the impact of IFRS 16) and to 28.6% of revenue under IFRS. The decline in margin was mainly due to the unfavorable product mix effect in the United Kingdom: Hospitality price increases did not fully offset customer losses in Workwear, a more profitable segment. Attention is therefore still focused on the product mix as well as on operating indicators that are moving in a positive direction.

Southern Europe

In 2019, the region's EBITDA margin improved by about 60 bps to 27.0% of revenue (excluding the impact of IFRS 16) and to 28.8% of revenue under IFRS. This improvement reflects both the pass-through of higher labor costs into prices and productivity gains in the region. The buoyant Workwear market that we are continuing to develop in Spain and Portugal is driving margin growth in the region.

Latin America

In 2019, the EBITDA margin improved by nearly 190 bps to 28.8% of revenue (excluding the impact of IFRS 16) and to 30.4% of revenue under IFRS. This improvement is the result of implementing the Elis model's best practices in the region and the ensuing productivity gains.

5.2.3 Income statement analysis for the financial year ended December 31, 2019

The table below shows certain line items from the income statement for the financial years ended December 31, 2018 and December 31, 2019.

(In millions of euros)	Financial year ended December 31		Change (€)	Change as a %
	2019	2018 restated		
Revenue	**3,281.8**	**3,133.3**	**148.6**	**+4.7%**
Cost of linen, equipment and other consumables	(532.0)	(513.7)	(18.3)	+3.6%
Processing costs	(1,230.4)	(1,171.7)	(58.6)	+5.0%
Distribution costs	(538.3)	(514.8)	(23.5)	+4.6%
Gross margin	**981.2**	**933.0**	**48.2**	**+5.2%**
Selling, general and administrative expenses	(539.6)	(520.0)	(19.6)	+3.6%
Value adjustments for losses on trade and other receivables	0.5	(5.5)	6.0	N/A
OPERATING INCOME BEFORE OTHER INCOME AND EXPENSES AND AMORTIZATION OF INTANGIBLE ASSETS RECOGNIZED IN A BUSINESS COMBINATION	**442.1**	**407.5**	**34.5**	**+8.5%**
Amortization of intangible assets recognized in a business combination	(88.3)	(112.5)	24.2	-21.5%
Goodwill impairment	–	–	–	N/A
Other operating income and expenses	(18.5)	(49.8)	31.3	-44.0%
OPERATING INCOME	**335.3**	**245.2**	**90.0**	**+36.7%**
Net financial income (expense)	(150.0)	(110.5)	(39.5)	+35.7%
INCOME (LOSS) BEFORE TAX	**185.3**	**134.7**	**50.6**	**+37.5%**
Tax	(47.6)	(51.7)	4.2	-8.1%
Share of income of equity-accounted companies	–	–	–	N/A
INCOME FROM CONTINUING OPERATIONS	**137.7**	**83.0**	**54.7**	**+65.9%**
Income from discontinued operations, net of tax	4.1	(1.2)	5.3	N/A
NET INCOME (LOSS)	**141.9**	**81.8**	**60.1**	**+73.5%**

Revenue

The Group's consolidated revenue increased by €148.6 million, or 4.7%, from €3.133 billion for the year ended December 31, 2018 to €3.282 billion for the year ended December 31, 2019.

This revenue increase was due to a larger consolidation scope as a result of acquisitions as well as organic growth. See section 5.2.2 of this chapter.

Cost of linen, equipment and other consumables

Costs of linen, equipment and other consumables rose by €18.3 million, or 3.6%, from €513.7 million for the year ended December 31, 2018 to €532.0 million for the year ended December 31, 2019. This rise is mainly due to increased linen depreciation linked to the growth of the textile business (Flat Linen and Workwear) in all regions, as well as acquisitions.

Processing costs

Processing costs increased by €58.6 million, or 5.0%, from €1.172 billion for the year ended December 31, 2018 to €1.230 billion for the year ended December 31, 2019. This increase mainly reflects the impact of growth in industrial activities (Flat Linen and Workwear).

Distribution costs

Distribution costs increased by €23.5 million, or 4.6%, from €514.8 million for the year ended December 31, 2018 to €538.3 million for the year ended December 31, 2019. This increase is in line with the growth in revenue.

Gross margin

Gross margin increased by €48.2 million, or 5.2%, from €933.0 million for the year ended December 31, 2018 to €981.2 million for the year ended December 31, 2019.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by €19.6 million, or 3.6%, from €520.0 million for the year ended December 31, 2018 to €539.6 million for the year ended December 31, 2019. This increase mainly results from greater business activity and wage increases in of Europe (Germany, Spain, United Kingdom) and Latin America.

Operating income before other income and expenses and amortization of intangible assets recognized in a business combination

Operating income before other income and expenses and amortization of intangible assets recognized in a business combination increased by €34.5 million, or 8.5%, from €407.5 million for the year ended December 31, 2018 to €442.1 million for the year ended December 31, 2019.

Amortization of intangible assets recognized in a business combination

Amortization of intangible assets recognized in a business combination decreased by €24.2 million, or 21.5%, from €112.5 million for the year ended December 31, 2018 to €88.3 million for the year ended December 31, 2019. This decrease resulted mainly from the end of the amortization of intangible assets recognized when the Group acquired Eurazeo in 2007. Contracts and customer relationships are amortized on a straight-line basis over periods of 4–14 years.

Goodwill impairment

No goodwill impairment losses were recognized for the financial years ended December 31, 2018 and December 31, 2019.

Other operating income and expenses

Other operating income and expenses fell by €31.3 million from a net expense of €49.8 million for the year ended December 31, 2018 to a net expense of €18.5 million for the year ended December 31, 2019.

For financial year 2019, other expenses were composed mainly of acquisition-related costs, earnouts and restructuring costs offset by a reversal of provisions for disputes in the United Kingdom (see Note 4.6 to the Group's consolidated financial statements for the year ended December 31, 2019).

Net financial income (expense)

The net financial expense increased by €39.5 million from a net expense of €110.5 million for the year ended December 31, 2018 to a net expense of €150.0 million for the year ended December 31, 2019 due to:

- higher interest expense compared to financial year 2018, due to the early refinancing of the 2022 high-yield bonds and the term loan tranches of the syndicated credit facilities (especially early termination fees for the high-yield bonds and the accelerated amortization of bond issuance costs);
- the lease liability interest expense that appeared for the first time in 2019 due to the first-time adoption of IFRS 16 according to the modified retrospective method;
- the impact of the termination of interest rate swaps historically backed by bank debt, which were fully repaid in October 2019.

Tax

Income tax expense fell by €4.2 million, from €51.7 million for the year ended December 31, 2018 to €47.6 million for the year ended December 31, 2019. This line item includes €11.9 million for the French company value-added contribution (CVAE) and the Italian regional tax on productive activities (IRAP). The decrease in 2019 reflects the combined effect of the change in the rules for deducting financial expenses in France and the decrease in other permanent differences, and to the reduction in the current and/or future tax rates in several countries, including the Netherlands and Sweden (see also Note 9 to the consolidated financial statements for the year ended December 31, 2019).

Income from discontinued operations, net of tax

Income from discontinued operations includes the after-tax profit of the Clinical Solutions business and the gain on disposal during the 2019 financial year (see Note 2.5 to the Group's consolidated financial statements for the year ended December 31, 2019).

Net income (loss)

Net income rose by €60.1 million, from €81.8 million for the year ended December 31, 2018 to €141.9 million for the year ended December 31, 2019 for the aforementioned reasons.

Net income (loss) from ordinary operations

Net income (loss) from ordinary operations amounted to €256.1 million in 2019, an increase of 14.2% over 2018.

5.2.4 Group cash and equity

Consolidated cash flows

The table below summarizes the Group's cash flows for the financial years ended December 31, 2018 and December 31, 2019:

(In millions of euros)	At December 31 **2019**	2018 restated
Net cash from operating activities	1,018.4	853.3
Net cash flows from investing activities	(715.5)	(704.9)
Net cash flows from financing activities	(311.6)	(168.7)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(8.7)**	**(20.4)**

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, 2018 and December 31, 2019:

(In millions of euros)	At December 31 **2019**	2018 restated
Consolidated net income (loss)	141.9	81.8
Cash flow before finance costs and tax	1,067.8	945.7
Tax paid	(76.2)	(76.7)
Change in inventories	(2.6)	(12.7)
Change in trade, other receivables and contract assets	33.2	(26.4)
Change in other assets	7.6	2.2
Change in trade and other payables	3.2	7.0
Change in contract liabilities and other liabilities	(13.4)	16.2
Other changes	0.2	(3.5)
Employee benefits	(1.3)	1.4
NET CASH FROM OPERATING ACTIVITIES	**1,018.4**	**853.3**

The change in inventories was due to the increase in linen inventories in central warehouses.

The change in trade and other receivables is due to improved payment terms and the positive impact of the payment schedule in late December 2019, especially in Scandinavia.

The change in other liabilities mainly reflects the decrease in liabilities related to deferred consideration payable on acquisitions (€8.2 million) and liabilities related to repurchase commitments on non-controlling interests (€12.6 million) and payroll-related liabilities, offset by the increase in trade payables and payroll liabilities linked to the growth in business activity.

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, 2018 and December 31, 2019:

(In millions of euros)	At December 31 **2019**	2018 restated
Acquisition of intangible assets	(23.2)	(20.0)
Proceeds from sale of intangible assets	0.0	0.4
Acquisition of property, plant and equipment	(659.1)	(634.4)
Proceeds from sale of property, plant and equipment	22.0	9.5
Acquisition of subsidiaries, net of cash acquired	(83.2)	(62.2)
Proceeds from disposal of subsidiaries, net of cash transferred	30.0	1.0
Changes in loans and advances	(2.0)	0.4
Dividends from equity-accounted companies	0.0	0.1
Investment grants	0.0	0.1
NET CASH FROM INVESTING ACTIVITIES	**(715.5)**	**(704.9)**

Net investments during the year (€660.3 million) included capital expenditure, IT, and items for rent (linen and hygiene and well-being appliances).

Investments increased in line with revenue growth, remaining at 20% of revenue.

Acquisition of subsidiaries corresponds to the acquisitions made throughout 2019 (see Note 2.4 to the consolidated financial statements).

The table below shows inflows/outflows for 2018 and 2019.

(In millions of euros)	**2019**	2018 restated
Linen purchases	(437.8)	(416.7)
Purchases of other items for rental/laundry/maintenance services	(33.7)	(30.6)
Other acquisitions of property, plant and equipment and intangible assets	(210.8)	(187.1)
Asset disposals	22.0	9.9
Investment grants	0.0	0.1
OUTFLOWS/INFLOWS RELATING TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(660.3)**	**(644.3)**

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, 2018 and December 31, 2019:

	At December 31	
(In millions of euros)	**2019**	2018 restated
Capital increase	6.6	9.0
Treasury shares	1.5	(11.1)
Dividends and distributions paid	(81.2)	(81.1)
Change in borrowings[a]	(34.6)	(1.1)
› *Proceeds from new borrowings*	*2,392.0*	*1,684.1*
› *Repayment of borrowings*	*(2,426.5)*	*(1,685.2)*
Lease liability payments – principal (2018: payments under finance leases)	(73.3)	(3.0)
Net interest paid (including interest on lease liabilities)	(110.7)	(55.2)
Other cash flows related to financing activities	(20.0)	(26.4)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(311.6)**	**(168.7)**

(a) Net change in credit lines.

In accordance with IFRS 16, lease payments, previously presented in cash flows from operating activities, are now presented in cash flows from financing activities, broken down between interest (recorded as financial expenses) and principal repayments (presented on a separate line).

Total equity

Equity attributable to owners of the parent totaled €2.867 billion as at December 31, 2018 and €2.956 billion as at December 31, 2019.

The change in Group equity during the 2019 financial year mainly reflects the earnings for the year and the distribution of reserves (additional paid-in capital) at the end of the general shareholders' meeting.

Off-balance sheet commitments

The Group's off-balance sheet commitments are presented in Notes 2.6 and 8.9 to the Group's consolidated financial statements for the year ended December 31, 2019.

5.2.5 Financing needs and financing structure

Financing needs

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 is mainly held in euros. The main ways the Group uses cash are:

Capital expenditure and investment in textiles

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, which includes investments in:
  - intangible assets (mainly relating to information and technology systems),
  - investments in property, plant and equipment: major projects (land and buildings), vehicles (trucks, vans, carts), facilities and equipment (washing machines, general services, etc.). It therefore covers investments for both growth (new plants or to increase capacity) and maintenance (equipment replacement);
- investments in hygiene appliances; and
- expenditure on linen, which varies according to the schedule for providing linen to the Group's customers, since most customers are under contract for rental, laundry and maintenance services. Growth investments thus make up a large percentage of this expenditure because of the initial outlay required to set up a new customer.

The Group's gross capital expenditure (before grants) for the financial years ended December 31, 2017, 2018 and 2019 (excluding acquisitions) totaled €481.9 million, €654.4 million, and €682.3 million, respectively.

Net capital expenditure was equal to approximately 20% of revenue in 2019, in accordance with the catch-up plan announced by the Group for 2017–2018–2019. The normative level of capital expenditure is usually around 18%.

Acquisitions

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

For acquisitions outside France, the Group evaluates the relevant markets of other countries with the aim of carrying out targeted acquisitions. The Group relies in particular on the following indicators for the basis of these evaluations: 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.

In recent years, the Group has made numerous acquisitions. For a description of the acquisitions made in financial years 2018 and 2019, see Note 2.4 "Changes in scope of consolidation" to the consolidated financial statements in chapter 6 of this universal registration document.

Net interest paid

The Group paid financial interest (net of financial income) of €55.2 million for the year ended December 31, 2018 and €110.7 million for the year ended December 31, 2019. This increase is due to several factors: the positive calendar effect of the annual coupon payment on the dual-tranche bonds issued in February 2018 (in an amount totaling €1 billion) and non-recurring cash flows related to refinancing transactions carried out in 2019, especially the early termination fees on high-yield bonds and the termination fee on interest rate swaps historically backed by bank debt.

Financing structure

The table in Note 8.3 to the consolidated financial statements breaks down the Group's net debt as at December 31, 2018 and December 31, 2019. The financing policy is set out in Note 8.1 to the Group's consolidated financial statements.

5.2.6 Definitions and cross-reference of alternative performance indicators with IFRS indicators

Organic growth

Organic growth in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.

EBITDA, EBIT

The definitions of EBITDA and EBIT are given in Note 3.2 "Earnings" to the Group's consolidated financial statements presented in chapter 6.1. of this universal registration document.

Net income (loss) from ordinary operations

Net income (loss) from ordinary operations corresponds to net income or loss excluding extraordinary items which, due to their type and unusual nature, cannot be considered as intrinsic to the Group's current performance:

(In millions of euros)	2019	2018
NET INCOME (LOSS)	**137.7**	**83.0**
Amortization of intangible assets recognized in a business combination[a]	70.7	86.6
IFRS 2 expense[a]	10.6	15.6
Accelerated amortization of bridge loan issuing costs[a]	12.2	2.6
Breakage costs related to refinancing	4.5	-
Unwinding of swaps	12.9	-
Other income and expenses (non-current)[a] including:	7.5	36.4
› Reversal of provisions for disputes[a]	(11.6)	(0.6)
› Costs related to acquisitions[a]	6.6	22.3
› Restructuring costs[a]	6.5	22.2
› Other[a]	6.0	(7.5)
NET INCOME (LOSS) FROM ORDINARY OPERATIONS	**256.1**	**224.3**

(a) Net of tax effect.

Free cash flow

Free cash flow is defined as EBITDA less non-cash items and changes in working capital, purchases of linen, capital expenditure (net of disposals), tax paid and financial interest paid.

(In millions of euros)	2019	2018
EBITDA	**1,103.0**	**985.6**
Non-recurring items and changes in provisions	(24.4)	(35.5)
Acquisition and disposal expenses	(10.2)	(4.4)
Other	(0.6)	-
Cash flow before finance costs and tax	**1,067.8**	**945.7**
Net capex	(660.3)	(644.3)
Change in working capital requirement	26.9	(15.8)
Net interest paid	(110.7)	(55.2)
Tax paid	(76.2)	(76.7)
FREE CASH FLOW	**247.5**	**153.7**

Total net leverage

The total net leverage ratio is a leverage ratio calculated for bank loan covenants: Total net leverage is equal to (Net financial debt, less current accounts held for employee profit-sharing and accrued interest not yet due, plus unamortized debt issuance costs and finance lease liabilities as measured under IAS 17 had the standard had continued to apply) divided by (Pro forma EBITDA of acquisitions finalized during the last 12 months after synergies and excluding the impact of IFRS 16).

The net debt calculated for bank covenants came to €3.372 billion as at December 31, 2019. The Group's pro forma EBITDA for 2019 after synergies and excluding the impact of IFRS 16 amounted to €1,038.0 million (equal to the published 2019 EBITDA of €1,103.0 million, adjusted by €70.3 million to cancel the impact of IFRS 16, increased by €3.2 million to account for acquisitions made in 2019 as if they had taken place on January 1, 2019 – see Note 2.4 to the consolidated financial statements) to which €2.0 million is added for estimated potential synergies for 2020.

The total net leverage ratio as at December 31, 2019 was therefore 3.2x.

ROCE

Return on capital employed (ROCE) before tax is an indicator of investment performance:

(In millions of euros)	2019	2018
EBIT (I)	**454.9**	**426.4**
Capital employed at beginning of period (II)	4,770.5	4,738.4
ROCE (BEFORE TAX) = (I)/(II)	**9.5%**	**9.0%**

(In millions of euros)	As at January 1, 2019	2018
TOTAL ASSETS	**7,796.4**	**7,965.1**
Employee benefit assets	(17.5)	(16.4)
Cash and cash equivalents	(197.0)	(416.4)
Intangible assets recognized in the Group's last LBO (net of deferred tax)	(1,536.9)	(1,554.9)
SUBTOTAL (III)	**6,045.0**	**5,977.4**
TOTAL EQUITY AND LIABILITIES	**7,796.4**	**7,965.1**
Total equity	(2,868.2)	(2,923.0)
Employee benefit liabilities	(99.0)	(100.0)
Borrowings and financial debt	(3,101.6)	(2,060.9)
Bank overdrafts and current borrowings	(453.1)	(1,642.2)
SUBTOTAL (IV)	**1,274.4**	**1,239.0**
Capital employed at beginning of period (II)=(III)-(IV)	**4,770.5**	**4,738.4**

5.3 EVENTS AFTER THE REPORTING PERIOD AFR

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.

5.4 RECENT DEVELOPMENTS

On March 9, 2020, the Group signed an agreement to acquire 100% of the German group Haber. Haber is a family-owned business that operates two plants in Western Europe and whose business, in Germany and Luxembourg, is dedicated to flat linen and workwear rental, laundry and maintenance for customers mainly in the health sector, as well as laundry services for the personal clothing of nursing home residents. The group generated revenue of around €20 million in 2019.

As at the date of this universal registration document, the spread of the COVID-19 epidemic across the globe and the various quarantine measures imposed in a growing number of countries where Elis operates has been affecting Elis's business in these countries.

As at the date of this universal registration document, the spread of the COVID-19 epidemic across the globe and the various quarantine measures imposed in a growing number of countries where Elis operates has been affecting Elis's business in these countries.

On March 31, 2020, Elis issued the following press release on its situation:

"Saint-Cloud, March 31, 2020

Further to the measures announced in its March 17 press release, today Elis has announced additional precautionary measures to cope with the significant decrease in its activity.

To better absorb the fallout from the crisis, the Group requested and obtained a waiver for its bank covenant test as at June 30, 2020. The waiver applies to (i) the two revolving lines of credit underwritten by a pool of French and European relationship banks and (ii) the USPP-type private placement underwritten by a pool of American investors led by Barings. Elis was dispensed from paying fees for this waiver, underscoring the excellent relationship between the Group and its lenders.

The Group has very good liquidity and has no major debt maturity before 2023. Today, Elis has more than €1 billion of liquidity in the form of (i) two revolving lines of credit totaling an undrawn amount of €700 million and (ii) approximately €315 million in cash.

Additionally, in order to further strengthen the Group's liquidity, the Management Board has decided:

- after approval by the Supervisory Board, to withdraw the proposed payment of €0.39 per share for 2019 from the resolutions to be adopted by the next general shareholders' meeting;
- to suspend any M&A activity until further notice. Only transactions for which a signing has been announced and that are in their final stages will be completed.

Since our press release on March 17, we have been observing, as expected, further decreases in volumes related to the imposition of lockdowns in an increasing number of countries where we operate.

The epidemic has had a very material impact on revenue in Europe:

- in the Hospitality segment, our customers' business has all but stopped;
- the Industry and Trade & Services segments are currently seeing a 40% drop in revenue, but with continuously strong business in the pharmaceutical, agri-food, and energy industries, as well as services to local governments, water treatment, and mass distribution;
- business in the Healthcare segment is at normal levels;

The impact on our business in Latin America will be more limited, given that customers in the Healthcare sector generate two thirds of our revenue there. The current lack of clarity means that at this stage, we are unable to set new targets for 2020. However, the information issued on March 17 remains valid: the Group believes it can limit the impact on EBITDA and significantly reduce its investments. For each euro of revenue lost, the impact on EBITDA will be about 50 cents, while 20 cents should be saved on investments.

Elis is focused on rigorously managing the current situation and its immediate impacts, while keeping the health of its employees and customer satisfaction at the heart of its operational priorities."

The situation described in this press release was still current as at the filing date of the 2019 universal registration document.

5.5 OUTLOOK AFR

The outlook is based on the Group's strategy, which has four main components:

- consolidation of the Group's positions through organic growth and acquisitions;
- regularly entering new markets in new or existing geographic regions;
- continued improvement of the Group's operational excellence; and
- offering new products and services at limited marginal cost.

As indicated in our press releases on March 17 and March 31, and in accordance with AMF recommendations, the 2020 annual targets reported on March 4 (before the impact of Covid-19) are now obsolete. The lack of clarity means that at this stage, we are unable to provide any information regarding targets for 2020. Nevertheless, the information contained in our press releases on March 17 and March 31 is still valid and the Group believes it can limit the impact on EBITDA and reduce its investments. For each euro of revenue lost, the impact on EBITDA will be about 50 cents, while 20 cents should be saved on investments.

5.6 FUTURE INVESTMENTS AFR

The Group intends to continue its investment policy along the same lines as in the past, namely 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, on the one hand, 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 universal registration document, the Company had not made any firm, substantial commitments regarding future investments other than its commitment to acquire Kings Laundry in Ireland and the Haber Group in Germany.

5.7 RESEARCH AND DEVELOPMENT ACTIVITIES AFR

The Elis Group allocates resources to its industrial, marketing and IT departments to continuously improve the company's processes, products and services.

The Group's research and development activities are detailed in the "Innovation" section in chapter 1 of this 2019 universal registration document.

The Company has no other research and development activities.

5.8 ELIS'S RESULTS AND FORESEEABLE DEVELOPMENT AFR

Elis generated an operating loss of €32.2 million for the 2019 financial year, versus a loss of €29.0 million in 2018. The increase in the operating loss is mainly due to fees and debt issuance costs (which are fully expensed in the year in which they are incurred) resulting from a higher amount of refinanced debt than in the previous year.

Net financial expense totaled €67.9 million versus a loss of €49.0 million for 2018. This increase is related to the early repayment of loans, which involved the payment of swap termination fees totaling €24.4 million.

Non-recurring income showed an expense of €6.3 million composed primarily of the amortization of the Berendsen acquisition costs.

Elis posted a consolidated income tax benefit of €36.1 million (compared to €26.8 million in 2018). 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's equity totaled €2,816.9 million, a decrease of €139.5 million compared to December 31, 2018, due to losses during the financial year and the distribution of reserves as described in Note 5.1 to the financial statements.

5.9 FIVE-YEAR FINANCIAL SUMMARY AFR

Financial year Type of information *(In euros)*	2015	2016	2017	2018	2019
I. Financial position at the financial year-end					
› share capital	1,140,061,670	1,140,061,670	219,370,207	219,927,545	221,297,797
› number of shares issued	114,006,167	114,006,167	219,370,207	219,927,545	221,297,797
› number of bonds convertible into shares					
II. Results of operations					
› revenue excl. tax	1,114,900	1,043,582	566,299	1,005,480	1,005,480
› net income (loss) before tax, depreciation, amortization and provisions	(90,884,608)	18,026,719	(85,195,401)	(81,200,450)	(103,380,084)
› income taxes	24,698,314	33,754,357	27,990,088	26,846,894	36,127,575
› net income (loss) after tax, depreciation, amortization and provisions	(54,840,383)	15,712,964	(58,908,721)	(64,875,081)	(70,323,741)
› amount of earnings distributed	0	0	0	0	0
III. Per share data					
› net income (loss) after tax, but before depreciation, amortization and provisions	(0.62)	0.14	(0.26)	(0.37)	(0.47)
› net income (loss) after tax, depreciation, amortization and provisions	(0.52)	0.14	(0.27)	(0.29)	(0.32)
› dividend per share	0.00	0.00	0.00	0.00	0.00
IV. Employees					
› number of employees	3	3	3	2	2
› payroll expenses	4,381,986	1,641,594	2,506,992	3,442,019	3,263,588
› employee benefits (social security, etc.)	957,449	596,565	716,203	965,034	1,890,025

5.10 LEGAL, FINANCIAL AND TAX INFORMATION ABOUT THE COMPANY AFR

5.10.1 Significant equity investment in France

The Company did not acquire any companies in France during the financial year.

5.10.2 Injunctions or fines for anticompetitive practices

None[(1)].

(1) Article L. 464-2 I of the French Commercial Code stipulates that when injunctions or fines for anticompetitive practices are imposed by the French competition authorities (Autorité de la concurrence), said authorities can ask for its decision or the excerpt thereof to be included in the Management Board's report.

5.10.3 Information about non-tax-deductible expenses

During the financial year ended December 31, 2019, the Company:

- recognized €21,856 in sumptuary expenses that were not deductible from taxable income as defined in Article 39-4 of the French Tax Code (lines WE and WF of the tax return);
- did not exclude any general expenses from the expenses that can be deducted from income taxable pursuant to Articles 39-5 and 223 quinquies of the French Tax Code;
- added back €518,050 for directors' fees exceeding the deductible threshold of €457 per Board member.

5.10.4 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 €1,993,533.

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-I)

	Article D. 441-I para. 1: Invoices received, unpaid and past due at the financial year-end						Article D. 441-I para. 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	13						9					
Aggregate invoice amount (incl. VAT)	169	155	4	0	10		1,039	547	491		1	
Percentage of total amount of purchases (incl. VAT) for the year	0.52%	0.48%	0.01%		0.03%							
Percentage of revenue (incl. VAT) for the year							4.08%	2.15%	1.93%		0.00%	
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of excluded invoices												
Aggregate amount of excluded invoices (incl. taxes)												
(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					

5.10.5 Dividends

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.

Given the uncertainty surrounding the unprecedented global health crisis, and in order to increase the Group's liquidity during these challenging times, no dividend will be paid for the 2019 financial year.

Dividends paid in the past three financial years

The Company did not pay any dividends in the financial years ended December 31, 2017, 2018 and 2019. However, amounts deducted from its additional paid-in capital account were paid out during those periods.

Time frame 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.

5.10.6 Other information

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 universal registration document.

6 Financial statements for the year ended December 31, 2019 AFR

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6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Consolidated income statement

(In millions of euros)	Notes	12/31/2019	12/31/2018 restated[(a)]
Revenue	**3.1/4.1/4.2**	**3,281.8**	**3,133.3**
Cost of linen, equipment and other consumables		(532.0)	(513.7)
Processing costs		(1,230.4)	(1,171.7)
Distribution costs		(538.3)	(514.8)
Gross margin		**981.2**	**933.0**
Selling, general and administrative expenses		(539.6)	(520.0)
Value adjustments for losses on trade and other receivables		0.5	(5.5)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**3.2**	**442.1**	**407.5**
Amortization of intangible assets recognized in a business combination	4.5	(88.3)	(112.5)
Goodwill impairment	6.1	-	-
Other operating income and expenses	4.6	(18.5)	(49.8)
Operating income		**335.3**	**245.2**
Net financial income (loss)	8.2	(150.0)	(110.5)
Income (loss) before tax		**185.3**	**134.7**
Income tax expense	9	(47.6)	(51.7)
Share of income of equity-accounted companies		-	-
Income from continuing operations		**137.7**	**83.0**
Income from discontinued operations, net of tax	2.5	4.1	(1.2)
Net income (loss)		**141.9**	**81.8**
Attributable to:			
› owners of the parent		142.0	82.2
› non-controlling interests		(0.2)	(0.4)
Earnings (loss) per share (EPS) (in euros):			
› basic, attributable to owners of the parent	10.3	€0.64	€0.38
› diluted, attributable to owners of the parent	10.3	€0.63	€0.38
Earnings (loss) per share (EPS) from continuing operations (in euros):			
› basic, attributable to owners of the parent	10.3	€0.63	€0.38
› diluted, attributable to owners of the parent	10.3	€0.61	€0.38

(a) See Note 1.4.

6.1.2 Consolidated statement of comprehensive income

(In millions of euros)	Notes	12/31/2019	12/31/2018 restated[(a)]
Net income (loss)		**141.9**	**81.8**
Gains (losses) on change in fair value of hedging instruments	8.8	(7.4)	(2.9)
Cash flow hedge reserve reclassified to income	8.8	13.4	2.9
Total change in cash flow hedge reserve, before taxes		**6.0**	**0.0**
Related tax	8.8	(2.1)	(0.1)
Net change in the cost of hedging, before tax	**8.8**	**0.3**	**0.5**
Related tax	8.8	(0.1)	(0.2)
Effects of changes in foreign exchange rates – net translation differences		**8.2**	**(100.2)**
Other comprehensive income (loss) which may be subsequently reclassified to income		**12.3**	**(99.9)**
Actuarial gains (losses) on defined benefit plans, before tax		**(5.8)**	**4.6**
Related tax		2.2	(0.5)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**(3.5)**	**4.1**
Other comprehensive income		**8.7**	**(95.8)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**150.6**	**(14.0)**
Attributable to:			
› owners of the parent		150.7	(12.6)
› non-controlling interests		(0.1)	(1.4)

(a) See Note 1.4.

The change in hedge 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	12/31/2019	12/31/2018 restated[(a)]
Goodwill	6.1	3,801.3	3,745.7
Intangible assets	6.2	866.7	925.2
Right-of-use assets	6.4	411.4	-
Property, plant and equipment	6.3	1,993.6	1,907.0
Equity-accounted companies		-	-
Other equity investments		0.2	0.2
Other non-current assets	8.7	69.0	67.7
Deferred tax assets	9	24.4	56.5
Employee benefit assets	5.3	32.1	17.5
TOTAL NON-CURRENT ASSETS		**7,198.7**	**6,719.8**
Inventories	4.7	125.1	120.2
Contract assets	4.3	36.2	31.7
Trade and other receivables	4.4	632.9	649.5
Current tax assets		11.8	10.4
Other assets	4.9	21.1	26.0
Cash and cash equivalents	8.4/8.5	172.3	197.0
Assets held for sale	2.5	0.7	41.7
TOTAL CURRENT ASSETS		**999.9**	**1,076.6**
TOTAL ASSETS		**8,198.6**	**7,796.4**

(a) See Note 1.4.

Equity and liabilities

(In millions of euros)	Notes	12/31/2019	12/31/2018 restated[(a)]
Share capital	10.1	221.3	219.9
Additional paid-in capital	10.1/10.2	2,646.4	2,943.9
Treasury share reserve		(10.1)	(11.4)
Other reserves		6.8	0.7
Retained earnings (accumulated deficit)		290.3	(77.7)
Other components of equity		(198.9)	(208.7)
Equity attributable to owners of the parent		**2,955.8**	**2,866.8**
Non-controlling interests	**2.7**	**0.8**	**1.4**
TOTAL EQUITY		**2,956.7**	**2,868.2**
Provisions	7.1	83.3	93.5
Employee benefit liabilities	5.3	119.1	99.0
Borrowings and financial debt	8.3/8.5	3,116.3	3,101.6
Deferred tax liabilities	9	316.7	370.9
Lease liabilities	6.4	342.5	-
Other non-current liabilities	8.7	11.3	15.3
TOTAL NON-CURRENT LIABILITIES		**3,989.2**	**3,680.3**
Current provisions	7.1	17.0	23.2
Current tax liabilities		23.7	23.9
Trade and other payables	4.8	290.2	274.5
Contract liabilities	4.3	71.5	68.3
Current lease liabilities	6.4	63.6	-
Other liabilities	4.9	358.8	381.6
Bank overdrafts and current borrowings	8.3/8.5	428.1	453.1
Liabilities directly associated with assets held for sale	2.5	-	23.3
TOTAL CURRENT LIABILITIES		**1,252.8**	**1,247.9**
TOTAL EQUITY AND LIABILITIES		**8,198.6**	**7,796.4**

(a) See Note 1.4.

6.1.4 Consolidated statement of cash flows

(In millions of euros)	Notes	12/31/2019	12/31/2018 restated[(a)]
CONSOLIDATED NET INCOME (LOSS)		**141.9**	**81.8**
Income tax expense	2.5/9	48.3	51.4
Net financial income (loss)	2.5/8.2	150.1	110.3
Share-based payments		11.0	13.0
Depreciation, amortization and provisions	4.5	721.2	663.0
Portion of grants transferred to income	4.5	(0.4)	(0.3)
Net gains and losses on disposal of property, plant and equipment and intangible assets		2.4	6.9
Other		(6.7)	19.5
CASH FLOWS BEFORE FINANCE COSTS AND TAX		**1,067.8**	**945.7**
Change in inventories	4.7	(2.6)	(12.7)
Change in trade and other receivables and contract assets	4.4	33.2	(26.4)
Change in other assets	4.9	7.6	2.2
Change in trade and other payables	4.8	3.2	7.0
Change in contract and other liabilities	4.9	(13.4)	16.2
Other changes		0.2	(3.5)
Employee benefits		(1.3)	1.4
Tax paid		(76.2)	(76.7)
NET CASH FROM OPERATING ACTIVITIES		**1,018.4**	**853.3**
Acquisition of intangible assets		(23.2)	(20.0)
Proceeds from disposal of intangible assets		0.0	0.4
Acquisition of property, plant and equipment		(659.1)	(634.4)
Proceeds from disposal of property, plant and equipment		22.0	9.5
Acquisition of subsidiaries, net of cash acquired	2.4	(83.2)	(62.2)
Proceeds from disposal of subsidiaries, net of cash transferred		30.0	1.0
Changes in loans and advances		(2.0)	0.4
Dividends from equity-accounted companies		0.0	0.1
Investment grants		0.0	0.1
NET CASH FROM INVESTING ACTIVITIES		**(715.5)**	**(704.9)**
Capital increase	10.1/2.7	6.6	9.0
Treasury shares		1.5	(11.1)
Dividends and distributions paid			
› to owners of the parent		(81.2)	(81.0)
to non-controlling interests		-	(0.1)
Change in borrowings[(b)]	8.3	(34.6)	(1.1)
› proceeds from new borrowings	8.3	2,392.0	1,684.1
› repayment of borrowings	8.3	(2,426.5)	(1,685.2)
Lease liability payments – principal (2018: payments under finance leases)	6.4	(73.3)	(3.0)
Net interest paid (including interest on lease liabilities)		(110.7)	(55.2)
Other cash flows related to financing activities		(20.0)	(26.4)
NET CASH FROM FINANCING ACTIVITIES		**(311.6)**	**(168.7)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(8.7)**	**(20.4)**
Cash and cash equivalents at beginning of period		179.1	203.0
Effect of changes in foreign exchange rates on cash and cash equivalents		0.4	(3.6)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**8.4**	**170.8**	**179.1**

(a) See Note 1.4.
(b) Net change in credit lines.

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6.1.5 Consolidated statement of changes in equity as at December 31, 2019

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2018 (restated[a])		**219.9**	**2,943.9**	**(11.4)**	**0.7**
First-time adoption of IFRS 16					
First-time adoption of IFRIC 23					
Adjusted balance as at January 1, 2019		**219.9**	**2,943.9**	**(11.4)**	**0.7**
Cash increase in share capital	10.1	0.6	6.1	-	-
Amounts paid to shareholders	10.2	-	(81.4)	-	-
Issue of convertible notes		-	-	-	-
Share-based payments		-	-	-	-
Changes in treasury shares		-	-	1.3	-
Acquisition of NCI without a change in control		-	-	-	-
Disposal of subsidiary – NCI					
Other changes	10.1	0.8	(222.2)	-	6.1
Net income (loss) for the period		**-**	**-**	**-**	**-**
Gains (losses) recognized directly in equity		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**-**	**-**	**-**	**-**
Balance as at December 31, 2019		**221.3**	**2,646.4**	**(10.1)**	**6.8**

(a) See Note 1.4.

6.1.6 Consolidated statement of changes in equity as at December 31, 2018

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2017		**219.4**	**3,025.7**	**(0.7)**	**0.7**
First-time adoption of IFRS 15 (net of tax effect)					
First-time adoption of IFRS 9 (net of tax effect)					
Adjusted balance as at January 1, 2018		**219.4**	**3,025.7**	**(0.7)**	**0.7**
Cash increase in share capital	2.7	-	-	-	-
Amounts paid to shareholders	10.2	-	(81.0)	-	-
Issue of convertible notes		-	-	-	-
Share-based payments		-	-	-	-
Changes in treasury shares		-	-	(10.8)	-
Acquisition of NCI without a change in control		-	-	-	-
Acquisition of subsidiary – NCI					
Other changes		0.6	(0.8)	0.1	(0.0)
Net income (loss) for the period		**-**	**-**	**-**	**-**
Gains (losses) recognized directly in equity		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**-**	**-**	**-**	**-**
Balance as at December 31, 2018 (restated)		**219.9**	**2,943.9**	**(11.4)**	**0.7**

	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
	(77.7)	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
	-					-		-
	-					-		-
	(77.7)	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
	(0.0)	-	-	-	-	6.6	-	6.6
	0.2	-	-	-	-	(81.2)	-	(81.2)
	-	-	-	-	-	-	-	-
	11.0	-	-	-	-	11.0	-	11.0
	-	-	-	-	-	1.3	-	1.3
	3.0	-	-	(2.5)	-	0.5	(0.5)	0.0
							0.1	0.1
	215.3	-	-	-	-	0.0	-	0.0
	142.0	**-**	**-**	**-**	**-**	**142.0**	**(0.2)**	**141.9**
	(3.5)	**3.9**	**0.2**	**8.1**	**-**	**8.7**	**0.1**	**8.7**
	138.5	**3.9**	**0.2**	**8.1**	**-**	**150.7**	**(0.1)**	**150.6**
	290.3	**(1.6)**	**0.6**	**(235.7)**	**37.8**	**2,955.8**	**0.8**	**2,956.7**
			(198.9)					

	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
	(213.7)	**(5.5)**	**-**	**(143.6)**	**37.8**	**2,920.2**	**2.9**	**2,923.0**
	22.6					22.6		22.6
	10.8					10.8		10.8
	(180.3)	**(5.5)**	**-**	**(143.6)**	**37.8**	**2,953.6**	**2.9**	**2,956.4**
	8.2	-	-	-	-	8.2	0.8	9.0
	(0.1)	-	-	-	-	(81.0)	(0.1)	(81.1)
	-	-	-	-	-	-	-	-
	13.0	-	-	-	-	13.0	-	13.0
	-	-	-	-	-	(10.8)	-	(10.8)
	(13.3)	-	-	1.4	-	(11.9)	(0.8)	(12.7)
							(0.0)	(0.0)
	8.4	(0.0)	-	-	-	8.3	(0.0)	8.3
	82.2	**-**	**-**	**-**	**-**	**82.2**	**(0.4)**	**81.8**
	4.1	(0.1)	0.3	(99.2)	-	(94.8)	(1.0)	(95.8)
	86.3	**(0.1)**	**0.3**	**(99.2)**	**-**	**(12.6)**	**(1.4)**	**(14.0)**
	(77.7)	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
			(208.7)					

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6.1.7 Notes to the consolidated financial statements

Elis is an international multi-service provider, offering textile, hygiene and facility services solutions in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, and Trade sectors. Elis is a joint-stock corporation governed by a Management Board and a Supervisory Board, 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, 2019 were approved by the Management Board on March 3, 2020 and reviewed by the Audit Committee on March 2, 2020 and by the Supervisory Board on March 3, 2020.

INDEX FOR THE NOTES

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 the scope of consolidation (see Note 2 "Scope of consolidation and significant events of the year" and Note 11 "Related party disclosures").

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the main exception of:

- derivative financial instruments and offsetting assets, contingent liabilities and financial liabilities representing a price adjustment, recognized in a business combination, which are measured at fair value;
- liabilities (assets) related to employee benefits, which are measured at the fair value of plan assets less the present value of defined benefit obligations, as limited by IAS 19;
- assets held for sale, which are measured at the lower of the carrying amount and the fair value, less cost to sell.

The consolidated 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 standards and IFRIC interpretations as adopted by the European Union as at December 31, 2019 and available on the following website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr.

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2018 except for the following standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2019.

Main standards, amendments and interpretations with mandatory application from January 1, 2019

The consolidated financial statements have been prepared for the first time after adopting IFRS 16 and IFRIC 23 as at January 1, 2019.

IFRS 16 "Leases"

The Group adopted this standard using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 was recognized as an adjustment recorded as at the date of first-time adoption, without a retrospective restatement of comparative information. The Group utilized the simplification measures available, mainly the exemption for leases for which the lease term ends within 12 months of the date of first-time adoption of the standard and maintaining the scope of leases identified under IAS 17 and IFRIC 4.

The Group entered into lease agreements for a variety of assets including property, vehicles, machines, and other equipment. Before adopting IFRS 16, the Group classified all of its leases (as the lessee) as at their start date as either an operating lease or a finance lease. Leases were classified as finance leases when nearly all of the risks and rewards incident to ownership of the leased asset were transferred to the Group. All other leases were classified as operating leases. Finance leases were capitalized at the beginning of the lease term at the initial fair value of the leased asset or, when the value was lower, at the present value of the minimum lease payments. Lease payments were split between interest (recorded as financial expenses) and the reduction of the lease liability. For operating leases, leased assets were not capitalized and lease payments were recorded as lease expenses in the income statement on a straight-line basis over the term of the lease. Prepaid and accrued lease payments were recorded under prepaid expenses and trade payables, respectively.

- Lease agreements previously classified as finance leases:

  The Group did not modify the initial carrying amount of the assets or liabilities recorded as at the date of first-time adoption. Right-of-use assets and liabilities are equal to the lease assets and liabilities previously recorded per IAS 17.

- Lease agreements previously classified as operating leases:

  The Group recorded right-of-use assets and lease liabilities, except for short-term leases and leases of low-value assets. Right-of-use assets were recorded based on an amount equal to the lease liability adjusted for any potential prepaid lease payments or lease payments that had already been recorded. Lease liabilities were recorded based on the present value of the remaining lease payments discounted using the incremental borrowing rate as at the date of first-time adoption.
  In the statement of cash flows, lease payments, previously presented in cash flows from operating activities, are now presented in financing cash flows, broken down between interest (recorded as financial expenses) and principal repayments (presented on a separate line).

As at January 1, 2019, the impact was as follows:

(In millions of euros)	**01/01/2019**
Intangible assets	(1.1)
Right-of-use assets	397.3
Property, plant and equipment	(26.9)
TOTAL ASSETS	**369.3**
Total equity	**-**
Borrowings and financial debt	(19.5)
Lease liabilities	333.1
Current lease liabilities	59.1
Bank overdrafts and current borrowings	(3.4)
TOTAL EQUITY AND LIABILITIES	**369.3**

The Group has adjusted the first-time adoption impact compared to the previously published figures as at June 30, 2019 (increase in lease liabilities as at January 1, 2019 of €3.1 million) in order to take into account the decision of the IFRS Interpretations Committee (IFRIC) published on December 16, 2019 clarifying that:

- an economic approach should be used to determine the enforceable period of a lease; and
- the depreciation period of leasehold improvements is connected to the term of a lease under IFRS 16.

Lease liabilities under lease agreements as at January 1, 2019 may be reconciled against the operating lease commitments as at December 31, 2018 as follows:

Operating lease commitments published as at 12/31/2018	**339.0**
Short-term lease commitments	(4.0)
Reasonably certain renewal options	89.3
Other adjustments	3.0
Undiscounted operating lease liabilities	**427.4**
Weighted average incremental borrowing rate as at 01/01/2019	2.7%
Operating lease liabilities	**369.3**
Commitments previously classified as finance leases	22.9
Lease liabilities as at 01/01/2019	**392.2**
Of which:	
› non-current lease liabilities	333.1
› current lease liabilities	59.1

In addition, as part of the information to be provided, the Group has:

- updated Accounting Policy Note 1.3 "Critical accounting estimates and judgments" and Note 6.4 "Right-of-use assets and lease liabilities";
- detailed the impact of first-time adoption of IFRS 16 on segment information in Note 3.2 "Earnings";
- disclosed the other information required in Note 6.4 "Right-of-use assets and lease liabilities."

IFRIC 23 "Uncertainty over Income Tax Treatments"

In June 2017, the International Accounting Standards Board (IASB) published IFRIC 23 "Uncertainty over income tax treatments" (the application of which is mandatory as from January 1, 2019), in order to clarify the recognition and measurement of uncertainties regarding income taxes. The Group does not believe that this has an impact on the assessment of taxes. However, approximately €1.4 million of uncertain tax liabilities classified as provisions were reclassified in the balance sheet as current tax liabilities, as presented in Note 7 "Provisions and contingent liabilities." The cumulative effect of the initial application of this interpretation was recorded as at the date of first-time adoption, without the restatement of comparative information, as provided in the transition approach.

The other amendments and interpretations that are mandatory as from January 1, 2019 have no material impact on the Group.

Standards that have been published but have not yet entered into force

- Main standards, amendments and interpretations adopted by the European Union but not mandatory as at January 1, 2019:
  - Amendments to the Conceptual Framework for IFRS;
  - Amendments to IAS 1 and IAS 8 – "Definition of Material";
  - Amendments to IFRS 9, IAS 39, and IFRS 7 – "Interest Rate Benchmark Reform".

  The Group does not plan to apply these standards prior to their required effective date in the European Union.
- Main standards, amendments and interpretations that have been published but not yet adopted by the European Union:
  - Amendments to IFRS 3 "Business Combinations" entitled, "Definition of a Business";
  - IFRS 17 "Insurance Contracts".

  To date, the Group has not identified any material impact of these new standards and does not expect to be impacted by IFRS 17 "Insurance Contracts."

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 the disclosures in some of the notes to the financial statements. 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

Allocation of the acquisition price in business combinations

Business combinations are accounted for using the purchase accounting method: this means that, at the date on which control is acquired, the identifiable assets, liabilities and contingent liabilities acquired or assumed are measured at fair value. One of the most significant estimates when accounting for an acquisition is the determination of the fair value and the assumptions used to determine it. While the fair value of some acquired items, such as property, plant and equipment, can be accurately measured (using the market price), others are more complex to measure, such as intangible assets or contingent liabilities. These measurements are generally made by independent experts who base their work on assumptions and must estimate the effect of future events that are uncertain at the acquisition date.

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 assets/liabilities" provides further details on the matter.

Provisions

The Group records provisions, mainly for disputes and environmental compliance:

- Provisions for disputes: some subsidiaries of the Group may be involved in regulatory, legal or arbitration proceedings that may, given the potential uncertainties, have a material impact on the Group's financial position, as described in Note 7.2 "Contingent liabilities." The Group's legal team keeps track of ongoing proceedings, regularly reviews their progress and assesses the need to establish adequate provisions or change their amounts, if events occurring in the course of the proceedings require a reappraisal of the risk. The decision to set aside a provision for a risk and the amount of the provision to be recorded is based on a case-by-case assessment of the risk, management's estimate of the unfavorable nature of the outcome of the proceedings in question (probable nature) and the ability to reliably estimate the related amount.
- Provisions for environmental compliance: Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. The Group's Quality, Safety and Environment Department conducts an assessment of the sites concerned, monitors the progress and costs of the sites being cleaned up and ensures that appropriate provisions are updated in line with the studies carried out and the progress of the clean-up measures.

Defining terms of leases with renewal options

The Group defines the lease term as the non-cancellable period of the lease as well as any period covered by an option to extend the lease if it is reasonably certain that such option will be exercised, or any period covered by a lease termination option if the Group is reasonably certain it will not exercise this option.

Under some of its leases, the Group has the possibility of extending the period during which the assets are leased. The Group uses its own judgment to determine whether it is reasonably certain that it will exercise a renewal option. In other words, it takes any relevant factors that provide an economic incentive to exercise the renewal option as well as the Group's five-year strategic investment plan into account.

Critical judgments in applying accounting policies

Recognition of assets related to rental, laundry and maintenance services

Rental, laundry and maintenance agreements are generally considered service agreements that do not transfer rights of use for the asset to the customer (mainly due to the substantive substitution right for textiles). Accordingly, items subject to rental, laundry and maintenance service agreements are recognized as non-current assets.

Accounting classification of the French business tax (*cotisation sur la valeur ajoutée des entreprises* – CVAE)

According to the Group's analysis, the 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 expense."

6

1.4 Restatements of prior years' financial information

The following tables present adjustments to the income statement, the statement of financial position, and the statement of cash flows as at December 31, 2018, compared to the previously published financial statements as at December 31, 2018 related to prior business combinations (IFRS 3).

IFRS 3 "Business combinations"

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The changes are mainly related to the final measurement of provisions, especially environmental provisions (total of €1.1 million). The final fair value of assets and liabilities acquired in a business combination in 2018 is disclosed in the "Acquisitions in 2018" section of Note 2.4 "Changes in scope of consolidation."

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	12/31/2018 published	IFRS 3	12/31/2018 restated
Revenue	**3,133.3**	**-**	**3,133.3**
Cost of linen, equipment and other consumables	(513.7)	-	(513.7)
Processing costs	(1,171.7)	-	(1,171.7)
Distribution costs	(514.8)	-	(514.8)
Gross margin	**933.0**	**-**	**933.0**
Selling, general and administrative expenses	(520.0)	-	(520.0)
Value adjustments for losses on trade and other receivables	(5.5)	-	(5.5)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**407.5**	**-**	**407.5**
Amortization of intangible assets recognized in a business combination	(112.5)	-	(112.5)
Goodwill impairment	-	-	-
Other operating income and expenses	(49.8)	-	(49.8)
Operating income	**245.2**	**-**	**245.2**
Net financial income (loss)	(110.5)	-	(110.5)
Income (loss) before tax	**134.7**	**-**	**134.7**
Income tax expense	(51.7)	-	(51.7)
Share of income of equity-accounted companies	-		-
Income from continuing operations	**83.0**	**-**	**83.0**
Income from discontinued operations, net of tax	(1.2)	-	(1.2)
Net income (loss)	**81.8**	**-**	**81.8**
Attributable to:			
› owners of the parent	82.2	-	82.2
› non-controlling interests	(0.4)	-	(0.4)
Earnings (loss) per share (EPS) *(in euros)*:			
› basic, attributable to owners of the parent	€0.38		€0.38
› diluted, attributable to owners of the parent	€0.38		€0.38
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	€0.38		€0.38
› diluted, attributable to owners of the parent	€0.38		€0.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	12/31/2018 published	IFRS 3	12/31/2018 restated
Net income (loss)	**81.8**	**-**	**81.8**
Gains (losses) on change in fair value of hedging instruments	(2.9)		(2.9)
Cash flow hedge reserve reclassified to income	2.9		2.9
Total change in cash flow hedge reserve, before taxes	**0.0**	**-**	**0.0**
Related tax	(0.1)		(0.1)
Net change in the cost of hedging, before tax	**0.5**		**0.5**
Related tax	(0.2)		(0.2)
Effects of changes in foreign exchange rates – net translation differences	**(100.2)**	**-**	**(100.2)**
Other comprehensive income (loss) which may be subsequently reclassified to income	**(99.9)**	**-**	**(99.9)**
Actuarial gains (losses) on defined benefit plans, before tax	**4.6**		**4.6**
Related tax	(0.5)		(0.5)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**4.1**	**-**	**4.1**
OTHER COMPREHENSIVE INCOME	**(95.8)**	**-**	**(95.8)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(14.0)**	**-**	**(14.0)**
Attributable to:			
› owners of the parent	(12.6)	-	(12.6)
› non-controlling interests	(1.4)	-	(1.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros)	12/31/2018 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2018 restated
Goodwill	3,744.9	0.7	-	-	3,745.7
Intangible assets	925.2	(0.0)	-	-	925.2
Right-of-use assets					
Property, plant and equipment	1,906.3	0.7	-	-	1,907.0
Equity-accounted companies	-	-	-	-	-
Other equity investments	0.2	-	-	-	0.2
Other non-current assets	67.7	-	-	-	67.7
Deferred tax assets	56.4	0.1	-	-	56.5
Employee benefit assets	17.5	-	-	-	17.5
TOTAL NON-CURRENT ASSETS	**6,718.2**	**1.6**	**-**	**-**	**6,719.8**
Inventories	120.2	-	-	-	120.2
Contract assets	31.7	-	-	-	31.7
Trade and other receivables	649.9	(0.4)	-	-	649.5
Current tax assets	10.4	-	-	-	10.4
Other assets	26.0	-	-	-	26.0
Cash and cash equivalents	197.0	-	-	-	197.0
Assets held for sale	41.7	-	-	-	41.7
TOTAL CURRENT ASSETS	**1,077.0**	**(0.4)**	**-**	**-**	**1,076.6**
TOTAL ASSETS	**7,795.2**	**1.2**	**-**	**-**	**7,796.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros)	12/31/2018 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2018 restated
Share capital	219.9				219.9
Additional paid-in capital	2,943.9				2,943.9
Treasury share reserve	(11.4)				(11.4)
Other reserves	0.7				0.7
Retained earnings (accumulated deficit)	(77.7)	(0.0)	-	-	(77.7)
Other components of equity	(208.7)	-	-	-	(208.7)
Equity attributable to owners of the parent	**2,866.8**	**(0.0)**	**-**	**-**	**2,866.8**
Non-controlling interests	**1.4**	**-**	**-**	**-**	**1.4**
TOTAL EQUITY	**2,868.2**	**(0.0)**	**-**	**-**	**2,868.2**
Provisions	92.4	1.1	-	-	93.5
Employee benefit liabilities	99.0	-	-	-	99.0
Borrowings and financial debt	3,101.6	-	-	-	3,101.6
Deferred tax liabilities	370.9	(0.1)	-	-	370.9
Lease liabilities					
Other non-current liabilities	15.3	-	-	-	15.3
TOTAL NON-CURRENT LIABILITIES	**3,679.3**	**1.0**	**-**	**-**	**3,680.3**
Current provisions	23.2	-	-	-	23.2
Current tax liabilities	23.9	-	-	-	23.9
Trade and other payables	274.4	0.1	-	-	274.5
Contract liabilities	68.3	-	-	-	68.3
Current lease liabilities					
Other liabilities	381.5	0.1	-	-	381.6
Bank overdrafts and current borrowings	453.1	-	-	-	453.1
Liabilities directly associated with assets held for sale	23.3	-	-	-	23.3
TOTAL CURRENT LIABILITIES	**1,247.7**	**0.2**	**-**	**-**	**1,247.9**
TOTAL EQUITY AND LIABILITIES	**7,795.2**	**1.2**	**-**	**-**	**7,796.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	12/31/2018 published	IFRS 3	12/31/2018 restated
CONSOLIDATED NET INCOME (LOSS)	**81.8**	**-**	**81.8**
Income tax expense	51.4	-	51.4
Net financial income (loss)	110.3	-	110.3
Share-based payments	13.0		13.0
Depreciation, amortization and provisions	663.0	-	663.0
Portion of grants transferred to income	(0.3)		(0.3)
Net gains and losses on disposal of property, plant and equipment and intangible assets	6.9		6.9
Other	19.5		19.5
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**945.7**	**-**	**945.7**
Change in inventories	(12.7)		(12.7)
Change in trade and other receivables and contract assets	(26.4)		(26.4)
Change in other assets	2.2		2.2
Change in trade and other payables	7.0	-	7.0
Change in contract and other liabilities	16.2		16.2
Other changes	(3.5)		(3.5)
Employee benefits	1.4		1.4
Tax paid	(76.7)		(76.7)
NET CASH FROM OPERATING ACTIVITIES	**853.3**	**-**	**853.3**
Acquisition of intangible assets	(20.0)		(20.0)
Proceeds from disposal of intangible assets	0.4		0.4
Acquisition of property, plant and equipment	(634.4)	-	(634.4)
Proceeds from disposal of property, plant and equipment	9.5		9.5
Acquisition of subsidiaries, net of cash acquired	(62.2)		(62.2)
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	0.1		0.1
Investment grants	0.1		0.1
NET CASH FROM INVESTING ACTIVITIES	**(704.9)**	**-**	**(704.9)**
Capital increase	9.0		9.0
Treasury shares	(11.1)		(11.1)
Dividends and distributions paid			
› to owners of the parent	(81.0)		(81.0)
› to non-controlling interests	(0.1)		(0.1)
Change in borrowings[(a)]	(1.1)		(1.1)
› proceeds from new borrowings	1,684.1		1,684.1
› repayment of borrowings	(1,685.2)		(1,685.2)
Lease liability payments – principal (2018: payments under finance leases)	(3.0)		(3.0)
Net interest paid (including interest on lease liabilities)	(55.2)		(55.2)
Other cash flows related to financing activities	(26.4)		(26.4)
NET CASH FROM FINANCING ACTIVITIES	**(168.7)**	**-**	**(168.7)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(20.4)**	**-**	**(20.4)**
Cash and cash equivalents at beginning of period	203.0		203.0
Effect of changes in foreign exchange rates on cash and cash equivalents	(3.6)	-	(3.6)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**179.1**	**-**	**179.1**

(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 have been 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 obtains 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 4.6 "Other operating income and expenses").

At the acquisition date, the Group recognizes goodwill as the difference between the consideration transferred plus any non-controlling interests in the acquiree 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 profit or loss.

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 column ("Translation reserve").

2.4 Changes in scope of consolidation

2019 acquisitions

The Group acquired the following business combinations during the year:

In Germany

On January 14, Elis acquired 100% of Curantex GmbH and Curantex GmbH & Co. KG ("Curantex"). The Curantex plant, located in Erkelenz in North Rhine-Westphalia, serves customers in the Healthcare sector, including hospitals and retirement homes (flat linen, workwear and residents' clothing). Curantex is a family-owned company that generated revenue of €13.6 million in 2019. This acquisition, which expands Elis's existing network in the Cologne region, will enable it to streamline its plants in Western Germany, a densely populated area in which Elis already operates five flat linen plants and two garment plants.

In Brazil

On October 31, the Group acquired BR Laundry. Located in Anápolis, in the state of Goiás, BR Laundry specializes in workwear in the Industry and Healthcare sectors. The company generates annual revenue of approximately €1.6 million.

In Colombia

On January 14, Elis completed the acquisition of 100% of Metropolitana SAS. Metropolitana has two plants in Bogotá dedicated to operators in the Healthcare, Industry and Hospitality sectors. Metropolitana is a family-owned company that generated revenue of €4.4 million in 2019. This acquisition boosts Elis's existing network in the Bogotá region and allows it to expand further in the Hospitality and Industry sectors, where until now it had a limited foothold.

On September 19, the Group acquired 100% of Lavamejor, located in Cartagena. This laundry business mainly serves hotels on the Caribbean coast. The company employs nearly 80 people and generates annual revenue of €1.6 million. This acquisition extends Elis's coverage in Colombia.

In Denmark

On January 4, the Group completed the acquisition of 100% of A-vask A/S. A-vask A/S is a family-owned group with two multi-service plants in Aabenraa (southern Denmark) and Taastrup (Copenhagen region) with customers in the Hospitality and public sectors. A-vask A/S generated revenue of around €6.5 million in 2019.

In Spain

On January 29, Elis announced the acquisition of 100% of Lloguer Textil Maresme, SL (Lloguer Textil). Lloguer Textil is a family-owned group with a flat linen plant in Mataró, north of Barcelona, that generated revenue of around €2.5 million in 2019. In addition, the Group also acquired Base Lavanderias and Marina de Complementos, which operate in the Healthcare sector (flat linen) in Valencia and La Rioja, employing nearly 50 people and generating almost €1.6 million in revenue.

On October 30, the Group acquired the assets of La Perla. Based in the Barcelona region, La Perla operates mainly in the workwear segment. The company generates annual revenue of approximately €1.9 million and employs around 40 people.

In France

On February 5, Elis acquired 100% of Rathiboust, a French pest control company that mainly serves building management companies in the Greater Paris region. The company has 13 employees and generated revenue of approximately €1.4 million in 2019.

On February 21, the Group completed the acquisition of 100% of Blanchisserie Sud Aquitaine. The company, which operates in the Hospitality sector in Nouvelle-Aquitaine in southwestern France, has nearly 40 employees and revenue of approximately €3.9 million.

In addition, on March 1, 2019, Les Lavandières acquired a pest control business in Nantes (€0.2 million in revenue last year with four employees).

In Italy

On July 4, 2019, the Group acquired Italian company Organizzazione Arrigoni, which is located near Milan. The company, which specializes in pest control, generated €1.3 million in revenue in 2019 and employs 14 people.

In Norway

At the end of April, the Group completed the acquisition of the business assets of Storvask, a company specialized in mats and workwear located in the Trondheim area. This business generates nearly €1 million in revenue.

In Great Britain

At the end of March, Elis acquired the business assets of Ocean Breeze, which operates in the Hospitality sector in Cornwall. This business generates nearly €0.7 million in revenue.

In Russia

On July 17, 2019, the Group acquired 100% of the mat business of Blesk InCare. Blesk InCare is a mat market leader with five locations providing coverage across Russia. Blesk InCare's mat business serves 10,000 customers across all private-sector industries and generated revenue of approximately €11.2 million in 2019 in a rapidly expanding market. It has approximately 350 employees.

In Sweden

On March 1, Elis acquired 100% of Carpeting Entrémattor. A family-run group located in Stockholm, Carpeting Entrémattor is dedicated exclusively to the rental and maintenance of mats for clients of all sizes operating in a variety of sectors. In 2019, it generated revenue of around €3.3 million.

At the end of March, Elis moved to acquire Skräddarens Tvätt & Hyrservice, a mat and workwear company located in the Umeå area. The company has 13 employees and generates revenue of approximately €2.3 million.

In Switzerland

On April 2, Elis moved forward with the acquisition of AS Désinfection, which operates in the Pest control sector in the Fribourg area. The company has three employees and generates revenue of approximately €0.4 million.

Summary of the aforementioned acquisitions

The identifiable assets and liabilities as at the acquisition date were as follows:

(In millions of euros)	Fair value as at the acquisition date	Of which France	Of which Germany	Of which Brazil	Of which Colombia	Of which Denmark	Of which Spain	Of which Italy	Of which UK & Ireland	Of which Russia	Of which Norway	Of which Sweden	Of which Switzerland
Balance sheet													
Intangible assets	27.7	0.4	8.2	-	1.0	4.4	3.4	0.0	0.7	0.1	1.1	8.4	-
Right-of-use assets	6.0	0.4	-	-	0.7	2.7	-	0.2	-	2.1	-	-	-
Property, plant and equipment	30.7	1.5	8.9	1.8	2.8	1.8	1.8	0.0	0.2	6.1	0.4	5.3	0.0
Other equity investments	0.0	0.0	-	-	-	-	0.0	-	-	-	-	-	-
Other non-current assets	0.2	0.0	0.1	-	0.1	-	-	0.0	-	-	-	-	-
Deferred tax assets	0.2	-	-	-	-	-	0.0	-	-	0.2	-	-	-
Inventories	0.6	0.1	0.1	-	0.1	-	0.3	0.0	0.0	0.0	-	-	0.0
Trade and other receivables	12.3	0.9	1.3	0.2	1.4	3.7	2.2	0.4	-	1.3	-	0.9	0.0
Current tax assets	0.3	-	0.0	-	-	-	0.0	-	-	0.2	-	0.1	-
Other assets	0.1	0.1	0.0	-	-	0.0	-	-	-	0.0	-	0.0	0.0
Cash and cash equivalents	3.3	0.1	(0.1)	0.1	0.6	(0.1)	0.8	0.5	-	0.1	-	1.3	0.1
Provisions	(0.6)	-	-	-	(0.1)	(0.5)	-	-	-	-	-	-	(0.0)
Employee benefit liabilities	(0.1)	-	-	-	-	-	-	(0.1)	-	-	-	-	-
Borrowings and financial debt	(0.1)	-	-	(0.1)	-	-	-	(0.0)	-	-	-	-	-
Deferred tax liabilities	(2.8)	(0.0)	(0.0)	-	-	(0.6)	-	-	-	-	-	(2.2)	-
Lease liabilities	(2.7)	(0.2)	-	-	(0.6)	(1.3)	(0.1)	(0.2)	-	(0.4)	-	-	-
Other non-current liabilities	(3.4)	(0.5)	-	-	(1.0)	-	-	-	(0.1)	(1.8)	-	-	-
Current tax liabilities	(0.7)	-	(0.0)	-	(0.1)	(0.2)	-	(0.0)	-	-	-	(0.4)	(0.0)
Trade and other payables	(9.8)	(0.3)	(2.7)	(0.0)	(0.6)	(3.2)	(1.6)	(0.0)	-	(0.4)	-	(0.8)	(0.0)
Contract liabilities	(0.8)	-	-	-	(0.0)	(0.6)	-	-	-	(0.0)	-	(0.2)	-
Current lease liabilities	(2.3)	(0.1)	-	-	(1.9)	(0.0)	-	(0.0)	-	(0.2)	-	-	-
Other liabilities	(5.6)	(0.5)	(0.4)	(0.1)	(0.4)	(0.8)	(0.4)	(0.1)	-	(1.2)	-	(1.6)	(0.0)
Bank overdrafts and current borrowings	(15.1)	(1.3)	(5.3)	(0.0)	(0.6)	-	(0.8)	-		(7.1)	-	-	-
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE[(a)]	**37.4**	**0.5**	**10.1**	**1.9**	**1.3**	**5.1**	**5.8**	**0.6**	**0.8**	**(1.1)**	**1.4**	**10.9**	**0.1**
Goodwill	60.8	4.2	1.5	2.8	4.1	2.8	0.8	2.4	1.6	32.3	-	7.9	0.4
PURCHASE PRICE	**98.2**	**4.7**	**11.6**	**4.7**	**5.3**	**8.0**	**6.6**	**3.0**	**2.4**	**31.2**	**1.4**	**18.8**	**0.5**
Acquisition-related transaction costs	2.6	0.0	0.8	0.3	0.2	0.2	0.2	0.2	-	0.8	-	-	-

(a) Provisional amount, see below.

As at December 31, 2019, due to these recent acquisitions, the initial accounting for the business combinations acquired during the last 12 months had not been completed and the amounts recognized were therefore provisional.

Since their acquisition, the acquired companies have contributed €46.5 million to revenue, €13.8 million to EBITDA, €8.4 million to operating income (before amortization of intangible assets recognized in a business combination) and €3.4 million to net income in 2019. If these acquisitions had taken place at the beginning of 2019, the additional revenue would have been €14.6 million, with additional EBITDA of €3.2 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €2.1 million, and additional net income of €0.5 million.

Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group's human capital and the expected synergies arising from the acquisitions.

Cash flows from acquisitions

(In millions of euros)	12/31/2019	of which France	of which Germany	of which Brazil	of which Colombia	of which Denmark	of which Spain	of which Italy	of which United Kingdom & Ireland	of which Russia	of which Norway	of which Sweden	of which Switzerland
Net cash acquired	3.3	0.1	(0.1)	0.1	0.6	(0.1)	0.8	0.5	-	0.1	-	1.3	0.1
Amount paid	(86.5)	(26.0)	(11.6)	(4.7)	(5.3)	(8.4)	(5.9)	(3.0)	(2.5)	-	(1.4)	(17.0)	(0.5)
NET CASH FLOW	**(83.2)**	**(25.9)**	**(11.7)**	**(4.6)**	**(4.8)**	**(8.5)**	**(5.1)**	**(2.5)**	**(2.5)**	**0.1**	**(1.4)**	**(15.8)**	**(0.4)**

2019 disposals

In Switzerland

On July 2, 2019, the Group sold its 50.02% stake in On My Way, a Swiss startup offering dry cleaning services to individual customers. The results of this disposal were not material.

In the United Kingdom

On August 22, 2019, the Group completed the sale of the single use (Rocialle)/medical consumables (Guardian) divisions of its Clinical Solutions segment to Multigate Medical Products UK Ltd and New Beginnings Investment (Hong Kong) Co, Ltd, subsidiaries of Multigate Medical Products and Zhende Medical, respectively. This division supplies single-use products used for specific surgical procedures in the form of medical packs as well as surgical drapes, gowns, and surgical tray packaging. This division posted revenue of approximately GBP 42 million in 2018.

Then, on October 31, 2019, Elis completed the sale of IHSS, another Clinical Solutions division that belonged to Berendsen prior to its acquisition by Elis in 2017. This division provides decontamination and sterilization solutions for medical equipment in the private and public Healthcare sector. This division posted revenue of approximately GBP 19 million in 2018. The division was sold to Vamed, an international service provider based in Germany that provides customized services to hospitals and other healthcare institutions. The disposal of IHSS thus completes the process of selling the Clinical Solutions business, which had been split into two parts for the purposes of the sale. In order to remain focused on its core business, at the end of the first half of 2018, Elis had announced the disposal of the totality of its Clinical Solutions business – see also Note 2.5 "Non-current assets (or groups of assets) held for sale."

2018 acquisitions

In Germany

On January 3, 2018, the Group acquired:

- Sächsische Mietwäsche und Handels, a company located in Germany near Dresden, with annual revenue of approximately €2.3 million in the Hospitality sector. Its volumes were transferred to the Riesa plant and the former manager, Thomas Pfeiff, became the Director of Riesa;
- Alsco's hotel customer portfolio in the Berlin and Hamburg areas of Germany. In 2017, Alsco generated revenue of nearly €2 million.

On March 23, 2018, the Group completed the acquisition of BW Textilservice in Germany. BW Textilservice is a family-owned laundry company in the Stuttgart region with around 500 employees. In 2018, it generated revenue of €25 million entirely in the Healthcare segment.

On June 6, 2018, Elis completed the acquisition of Wäscherei Waiz GmbH, a family-owned laundry business located near Nuremberg, which generated revenue of around €10 million in 2017. This company employs around 200 people and operates mainly in the Healthcare market in northern Bavaria, a region where the Group did not have a presence before.

In Belgium

On April 24, 2018, the Group acquired Ardenne et Meuse, a Belgian family business with some 80 employees and a laundry near Liège. The company posted revenue of around €8 million in 2018. It is specialized in flat linen processing for Hospitality customers.

In Spain

In February 2018, the Group completed the acquisition of the assets of Camps, which operates a laundry in the Barcelona region and generated revenue of around €2 million in 2017.

On December 5, 2018, the Group completed the acquisition of 100% of Lavanderias Triton SL The Lavanderias Triton SL plant, located in the Madrid region, specializes in flat linen and mainly serves customers in the Hospitality market. Through service partners, the company also covers the cities of Barcelona, Málaga, Elche and Segovia. A family-owned group, Lavanderias Triton SL generated revenue of around €8 million in 2017.

In France

The Group also acquired Big Bang, a company based in Nice. With 16 employees, Big Bang generated revenue in 2017 of around €2 million in the HWB (hygiene and well-being) market in the Nice, Marseille, Lyon and Paris regions.

In addition, on June 29, 2018, Les Lavandières acquired a pest control business in Nantes (€0.3 million in revenue last year and two employees).

Summary of the aforementioned acquisitions

The identifiable assets and liabilities as at the acquisition date were as follows:

(In millions of euros)	Fair value as at the acquisition date	of which France	of which Germany	of which Belgium	of which Spain
Balance sheet					
Intangible assets	6.3	-	2.3	1.8	2.2
Property, plant and equipment	34.2	0.1	18.6	11.4	4.0
Deferred tax assets	0.1	-	-	-	0.1
Inventories	0.3	0.1	0.1	0.2	0.0
Trade and other receivables	7.5	0.3	4.2	1.1	2.0
Current tax assets	0.3	-	0.3	-	-
Other assets	0.2	0.0	0.1	0.0	0.0
Cash and cash equivalents	4.3	0.2	0.3	0.4	3.4
Assets held for sale	0.2	-	-	-	0.2
Provisions	(1.1)	-	(0.8)	(0.0)	(0.3)
Borrowings and financial debt	(7.3)	(0.0)	(2.5)	(3.8)	(1.0)
Deferred tax liabilities	(1.8)	-	(0.4)	(1.2)	(0.2)
Current tax liabilities	(1.0)	0.0	(0.2)	(0.0)	(0.8)
Trade and other payables	(6.8)	(0.0)	(2.6)	(0.8)	(3.3)
Contract liabilities	(0.4)	(0.3)	-	(0.1)	-
Other liabilities	(4.1)	(0.2)	(2.1)	(1.1)	(0.7)
Bank overdrafts and current borrowings	(6.4)	-	(5.4)	(0.8)	(0.1)
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE	**24.4**	**0.2**	**11.7**	**7.0**	**5.5**
Non-controlling interests (-)	-	-	-	-	-
Goodwill	41.0	3.4	25.0	3.0	9.6
PURCHASE PRICE	**65.4**	**3.6**	**36.7**	**10.0**	**15.2**
Acquisition-related transaction costs	0.8	0.0	0.5	0.2	0.2

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2018	of which France	of which Germany	of which Belgium	of which Spain
Net cash acquired	3.3	0.2	(0.8)	0.4	3.4
Amount paid	(65.4)	(3.6)	(36.7)	(10.0)	(15.2)
NET CASH FLOW	**(62.2)**	**(3.4)**	**(37.4)**	**(9.6)**	**(11.8)**

Since their acquisition, the acquired companies contributed €31.6 million to revenue, €7.3 million to EBITDA, €1.6 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.8 million to net income in 2018. If these acquisitions had taken place at the beginning of 2018, additional revenue would have been €20.9 million, with additional EBITDA of €5.1 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €1.6 million, and additional net income of €0.9 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 the carrying amount or fair value less cost to sell if their carrying amount will be recovered primarily through sale rather than continued 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.

Discontinued operations are presented separately in the income statement for both the current and comparative financial years. IFRS 5 states that a group of assets to be disposed of is a discontinued operation when it corresponds, in particular, to a cash-generating unit or group of units, is classified as a group held for sale, and represents a separate major line of business or a geographical area of operations. A separate major business line or geographical area may, for example, comprise all or part of an operating segment as defined by IFRS 8.

On July 25, 2018, the Group publicly announced the decision authorized by the Supervisory Board to sell the Clinical Solutions business in the United Kingdom. This business was classified under "Discontinued operations" as at June 30, 2018 and no longer presented under "Segment information." The net income (or loss) for this business for the year is as follows:

(In millions of euros)	**12/31/2019**	12/31/2018
Revenue	46.4	67.3
Expenses	(44.9)	(68.8)
Gain on disposal	3.4	
Income (loss) from discontinued operations before tax	4.8	(1.5)
Income tax expense	(0.7)	0.3
NET INCOME (LOSS)	**4.1**	**(1.2)**

As at December 31, 2019, the process of selling the Clinical Solutions business, which had been split into two parts, was completed. The after-tax profit from the disposal included in "Income from discontinued operations, net of tax" came to €3.4 million.

The assets and liabilities of the Clinical Solutions business in the United Kingdom classified as held for sale as at December 31, 2018 were as follows:

(In millions of euros)	**12/31/2019**	12/31/2018
Right-of-use assets	-	-
Property, plant and equipment	-	4.8
Deferred tax assets	-	0.7
Inventories	-	12.5
Trade and other receivables	-	16.8
Current tax assets	-	0.0
Other assets	-	2.0
Cash and cash equivalents	-	4.6
Assets held for sale	-	41.4
Provisions	-	0.7
Deferred tax liabilities	-	1.3
Lease liabilities	-	-
Current provisions	-	0.1
Current tax liabilities	-	0.3
Trade and other payables	-	2.6
Current lease liabilities	-	-
Other liabilities	-	7.7
Bank overdrafts and current borrowings	-	10.5
Liabilities directly associated with assets held for sale	-	23.3

Trade receivables as at December 31, 2018 totaled €16.8 million.

The consolidated statement of cash flows presents the cash flows from both continuing and discontinued operations. The cash flows included in the consolidated statement of cash flows for discontinued operations are:

(In millions of euros)	12/31/2019	12/31/2018
Cash flows from operating activities	2.5	(6.5)
Cash flows from investing activities	27.2	0.2
proceeds from disposal of subsidiaries, net of cash transferred	30.1	-
acquisitions/disposals of non-current assets	(2.9)	0.2
Cash flows from financing activities	(1.1)	-
NET CASH FLOWS FOR THE PERIOD	**28.6**	**(6.3)**

2.6 Off-balance sheet commitments relating to changes in the consolidation scope

Commitments given relate to guarantees granted by Elis in connection with disposals. They totaled €11.7 million at December 31, 2019 (nil at December 31, 2018).

Commitments received totaled €179.8 million as at December 31, 2019 (€149.4 million as at December 31, 2018) and correspond to the maximum guarantees granted to Elis in connection with its acquisitions.

Commitments to acquire equity

On July 25, 2018, the Group signed an agreement to acquire 100% of Kings Laundry Ltd. in Ireland. Kings Laundry has two plants in Cork and Dublin specialized in flat linen. It generated revenue of around €30 million in 2017. This acquisition, which complements Elis's existing network, will generate synergies and will expand the Group's portfolio of customers. As at the date the annual consolidated financial statements were prepared, the Kings Laundry acquisition had been approved by the Irish Competition and Consumer Protection Commission (CCPC) after a detailed review (phase II). For the approval to be finalized, the CCPC required that Elis put mandatory legal provisions in place. These provisions relate to the assignment of several contracts in the Healthcare sector. It is Elis's intention to comply with these provisions in the coming months and thus continue finalizing this transaction.

2.7 Non-controlling interests

In May 2019, the Group acquired a) the balance of the shares of its main Brazilian subsidiary Atmosfera Gestão e Higienização de Têxteis SA and b) 20% of the shares of its Danish subsidiary Jysk Linnedservice A/S per the buyback agreements made previously by the Group and recorded as at December 31, 2018 under other current liabilities.

In April 2018, the former Lavebras shareholder had subscribed to a €9 million capital increase in Atmosfera, the Group's direct subsidiary in Brazil.

No detailed information is provided under IFRS 12 as there is no subsidiary with material non-controlling interests.

2.8 Refinancing

In 2019, the Group carried out two significant refinancing transactions:

1. On April 30, 2019, the Group used two new borrowings in order to fully repay €800 million in High-Yield Bonds maturing in 2022:
   - as part of its EMTN program, on April 11, 2019, Elis issued €500 million worth of bonds maturing in five years with a coupon rate of 1.75%;
   - on April 24, 2019, Elis also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70%, and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%.

   As part of the USPP transaction, the Group underwent the rating process of the rating agency DBRS, which assigned Elis SA an issuer rating of BBB low. This rating is the first investment-grade rating Elis SA has received.
2. On October 3, 2019, the Group fully repaid its bank debt maturing in 2022 without penalty via a dual-tranche bond issue consisting of:
   - a 5.5-year tranche (maturing April 2025) in the amount of €500 million with an annual coupon rate of 1%;
   - an 8.5-year tranche (maturing April 2028) in the amount of €350 million with an annual coupon rate of 1.625%.

   With the longest maturities and lowest coupon rates ever achieved by the Group, these two refinancing transactions aligned well with the Group's active refinancing strategy, aimed at smoothing maturities over a longer period and lowering the average cost of debt.

2.9 Events after the reporting period relating to changes in the consolidation scope

On January 31, 2020, the Group acquired 100% of Textile Washing Company in the Czech Republic. Textile Washing Company is a family-owned group located in Kralovice whose business is dedicated exclusively to the rental and maintenance of flat linen for customers mainly from the Hospitality sector. In 2018, it generated revenue of around €4.5 million.

NOTE 3 SEGMENT INFORMATION

The Group is structured into six main operating segments, based mainly on geography. 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 geographical breakdown of rental and maintenance services for textiles and hygiene and well-being appliances is as follows:

- France;
- United Kingdom & Ireland;
- Central Europe: Germany, Austria, Belgium, Luxembourg, the Netherlands, Poland, the Czech Republic, Hungary, Slovakia and Switzerland;
- Scandinavia & Eastern Europe: Denmark, Finland, Norway, Sweden, Estonia, Latvia, Lithuania and Russia;
- Southern Europe: Spain, Andorra, Italy and Portugal;
- Latin America: Brazil, Chile and Colombia.

The other segments include manufacturing entities that comprise the cash-flow generating units 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 the Group level.

3.1 Revenue

2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	1,065.7	396.1	731.0	507.0	298.2	262.5	21.4	3,281.8
Inter-segment	1.6	1.0	3.6	0.5	0.4	-	(7.1)	-
SEGMENT REVENUE	**1,067.3**	**397.1**	**734.6**	**507.5**	**298.6**	**262.5**	**14.3**	**3,281.8**

2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	1,032.8	397.8	682.1	483.8	268.0	247.7	21.0	3,133.3
Inter-segment	1.8	1.3	3.1	0.2	0.4	-	(6.9)	-
SEGMENT REVENUE	**1,034.6**	**399.1**	**685.2**	**484.0**	**268.4**	**247.7**	**14.1**	**3,133.3**

3.2 Earnings

Non-IFRS indicators

EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating 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 with the consolidated income statement is presented below.

2019

(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 expenses and amortization of intangible assets recognized in a business combination	**206.8**	**14.7**	**79.0**	**105.8**	**20.6**	**37.5**	**(22.4)**	**442.1**
Miscellaneous financial items	*0.5*	*0.3*	*0.1*	*0.0*	*0.2*	*0.1*	*0.4*	*1.7*
Expenses related to share-based payments	*0.4*	*-*	*0.0*	*0.2*	*-*	*-*	*10.6*	*11.2*
EBIT	207.7	15.0	79.1	106.0	20.8	37.6	(11.4)	454.9
Depreciation and amortization, net of the portion of grants transferred to income	*198.4*	*98.5*	*152.7*	*90.2*	*65.1*	*42.1*	*1.2*	*648.1*
EBITDA	**406.1**	**113.5**	**231.8**	**196.2**	**85.9**	**79.7**	**(10.2)**	**1,103.0**
	38.0%	*28.6%*	*31.6%*	*38.7%*	*28.8%*	*30.4%*		*33.6%*

2018

(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 expenses and amortization of intangible assets recognized in a business combination	**191.6**	**18.0**	**74.9**	**102.3**	**16.6**	**31.2**	**(27.1)**	**407.5**
Miscellaneous financial items	*0.8*	*0.2*	*0.2*	*0.0*	*0.2*	*0.0*	*0.4*	*1.8*
Expenses related to share-based payments	*2.0*	*(0.1)*	*0.0*	*-*	*-*	*-*	*15.1*	*17.0*
EBIT	194.4	18.1	75.2	102.4	16.7	31.2	(11.6)	426.4
Depreciation and amortization, net of the portion of grants transferred to income	*167.6*	*87.2*	*134.7*	*78.6*	*54.2*	*35.6*	*1.3*	*559.2*
EBITDA	**362.0**	**105.3**	**209.9**	**181.0**	**71.0**	**66.7**	**(10.3)**	**985.6**
	35.0%	*26.4%*	*30.6%*	*37.4%*	*26.4%*	*26.9%*		*31.5%*

Impact of the first-time adoption of IFRS 16

The EBITDA of each sector improved due to the adoption of IFRS 16. The impact on the EBIT and EBITDA of each sector during the first half of 2019 is as follows:

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
EBIT	**0.8**	**0.7**	**0.4**	**0.3**	**0.3**	**1.2**	**(0.0)**	**3.7**
Depreciation and amortization, net of the portion of grants transferred to income	(23.8)	(10.3)	(14.0)	(10.4)	(4.9)	(2.9)	(0.4)	(66.6)
EBITDA	**24.6**	**11.0**	**14.4**	**10.7**	**5.2**	**4.1**	**0.4**	**70.3**

3.3 Information by region

(In millions of euros)	12/31/2019	12/31/2018
France (including Le Jacquard Français)	1,075.9	1,042.9
Germany	388.9	354.1
United Kingdom (including Kennedy Hygiene)	361.0	361.2
Sweden	213.8	208.6
Denmark	195.9	189.8
Netherlands	129.2	120.2
Spain and Andorra	209.2	188.8
Brazil	225.0	216.2
Other countries	483.0	451.4
REVENUE	**3,281.8**	**3,133.3**

(In millions of euros)	12/31/2019	12/31/2018
France (including Le Jacquard Français)	2,347.3	2,143.9
Germany	481.2	438.0
United Kingdom (including Kennedy Hygiene)	473.6	379.5
Sweden	847.6	842.0
Denmark	688.8	684.9
Netherlands	531.8	527.1
Spain and Andorra	306.6	283.9
Brazil	472.2	464.1
Other countries	924.0	814.4
NON-CURRENT ASSETS	**7,073.0**	**6,577.9**

The non-current assets presented above comprise goodwill, property, plant and equipment, intangible assets and right-of-use assets.

NOTE 4 OPERATING DATA

4.1 Revenue

Revenues are recognized once the Group has delivered the promised goods or service to the customer.

Services

Revenue from services is recognized as and when the services are rendered.

The five-step model introduced by IFRS 15 requires, among other things, the identification of the performance obligations set out in each service contract. Almost all of the Group's revenue is derived from the sale of services under multi-year contracts. An analysis of contracts shows that, in general, the various services promised to customers constitute a single performance obligation.

Revenue from services is recognized in the period in which the services are delivered, as the customer benefits from these services as and when Elis delivers them. These services are most often invoiced and paid on a monthly basis: Group entities are entitled to receive payment from a customer for an amount directly corresponding to the value to the customer of the performance obligation they have fulfilled up to the relevant date.

Where these services are invoiced in advance as part of a subscription of one month or more, the portion of the invoice corresponding to a service not yet rendered is recognized under "Contract liabilities."

Sale of goods

Revenue from the sale of goods is recognized on the date on which control of the asset sold is transferred to the customer.

4.2 Disaggregation of revenue

Revenue from services is generated by three main activities: flat linen, workwear, and hygiene and well-being. These services are rendered to customers who mainly operate in the Hospitality, Industry, Trade, and Healthcare sectors.

2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linens	442.7	258.2	319.7	107.4	212.2	208.2	-	1,548.5
Workwear	364.5	111.5	346.0	190.0	51.1	52.8	-	1,115.8
Hygiene and well-being	295.9	16.8	53.2	171.8	35.9	0.0	0.7	574.3
Other	(37.3)	9.6	12.1	37.8	(1.1)	1.5	20.6	43.2
Revenue by service	**1,065.7**	**396.1**	**731.0**	**507.0**	**298.2**	**262.5**	**21.4**	**3,281.8**
Hospitality	376.0	124.1	112.0	78.3	175.0	22.6	-	888.0
Industry	192.5	120.9	212.2	320.0	35.9	62.3	-	943.8
Healthcare	170.6	139.5	288.2	59.8	39.4	178.1	-	875.6
Trade	364.0	11.6	118.6	48.8	48.0	(0.6)	-	590.4
Other	(37.4)	(0.0)	0.0	0.0	(0.0)	0.0	21.4	(16.0)
Revenue by customer segment	**1,065.7**	**396.1**	**731.0**	**507.0**	**298.2**	**262.5**	**21.4**	**3,281.8**
Services (supplied over a given period)	1,064.0	384.0	715.5	474.2	297.8	260.4	1.5	3,197.2
Sales of goods (supplied on a specific date)	1.8	12.1	15.5	32.8	0.4	2.1	19.9	84.6
REVENUE	**1,065.7**	**396.1**	**731.0**	**507.0**	**298.2**	**262.5**	**21.4**	**3,281.8**

2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linens	426.7	256.5	299.9	106.3	190.0	195.9	-	1,475.4
Workwear	353.4	112.5	321.0	187.6	44.7	49.6	-	1,068.9
Hygiene and well-being	284.8	18.2	49.6	152.6	34.1	0.0	0.4	539.7
Other	(32.1)	10.6	11.5	37.3	(0.8)	2.2	20.6	49.3
Revenue by service	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**
Hospitality	341.8	127.0	114.3	77.8	154.3	19.9	-	835.0
Industry	188.5	122.8	226.5	307.8	33.7	58.6	-	938.0
Healthcare	169.9	135.9	252.7	59.3	36.4	169.1	-	823.3
Trade	364.7	12.1	88.5	39.0	43.6	0.0	-	548.0
Other	(32.0)	0.0	0.0	(0.0)	(0.0)	0.0	21.0	(11.0)
Revenue by customer segment	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**
Services (supplied over a given period)	1,030.7	384.2	668.0	451.7	267.3	245.8	2.6	3,050.2
Sales of goods (supplied on a specific date)	2.0	12.4	14.1	32.1	0.8	2.0	18.4	81.9
REVENUE	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**

4.3 Contract balances

Contract assets
Current contract assets represent services that were rendered to customers during the final months of the reporting period and for which invoices have not yet been issued. These amounts are transferred to trade receivables when the Group acquires an unconditional right to the receivable. This generally happens when the invoice is sent to the customers.

Contract liabilities
Current contract liabilities reflect deferred income, i.e. the invoicing of services that will mainly be performed in the month following the close of the reporting period.

Contract costs
IFRS 15 requires that the incremental costs of obtaining a contract with a customer whose term exceeds one year must be recognized in assets and amortized over the same period. In the Group's case, this asset item corresponds in particular to sales commissions paid in proportion to the amount or number of contracts signed. The change in this asset item (classified as "Non-current assets") between two reporting periods is recognized in the income statement under "Selling, general and administrative expenses."

The amounts of trade receivables, assets and liabilities on contracts with customers are presented in Note 2.5 "Assets held for sale," Note 4.4 "Trade and other receivables and contract assets" and Note 4.9 "Other current assets and liabilities."

Revenue recognized during the year includes the full amount that was shown in the opening balance of contract liabilities at the beginning of the year.

4.4 Trade and other receivables and contract assets

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 receivables are subject to impairment for "expected credit losses," which requires the Group to exercise its judgment in assessing expected credit losses over the entire life of the receivable. To do this, the Group mainly uses an impairment matrix based on historical data. These impairment losses 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)	**12/31/2019**	12/31/2018
Trade receivables and notes receivable (gross)	636.4	629.4
(-) Impairment of trade receivables	(56.3)	(56.9)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**580.1**	**572.5**
Other receivables	52.8	77.0
TOTAL TRADE AND OTHER RECEIVABLES	**632.9**	**649.5**
Contract assets	36.2	31.7
TOTAL TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	**669.1**	**681.2**
› collection expected in less than one year	669.1	681.2
› collection expected in more than one year	-	-

Changes in trade and other receivables and contract assets during the financial years presented are analyzed as follows:

(In millions of euros)	**12/31/2019**	12/31/2018
Opening balance	**681.2**	**676.0**
Adjustment related to first-time adoption of IFRS 9	-	(0.8)
Change in gross WC	(33.8)	32.1
Change in write-downs	0.6	(5.8)
Change in net WC	(33.2)	26.4
Increase related to business combinations	12.3	7.5
Translation differences	1.6	(9.0)
Change in receivables on disposal of fixed assets	0.4	(1.0)
Other movements	6.8	(17.8)
AT DECEMBER 31	**669.1**	**681.2**

Net movements in working capital requirements were mainly due to the recognition in 2019 of €16.5 million in receivables related to France's tax credit for competitiveness and employment (Crédit d'impôt pour la compétitivité des entreprises – CICE), which were not pre-financed (compared with an increase in CICE receivables of €11.3 million in 2018), and to better monitoring of trade receivables and the positive impact of the collection schedule during the last few days of the year due to a busier business period.

Movements in the impairment of trade receivables are as follows:

(In millions of euros)	Impairment
At December 31, 2018	(56.9)
Movements for the year	0.7
Changes in consolidation scope	(0.3)
Translation differences	0.1
Other	0.1
AS AT DECEMBER 31, 2019	**(56.3)**

Credit risk

The management of credit risk is described in detail in Note 8.1 "Financial risk management."

4.5 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	**12/31/2019**	12/31/2018
Depreciation and amortization (net of the portion of grants transferred to income)		
› included in Operating income before other income and expenses and amortization of intangible assets recognized in a business combination		
Textile rental, laundry and maintenance items	(396.5)	(386.0)
Other leased items	(29.3)	(28.8)
Other property, plant and equipment and intangible assets	(153.5)	(144.7)
Right-of-use assets	(69.2)	
Portion of grants transferred to income	0.4	0.3
› included in Other operating income and expenses	(0.2)	0.0
› amortization of intangible assets recognized in a business combination	(88.3)	(112.5)
› included in Income from discontinued operations	(0.0)	(2.0)
TOTAL DEPRECIATION AND AMORTIZATION (NET OF THE PORTION OF GRANTS TRANSFERRED TO INCOME)	**(736.6)**	**(673.7)**
Additions to or reversals of provisions		
› included in Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	*0.1*	*7.2*
› included in Other operating income and expenses	*15.7*	*3.8*
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**15.8**	**11.0**

4.6 Other operating income and expenses

Items of material amounts that are unusual, abnormal or infrequent are disclosed separately in the income statement under "Other operating income and expenses," in order to better reflect Group performance.

(In millions of euros)	12/31/2019	12/31/2018
Costs related to acquisitions and earnouts	(9.0)	(31.0)
Restructuring costs	(12.7)	(30.0)
Uncapitalizable costs for change in IT systems	(2.0)	(0.8)
Litigation	11.6	(1.1)
Net gain (loss) on site disposals	(0.5)	5.0
Expenses relating to site disposal	(3.9)	(1.2)
Environmental rehabilitation costs	0.2	(1.0)
Compensation received from litigation	-	15.9
Other	(2.2)	(5.7)
OTHER OPERATING INCOME AND EXPENSES	**(18.5)**	**(49.8)**

The "Litigation" line mainly corresponds to a reversal of provisions in the United Kingdom (see Note 7 "Provisions and contingent liabilities").

4.7 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 the cost price.

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;
- overhead that can be reasonably linked to the production of the goods.

(In millions of euros)	12/31/2019	12/31/2018
Raw materials, supplies	36.7	33.0
Work in progress	0.4	0.2
Intermediate and finished goods	18.3	19.4
Goods for resale	69.6	67.7
INVENTORIES	**125.1**	**120.2**
› o/w inventories (at cost)	129.5	127.0
› o/w write-downs	(4.4)	(6.7)

Changes in net inventories during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2019	12/31/2018
At January 1	**120.2**	**122.1**
Change in gross inventory	0.4	11.8
Change in write-downs	2.2	0.9
Change in net inventory	2.6	12.7
Increase related to business combinations	0.6	0.3
Translation differences	0.9	(1.9)
Other movements	0.7	(12.9)
AT DECEMBER 31	**125.1**	**120.2**

Other movements in 2018 mainly correspond to the reclassification of the inventories of the Clinical Solutions business as "Assets held for sale."

4.8 Trade and other payables

(In millions of euros)	12/31/2019	12/31/2018
Trade payables	264.9	252.2
Trade payables (fixed assets)	17.7	17.2
Other payables	7.6	5.1
TOTAL TRADE AND OTHER PAYABLES	**290.2**	**274.5**

Chages in trade and other payables during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2019	12/31/2018
At January 1	**274.5**	**268.1**
Change in WC	3.2	7.0
Increase related to business combinations	9.8	6.8
Translation differences	0.6	(3.0)
Change in trade payables (fixed assets)	0.6	(8.2)
Other movements	1.5	3.9
AT DECEMBER 31	**290.2**	**274.5**

4.9 Other current assets and liabilities

(In millions of euros)	Notes	12/31/2019	12/31/2018
Prepaid expenses		19.2	23.0
Current asset derivatives – cash flow hedging	8.8	(0.0)	1.3
Other current asset derivatives		0.3	0.1
Other assets		1.5	1.6
TOTAL OTHER ASSETS		**21.1**	**26.0**
Deposits received		8.8	9.0
Payroll-related liabilities		178.7	182.1
Tax liabilities and other debt		161.3	161.6
Deferred consideration payable on acquisitions		3.5	11.7
Liability for repurchase commitments to non-controlling interests		1.9	14.5
Current liability derivatives – cash flow hedging	8.8	1.9	-
Other current liability derivatives		0.5	0.1
Investment grants		2.2	2.6
TOTAL OTHER LIABILITIES		**358.8**	**381.6**
Contract liabilities		71.5	68.3
TOTAL CONTRACT AND OTHER LIABILITIES		**430.3**	**449.9**

Changes in other assets during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2019	12/31/2018
At January 1	**26.0**	**28.9**
Change in WC	(7.6)	(2.2)
Increase related to business combinations	0.1	0.2
Translation differences	0.3	(0.1)
Change in derivatives	(1.3)	1.3
Other movements	3.5	(2.2)
AT DECEMBER 31	**21.1**	**26.0**

Changes in other current liabilities during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2019	12/31/2018
At January 1	**449.9**	**444.5**
Change in WC	(13.4)	16.2
Increase related to business combinations	6.4	4.5
Translation differences	2.9	(5.2)
Change in debt related to business combinations	(16.5)	(3.6)
Change in derivatives	2.3	(2.6)
Other movements	(1.3)	(3.8)
AT DECEMBER 31	**430.3**	**449.9**

The change in 2019 WC mainly reflects the reduction of social security contributions in France, offset by the elimination of the tax credit for competitiveness and employment (CICE).

NOTE 5 EMPLOYEE BENEFITS EXPENSE

5.1 Average number of employees

(In number of people)	12/31/2019	12/31/2018
Executives	2,528	2,308
Supervisory personnel	3,504	3,538
Office employees	4,559	4,105
Service employees	8,484	7,998
Other employees	30,792	29,831
Total employees per category	**49,868**	**47,779**
France	13,267	13,122
Other countries	36,601	34,657
Total employees	**49,868**	**47,779**

For companies acquired during the year, the number of employees is calculated on a prorated basis.

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 by 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)	12/31/2019	12/31/2018
Wages and salaries	(1,056.4)	(1,010.0)
Social security contributions	(266.4)	(269.8)
Tax credit for competitiveness and employment (CICE)	-	16.2
Mandatory/optional profit-sharing	(27.1)	(23.7)
Other employee benefits	1.4	(2.1)
Equity-settled share-based payments	(11.2)	(17.0)
TOTAL EMPLOYEE BENEFIT EXPENSES FROM CONTINUING OPERATIONS	**(1,359.8)**	**(1,306.4)**

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 relating to its French subsidiaries consist of:

- supplementary retirement benefits paid to a category of senior executives. The supplementary retirement plan, for which all 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 last three-year review of the fund's valuation under UK regulations was carried out in February 2019 and confirmed the fund's ability to meet its commitments.

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 for rights vested before February 1, 1999, and in line with 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 before 1978.

The Group's Swiss subsidiaries have employee benefit liabilities in accordance with the 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 balance sheet.

The following table shows changes in the liability recognized in the Elis Group's balance sheet:

(In millions of euros)	Obligation	Fair value of plan assets	Net Liability (Asset)
December 31, 2017	**559.2**	**475.5**	**83.7**
Current service cost	5.9		5.9
Interest expense	11.8	10.3	1.5
Benefit paid	(21.3)	(17.7)	(3.6)
Employee contributions	3.7	3.7	-
Employer contributions		3.0	(3.0)
Past service cost	(1.0)		(1.0)
Plan amendments	3.5		3.5
Plan curtailments or settlements	(0.7)	(0.1)	(0.6)
Return on plan assets		(21.7)	21.7
Actuarial gains and losses	(26.3)		(26.3)
Increase related to business combinations and other movements	(0.2)	(0.3)	0.1
Reclassification to liabilities directly related to assets held for sale			-
Translation adjustments	(1.4)	(0.9)	(0.5)
At December 31, 2018	**533.3**	**451.7**	**81.5**
Current service cost	6.7		6.7
Interest expense	12.9	11.3	1.7
Benefit paid	(30.1)	(25.7)	(4.4)
Employee contributions	7.8	7.8	-
Employer contributions		3.0	(3.0)
Past service cost			-
Plan amendments			-
Plan curtailments or settlements	(0.2)	(0.1)	(0.0)
Return on plan assets		51.7	(51.7)
Actuarial gains and losses	57.1		57.1
Increase related to business combinations and other movements	0.1		0.1
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	21.6	22.5	(0.9)
DECEMBER 31, 2019	**609.3**	**522.2**	**87.1**

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In millions of euros)	12/31/2019	12/31/2018
Present value of unfunded obligations	88.9	80.0
Present value of partially or fully funded obligations	520.3	453.3
Total value of defined benefit plan obligations (1)	609.3	533.3
Fair value of plan assets (2)	522.2	451.7
NET VALUE OF DEFINED BENEFIT PLAN LIABILITY (ASSET) (1) - (2) = (3)	**87.1**	**81.5**

INFORMATION BY REGION

(In millions of euros)	12/31/2019	12/31/2018
France	44.0	40.8
United Kingdom	(30.4)	(15.8)
Sweden	37.9	34.1
Switzerland	30.2	17.5
Other countries	5.4	5.0
NET EMPLOYEE BENEFIT LIABILITIES (ASSETS)	**87.1**	**81.5**

FRANCE – DETAILS

The Group's obligations and provisions for its French subsidiaries break down as follows:

	12/31/2019	12/31/2018
Discount rate	0.7%	1.6%
Expected salary increase rate	inflation+0/6%	inflation+0/6%
Expected retirement benefit increase rate	1.3%	1.5%

(In millions of euros)	12/31/2019	12/31/2018
Present value of unfunded obligations	44.0	40.8
Present value of partially or fully funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**44.0**	**40.8**
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**44.0**	**40.8**

	Sensitivity France
Discount rate: -0.5% impact	+4.0%
Discount rate: +0.5% impact	-4.8%
Expected salary/retirement benefit increase rate: -0.5 impact	-5.0%
Expected salary/retirement benefit increase rate: +0.5 impact	+5.0%

	France
Expected contribution for next financial year	2.0
Weighted average duration of the obligation	10.4

UNITED KINGDOM AND IRELAND – DETAILS

On October 26, 2018, the High Court of Justice in the United Kingdom ruled that companies must equalize the benefits paid to men and women who have guaranteed minimum pensions (GMP). These GMPs were acquired between May 17, 1990 and April 5, 1997 by employees who benefited from the British state pension system, the calculation rules for which could lead to different payments depending on the beneficiary's gender. The Group's UK subsidiaries, in agreement with their Boards, estimated the impact of this measure at 1% of obligations, or €3.5 million of past service costs recorded in the 2018 income statement as "Other income and expense." This estimate was further confirmed during the three-year review of the valuation of the external fund that was carried out in February 2019. The final adjustment of the commitment was recognized during the financial year.

The Group's obligations and provisions for its UK and Irish subsidiaries break down as follows:

	12/31/2019	12/31/2018
Discount rate	2.10%	2.90%
Expected salary increase rate	2.50%	2.90%
Taux d'augmentation attendue des retraites	2,60 %	3,00 %

(In millions of euros)	12/31/2019	12/31/2018
Present value of unfunded obligations		
Present value of partially or fully funded obligations	431.6	378.1
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**431.6**	**378.1**
Fair value of plan assets (2)	462.0	393.9
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**(30.4)**	**(15.8)**

	Sensitivity UK & Ireland
Discount rate: -0.5% impact	+9.1%
Discount rate: +0.5% impact	-8.0%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.2%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.2%

	UK & Ireland
Expected contribution for next financial year	0.8
Weighted average duration of the obligation	17.4

	United Kingdom & Ireland
Cash and cash equivalents	0.5
Shares	84.8
Bonds	369.8
Properties & mortgages	1.0
Derivatives	6.0
FAIR VALUE OF PLAN ASSETS	**462.0**

SWEDEN – DETAILS

The Group's obligations and provisions for its Swedish subsidiaries break down as follows:

	12/31/2019	12/31/2018
Discount rate	1.50%	2.25%
Expected salary increase rate		-
Expected retirement benefit increase rate	2.00%	2.00%

(In millions of euros)	12/31/2019	12/31/2018
Present value of unfunded obligations	37.9	34.1
Present value of partially or fully funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**37.9**	**34.1**
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**37.9**	**34.1**

	Sensitivity Sweden
Discount rate: -0.5% impact	+10.0%
Discount rate: +0.5% impact	-8.8%
Expected salary/retirement benefit increase rate: -0.5 impact	-8.7%
Expected salary/retirement benefit increase rate: +0.5 impact	+9.9%

	Sweden
Expected contribution for next financial year	0.9
Weighted average duration of the obligation	19.0

SWITZERLAND – DETAILS

The Group's obligations and provisions for its Swiss subsidiaries break down as follows:

	12/31/2019	12/31/2018
Discount rate	0.15%	0.95%
Expected salary increase rate	1.00%	1.00%
Expected retirement benefit increase rate	-	-

(In millions of euros)	12/31/2019	12/31/2018
Present value of unfunded obligations		
Present value of partially or fully funded obligations	88.5	75.2
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**88.5**	**75.2**
Fair value of plan assets (2)	58.2	57.6
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**30.2**	**17.5**

	Sensitivity Switzerland
Discount rate: -0.5% impact	+11.1%
Discount rate: +0.5% impact	-9.5%
Expected salary/retirement benefit increase rate: -0.5 impact	-1.2%
Expected salary/retirement benefit increase rate: +0.5 impact	+1.3%

	Switzerland
Expected contribution for next financial year	2.7
Weighted average duration of the obligation	10.2

	Switzerland
Cash and cash equivalents	4.2
Shares	15.6
Bonds	20.0
Properties & mortgages	12.7
Derivatives	5.8
FAIR VALUE OF PLAN ASSETS	**58.2**

5.4 Share-based payments

Free performance share grants
Pursuant to IFRS 2, Elis estimated the plans' fair value based on the fair value of the equity instruments granted. That fair value was based on the share price at the grant date, weighted by a reasonable estimate of the extent to which the share allocation criteria would be fulfilled. The cost, recognized through equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 "Expenses related to employee benefits."

"Elis for All" Group Savings Plan
The Group measures the IFRS 2 expense of the benefit offered to employees subscribing to its Group Savings Plan by reference to the fair value of the discount provided on non-transferable shares. The fair value of the discount granted by the Group is thus reduced by the cost to the employee of not being able to sell the shares. This cost is measured as the cost of a strategy combining the forward sale of shares at the end of the lock-up period with the cash purchase of the same number of shares, financed by an unrestricted loan with bullet repayment, taken out for the lock-up period at the rate that a bank would grant to an individual with an average risk profile. The valuation date used is the date on which the Group and its employees accepted the share-based payment agreement.

Free performance share grants:

The performance share plans implemented by the Company under which shares either vested during the year or were still in the process of vesting during the year are as follows:

Free performance share grants	Plan nos. 3 and 4 – 2016	Plan no. 5 – 2016	Plan no. 6 – 2017	Plan no. 7 – 2018	Plan no. 8 – 2018	Plan no. 9 – 2018	Plan no. 10 – 2019	Plan no. 11 – 2019
Date of shareholders' meeting	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board meeting	03/09/2016	03/09/2016	03/14/2017	03/06/2018	03/06/2018	03/06/2018	03/06/2019	03/06/2019
Date of decision of the Management Board	06/15/2016	12/20/2016	03/24/2017	03/29/2018	08/31/2018	12/20/2018	05/02/2019	07/25/2019
Number of rights originally granted	1,048,303[c]	57,837[c]	577,050	1,071,374	29,750	28604	1,476,558	10,018
› of which for members of the Executive Committee	498,434	-	249,300	494,100	-	-	417,746	-
› of which for corporate officers:	294,720	-	146,700	206,490	-	-	194,300	-
– Xavier Martiré	220,268	–	100,000	117,995	–	–	116,580	-
– Louis Guyot	37,226	–	23,350	49,164	–	–	45,337	-
– Matthieu Lecharny	37,226	–	23,350	39,331	–	–	32,383	-
Number of beneficiaries	213	43	230	472	36	25	521	4
› of which for members of the Executive Committee	9	–	9	11	–	–	11	-
› of which corporate officers	3(a)	–	3[a]	3[a]	–	–	3[a]	-
Grant date	06/15/2016	12/21/2016	03/24/2017	04/06/2018	08/31/2018	12/20/2018	05/02/2019	08/01/2019
Vesting date								
› members of the Management Committee and the Executive Committee	06/15/2019(d)	–	03/24/2020[d]	04/06/2021[d]	–	–	05/02/2022[d]	-
› other beneficiaries	06/15/2018[d]	12/21/2018[d]	03/24/2019[d]	04/06/2020[d]	08/31/2020[d]	12/20/2020[d]	05/02/2021[d]	08/01/2021[d]
End of share lock-up period								
› members of the Management Committee and the Executive Committee	06/15/2019[f]	–	03/24/2020[f]	04/06/2021[f]	–	–	05/02/2022	-
› other beneficiaries	06/15/2018[f]	12/21/2018[f]	03/24/2019[f]	04/06/2020[f]	08/31/2020[f]	12/20/2020[f]	05/02/2021[f]	08/01/2021[f]
Rights vested in 2019	**498,434[g]**	**0**	**299,820 [h]**	**0[e]**	**0[e]**	**0[e]**	**0[i]**	**0[i]**
Number of rights lapsed or forfeited as at 12/31/2019	43,282	3,234	27,930	83,329	763	954	43,071	2,732
Number of rights outstanding as at 12/31/2019		-	249,300	988,045	28,987	27,650	1,433,487	7,286
› of which for members of the Executive Committee		-	249,300	494,100	-	-	417,746	-
› of which for corporate officers:		-	146,700	206,490	-	-	194,300	-
– Xavier Martiré		-	100,000	117,995	-	-	116,580	-
– Louis Guyot		-	23,350	49,164	-	-	45,337	-
– Matthieu Lecharny		-	23,350	39,331	-	-	32,383	-
Number of working beneficiaries as at 12/31/2019	167	35	189	401	35	24	499	2
› of which for members of the Executive Committee	9	0	9	11	0	0	11	-
› of which for corporate officers:	3[b]	0	3[b]	3[b]	0	0	3[b]	-

(a) *Xavier Martiré, Louis Guyot and Matthieu Lecharny.*
(b) *Xavier Martiré, Louis Guyot and Matthieu Lecharny.*
(c) *This number takes into account the adjustment related to beneficiaries' rights under the capital increase with preferential subscription rights which was 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.*
(d) *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.*
(e) *The vesting of shares is contingent on the achievement of performance targets measured over a period of two years for employees and three years for members of the Executive Committee. The performance targets are set in reference to three quantitative criteria related to consolidated revenue, consolidated EBIT and the performance of the Elis share price relative to a benchmark index. The level of performance expected with regard to internal criteria is set on the basis of the business plan, which is itself in line with market expectations. The vesting of the performance shares granted under the 2018 plan to the members of the Executive Committee also includes performance targets linked to the successful integration of Berendsen: synergies achieved and EBIT margin in the UK and Germany, which are also in line with the guidance provided to the market. 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 are not due and the corresponding shares do not vest.*
(f) *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 terms 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, provided in chapter 2 of this 2019 universal registration document.*
(g) *At its meeting on March 6, 2019, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted to the members of the Executive Committee in 2016 and for which the vesting period expired in 2019. The Supervisory Board noted that all performance conditions had been met, such that 100% of the shares granted in 2016 were vested. These performance targets were linked to internal absolute criteria relating to revenue and EBIT set on the basis of the business plan, itself in line with market expectations, and to an external criterion linked to the Elis share price relative to a benchmark index. The shares vested on June 15, 2019.*
(h) *At its meeting on March 6, 2019, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted to employees (excluding the Executive Committee) in 2017 and for which the vesting period expired in 2019. The Supervisory Board noted that all performance conditions had been met, such that 100% of the shares granted in 2017 to employees (excluding the Executive Committee) were vested. These performance targets were linked to internal absolute criteria relating to revenue and EBIT and to a criterion linked to the Elis share price relative to a benchmark index.*
(i) *The vesting of shares is contingent on the achievement of performance targets measured over a two-year period for all beneficiaries, except for the members of the Executive Committee, whose performance is measured over a three-year period. Unless waived by the Management Board, the vesting of shares is also contingent on uninterrupted, continuous service within the Group for the duration of the vesting period. The performance targets associated with the vesting of the shares were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT set on the basis of the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. The number of vested shares will thus 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 are not due and the corresponding shares do not vest. For plans implemented in 2019, only 34% of the shares granted will vest if one of the performance conditions is met, 67% if two of the conditions are met, and 100% if all three conditions are met. No shares will vest if none of the performance conditions is met.*

Group Savings Plan

Pursuant to the 21st resolution of the annual general shareholders' meeting on May 23, 2019, the Management Board, after receiving authorization from the Supervisory Board on July 24, 2019, decided on July 24, 2019 on the principle of a capital increase reserved for employees who are members of the Elis Group Savings Plan.

Pursuant to the 22nd resolution of the annual general shareholders' meeting on May 23, 2019, the Management Board, after receiving authorization from the Supervisory Board on July 24, 2019, decided on July 24, 2019 on the principle of a capital increase reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Germany, United Kingdom, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden and Switzerland.

These two capital increases, known as "Elis For All," are intended to help grow the Elis Group's employee share ownership with the aim of bolstering its employees' sense of belonging by giving them the opportunity to be more closely connected to its future development and performance. They involve a so-called "standard" formula only, with a discount and matching contribution, under which the subscriber is fully exposed to changes in the Elis share price.

The table below sets out the main features of the Plan offered in 2019 and the valuation assumptions used:

Plan characteristics			
Date of general shareholders' meeting	05/23/2019		
Date of Management Board decision setting the subscription price	09/19/2019		
Closing date of employee subscriptions	10/08/2019		
Plan maturity (in years)	5		
Subscription price	€12.98		
Closing price on the subscription closing date	€15.08		
Face value discount	20.00%		
Discount relative to price on the subscription closing date	13.93%		
Number of shares matched	1 for 10		
Valuation assumptions (5-year maturity)			
Employee financing rate over 5 years	3.54%		
5-year risk-free interest rate	-0.44%		
Securities lending or borrowing rate	0.50%		
Non-transferability for the market participant, as a %.	21.16%		
Amounts subscribed and valuation	**Subscription**	**Matching contribution**	**Total**
Amount subscribed by employees (in millions of euros)	7.0		
Number of shares granted	541,292	53,500	594,792
Gross expense, before non-transferability discount (in millions of euros)	1.1	0.8	1.9
Valuation of non-transferability discount (in millions of euros)	-1.1	-0.2	-1.3
Net expense (in millions of euros)	0.0	0.6	0.6
Impact of a 0.5 point decrease in the employee financing rate	0	0	0

The amount expensed in 2019 for standard plans is €0.6 million, net of the cost of non-transferability for employees of €1.3 million. The expense for free shares related to the matching contribution is €0.8 million.

5.5 Executive compensation (related party transactions)

As at December 31, 2019, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. The total compensation (paid or payable) of the main executives is as follows:

(In millions of euros)	**12/31/2019**	12/31/2018
Number of people	**11**	**11**
Employee benefits	(9.3)	(8.9)
Post-employment benefits	-	-
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(3.3)	(6.6)

As at December 31, 2019, employee benefit liability accrued in respect of termination benefits amounted to €0.7 million (€0.5 million as at December 31, 2018).

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, 2018).

NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 Goodwill

(In millions of euros)	12/31/2019	12/31/2018
Gross value	3,811.6	3,833.5
Accumulated impairment	(66.0)	(66.1)
CARRYING AMOUNT AT BEGINNING OF PERIOD	**3,745.7**	**3,767.4**
Increase related to business combinations	60.8	41.0
Disposals	-	-
Translation adjustments	(5.3)	(62.9)
Other changes	0.6	(0.0)
CHANGES IN GROSS CARRYING AMOUNT	**56.1**	**(21.9)**
Impairment	-	-
Translation adjustments	(0.4)	0.1
Other changes	0.0	(0.0)
CHANGES IN IMPAIRMENT	**(0.4)**	**0.1**
CARRYING AMOUNT AT END OF PERIOD	**3,801.3**	**3,745.7**
Gross value	3,867.8	3,811.6
Accumulated impairment	(66.4)	(66.0)

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)	12/31/2019	12/31/2018
CGU France	1,409.8	1,405.6
CGU Germany	175.3	173.8
CGU United Kingdom	88.8	84.4
CGU Denmark	390.8	388.2
CGU Sweden & Finland	557.8	560.1
CGU Netherlands	364.7	364.7
UGT Spain & Andorra	100.7	99.9
CGU Brazil	292.4	293.8
Other CGU	421.0	375.2
CARRYING VALUE OF GOODWILL	**3,801.3**	**3,745.7**

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, 2019 and 2018, the Group recorded no impairment losses.

6.2 Other intangible assets

Brands
Brands acquired in a business combination are recognized at fair value (valued using the relief from royalty method) 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: 3 years;
- software: 5 years;
- ERP: 15 years;
- acquired customer contracts and relationships: 4 to 14 years

Amortization is recorded from the date the asset is first used.

(In millions of euros)	Trademarks & non-competition clauses	Customer relationships	Other	Total
Gross value	**268.4**	**1,283.6**	**167.6**	**1,719.6**
Accumulated depreciation and impairment	**(12.2)**	**(560.2)**	**(102.7)**	**(675.1)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2017	**256.2**	**723.4**	**64.9**	**1,044.5**
Investments	0.0	1.1	18.8	20.0
Acquisitions through business combinations	-	6.7	(0.4)	6.3
Retirements and disposals	-	-	(1.6)	(1.6)
Amortization	(10.3)	(102.2)	(16.0)	(128.5)
Translation adjustments	(1.9)	(13.4)	(0.6)	(15.9)
Impairment	(0.0)	-	-	(0.0)
Other movements	0.8	0.0	(0.2)	0.5
Gross value	**266.2**	**1,275.1**	**164.2**	**1,705.5**
Accumulated depreciation and impairment	**(21.4)**	**(659.5)**	**(99.4)**	**(780.3)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2018	**244.8**	**615.6**	**64.8**	**925.2**
Adjustment related to first-time adoption of IFRS 16	-	-	(1.1)	(1.1)
Investments	0.0	1.0	22.2	23.2
Acquisitions through business combinations	-	27.7	0.1	27.7
Retirements and disposals	(0.0)	(0.0)	(0.0)	(0.0)
Amortization	(12.2)	(76.1)	(17.8)	(106.1)
Translation adjustments	(0.1)	(2.4)	0.1	(2.4)
Impairment	(0.0)	-	-	(0.0)
Other movements	(0.0)	0.1	0.0	0.1
Gross value	**265.9**	**1,280.3**	**169.5**	**1,715.7**
Accumulated depreciation and impairment	**(33.4)**	**(714.3)**	**(101.4)**	**(849.0)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2019	**232.5**	**566.0**	**68.2**	**866.7**

Other intangible assets consist primarily of software.

The values of the Group's brands, which are all derived from a business combination, measured for the purpose of allocating goodwill, are as follows:

(In millions of euros)	12/31/2019	12/31/2018	Amortization
Elis brands in France	184.7	184.7	Not amortized
Elis brands in Europe	21.8	21.8	Not amortized
Berendsen brands	14.5	22.8	3.33 years
› Le Jacquard Français brand	0.9	0.9	Impairment
› Kennedy brand	1.3	1.2	Not amortized
Brands of manufacturing entities	2.2	2.1	
Non-competition clauses and miscellaneous	9.2	13.3	
TRADEMARKS & NON-COMPETITION CLAUSES	**232.5**	**244.8**	

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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 Property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet 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, laundry and maintenance items	Total
Gross value	**794.1**	**143.7**	**1,473.6**	**1,701.0**	**4,112.5**
Accumulated depreciation and impairment	**(285.9)**	**(100.8)**	**(881.3)**	**(1,031.9)**	**(2,299.8)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2017	**508.3**	**42.9**	**592.4**	**669.2**	**1,812.8**
Investments	47.2	17.2	133.0	447.3	644.8
Acquisitions through business combinations	11.2	1.9	13.0	8.1	34.2
Retirements and disposals	(3.3)	(0.4)	(6.7)	(4.9)	(15.3)
Amortization	(24.5)	(12.3)	(93.9)	(414.8)	(545.6)
Translation adjustments	(4.8)	0.1	(10.1)	(6.2)	(21.0)
Impairment	-	-	-	-	-
Other movements	(1.2)	0.6	(2.7)	0.4	(3.0)
Gross value	**772.9**	**158.7**	**1,492.9**	**1,830.3**	**4,254.8**
Accumulated depreciation and impairment	**(240.0)**	**(108.9)**	**(867.8)**	**(1,131.1)**	**(2,347.8)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2018	**532.9**	**49.9**	**625.1**	**699.2**	**1,907.0**
Adjustment related to first-time adoption of IFRS 16	(15.6)	(3.7)	(7.6)		(26.9)
Investments	59.5	12.7	114.0	471.5	657.8
Acquisitions through business combinations	14.1	1.1	9.4	6.0	30.7
Retirements and disposals	(4.2)	(14.1)	(1.8)	(4.7)	(24.8)
Amortization	(26.8)	(12.5)	(96.3)	(425.8)	(561.5)
Translation adjustments	5.0	0.1	4.9	4.0	14.0
Impairment	(0.0)	-	0.1	-	0.1
Other movements	20.6	0.7	(23.1)	(0.9)	(2.7)
Gross value	**849.7**	**143.4**	**1,569.9**	**1,954.0**	**4,517.1**
Accumulated depreciation and impairment	**(264.3)**	**(109.3)**	**(945.2)**	**(1,204.7)**	**(2,523.5)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2019	**585.4**	**34.2**	**624.7**	**749.3**	**1,993.6**

"Other movements" include reclassifications to assets held for sale relating to the disposal of the Clinical Solutions business and item-to-item transfers on the commissioning of new plants.

6.4 Right-of-use assets and lease liabilities

The Group adopted IFRS 16 for the first time on January 1, 2019 by applying the modified retrospective method as described in Note 1.2 "Accounting standards applied." As a result, comparative information has not been restated retrospectively.

Right-of-use assets

The Group records right-of-use assets on the lease start date (the date on which the underlying set of assets becomes available). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted according to the measurement of the lease liabilities. The cost of right-of-use assets comprises the amount of the lease liability, initial direct costs incurred, and lease payments made before the start date, less any lease incentives received. Unless the Group is reasonably certain that ownership of the leased asset will be transferred at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

As at the lease start date, the Group records lease liabilities as measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price for a purchase option that the Group is reasonably certain will be exercised, as well as penalty payments for terminating a lease if the lease term reflects exercise of the termination option by the Group. Variable lease payments that do not depend on an index or a rate are recorded as expenses in the period during which the event or condition that triggered the payments occurred.

To calculate the present value of lease payments, the Group uses the Group's incremental borrowing rate adjusted using a spread for each country as at the lease start date if the interest rate implicit in the lease cannot be readily determined. The rate also depends on the duration of the agreement. After the start date, the lease liability is increased to reflect interest incurred and reduced to reflect lease payments made. The carrying amount of the lease liability is remeasured in the event there is a change in the term of the lease, the in-substance fixed lease payments are changed, or the measurement is modified such that the underlying asset may be purchased.

Simplification measures used

The Group applies the recognition exemption for short-term leases (leases with terms shorter than 12 months from the start date that do not include a purchase option). It also applies the recognition exemption for the leasing of low-value assets (assets whose replacement cost is less than €4,000). Lease payments on short-term leases and leases of low-value assets are recorded as expenses on a straight-line basis over the term of the lease.

The Group has also chosen to use the simplification measure provided for in the standard whereby lease components are not separated from non-lease components (mainly for leased vehicles). Instead, these components are recognized as a single lease component.

	Right-of-use assets				Lease liabilities
(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Total	
As at January 1, 2019	**326.2**	**57.5**	**13.5**	**397.3**	**392.2**
Increase related to business combinations	3.3	0.0	2.6	6.0	5.0
Reclassified to assets held for sale	(6.7)	(0.1)	(0.1)	(6.8)	(6.8)
New rights of use	22.7	47.5	4.1	74.2	74.2
Remeasuring of rights of use	12.8	(0.0)	(0.0)	12.7	12.7
Depreciation & amortization / impairment	(39.1)	(26.4)	(4.0)	(69.5)	-
Principal payments				-	(73.3)
Translation differences	3.0	0.8	0.1	3.8	3.1
Other movements	(4.0)	(0.5)	(1.8)	(6.3)	(1.1)
December 31, 2019	**318.2**	**78.8**	**14.3**	**411.4**	**406.1**

As at December 31, 2019, the Group had recognized lease expenses relating to:

- short-term lease agreements in the amount of €16.0 million;
- leases of low-value assets in the amount of €2.3 million; and
- variable lease payments in the amount of €1.0 million.

The remaining contractual maturities of lease liabilities are as follows (undiscounted amounts):

	Carrying value	Cash flow 2020	Cash flow 2021	Cash flow 2022-2023-2024	Cash flow 2025 and beyond	Estimate of future cash flows as at 12/31/2019
Lease liabilities	406.1	79.5	69.5	158.9	187.3	495.3

6.5 Impairment losses on non-current assets

Fair value method

Impairment tests are systematically performed on goodwill and intangible assets with indefinite useful lives on 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 by a valuation using multiple 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 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, these assets are reviewed to determine whether their carrying amount is less than their recoverable amount, defined as the higher of fair value (less cost to sell) and value in use.

If applicable, impairment losses are recognized at the CGU level.

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.

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 business plans established by the management teams of each cash-generating unit and approved by the Management Board and the Supervisory Board. Future cash flows are estimated based on conservative growth assumptions;
- Cash flows are calculated using the discounted cash flow method = EBITDA (operating income before depreciation and amortization) – rents +/– change in WC – 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 in 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);
- average gearing ratio (net debt/equity) for comparable companies: ratio calculated on the basis of market capitalizations to net debt (excluding lease liabilities), 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 (excluding lease liabilities) to equity ratio calculated on the basis of the quarterly ratios of comparable companies.

The WACC used for impairment testing on each of the main CGUs was as follows:

Country	France	Germany	Brazil	Denmark	Spain	United Kingdom	Netherlands	Sweden
Risk-free rate	0.7%	0.3%	8.0%	0.4%	1.4%	1.4%	0.5%	0.6%
Credit spread	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost of debt (before tax)	**1.7%**	**1.3%**	**9.0%**	**1.5%**	**2.5%**	**2.4%**	**1.5%**	**1.6%**
Tax rate	25.8%	30.0%	34.0%	22.0%	25.0%	17.0%	21.7%	20.6%
Cost of debt, net of tax	**1.3%**	**0.9%**	**5.9%**	**1.1%**	**1.8%**	**2.0%**	**1.2%**	**1.3%**
Risk premiums	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Levered beta	0.99	0.98	0.97	0.99	0.99	1.00	0.99	0.99
Cost of equity	6.9%	6.5%	14.1%	6.7%	7.6%	7.6%	6.7%	6.8%
Gearing	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
WACC 2019	6.1%	5.8%	13.0%	6.0%	6.9%	6.9%	6.0%	6.1%
WACC 2018	6.2%	5.8%	13.0%	6.0%	7.1%	7.0%	6.0%	6.2%
PRE-TAX DISCOUNT RATE 2019 (APPROXIMATION)	**8.3%**	**8.2%**	**19.8%**	**7.6%**	**9.2%**	**8.3%**	**7.6%**	**7.7%**
Pre-tax discount rate 2018 (approximation)	8.4%	8.3%	19.7%	7.7%	9.4%	8.4%	8.0%	7.9%

3. Multiples used

In addition, fair value is determined based on a multiple of the EBITDA (or EBIT) of the segment.

The multiples used for the fair value as at December 31, 2019 are 6.9 × EBITDA after lease payments or 16.5 × EBIT budgeted for the 2020 financial year.

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):

France *(In millions of euros)*		Perpetual growth rate		
		1.5%	**2.0%**	**2.5%**
WACC	5.6%	1,300	1,698	2,224
	6.1%	940	1,248	1,640
	6.6%	651	894	1,197

Germany *(In millions of euros)*		Perpetual growth rate		
		1.5%	2.0%	2.5%
WACC	5.3%	348	458	609
	5.8%	255	339	448
	6.3%	182	247	330

Brazil *(In millions of euros)*		EBIT – 2020 budget		
		-10.0%	-	10.0%
Multiple	16x	39	97	155
	16.5x	55	115	175
	17x	71	133	195

Denmark *(In millions of euros)*		Perpetual growth rate		
		1.5%	2.0%	2.5%
WACC	5.5%	108	203	331
	6.0%	27	100	194
	6.5%	(37)	20	92

Spain *(In millions of euros)*		Perpetual growth rate 1.5%	2.0%	2.5%
WACC	6.4%	95	134	184
	6.9%	58	90	129
	7.4%	28	54	86

United Kingdom *(In millions of euros)*		Perpetual growth rate 1.5%	2.0%	2.5%
WACC	6.4%	42	83	135
	6.9%	3	37	78
	7.4%	(28)	(1)	32

Netherlands *(In millions of euros)*		Perpetual growth rate 1.5%	2.0%	2.5%
WACC	5.4%	216	310	435
	5.9%	136	208	300
	6.4%	72	129	200

Sweden *(In millions of euros)*		Perpetual growth rate 1.5%	2.0%	2.5%
WACC	5.6%	57	163	305
	6.1%	(35)	47	153
	6.6%	(109)	(44)	38

As the sensitivity analysis presented shows that the recoverable amount of these CGUs exceeds their carrying value, no impairment loss was recorded for the 2019 financial year. The same applies to the Group's other CGUs.

Sensitivity of tests for unamortized brands

The assumptions used in impairment tests performed using the relief from royalty method are as follows:

	Elis	**Le Jacquard Français**	**Kennedy**
Discount rate	7.1%	7.1%	7.9%
Perpetual growth rate	2.0%	2.0%	2.0%
Royalty rate	1.0%	4.0%	2.0%

The sensitivity of the excess of the recoverable amount of the Elis brand over its carrying amount is as follows:

(In millions of euros)	Perpetual growth rate		
Discount rate	1.5%	2.0%	2.5%
6.6%	317	366	427
7.1%	271	311	360
7.6%	233	266	305

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 future outflows 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, when the related costs have been forecast in detail and when it is highly probable that the plans will be implemented.

Provisions are also recognized for obligations arising from onerous contracts.

(In millions of euros)	Compliance	Litigation	Other	Total
At December 31, 2018	**70.3**	**19.0**	**27.3**	**116.7**
Reclassification related to first-time adoption of IFRIC 23	-	-	(1.4)	(1.4)
As at January 1, 2019	**70.3**	**19.0**	**26.0**	**115.3**
Increases/additions for the year	4.5	3.2	2.8	10.5
Increase related to business combinations	0.0	0.0	0.6	0.6
Decreases/reversals of used and unused provisions	(5.1)	(14.1)	(7.1)	(26.3)
Translation differences	0.3	0.1	(0.2)	0.2
Other	0.7	(0.4)	(0.4)	(0.0)
DECEMBER 31, 2019	**70.8**	**7.8**	**21.7**	**100.2**
Current portion	**0.1**	**3.5**	**13.4**	**17.0**
Non-current portion	**70.7**	**4.2**	**8.3**	**83.3**
France	*17.2*	*2.4*	*0.4*	*19.9*
United Kingdom & Ireland	*12.6*	*-*	*(0.0)*	*12.6*
Scandinavia & Eastern Europe	*27.5*	*-*	*1.9*	*29.4*
Latin America	*5.5*	*5.2*	*15.4*	*26.0*
Other segments	*8.0*	*0.2*	*4.0*	*12.3*

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, particularly in relation to the ongoing degradation recorded. They relate to sites or categories of work that will be completed in the foreseeable future.

Provisions for litigation

Provisions for litigation chiefly includes provisions for employee-related risks. The main movement during the period corresponds to the reversal of an unused €10.4 million provision in the United Kingdom after the end of an employee dispute.

Other provisions

Other provisions also include provisions for tax risks (not related to income tax), restructuring costs, onerous contracts and disputes arising in the normal course of the Group's business.

7.2 Contingent liabilities

The Elis Group has contingent liabilities relating to disputes or legal proceedings arising in the normal course of its business:

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 of civil servants between 2003 and 2011 regarding contracts in the state of Rio de Janeiro. The public prosecutor rejected the arguments put forward by Atmosfera and ruled to continue the action.

As at December 31, 2019, 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 liability guarantees. The Atmosfera Group's former owners, who received provisional notification of the proceedings 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.

Atmosfera and Prolav could face the following penalties as a result of the proceedings: (i) reimbursement to the Public Treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) payment of 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.

Proceedings related to degrading working conditions

Proceedings initiated by Atmosfera before the Labor Court against Brazil's Ministry of Work and Employment

In these proceedings, following the inspection conducted in 2014 by the Brazilian Federal Police at the premises of Maiguá (an Atmosfera supplier), Atmosfera lodged an appeal against the decision of the Ministry of Labor resulting from the aforementioned inspection, which provided, in particular, 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 proceeding. This proceeding was still underway as at December 31, 2019, and there is no specific time frame known for this case. If the Ministry of Labor's decision is upheld on the aforementioned appeal, Atmosfera will be put on the blacklist for a period of two years.

Should this happen, and even if it were not mandatory, ministries, federal agencies and public bodies could terminate service agreements with Atmosfera at the next renewal date. Furthermore, some private companies may have internal regulations that prohibit them from working with blacklisted suppliers, even if this is not stated in the contracts. Regulations in the states of São Paulo, Rio de Janeiro and Bahia require removal of the state tax number (Inscrição Estadual) of any blacklisted companies, and the regulations in 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 were blacklisted, 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 though the Company has opened its in-house production workshop and launched a major advertising campaign targeting its customers.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was ordered by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.6 million) for antitrust offenses. 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$3.0 million (approximately €0.7 million). After lodging an appeal, which was rejected by CADE, Prolav was unable to reach an agreement with CADE's prosecutor on a possible reduction of the fine and payment in installments. As at 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 the Federal District's public prosecutor against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a subsidiary of Lavebras, and the government of the federal district (GDF) concerns the validity of a public contract signed between NJ Lavanderia and the GDF (contract no. 184/2014) for the provision by NJ Lavanderia of industrial laundry services to public health establishments in the Federal District (Brasilia). This public civil action aims to annul the contract signed between the two parties and compel the GDF to implement a restructuring plan for the laundry services that must be provided to four regional public hospitals located in the Federal District. A decision on the merits was rendered in August 2018 by which the judge annulled contract no. 184/2014 and ordered the GDF to launch a new tender for the provision of laundry services to the four regional hospitals within 180 days of the date of the decision. NJ Lavanderia was not ordered to return the amounts received under the annulled contract (which has already been performed in full) and the judge did not find any evidence of wrongdoing on the part of NJ Lavanderia or its representatives in connection with the tender procedure for contract no. 184/2014. The plaintiff (the Federal District's public prosecutor's office) did not appeal the decision, although the GDF itself appealed the decision to launch a new tender within 180 days. A decision following the GDF's appeal is expected before the end of 2020. In any case, NJ Lavanderia is no longer exposed to any risks in connection with this public civil action.

Other proceedings are also ongoing against NJ Lavanderia as part of a public civil action initiated in 2014 by Federal District's 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. The closing briefs have been submitted for these proceedings and a decision on the merits is expected in the coming months.

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, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantee. 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 March 2014 by the Democratas political party against the Health Secretariat of Brazil's Federal District 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 Federal Court of Accounts ruled on February 12, 2019 that it had found irregularities in the delivery of these services and indicated that the Health Secretariat of Brazil's Federal District government should, according to the results of the public civil action described above, initiate specific administrative proceedings to review said irregularities and, if applicable, impose a penalty.

NJ Lavanderia is also party to another proceeding initiated in 2016 by the Federal District's public prosecutor's office attached to the Federal District Court of Accounts against the Health Secretariat of Brazil's Federal District Government, alleging that NJ Lavanderia offered its services at excessive prices, resulting in possible harm to the Brazilian National Treasury. On December 11, 2018, the Federal District Court of Accounts found that the prices for services rendered by NJ Lavanderia were excessive and that the Health Secretariat of the Federal District should initiate an administrative procedure against NJ Lavanderia. To the Company's knowledge, no proceedings have been initiated to date on this basis. However, the Company expects that such proceedings will be initiated in the near future.

If the rulings in the above proceedings are against NJ Lavanderia, the possible penalties could include the repayment of profits derived from the contracts in question, as well as fines and a ban on participating in public tenders and entering into public contracts.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of this proceeding in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantees. 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, that may involve Lavatec Lavanderia Técnica Ltda. ("Lavatec"), a former subsidiary that merged with Lavebras in 2014.

As at December 31, 2019, Lavebras had not received any formal notification of these potential violations, with the exception of separate proceedings conducted by the tax authorities against ICN, a social organization.

In these 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 authorities. At the end of June 2019, the amount of the dispute was approximately R$337 million, or around €75 million (including all penalties but excluding the potential effect of future inflation). Lavebras submitted its defense and a first instance administrative decision was issued in September 2019, which upheld the position of the Brazilian tax authorities. Lavebras has appealed this decision (through an ordinary appeal), submitted its defense, and is awaiting a new decision. Lavebras does not believe that this first instance decision will undermine its assessment of the case. Lavebras still believes that it has strong arguments to contest the Brazilian tax authorities' position. The Group therefore considers that the risk of Lavebras 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 these proceedings.

In the event that Lavebras is notified and, as a result of the investigation by the Brazilian Federal Police, held liable for the offenses, it could be subject to various penalties, including (i) a ban on receiving incentives, subsidies, grants, donations or loans from public entities or financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unjustly collected, (iii) a ban on entering into agreements with public entities for a period of up to 10 years, and (iv) an obligation to fully compensate the government for all damage actually suffered. 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. As a consequence of Lavatec's merger with Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated on the basis of Lavebras's gross revenue instead of Lavatec's, which Lavebras will contest on the basis that Lavebras's total liability (including the amount of the fine and any compensation due for the damage that may have been caused) should be limited to the amount of the Lavatec assets transferred to Lavebras in connection with the merger.

Since no notification has been received, no provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

Proceedings related to the conclusion of public contracts in the state of São Paulo

The Group has been informed of various investigations and proceedings initiated by five authorities in the state of São Paulo related to the conclusion of several contracts between public customers (hospitals) and various companies of the same sector as the Group (including but not limited to Atmosfera, Lavebras and other companies of the Group in Brazil).

These investigations and proceedings are the result of an audit conducted by the General Controller of the state of São Paulo (CGA) at various state hospitals during which the CGA noticed a high number of contracts entered into as emergency contracts (outside the regular tender process provided by Brazilian law) and decided to (i) open an investigation of the various hospitals and companies concerned to check whether there were any irregularities with these emergency contracts and (ii) transmit the results of its audit to various Brazilian authorities so that they could initiate investigations at their own discretion.

As a consequence, the Group (as well as some of its competitors) are facing the five investigations or proceedings described below. Other investigations or proceedings by other Brazilian authorities might occur as a result of the transmission of the results of the audit referred to above to those authorities.

- The CGA has initiated an administrative proceeding based on the Brazilian Clean Company Act (law n°12.846/2013) for which the Group has presented its defense in November 2019 together with a description of its compliance program in Brazil (it being understood that the other parties have to present their defenses before the CGA can move on). In the coming months, the CGA should decide to either close the proceedings, impose sanctions against one or more parties, or postpone the timeline for the proceedings to continue its investigations.
- The Public Prosecutor's office of the state of São Paulo has filed a civil inquiry on the basis of the Administrative Improbity Act (law no. 8429/1992) at the end of which it may decide to file a public civil action against any of the Company's subsidiaries. The Group has submitted its defense and is awaiting a decision from the Public Prosecutor's office in the coming months on whether it will launch a public civil action.
- The Public Prosecutor's Office of the city of Paulínia (state of São Paulo) has filed a civil inquiry on the basis of the Administrative Improbity Act at the end of which it may decide to file a public civil action against Lavebras. The Group has submitted its defense and is awaiting a decision from the Public Prosecutor's office on whether it will file a public civil action.
- The Public Prosecutor's Office of the city of Santos (state of São Paulo) intends to open a civil inquiry on the basis of the Administrative Improbity Act against Atmosfera and Lavebras in relation to the Guilherme Àlvaro Hospital. Both companies have presented their arguments against the initiation of such a civil inquiry. On the basis of these arguments, the Public Prosecutor's Office will decide whether or not to launch a civil inquiry against Atmosfera and/or Lavebras and, eventually, whether or not to file a public civil action. As far as Lavebras is concerned, since this inquiry relates to a period prior to the acquisition of Lavebras by Atmosfera, it has notified Lavebras' sellers.
- The Group has been informed that, in connection with the aforementioned CGA administrative proceeding, the São Paulo state police have initiated a criminal inquiry against the corporate officers of the Group's subsidiaries in Brazil. The Group has presented the same arguments as those presented to the CGA; the Police are continuing their inquiry.

In the event that a penalty is imposed on the Group, the following could apply to the companies concerned.

- Under the Brazilian Clean Company Act, (i) a fine of between 0.1% and 20% of the revenue of companies subject to the penalty (the fine may be reduced by up to 4% of revenue depending on the quality of the compliance program set up to fight against antitrust practices and corruption) and/or (ii) the publication of the decision.
- In connection with the Administrative Improbity Act, (i) a fine, (ii) a ban on participating in public tenders and entering into public contracts for up to 10 years and (iii) a ban on receiving subsidies and tax benefits.

These various investigations and proceedings are still at an early stage, such that no provision has been recognized in the consolidated financial statements for the year ended December 31, 2019. The Company considers that it has strong arguments in connection with these various investigations and proceedings, which also concern other players in the sector.

Proceeding in Minas Gerais

Atmosfera is facing a dispute with one of its former customers in the state of Minas Gerais, Imprensa Oficial (with which it stopped doing business in September 2015). As a result of overbilling in the amount of R$25,000 (approximately €5,000) over the term of the contract (five years), on June 14, 2019, Imprensa Oficial published its decision to impose various penalties on Atmosfera consisting of (i) the repayment of the overbilled amounts, (ii) a fine of R$12,000 (approximately €3,000), and (iii) a ban on participating in public tenders in the state of Minas Gerais for a period of 12 months with retroactive effect to April 23, 2019.

Meanwhile, although it immediately paid the above amounts, Atmosfera lodged an administrative appeal against the decision to ban it from participating in public tenders, which Atmosfera considers to be in violation of the constitutional principle of proportionality of penalties imposed by public entities.

Atmosfera lost this administrative appeal in June 2019 and immediately challenged the decision before the Belo Horizonte courts, seeking its annulment on the grounds that it violated the above-mentioned principle of proportionality. At the same time, Atmosfera obtained an emergency injunction suspending the ban on participating in public tenders pending a decision on the merits. On December 6, 2019, the judge in charge of the case finally and surprisingly dismissed Atmosfera's action for annulment.

Atmosfera immediately filed (i) an appeal before the Superior Court of Minas Gerais, which should rule on it during the second half of 2020, and (ii) an emergency injunction to suspend the ban on participating in public tenders pending a final decision on the merits.

In early January 2020, Atmosfera was informed that the emergency injunction had been rejected and, as a result, the ban on participating in public tenders was in force for a duration of nine months and 13 days as from December 18, 2019, i.e., until October 1, 2020.

Although it considers this penalty to be disproportionate and believes there is a good chance of obtaining a favorable decision from the Superior Federal Court, Atmosfera believes that it is unlikely that the Minas Gerais Superior Court will issue its decision before the end of the ban period, which will probably run for its entire duration.

The ban on participating in public tenders has no effect on existing public contracts (with the exception, however, of (i) renewals of existing contracts, which Atmosfera's public customers may consider inappropriate on a case-by-case basis, and (ii) contracts under which the existence of such a ban may constitute a valid cause for termination).

As it stands, as regards public establishments associated with the state of Minas Gerais, this ban applies only to Atmosfera (excluding its subsidiaries, in particular Lavebras). However, the Group cannot rule out the possibility that this ban may be extended to other Brazilian states (at the federal, state or municipal level) or at the federal or municipal level in the state of Minas Gerais. Such an extension could, however, only take place on a case-by-case basis, pursuant to a specific request filed by an interested party.

Based on the above, and taking into account the scope of the ban on participating in public tenders, the Group believes that the ban should have a limited effect on the Group's financial performance in Brazil.

Proceeding related to Lavebras' plant in Teresina

The Group was informed of a public civil action filed in October 2019 by the Public Prosecutor's Office of Teresina before the State Court of Piauí regarding the laundry operated by Lavebras in Teresina. Pursuant to this public civil action, the Public Prosecutor's Office is asking the judge in charge of the case to impose various penalties on Lavebras, namely the payment of a fine reflecting damages suffered (without specifying the amount of this fine) and a ban on participating in public tenders and entering into public contracts. The duration and scope (the public entities concerned) of such a ban would be determined by the judge, with the understanding that (i) it may be up to five years and (ii) the Public Prosecutor's Office has not issued any recommendation to that effect.

This public action follows the difficulties faced by Lavebras in its discussions with the Environment Secretariat (SEMAM) to renew its operating permits and licenses for the Teresina laundry. Although the laundry has been running since 2005 with all the required permits and licenses, Lavebras encountered a number of difficulties in 2019 in renewing these permits and licenses and had to take legal action to ultimately obtain authorization from the court to operate its plant.

In this public civil action, the Public Prosecutor's Office alleges that Lavebras has caused water pollution through illegal wastewater discharges and intends to obtain compensation for the alleged damage caused.

Lavebras's main defense is the fact that the Teresina laundry has always operated in compliance with the permits and authorizations it holds, including for the treatment and discharge of wastewater.

The Group believes that it has strong arguments to defend itself in this case. No provision has been recorded in connection with this proceeding in the consolidated financial statements for the year ended December 31, 2019.

In addition, the Group has been informed that a criminal inquiry has been initiated against the Lavebras corporate officers in connection with this proceeding.

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 in 2014 by a bed and breakfast, a customer of the Group, with the Pays de la Loire regional department 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 is being recognized since at this stage, it is difficult to assess whether this risk will materialize and what the consequences, especially financial, for the Group might be.

Tax audits

The Group is subject to tax audits in various countries. When the Group considers, with its advisors, that it has a sufficiently strong case, no provision is recorded.

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Financial risk management

Credit and counterparty risk

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

- trade receivables: their amount and aging are monitored in detail as an integral part of the monthly reporting system:
  - in France, the Group insures its customer risk with a well-known insurance company. Trade receivables are managed in a decentralized manner by the operational centers and by the Key Accounts Department, which handle the first stage of receivables collection. A second stage of receivables collection and dispute management is handled by the Finance and Legal Departments, depending on the type of receivable.
  - in other countries where the Group operates, the Group may use an insurance company to insure its customer risk. This is the case in the United Kingdom. Receivables collection and disputes may be handled by the operational centers and/or by the central finance departments at the country level.

As at December 31, 2019, the exposure to credit risk on trade receivables by operating segment is as follows:

(In millions of euros)	**12/31/2019**	12/31/2018
France	223.2	222.5
United Kingdom & Ireland	61.4	68.8
Central Europe	106.0	98.4
Scandinavia & Eastern Europe	85.5	79.1
Southern Europe	77.6	75.0
Latin America	59.1	57.3
Other operating segments	3.6	3.1
TRADE RECEIVABLES AND CONTRACT ASSETS	**616.3**	**604.2**

Because of the large number of Group customers, 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 maximum exposure to credit risk is limited to the carrying amount of trade receivables on the consolidated balance sheet.

Exposure to credit risk related to trade receivables and contract assets is presented in the form of an impairment matrix as shown below:

	12/31/2019			
(In millions of euros)	**Gross value**	**Impairment**	**Expected credit loss rate**	**Net value**
Not yet due or less than 1 month overdue	516.3	(0.8)	(0.2%)	515.5
Between 1 and 4 months overdue	86.3	(0.7)	(0.8%)	85.6
Between 5 and 12 months overdue	17.3	(7.3)	(42.3%)	10.0
More than 1 year overdue	52.6	(47.5)	(90.2%)	5.1
TRADE RECEIVABLES AND CONTRACT ASSETS	**672.5**	**(56.3)**		**616.3**

	12/31/2018			
(In millions of euros)	Gross value	Impairment	Expected credit loss rate	Net value
Not yet due or less than 1 month overdue	469.1	(1.3)	(0.3%)	467.8
Between 1 and 4 months overdue	116.0	(1.8)	(1.6%)	114.1
Between 5 and 12 months overdue	24.3	(9.4)	(38.8%)	14.9
More than 1 year overdue	51.7	(44.3)	(85.7%)	7.4
TRADE RECEIVABLES AND CONTRACT ASSETS	**661.1**	**(56.9)**		**604.2**

- Cash assets: due to historically low and significantly negative interest rates, the Group's policy is to minimize its cash position in order to reduce its debt and optimize its financial expenses. With its remaining cash, the Group invests in short-term money market funds or deposits it in bank accounts with the bank counterparties that finance the Group in accordance with the diversification and counterparty quality rules set out in the Group's Cash and Investment Management Policy.
- Derivatives: as part of its Interest Rate and Currency Risk Management Policies, the Group enters into hedging contracts with leading financial institutions and the Group's financing banks.

Bank counterparty risk is managed by the Financing and Treasury Department in accordance with both the Treasury and Investment Management Policies and the Interest Rate and Foreign Exchange Risk Management Policies. It is related to outstanding deposits, the market values of derivative instruments, and credit lines opened with each bank. In line with its financial policy, in most cases, the Group only enters into commitments on financial instruments with counterparties that have a minimum long-term rating of "A-" from Standard & Poor's or "A3" from Moody's. The list of bank counterparties involved in investments and the list of financial instruments are regularly reviewed and approved by the Group's Finance Department.

In the Group's view, these investments and derivatives 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's has several sources of financing: its free cash flow and cash flow from operating activities; financing on short- and medium-term capital markets; and bank financing.

The use of these various sources of financing is part of an overall financing policy implemented by the Finance Department. This financing policy is reviewed on a regular basis to best support the Group's development and respond to changes in financial market conditions while maintaining a credit profile compatible with a minimum long-term financial rating by Standard & Poor's and Moody's in the "BB/Ba2" category. The aim of the Group's financing strategy is to maintain its leverage ratio (net debt/EBITDA) at around three times EBITDA.

Financing policy

The Group's financing policy is based on the following principles:

- active debt management, which may lead the Group to seek advance financing on the capital and banking markets in order to (i) extend the average maturity of the debt, (ii) stagger repayment dates over time, and (iii) optimize financing costs. This active management policy led the Group to enter into two major refinancing transactions in 2019. As a result, as at December 31, 2019, the weighted average maturity of borrowings and gross financial debt was 4.75 years compared to 3.6 years as at December 31, 2018, with a percentage of long-term debt (borrowings and gross financial debt maturing in more than one year/total borrowings and gross financial debt) of 89%;
- the use of bank loans and bonds to diversify its sources of liquidity and creditors: in order to benefit from economies of scale and facilitate access to financing on the capital markets (bonds and commercial paper), the Group centralizes the vast majority of its financing transactions through Elis;
- maintaining a permanent and significant buffer of undrawn confirmed credit lines to secure its liquidity and meet its short-term debt obligations, especially on its commercial paper program in case of capital market closures. As at December 31, 2019, the Group had undrawn confirmed credit lines totaling €930 million;
- continuous monitoring of available cash: as at December 31, 2019, the Group had available cash and cash equivalents as presented in Note 8.4;
- implementation in all the main countries where it operates and where permitted by local regulations of a daily physical centralization of all cash requirements and surpluses via MAJ and Elis SA, the central treasury entities for the consolidation scope formerly under Elis and Berendsen, respectively;
- financing through capital increases, if necessary.

The implementation of this financing policy significantly reduces liquidity risk, which is also mitigated by the regularity of the cash flows generated by the Group.

Financial ratings

The implementation of the financing policy and liquidity risk management require regular monitoring of the Group's financial ratings. As at December 31, 2019, the Company is rated by Standard & Poor's, Moody's and DBRS:

- In a press release issued on October 22, 2019, Standard & Poor's confirmed the "BB+" (stable outlook) rating assigned to the Company since April 2018. In 2019, Standard & Poor's also rated the EMTN program in connection with its renewal (approved by the AMF on March 26, 2019), as well as the bond issues carried out under this program in April and October 2019; the ratings assigned to the EMTN program and the bond issues are the same as the Company's rating ("BB+").
- In a press release published on April 1, 2019, following the publication of the Group's 2018 annual results and in connection with the renewal of its EMTN program, Moody's raised the Company's rating outlook from stable to positive while confirming the current "Ba2" rating. This upgrade demonstrates the relevance of the Group's growth strategy, the soundness of its business model in an uncertain economic environment, and the continued improvement of its financial fundamentals, and particularly its financial structure.
- As part of the USPP transaction, the Group underwent a rating process by the DBRS rating agency, which, in a press release dated April 4, 2019, assigned the Company an issuer rating of "BBB low." This is the first investment-grade rating obtained by the Company.

Finally, in a press release dated December 16, 2019, the rating agency Fitch confirmed the withdrawal of its ratings for the Company and its related financial instruments.

Net debt and future cash flows

The Group's net debt balance is detailed in Note 8.5 "Net debt."

Loan agreements relating to this debt include the legal and financial commitments usually involved in such transactions and specify accelerated maturities if those commitments are not met. The financial commitments include the Group's obligation to meet a financial covenant: the ratio of net debt as defined in the agreement to the pro forma EBITDA of acquisitions finalized over the last 12 months, after synergies and excluding the impact of IFRS 16. Based on these consolidated financial statements as at December 31, 2019, the Group met this ratio:

- Leverage Ratio = 3.2x (must be less than 3.75).

The repayment dates for consolidated debt and related interest as at December 31, 2019 are presented below.

The future contractual cash flows are shown based on the liabilities in the balance sheet 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.

(In millions of euros)	Carrying value	Cash flow 2020		Cash flow 2021		Cash flow 2022-2023-2024		Cash flow 2025 and beyond		Estimate of future cash flows as at 12/31/2019	
	Amortized cost	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
EMTN (Euro Medium Term Notes)	2,378.4	-	41.7	-	41.7	1,150.0	95.8	1,200.0	31.6	2,350.0	210.8
Convertible bonds	364.6	-	-	-	-	400.0	-	-	-	400.0	-
USPP	337.3	-	9.1	-	14.6	-	29.7	335.6	39.1	335.6	92.5
Revolving / bilateral short term	0.9	-	0.9	-	-	-	-	-	-	-	0.9
Schuldschein	75.1	11.5	1.2	21.0	1.0	42.5	1.6	-	-	75.0	3.8
Commercial paper	382.4	382.4	-	-	-	-	-	-	-	382.4	-
Unamortized debt issuance costs	(24.3)	-	-	-	-	-	-	-	-	-	-
Loan from employee profit-sharing fund	21.2	5.1	0.8	5.4	0.6	9.0	0.4	-	-	19.5	1.7
Other	7.2	2.1	0.2	1.7	0.2	2.5	0.4	0.9	0.1	7.2	0.9
Overdrafts	1.5	1.5	0.0	-	-	-	-	-	-	1.5	0.0
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,544.4**	**402.6**	**53.8**	**28.1**	**58.2**	**1,604.0**	**127.9**	**1,536.5**	**70.8**	**3,571.1**	**310.6**

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt and as a result of foreign currency transactions. The Finance Department manages the main financial risks centrally, mainly foreign exchange and interest rate risks, in accordance with specific management policies and detailed operating procedures. These policies, which focus on the unpredictability of financial markets, seek to minimize the potentially adverse effects on its financial performance. To hedge certain risk exposures, interest rate and currency hedging strategies are developed and implemented according to market opportunities through derivatives, while respecting the principles of prudence and risk limitation provided for in the corresponding management policies.

Interest rate risk

Interest rate risk mainly includes the risk of fluctuations in future cash flows relating to variable-rate debt, historically based in part on the EURIBOR. The Group's rate risk management policy is to maintain the vast majority of its total debt at fixed rates over a medium- to long-term horizon. As part of the refinancing transactions carried out in 2019, the Group increased the share of its direct fixed-rate debt. As a result, as at December 31, 2019, the Group had €37 million of variable-rate debt outstanding (before taking into account hedging instruments) compared to €878 million as at December 31, 2018.

Given the refinancing of all bank debt on October 3, 2019 through new fixed-rate bonds, the Group has terminated the derivatives contracts (swaps) it had entered into to swap, at specific times, the difference between the fixed rate agreed to in the swap contract and the variable rate applying to the relevant debt, based on a given notional amount.

Net exposure to interest rate risk as at December 31, 2019, before and after hedging, was as follows:

(In millions of euros)	12/31/2019	Fixed	Variable		Maturity of debt
			hedged	unhedged	
EMTN (Euro Medium Term Notes)	2,378.4	2,378.4			2023, 2024, 2025, 2026 and 2028
Convertible bonds	364.6	364.6			2023
USPP	337.3	337.3			2029
Revolving / bilateral short term	0.9			0.9	Various
Schuldschein	75.1	34.6		40.6	2020 to 2024
Commercial paper	382.4	382.4			< 12 months
Unamortized debt issuance costs	(24.3)	(18.2)		(6.1)	
Loan from employee profit-sharing fund	21.2	21.2			
Other	7.2	6.7	0.2	0.4	
Overdrafts	1.5			1.5	
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,544.4**	**3,507.0**	**0.2**	**37.2**	

In accordance with IFRS 7, an analysis of the sensitivity to changes in interest is presented below. 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 variable-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. The change in the fair value of the instrument affects the hedge reserve in shareholders' equity. This effect is 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 this affects their fair value, the change in which is then recognized in the income statement. This impact is therefore included when calculating the sensitivity of net income and equity to interest rate risk;
- commercial paper is considered to be variable-rate in substance, although it is issued at a fixed rate on a short-term basis.

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 of financial instrument	**Hedge reserves**	**Net financial income (loss)**	**Hedge reserves**	**Net financial income (loss)**
› designated as hedging instruments	Not material		Not material	
› non-derivative, at variable-rates		(4.1)		3.8
› derivatives not eligible for hedge accounting		-		-
TOTAL IMPACT (PRE-TAX)	**-**	**(4.1)**	**-**	**3.8**
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***	***2.0%***	***-100 bp***	***-1.8%***

The Group does not have any material interest-bearing assets.

Currency risk

Transactional currency risk

The Group is exposed to transactional currency risk mainly related to its purchases of goods from third party suppliers (linen) denominated in US dollars. In 2019, these purchases totaled US$97.0 million, compared to US$95.0 million in 2018. 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, 2019, the Group had made forward purchases with a 2020 maturity of US$90 million (compared to US$83 million in 2018).

The Group is also exposed to the foreign-currency commercial flows of operating entities (including purchases of goods denominated in a currency other than the operating entities' functional currency) and to intra-group financial flows (management fees, brand royalties, dividends). In this context, the Group may occasionally or on a recurring basis enter into currency forward contracts to hedge these risks.

Transactional currency risk is managed centrally by the Finance Department as part of a dedicated management policy and a centralized currency risk management agreement. Foreign currency flows of operating entities are hedged as part of the annual budget process for subsidiaries with recurring foreign currency flows. At the end of the year, when drawing up their budgets, the subsidiaries communicate their exposure to currency risk for the following year to the Finance Department, which centralizes the execution of external foreign exchange derivative transactions at Elis. Elis thus acts as the internal counterparty for negotiating hedging transactions for subsidiaries with transactional currency risk exposure.

Financial currency risk

The financing needs of foreign subsidiaries outside the euro area covered by intra-group loans and the centralization of cash surpluses expose some Group entities to financial currency risk (risk related to changes in the value of borrowings or financial receivables denominated in currencies other than the borrowing or lending entity's functional currency). This currency risk is mainly hedged through currency swaps as part of a hedging policy implemented by the Finance Department. As at December 31, 2019, currency swaps against the euro mainly covered the Swedish krona (SEK), Norwegian krone (NOK), Danish krone (DKK), Czech koruna (CZK), pound sterling (GBP), Swiss franc (CHF), ruble (RUB) and Polish zloty (PLN).

USPP financing denominated in US dollars

As at December 31, 2019, the Group was only party to one cross-currency swap contract for a notional amount of US$40 million backed by USPP financing.

The Group's exposure to currency risk

The Group operates a significant share of its activities in countries within the euro area. For the financial year ended December 31, 2019, countries outside the euro area accounted for 38.6% of the Group's consolidated revenue, including 11.0% for the United Kingdom, 6.9% for Brazil, 6.5% for Sweden, 6.0% for Denmark and 3.1% for Switzerland.

When the Group prepares its consolidated financial statements, it must translate the financial statements of its non-euro area 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 translation into euros of non-euro area subsidiaries' balance sheets 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 resulting from a 10% fall in exchange rate	Change in net income resulting from a 10% fall in exchange rate
GBP (United Kingdom)	(68.3)	(2.2)
BRL (Brazil)	(51.6)	(1.1)
SEK (Sweden)	(73.9)	(2.2)
DKK (Denmark)	(64.3)	(1.3)
NOK (Norway)	(16.3)	(0.7)
PLN (Poland)	(16.2)	(0.8)
CHF (Switzerland)	(12.2)	(0.4)

Equity risk

As at December 31, 2019, the Group's exposure to equity risk mainly concerns the 512,733 Elis shares held either in treasury stock, as part of the liquidity agreement implemented on April 13, 2015, or through the Berendsen Employee Benefit Trust.

These shares were valued at €9.5 million based on the December 31, 2019 closing price (€18.50). 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 petroleum products (mainly gas and fuel).

8.2 Net financial income (loss)

(In millions of euros)	12/31/2019	12/31/2018
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(120.3)	(105.6)
Interest expense on lease liabilities and finance leases	(9.7)	(0.8)
TOTAL INTEREST EXPENSE	**(130.0)**	**(106.3)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	(19.6)	(4.4)
Interest income using the effective interest rate method	1.2	0.4
Foreign currency translation gains (losses)	0.4	1.4
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	(0.1)	0.1
Interest expense on provisions and retirement benefits	(2.2)	(1.5)
Other	0.4	(0.1)
NET FINANCIAL INCOME (LOSS)	**(150.0)**	**(110.5)**

The changes were mainly due to:

- higher interest expense compared to financial year 2018, due to the early refinancing of the 2022 High-Yield Bonds and the term loan tranches of the syndicated credit facilities (especially early termination fees and the accelerated amortization of bond issuance costs);
- the lease liability interest expense that appeared for the first time in 2019 due to the first-time adoption of IFRS 16 according to the modified retrospective method;
- the impact of the termination of interest rate swaps historically backed by bank debt, which were fully repaid in October 2019.

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 their term 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 once the liability is extinguished. If a liability is exchanged with a creditor under materially different terms and conditions, a new liability is recognized.

The Elis Group has several sources of financing: short- and medium-term financing from capital markets, bank financing, and private placements.

As at December 31, 2019, consolidated debt mainly comprised the following:

Capital markets

Commercial paper

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, for a maximum amount of €600 million. In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2019, outstandings under this program totaled €382.4 million, versus €413.1 million as at December 31, 2018, a decrease of €30.7 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 funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen acquisition and extend the maturity of the Group's debt.

OCÉANE bonds qualify 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 in 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).

EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has an EMTN program approved by the AMF in the amount of €3 billion, under which it has carried out the following bond issues:

- On February 15, 2018, a dual-tranche 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 April 11, 2019, a bond issue in the amount of €500 million, with a 5-year maturity and a coupon of 1.75%. The proceeds from this issue have been allocated in full to refinance the High-Yield Bonds maturing in 2022.
- On October 3, 2019, a dual-tranche bond issue in the amount of €850 million comprising a €500 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1.0%, and a €350 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%. These bonds were used to fully refinance the tranches drawn from the two syndicated bank credit facilities taken out in 2017.

Bank loans and private placement

USPP private placement

During the first half of 2019, the Group also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%. The proceeds of this issue were mainly used to redeem the €800 million High-Yield Bonds maturing in 2022.

Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a senior syndicated credit facilities agreement 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.

During 2019, the €450 million term loan and the drawn-down €200 million CAPEX line tranche were fully repaid and canceled. As at December 31, 2019, the revolving credit tranche was still active but undrawn.

Syndicated Credit Facilities Agreement – Term Loan

On November 7, 2017, Elis entered into a second syndicated credit facilities agreement with two tranches: a €200 million term loan maturing in November 2022 and a €400 million revolving credit line originally maturing in November 2022.

In 2019, the €200 million term loan was fully repaid and canceled. As at December 31, 2019, the revolving credit tranche, with its maturity extended to November 2023, was still active but undrawn.

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 enabled the Group to diversify its funding sources. The funds were raised via several tranches at fixed and variable rates, respectively representing 46% and 54% of the total amount, maturing in three to seven years.

Through these two syndicated credit facilities agreements and a bilateral revolving loan agreement, the Group has, as at December 31, 2019, undrawn confirmed credit facilities totaling €930 million, thus ensuring the necessary liquidity for the Group with regard to its commercial paper program in the event that the commercial paper market closes.

Change in debt

(In millions of euros)	12/31/2018	Changes in financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other entities	Effect of changes in foreign exchange rates	Changes in bank overdrafts	Other changes	12/31/2019
EURO MEDIUM TERM NOTES	**1,000.0**	**1,350.0**	**-**	**-**	**-**	**-**	**2,350.0**
CONVERTIBLE BONDS	**355.8**	**-**	**-**	**-**	**-**	**8.9**	**364.6**
USPP (2018: HIGH-YIELD BONDS)	**800.0**	**(464.3)**	**-**	**-**	**-**	**(0.1)**	**335.6**
Senior Credit Facilities Agreement – Term Loan	450.0	(450.0)	-	-	-	-	-
Syndicated credit facility – Term loan	200.0	(200.0)	-	-	-	-	-
Revolving / bilateral short term	-	-	-	-	-	-	-
Schuldschein	75.0	-	-	-	-	-	75.0
Capex line	200.0	(200.0)	-	-	-	-	-
Commercial paper	413.1	(30.7)	-	-	-	-	382.4
Finance lease debt	22.9					(22.9)	
Other loans	18.6	(26.4)	15.1	(0.0)	0.0	0.1	7.2
Overdrafts	12.1	-	10.3	0.4	(21.3)	0.0	1.5
Loan from employee profit-sharing fund	23.2	(2.0)	-	-			21.2
LOANS	**1,414.8**	**(909.2)**	**25.4**	**0.3**	**(21.3)**	**(22.8)**	**487.4**
ACCRUED INTEREST	**28.1**			**(0.0)**	**(0.0)**	**3.0**	**31.1**
UNAMORTIZED DEBT ISSUANCE COSTS	**(44.0)**	**(11.1)**	**-**	**-**	**-**	**30.7**	**(24.3)**
BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**(34.6)**	**25.4**	**0.3**	**(21.3)**	**19.8**	**3,544.4**
Reconciliation to cash flow statement							
› Proceeds from new borrowings		2,392.0					
› Repayment of borrowings		(2,426.5)					
Change in borrowings		**(34.6)**					

As at January 1, 2019, as part of the first-time adoption of IFRS 16, finance lease liabilities have been reclassified as lease liabilities.

Breakdown of financial debt by currency

	12/31/2019	12/31/2018
EUR	3,507.7	3,545.2
USD	35.6	-
GBP	0.1	1.7
BRL	0.1	5.7
CHF	-	0.9
CLP	0.9	1.2
COP	0.0	0.0
BORROWINGS AND FINANCIAL DEBT	**3,544.4**	**3,554.7**

Maturity of financial liabilities

(In millions of euros)	12/31/2019	2020	2021	2022-2024	2025 and beyond
EMTN (Euro Medium Term Notes)	2,378.4	28.4	-	1,150.0	1,200.0
Convertible bonds	364.6	-	-	364.6	-
USPP	337.3	1.7	-	-	335.6
Revolving / bilateral short term	0.9	0.9	-	-	-
Schuldschein	75.1	11.6	21.0	42.5	-
Commercial paper	382.4	382.4	-	-	-
Unamortized debt issuance costs	(24.3)	(6.4)	(6.5)	(9.0)	(2.4)
Loan from employee profit-sharing fund	21.2	5.8	6.2	9.2	-
Other	7.2	2.1	1.6	2.2	1.3
Overdrafts	1.5	1.5	-	-	-
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,544.4**	**428.1**	**22.3**	**1,559.5**	**1,534.5**

As at December 31, 2019, short-term borrowings (maturing in less than one year) mainly comprise commercial paper and the 2020 tranche of the Schuldschein private placement. In 2019, the Group carried out two refinancing transactions in April and October with a focus on maintaining its financial structure, smoothing maturities over a longer period, and lowering the average cost of debt. As a result, as at December 31, 2019, the average weighted maturity of Elis SA (parent company) debt was 4.75 years, compared to 3.6 years at December 31, 2018.

8.4 Cash and cash equivalents

"Cash and cash equivalents" includes cash, demand deposits, other very short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are recognized in the balance sheet 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)	12/31/2019	12/31/2018
Demand deposits	171.4	195.7
Term deposits and marketable securities	0.9	1.3
CASH AND CASH EQUIVALENTS (ASSETS)	**172.3**	**197.0**
Overdrafts	(1.5)	(12.1)
Cash classified as assets held for sale	-	4.6
Bank overdrafts classified as liabilities directly related to assets held for sale	-	(10.5)
CASH AND CASH EQUIVALENTS, NET	**170.8**	**179.1**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents totaled €26.6 million as at December 31, 2019, compared to €6.1 million at December 31, 2018.

In addition, cash allocated to the Elis liquidity agreement implemented on April 10, 2015 was €1.5 million as at December 31, 2019 (not material at December 31, 2018).

8.5 Net debt

(In millions of euros)	12/31/2019	12/31/2018
EMTN	**2,350.0**	**1,000.0**
CONVERTIBLE BONDS	**364.6**	**355.8**
USPP (2018: HIGH-YIELD BONDS)	**335.6**	**800.0**
Senior Credit Facilities Agreement – Term Loan	-	450.0
Syndicated Credit Facilities Agreement – Term Loan	-	200.0
Revolving / bilateral short term	-	-
Schuldschein	75.0	75.0
Commercial paper	382.4	413.1
Finance lease debt	-	22.9
Capex line	-	200.0
Other loans	7.2	18.6
Overdrafts	1.5	12.1
Loan from employee profit-sharing fund	21.2	23.2
LOANS	**487.4**	**1,414.8**
ACCRUED INTEREST	**31.1**	**28.1**
UNAMORTIZED DEBT ISSUANCE COSTS	**(24.3)**	**(44.0)**
BORROWINGS AND FINANCIAL DEBT	**3,544.4**	**3,554.7**
Of which maturing in less than one year	428.1	453.1
Of which maturing in more than one year	3,116.3	3,101.6
CASH AND CASH EQUIVALENTS (ASSETS)	**172.3**	**197.0**
NET DEBT	**3,372.1**	**3,357.7**

8.6 Financial assets and liabilities

Initial recognition of financial assets and liabilities

Financial instruments are initially recognized in the balance sheet 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 on the basis of 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 in assets or 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 fair value inputs – quoted price in an active market);
- non-current derivative instruments are measured using a valuation technique (discounted cash flow method) that uses rates (EURIBOR yield curve minus the zero coupon curve) quoted in the interbank market (level 2 fair value inputs – valuation based on observable market data);
- borrowings and financial debt 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.

(In millions of euros)	12/31/2019 Carrying amount	12/31/2019 Fair value	Breakdown by category of financial instrument: Mandatory at fair value through profit or loss	Fair value – hedging instruments by OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	69.0	69.0	31.7	0.3	37.1	
Contract assets	36.2	36.2			36.2	
Trade and other receivables	632.9	632.9			632.9	
Other current assets	21.1	21.1	0.3	(0.0)	20.7	
Cash and cash equivalents	172.3	172.3			172.3	
FINANCIAL ASSETS	**931.7**	**931.7**	**32.2**	**0.3**	**899.2**	**-**
Borrowings and financial debt	3,116.3	3,205.4				3,116.3
Other non-current liabilities	11.3	11.3	10.3	0.1		0.9
Trade and other payables	290.2	290.2				290.2
Contract liabilities	71.5	71.5				71.5
Other current liabilities	358.8	358.8	5.9	1.9		351.0
Bank overdrafts and current borrowings	428.1	434.5				428.1
FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	**4,276.2**	**4,371.7**	**16.2**	**2.0**	**-**	**4,258.0**

(In millions of euros)	12/31/2018 Fair value	Mandatory at fair value through profit or loss	Breakdown by category of financial instrument: Fair value – hedging instruments by OCI	Financial assets at amortized cost	Debt at amortized cost	
Other equity investments	0.2	0.2	0.2			
Other non-current assets	67.7	67.7	34.1	-	33.6	
Contract assets	31.7	31.7			31.7	
Trade and other receivables	649.5	649.5			649.5	
Other current assets	26.0	26.0	0.1	1.3	24.6	
Cash and cash equivalents	197.0	197.0			197.0	
FINANCIAL ASSETS	**972.0**	**972.0**	**34.3**	**1.3**	**936.5**	**-**
Borrowings and financial debt	3,101.6	3,098.5				3,101.6
Other non-current liabilities	15.3	15.3	0.0	13.9		1.4
Trade and other payables	274.5	274.5				274.5
Contract liabilities	68.3	68.3				68.3
Other current liabilities	381.6	381.6	26.3	-		355.3
Bank overdrafts and current borrowings	453.1	466.6				453.1
FINANCIAL LIABILITIES	**4,294.5**	**4,304.8**	**26.3**	**13.9**	**-**	**4,254.2**

The table below shows the level at which each fair value is ranked in the fair value hierarchy:

	12/31/2019	Fair value hierarchy		
(In millions of euros)	Fair value	Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Current derivatives – assets (currency forwards)	0.3		0.3	
Offsetting assets	32.0			32.0
ASSETS MEASURED AT FAIR VALUE	**32.5**	**-**	**0.3**	**32.2**
Non-current derivatives – liabilities (interest rate swaps)	0.1		0.1	
Current derivatives – liabilities (currency forwards)	2.4		2.4	
Debt related to acquisitions	15.7			15.7
LIABILITIES MEASURED AT FAIR VALUE	**18.2**	**-**	**2.5**	**15.7**
EMTN (Euro Medium Term Notes)	2,431.9	2,431.9		
USPP	347.6		347.6	
Convertible bonds – debt component	372.1		372.1	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	**3,151.6**	**2,431.9**	**719.7**	**-**

	12/31/2018	Fair value hierarchy		
(In millions of euros)	Fair value	Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Current derivatives – assets (currency forwards)	1.4		1.4	
Offsetting assets	34.1			34.1
ASSETS MEASURED AT FAIR VALUE	**35.6**	**-**	**1.4**	**34.2**
Non-current derivatives – liabilities (interest rate swaps)	13.9		13.9	
Current derivatives – liabilities (currency forwards)	0.1		0.1	
Debt related to acquisitions	26.2			26.2
LIABILITIES MEASURED AT FAIR VALUE	**40.3**	**-**	**14.1**	**26.2**
EMTN (Euro Medium Term Notes)	978.2	978.2		
High-Yield Bonds 3%	808.3	808.3		
Convertible bonds – debt component	359.2		359.2	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	**2,145.8**	**1,786.5**	**359.2**	**-**

8.7 Other non-current assets and liabilities

Loans and 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, apart from those with maturity dates greater than 12 months after the reporting date, which are classified as non-current assets.

Offsetting assets correspond to vendor warranties and are evaluated on the same basis as indemnified liabilities, subject to value corrections for unrecoverable amounts.

If the indemnification is related to a liability recognized at its fair value at acquisition, the offsetting asset is also recorded at fair value.

Repurchase commitments to 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 operating income and expense" in accordance with the provisions of IFRS 9.

(In millions of euros)	Notes	12/31/2019	12/31/2018
Non-current derivatives – assets	8.8	0.3	-
Long-term loans and receivables		3.8	1.7
Offsetting assets and other non-current assets		31.7	34.1
Marginal costs of obtaining contracts		33.3	31.9
OTHER NON-CURRENT ASSETS		**69.0**	**67.7**
Non-current derivatives – liabilities	8.8	0.1	13.9
Deferred consideration payable on acquisitions		10.3	0.0
Liability for repurchase commitments to non-controlling interests		-	-
Other non-current liabilities		0.9	1.4
OTHER NON-CURRENT LIABILITIES		**11.3**	**15.3**

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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 of 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 instrument and the hedged item, 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 the derivatives used 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 meet the cash flow hedge criteria and are designated as such 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. 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 until their reclassification in income or loss or in the initial cost of the non-financial asset acquired.

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.

Cash flow hedges

The Group holds the following derivative instruments to hedge its interest rate and currency risks:

	Maturity			
At December 31, 2019	**1-6 months**	**6-12 months**	**More than one year**	**Total**
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal (in millions of euros)	25.8	18.7		44.5
Average EUR/USD forward rate	1.12	1.14		-
Forward currency purchases (highly probable forecast purchases)				
Nominal (in millions of euros)	14.2	13.4		27.5
Average GBP/USD forward rate	1.25	1.27		-
Forward currency purchases (highly probable forecast purchases)				
Nominal (in millions of euros)	4.3	3.7		8.0
Average SEK/USD forward rate	9.61	9.64		-
Cross-currency swap – USPP				
Nominal (in millions of euros)			35.6	35.6
Fixed rate			2.69%	-
INTEREST RATE RISK				
Interest rate swap – Chile				
Nominal (in millions of euros)			0.2	0.2
Fixed rate			6.72%	-

At December 31, 2018	Maturity 6-12 months	More than one year	More than one year	Total
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal (in millions of euros)	26.2	22.1		48.3
Average EUR/USD forward rate	1.17	1.18		-
Forward currency purchases (highly probable forecast purchases)				
Nominal (in millions of euros)	12.7	11.5		24.2
Average GBP/USD forward rate	1.31	1.33		-
INTEREST RATE RISK				
Interest rate swaps maturing in 2022 – term loan				
Nominal (in millions of euros)			450.0	450.0
Fixed rate			0.46%	-
Other interest rate swaps				
Nominal (in millions of euros)			500.0	500.0
Fixed rate			0.50%	-
Interest rate swap – Chile				
Nominal (in millions of euros)			0.9	0.9
Fixed rate			6.72%	-

Given the negative forward rates until the maturity of the non-floored interest rate swaps maturing in 2022, these instruments have been disqualified from hedge accounting since July 1, 2016.

The amounts relating to the hedged items are as follows:

The other interest rate swaps historically backed by bank debt, fully repaid in October 2019, were terminated at the end of September 2019.

At December 31, 2019	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	3.1	(2.4)	-
Interest rate risk			
Variable-rate instruments	4.3	(0.0)	-

At December 31, 2018	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	(2.9)	0.8	-
Interest rate risk			
Variable-rate instruments	5.8	(5.9)	(3.3)

The table below details the impact of derivatives on the Elis Group's consolidated financial statements:

	At 12/31/2019				12/31/2019				
		Carrying value							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Amount reclassified from hedging cost to inventory cost	Income statement item
Currency risk									
Forward currency purchases	80.0	(0.0)	1.9	"Other current assets and liabilities," see Note 4.8	(3.1)	(0.0)	-	-	-
Cross-currency swap – USPP	35.6	0.3		"Other non-current assets and liabilities," see Note 8.7	-	0.3	-	-	-
Interest rate risk									
Interest rate swaps	0.2		0.1	"Other non-current assets and liabilities," see Note 8.7	(4.3)	-	(13.4)	-	"Net financial income (loss)," see Note 8.2

	At 12/31/2018				12/31/2018				
		Carrying value							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Amount reclassified from hedging cost to inventory cost	Income statement item
Currency risk									
Forward currency purchases	72.5	1.3	-	"Other current assets and liabilities," see Note 4.8	2.9	0.5	-	-	-
Interest rate risk									
Interest rate swaps	950.9	-	13.9	"Other non-current assets and liabilities," see Note 8.7	(5.8)	-	(2.9)	-	"Net financial income (loss)," see Note 8.2

The reconciliation of each component of equity impacted by hedge accounting is as follow:

(In millions of euros)	Cost of hedging reserve	Cash flow hedge reserve
Cash flow hedges		
BALANCE AS AT DECEMBER 31, 2017		**(5.5)**
Change in fair value resulting from forward currency purchases – forecast purchases	0.5	2.9
Change in fair value resulting from interest rate risk hedging		(5.8)
Amounts reclassified to the income statement		2.9
Tax effect	(0.2)	(0.1)
BALANCE AS AT DECEMBER 31, 2018	**0.3**	**(5.6)**
Change in fair value resulting from forward currency purchases – forecast purchases	0.3	(3.1)
Change in fair value resulting from interest rate risk hedging		(4.3)
Amounts reclassified to the income statement		13.4
Tax effect	(0.1)	(2.1)
BALANCE AS AT DECEMBER 31, 2019	**0.6**	**(1.6)**

8.9 Off-balance sheet commitments relating to group financing and other commitments

(In millions of euros)	12/31/2019	12/31/2018
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	5.7	9.1
Pledges, endorsements and guarantees given		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	20.7	23.2

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 recognized outside of profit or loss is recognized outside 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 offset:

- 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 other than 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 and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and sufficient taxable profit will be available to allow the temporary differences to be offset.

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 offset. Unrecognized deferred tax assets are measured at each reporting period-end and are recognized to the extent that it is probable that a future taxable profit will be available against which they can be offset.

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 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)	12/31/2019	12/31/2018
Consolidated net income (loss)	137.7	83.0
Equity-accounted companies	-	-
Current taxes	71.9	85.4
Deferred taxes	(24.3)	(33.7)
Income (loss) before tax	185.3	134.7
Theoretical tax rate	34.43%	34.43%
THEORETICAL TAX EXPENSE	**63.8**	**46.4**
ACTUAL TAX EXPENSE	**47.6**	**51.7**
Effect of tax not based on net income[(a)]	11.9	11.3
DIFFERENCE	**28.1**	**6.0**
Breakdown of difference		
Tax rate differences and transactions taxed at reduced rates	21.1	18.2
Permanent differences (including interest in 2018 and non-deductible IFRS 2 expenses)	(1.6)	(22.2)
Unrecognized tax loss carryforwards/Utilization of previously unrecognized tax losses	0.4	(0.8)
Goodwill impairment	-	-
Other (deductible CVAE, nontaxable CICE in 2018, etc.)	8.1	10.8

(a) CVAE in France, IRAP in Italy.

The following table shows the sources of deferred tax assets and liabilities:

(In millions of euros)	12/31/2018 net	Increase related to business combinations	Income (loss)	Recognized directly in other comprehensive income	Translation differences & other	12/31/2019 net
Intangible assets	(194.5)	(2.5)	24.7	-	2.1	(170.1)
Property, plant and equipment	(144.5)	(0.5)	(10.7)	-	(2.1)	(157.7)
Other assets	(15.5)	0.0	(3.4)	-	(0.7)	(19.5)
Derivative instruments – assets	(0.3)	-	0.0	0.2	(0.2)	(0.2)
Right-of-use assets / Lease liabilities	(0.0)	0.0	0.7	-	0.0	0.8
Provisions	22.4	(0.0)	(1.2)	-	1.5	22.2
Employee benefit liabilities	12.9	-	0.9	1.9	(0.4)	15.4
Borrowings and financial debt	(29.3)	-	9.9	(0.0)	0.5	(18.9)
Derivative instruments – liabilities	4.5	-	(1.3)	(2.4)	(0.0)	0.7
Other current liabilities	(6.1)	0.3	(1.5)	-	(2.0)	(9.2)
Other	(6.2)	(0.0)	(0.3)	(0.1)	(0.2)	(6.9)
Recognized tax losses	42.2	0.1	6.6	-	2.5	51.4
NET DEFERRED TAX ASSETS (LIABILITIES)	**(314.3)**	**(2.6)**	**24.3**	**(0.4)**	**1.1**	**(292.3)**
Deferred tax assets	56.5					24.4
Deferred tax liabilities	(370.9)					(316.7)

Deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be offset against future taxable profit.

As at December 31, 2019, the Group had tax losses of €40.8 million (base) for which no deferred tax assets had been recognized (€42.9 million at December 31, 2018). The majority of these tax losses, which are almost all related to foreign subsidiaries, have no expiration date.

NOTE 10 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1 Share capital and reserves

Changes in share capital

Number of shares as at December 31, 2017	**219,370,207**
Number of shares as at December 31, 2018	**219,927,545**
Number of shares as at December 31, 2019	**221,297,797**
Number of authorized shares	221,297,797
Number of shares issued and fully paid up	221,297,797
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares[(a)]	512,733
Shares reserved for issue under options and sales agreements	-

(a) Of which 393,532 shares held by the Berendsen Employee Benefit Trust.

In 2019:

- Following the vesting of the free performance shares, the share capital was increased on March 24, 2019 and June 15, 2019 by a nominal amount of €0.3 million and €0.5 million respectively through the capitalization of those same amounts in "Additional paid-in capital."
- Furthermore, the general shareholders' meeting of May 23, 2019 decided to clear the accumulated deficit of the parent company by charging €215.2 million to "Additional paid-in capital."
- Finally, as part of the Group Savings Plan, on October 30, 2019:
  - the share capital was increased by €0.6 million and additional paid-in capital by €6.5 million;
  - in addition, the costs related to the capital increases, net of the corresponding tax savings, were then charged to additional paid-in capital;
  - finally, the balance of the additional paid-in capital, in the amount of €6.1 million, was transferred to the legal reserve.

In 2018:

- following the vesting of the free performance shares, the share capital was increased on June 15, 2018 and December 20, 2018 by a nominal amount of €0.5 million and €0.1 million respectively through the capitalization of those same amounts in "Additional paid-in capital."

Since 2015, the Group has also implemented a liquidity agreement consistent with the Code of Conduct issued by the French Financial Markets 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 initially allocated to the implementation of the liquidity agreement and credited to the liquidity account amounted to €3.0 million. As at December 31, 2019, treasury stock accounted for 115,250 shares valued at €2.1 million based on the historic share price, deducted from equity (198,252 shares, or €3.5 million at December 31, 2018).

10.2 Dividends and distributions paid and proposed

The general shareholders' meeting of May 18, 2018 approved the payment of a dividend of €0.37 per share. The amount distributed to shareholders was therefore €81.1 million.

The general shareholders' meeting of May 23, 2019 approved the payment of a dividend of €0.37 per share. The amount distributed to shareholders was therefore €81.4 million.

A dividend of €0.39 per share or approximately €86.3 million will be proposed at the next annual general shareholders' meeting.

10.3 Earnings per share

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.

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 take into account 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).

(In millions of euros)	12/31/2019	12/31/2018 restated
Net income or loss attributable to owners of the parent		
Continuing operations	137.9	83.4
Discontinued operations	4.1	(1.2)
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**142.0**	**82.2**
Weighted average number of shares	220,238,574	219,379,941
Effect if conversion of convertible notes	13,124,018	12,797,487
Effect of contingently issuable shares	852,061	1,047,554
Weighted average number of shares used for diluted EPS	234,214,653	233,224,982

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 2019 or 2018.

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	Primary business	% equity 12/31/2019	% equity 12/31/2018
Elis, SA	Saint-Cloud	Parent company	100	100
FRANCE				
MAJ, SA	Pantin	Textile & hygiene services	100	100
Les Lavandières, SAS	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles, SAS	Marcq-en-Barœul	Textile & hygiene services	100	100
Pierrette TBA, SA	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français, SARL	Gérardmer	Manufacturing entity	100	100
Elis Services, SAS	Saint-Cloud	Other	100	100
Thimeau, SAS	Meaux	Textile & hygiene services	100	100
Maison de Blanc Berrogain, SAS	Anglet	Textile & hygiene services	Merger	100
Société des Oreillers et Couvertures, SARL	Saint-Cloud	Other	-	Merger
Pro Services Environnement, SAS	Rochetoirin	Textile & hygiene services	100	100
AD3, SAS	Dardilly	Textile & hygiene services	100	100
SCI Les Gailletrous	La Chaussée-Saint-Victor	Other	100	100
SCI du Château de Janville	Saint-Cloud	Other	100	100
GIE Eurocall Partners	Villeurbanne	Other	100	100
Blanchisserie Moderne, SA	Montlouis-sur-Loire	Textile & hygiene services	96	96
SCI Maine Beauséjour	Limoges	Other	100	100
SCI La Forge	Bondoufle	Other	100	100
Société de Participations Commerciales et Industrielles, SARL	Saint-Cloud	Other	100	100
SCI des 2 Sapins	Grenoble	Other	100	100
SHF Holding, SA	Saint-Cloud	Other	100	100
SHF, SAS	Saint-Cloud	Textile & hygiene services	100	100
BMF, SAS	Bondoufle	Textile & hygiene services	-	Merger
LSP, SAS	Saint-Cloud	Textile & hygiene services	Merger	100
Elis Prévention Nuisibles, SAS	Bobigny	Textile & hygiene services	100	100
Blanchisserie Professionnelle d'Aquitaine, SARL	Mios	Textile & hygiene services	Merger	100
Big Bang, SAS	Saint-André-de-la-Roche	Textile & hygiene services	-	Merger
Hygiène Contrôle Île de France, SAS	Serris	Textile & hygiene services	-	Merger
HTE Sanitation, SAS	Vitrolles	Textile & hygiene services	-	Merger
Blanchisserie Blésoise, SAS	La Chaussée-Saint-Victor	Textile & hygiene services	100	100
Rathiboust, SAS	Aulnay-sous-Bois	Textile & hygiene services	Merger	-
Blanchisserie Sud Aquitaine, SAS	Bénesse-Maremne	Textile & hygiene services	Merger	-

Entity name	Registered office	Primary business	% equity 12/31/2019	% equity 12/31/2018
GERMANY				
Elis Holding GmbH	Rehburg-Loccum	Other	100	100
Elis Textil-Service GmbH	Mörlenbach	Textile & hygiene services	100	100
Elis Ibbenbüren GmbH	Ibbenbüren	Textile & hygiene services	100	100
Elis Immobilien GmbH & Co. KG	Ibbenbüren	Other	100	100
Elis Freiburg GmbH & Co. KG	Freiburg im Breisgau	Textile & hygiene services	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Other	100	100
Elis Potsdam GmbH	Potsdam	Textile & hygiene services	100	100
Elis München GmbH	Munich	Textile & hygiene services	100	100
Elis Südwest GmbH	Simmern	Textile & hygiene services	100	100
Elis Wismar GmbH	Wismar	Textile & hygiene services	100	100
KlinTex GmbH	Rehburg-Loccum	Other	Merger	100
Elis Stralsund GmbH	Stralsund	Textile & hygiene services	100	100
Elis Mannheim GmbH	Mannheim	Textile & hygiene services	100	100
Elis Servicegesellschaft Rhein-Neckar mbH	Mannheim	Other	100	100
Elis Ost GmbH	Schönebeck (Elbe)	Textile & hygiene services	100	100
AKK-Service GmbH	Hamburg	Textile & hygiene services	10	10
Askulta Nord Textilpflege GmbH & Co. KG	Glückstadt	Dormant	Merger	100
Berendsen Beteiligungs GmbH	Hamburg	Other	100	100
Elis GmbH	Hamburg	Textile & hygiene services	100	100
Berendsen GmbH Füssen	Hamburg	Dormant	Merger	100
Elis Glückstadt GmbH	Hamburg	Other	100	100
Berendsen GmbH Messkirch	Hamburg	Dormant	Merger	100
Elis Nordost GmbH	Fürstenwalde	Textile & hygiene services	100	100
Elis Schleswig GmbH	Schleswig	Textile & hygiene services	100	100
Elis West GmbH	Hagen	Textile & hygiene services	100	100
Elis Group Services GmbH	Hamburg	Other	100	100
Elis Textilmanagement GmbH	Hamburg	Textile & hygiene services	100	100
Decontam GmbH	Bad Windsheim	Textile & hygiene services	100	100
Glückstadter Textilservice GmbH & Co OHG	Glückstadt	Dormant	Merger	100
Jentex GmbH	Jena	Textile & hygiene services	49	49
PTS Pinneberger Textil-Service GmbH	Glückstadt	Dormant	In liquidation	100
Saniwo Textil-Gesellschaft mbH	Hamburg	Other	100	100
TSL Textil-Service und Logistik GmbH	Fürstenwalde	Dormant	100	100
SMH - Sächsische Mietwäsche und Handels GmbH	Dürröhrsdorf-Dittersbach	Dormant	Merger	100
BW Textilservice GmbH	Sulz am Neckar	Textile & hygiene services	100	100
Wäscherei Waiz GmbH	Eckental	Textile & hygiene services	100	100
Curantex Verwaltungs GmbH	Erkelenz	Other	100	-
Curantex GmbH & Co. KG	Erkelenz	Textile & hygiene services	100	-
AUSTRIA				
Berendsen GmbH	Hard	Textile & hygiene services	100	100
ANDORRA				
Auxiliar Hotelera Arly	Andorra	Textile & hygiene services	100	100
Arly les Valls	Andorra	Dormant	In liquidation	In liquidation
BELGIUM				
Elis Belgium	Anderlecht	Textile & hygiene services	100	100
Blanchisserie Basse Meuse	Herstal	Textile & hygiene services	100	100
Ardenne & Meuse Logistic	Herstal	Other	100	100
BRAZIL				
Atmosfera Gestão e Higienização de Têxteis SA	Jundiaí	Textile & hygiene services	100	98
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	98
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	98
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	98

Entity name	Registered office	Primary business	% equity 12/31/2019	% equity 12/31/2018
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	100	98
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	98
Uniforme Lavanderia e Locação Ltda	Camaçari	Textile & hygiene services	100	98
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	98
Toalhão Locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	98
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	100	98
Prolav Servicos Tecnicos Ltda	Rio Bonito	Textile & hygiene services	100	98
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	100	98
LVB Holding Ltda	Videira	Other	100	98
Lavebras Gestão de Têxteis SA	Videira	Textile & hygiene services	100	98
Atmosfera Gestão e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	100	98
Totalqualy Higienização Textil Ltda	São Bernardo do Campo	Textile & hygiene services	100	98
BR Laundry Industria, Comercio e Serviços Ltda	Anápolis	Textile & hygiene services	100	-
CHILE				
Elis Chile SA	Santiago	Other	100	100
Albia SA	Recoleta	Textile & hygiene services	100	100
Servicios Hospitalarios SA	Recoleta	Textile & hygiene services	100	100
Comercial Elis Chile SpA	Recoleta	Textile & hygiene services	100	-
CYPRUS				
Coliday Holdings Ltd	Larnaca	Other	100	-
COLOMBIA				
Elis Colombia SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Centro de Lavado y Aseo CLA SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavanser SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavandería Industrial Metropolitana SAS	Bogotá, D.C.	Textile & hygiene services	100	-
Lavamejor Zona Franca SAS	Cartagena	Textile & hygiene services	100	-
DENMARK				
Berendsen A/S	Søborg	Other	100	100
Berendsen Textil Service A/S	Søborg	Textile & hygiene services	100	100
A-vask A/S	Søborg	Textile & hygiene services	100	-
Jysk Linnedservice A/S	Kjellerup	Textile & hygiene services	90	70
Xtra Måtteservice A/S	Holsted	Textile & hygiene services	-	Merger
SPAIN				
Elis Manomatic, SA	Sant Cugat del Vallès (Barcelona)	Textile & hygiene services	100	100
Lavandería Hotelera Del Mediterraneo	Sant Cugat del Vallès (Barcelona)	Textile & hygiene services	-	Merger
Lavalia Balears Servicios y Renting Textil	Sant Cugat del Vallès (Barcelona)	Textile & hygiene services	-	Merger
Lavalia cee	La Nucia (Alicante)	Dormant	100	100
Elis Indusal UTE	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
Servicios de Lavandería Industrial de Castilla la Mancha, SA	Yeles (Toledo)	Textile & hygiene services	100	100
Indusal, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	100
Lavandería Industrial La Condesa, SL	Venta de Baños (Palencia)	Textile & hygiene services	Dissolved	100
Goiz Ikuztegia, SL	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	100
Energías Margua SA	Marcilla (Navarra)	Other	100	100
Indusal Sur, SA		Textile & hygiene services	Merger	100

Entity name	Registered office	Primary business	% equity 12/31/2019	% equity 12/31/2018
	Escacena del Campo (Huelva)			
Cogeneración Martiartu, SL	Arrigorriaga (Vizcaya)	Other	100	100
Lesa Inmuebles Siglo XXI, SL	Marcilla (Navarra)	Other	100	100
Gestytex Ibérica, SL	Arrigorriaga (Vizcaya)	Other	-	Dissolved
Lavanderías El Cantábrico, SL	Santurtzi (Vizcaya)	Textile & hygiene services	-	Merger
Casbu, SL	Igualada (Barcelona)	Textile & hygiene services	50	50
Compañía Navarra Servicios Integrales, SL	Marcilla (Navarra)	Other	100	100
Cantabria Lainpak UTE	Cabezón de la Sal (Cantabria)	Dormant	Dissolved	100
Indusal Navarra, SA–Ilunion Navarra, SL UTE	Marcilla (Navarra)	Textile & hygiene services	68	68
Goiz Ikuztegia, SL–Gureak Oiartzun, SL UTE	Zumarraga (Guipúzcoa)	Textile & hygiene services	75	75
Lavanderías Triton, SL	Madrid	Textile & hygiene services	100	100
Lloguer Textil Maresme, SL	Cabrera de Mar (Barcelona)	Textile & hygiene services	100	-
Base Lavandería Industrial, SLU	Riba-Roja de Túria (Valencia)	Textile & hygiene services	100	-
Marina de Complementos, SLU	Manises (Valencia)	Textile & hygiene services	100	-
ESTONIA				
AS Svarmil	Kiviõli	Other	100	100
Elis Textile Service AS	Tartu County	Textile & hygiene services	100	100
FINLAND				
Berendsen Textile Service Oy	Tuusula	Textile & hygiene services	100	100
HUNGARY				
Elis Hungary Kft	Miskolc	Textile & hygiene services	100	100
IRELAND				
Berendsen Finance Ireland (DKK) Ltd	Dublin	Other	100	100
Berendsen Finance Ireland (Euro) Ltd	Dublin	Other	100	100
Berendsen Finance Ireland (PLN) Ltd	Dublin	Other	100	100
Berendsen Ireland Holdings Ltd	Dublin	Dormant	100	100
Berendsen Ireland Ltd	Dublin	Textile & hygiene services	100	100
Nanoclean Ltd	Dublin	Textile & hygiene services	100	100
Steri-tex Ltd	Dublin	Dormant	100	100
ITALY				
Elis Italia SpA	San Giuliano Milanese	Textile & hygiene services	100	100
Organizzazione Arrigoni Srl	Rho	Textile & hygiene services	Merger	-
LATVIA				
Elis Tekstila Serviss AS	Riga	Textile & hygiene services	100	100
LITHUANIA				
Berendsen Textile Service, UAB	Vilnius	Textile & hygiene services	100	100
Luxembourg				
Elis Luxembourg, SA	Bascharage	Textile & hygiene services	100	100
NORWAY				
Berendsen Tekstil Service A/S	Oslo	Textile & hygiene services	100	100
NETHERLANDS				
Elis Nederland BV	Arnhem	Textile & hygiene services	100	100
Groene Team BV	Arnhem	Dormant	100	100
Elis Netherlands Holding BV	Arnhem	Other	100	100
POLAND				
Berendsen Textile Service Sp zoo	Żukowo	Textile & hygiene services	100	100
PORTUGAL				
	Samora Correira	Other	100	100

Entity name	Registered office	Primary business	% equity 12/31/2019	% equity 12/31/2018
Garment Finishing and Distribution European Services, SA				
Sociedade Portuguesa de Aluguer e Serviço de Têxteis, SA	Samora Correira	Textile & hygiene services	100	100
SPAST II, Lda	Samora Correira	Textile & hygiene services	100	100
CZECH REPUBLIC				
Elis Textil Servis sro	Brno	Textile & hygiene services	100	100
Elis Textile Care CZ sro	Velké Pavlovice	Textile & hygiene services	Merger	100
UNITED KINGDOM				
Kennedy Hygiene Products Ltd	Uckfield	Manufacturing entity	100	100
Kennedy Exports Ltd	Uckfield	Other	100	100
BDF Holdings Ltd	Renfrewshire, Scotland	Dormant	100	100
Berendsen Cleanroom Services Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Finance (DKK) Ltd	Basingstoke	Other	100	100
Berendsen Finance (Euro) Ltd	Basingstoke	Other	100	100
Berendsen Finance (Euro2) Ltd	Basingstoke	Other	100	100
Berendsen Finance Ltd	Basingstoke	Other	100	100
Berendsen Healthcare Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Hospitality Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Ltd	Basingstoke	Other	100	100
Berendsen Nominees Ltd	Basingstoke	Other	100	100
Berendsen Northern Ireland Ltd	Belfast	Textile & hygiene services	100	100
Berendsen Supply Chain (Northern Ireland) Ltd	Belfast	Textile & hygiene services	100	100
Elis UK Ltd	Basingstoke	Other	100	100
Berendsen Workwear Ltd	Basingstoke	Textile & hygiene services	100	100
Cavendish Laundry Ltd	Basingstoke	Dormant	Dissolved	100
Davis (BIM) Ltd	Basingstoke	Dormant	100	100
Davis (FH) Ltd	Basingstoke	Dormant	Dissolved	100
Fabricare Ltd	Basingstoke	Dormant	Dissolved	100
IHSS Ltd	Basingstoke	Textile & hygiene services	Sold	100
Lakeland Pennine Group Ltd	Basingstoke	Dormant	100	100
Lakeland Pennine Ltd	Basingstoke	Dormant	100	100
Laundrycraft Ltd	Basingstoke	Dormant	100	100
M Furnishing Group Ltd	Basingstoke	Dormant	100	100
Midland Laundry Group Ltd	Basingstoke	Dormant	100	100
Midland Laundry Group Holdings Ltd	Basingstoke	Dormant	100	100
National Sunlight Laundries Ltd	Basingstoke	Dormant	Dissolved	100
Rocialle Ltd	Basingstoke	Dormant	100	100
Rocialle Healthcare Ltd	Basingstoke	Textile & hygiene services	Sold	-
Spring Grove Services Ltd	Basingstoke	Dormant	100	100
Spring Grove Services Group Ltd	Basingstoke	Dormant	100	100
St. Helens Laundry Ltd	Basingstoke	Dormant	Dissolved	100
Sunlight (Lyndale) Ltd	Basingstoke	Dormant	Dissolved	100
Sunlight Clinical Solutions Ltd	Basingstoke	Other	100	100
Sunlight Services Ltd	Basingstoke	Dormant	100	100
Sunlight Textile Services Ltd	Basingstoke	Dormant	100	100
Sunlight Workwear Services Ltd	Basingstoke	Dormant	100	100
The Sunlight Group Ltd	Basingstoke	Dormant	Dissolved	100
The Sunlight Service Group Ltd	Basingstoke	Dormant	100	100
JERSEY				
Berendsen Employee Benefit Trust	Jersey	Other	100	100
SLOVAKIA				
Elis Textile Care SK sro	Trenčín	Textile & hygiene services	100	100
RUSSIA				

Entity name	Registered office	Primary business	% equity 12/31/2019	% equity 12/31/2018
OOO Berendsen	Moscow	Textile & hygiene services	100	100
OOO Комбинат бытового обслуживания "НОВОСТЬ" (Combine of Consumer Services Novost)	Moscow	Textile & hygiene services	100	-
OOO Маки-сервис (Maki-Service)	Moscow	Textile & hygiene services	100	-
OOO МатСервис (MatService)	Moscow	Textile & hygiene services	100	-
OOO Ковер-Сервис (Kover-Service)	Novossibirsk	Textile & hygiene services	100	-
OOO Холл-Сервис (Holl-Service)	Moscow	Textile & hygiene services	100	-
OOO ГЕО групп (GEO Group)	Moscow	Textile & hygiene services	100	-
SWEDEN				
Elis Design & Supply Chain Centre AB	Gothenburg	Other	100	100
Berendsen Textil Service AB	Malmö	Textile & hygiene services	100	100
Carpeting Entrémattor i Stockholm AB	Skogås	Textile & hygiene services	Merger	-
Skräddarens Tvätt & Hyrservice AB	Umeå	Textile & hygiene services	Merger	-
F5 Umeå AB	Umeå	Other	Merger	-
Vialla Fastigheter AB	Skogås	Other	Merger	-
S. Berendsen AB	Malmö	Other	100	100
SWITZERLAND				
Elis (Suisse) AG	Bern	Textile & hygiene services	100	100
Hygienis SA	Carouge	Textile & hygiene services	100	100
InoTex Bern AG	Bern	Textile & hygiene services	Merger	100
On My Way	Lausanne	Textile & hygiene services	Sold	50
Picsou Management AG	Bern	Other	100	100
SiRo Holding AG	Bern	Other	Merger	100
Elis Cleanroom (Suisse) SA	Brügg	Textile & hygiene services	100	100
Wäscherei Kunz AG	Rüdtligen-Alchenflüh	Textile & hygiene services	Merger	100
Wäscherei Mariano AG	Schlieren	Textile & hygiene services	100	100
Wäscheria Textil Service AG	Ilanz	Textile & hygiene services	100	100
AS Désinfection SA	Lonay	Textile & hygiene services	100	-

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

As at the date the consolidated financial statements were prepared, no events have occurred since December 31, 2019 that are likely to have a material impact on the financial position of the Elis Group at the closing date.

NOTE 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl tax)		%		Amount (excl tax)		%	
(In millions of euros)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Independent audit	0.5	0.6	81%	87%	0.3	0.3	71%	74%
Services other than an independent audit	0.1	0.1	19%	13%	0.1	0.1	29%	26%
Required by law			0%	0%			0%	0%
Other[(a)(b)]	0.1	0.1	19%	13%	0.1	0.1	29%	26%
TOTAL	**0.7**	**0.7**	**100%**	**100%**	**0.4**	**0.4**	**100%**	**100%**

(a) In 2019, the services performed by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and reports as part of financing transactions during the financial year and a report related to the capital increase reserved for employees. PricewaterhouseCoopers Audit also verified the consolidated non-financial performance statement.

(b) In 2018, the services performed by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and reports as part of financing transactions during the financial year and PricewaterhouseCoopers Audit verified the consolidated non-financial performance statement.

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 by Elis S.A. or by its fully consolidated subsidiaries to other legal entities affiliated with auditing firms.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

For the year ended December 31, 2019

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 for the year ended December 31, 2019.

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 at December 31, 2019 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, 2019 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.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 1.2 "Accounting standards applied" to the consolidated financial statements, which describes the impact of the entry into force on January 1, 2019 of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" and their application by Elis.

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 the most significant 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

Notes 6.1 "Goodwill" and 6.5 "Impairment losses on non-current assets" to the consolidated financial statements

Description of risk

At December 31, 2019, goodwill totaled a net amount of €3,801 million, representing the largest item on the consolidated statement of financial position. 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 statement of financial position 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 on market values based on the EBITDA and EBIT multiples of the Group and of listed comparable companies) and requires a significant degree of judgment from management, particularly in relation to business plans, future cash flows based on perpetual growth rate assumptions, and the discounting of these flows based on the weighted average cost of capital. The methods used to measure goodwill are 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 and EBIT projections integrated in the business plans and the sector multiples used to determine the recoverable amount;
- the reasonableness of the EBITDA and EBIT projections for the CGUs in light of the CGUs' economic and financial environments and, by assessing the reasons for the differences between projected and actual historical performances, the reliability of the process by which the estimates were calculated;
- the consistency of these EBITDA and EBIT projections with management's most recent estimates as validated by the Management Board and approved by the Supervisory Board;
- the reasonableness of the discount rates and the long-term growth rates used to calculate discounted future cash flows, based on our valuation experts' reports;
- the consistency of the 2020 EBITDA and EBIT multiples used with market analyses and the consensus of the main stakeholders;
- the sensitivity analyses of the impairment tests conducted by management to a change in the perpetual growth rate, discount rates or the 2020 EBITDA and EBIT rates budgeted for the CGUs whose value in use is based on multiples.

Lastly, we obtained assurance that Notes 6.1 and 6.5 to the consolidated financial statements provide appropriate disclosures.

Litigation and contingent liabilities

Note 7.2 "Contingent liabilities" to the consolidated financial statements

Description of risk

Note 7.2 "Contingent liabilities" to the consolidated financial statements summarizes the legal or arbitration proceedings arising in the normal course of business of the Group.

They notably include ongoing proceedings in Brazil and France, where 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 outflows of resources 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:

- performed a critical review of the positions adopted by the Company's lawyers and legal advisers involved in these matters;
- examined the analyses of the proceedings/investigations prepared by the Group's Finance and Legal Departments.

We also verified that the disclosures provided in Note 7.2 to the consolidated financial statements were appropriate.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Executive Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Group management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code is included in the Group management report. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

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 bylaws at the time of the Company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2019, Mazars and PricewaterhouseCoopers Audit were in the ninth and thirteenth consecutive year of their engagement, respectively, and the fifth year since the Company's securities 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 giving 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 that are 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 taken by users 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 Company's management.

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 in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the internal control procedures 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 management, 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 the most significant for 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.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 3, 2020

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	**MAZARS**
Bruno TESNIERE	Isabelle MASSA

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6.3 ELIS PARENT COMPANY FINANCIAL STATEMENTS

6.3.1 Balance sheet as at December 31, 2019

Assets

(In thousands of euros)	Gross amount	Accum. depr./ amort. & impairm. losses	Net 12/31/2019	Net 12/31/2018
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	3,912,148	1,165	3,910,983	3,610,723
Loans and advances to equity investees	795,425		795,425	779,234
Other investments	111		111	111
Loans				
Other financial assets	1,368,857		1,368,857	1,368,245
TOTAL NON-CURRENT ASSETS	**6,076,541**	**1,165**	**6,075,376**	**5,758,313**
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				1
Receivables				
Trade receivables	1,280		1,280	1,109
Other receivables	446,165		446,165	873,975
Subscribed capital called but not paid				
Other				
Marketable securities				
(Of which treasury shares):				
Cash and cash equivalents	78,949		78,949	69,624
Other accruals				
Prepaid expenses	742		742	957
TOTAL CURRENT ASSETS	**527,136**		**527,136**	**945,666**
Deferred debt issuance costs				
Bond discounts				
Unrealized foreign currency translation losses	4,103		4,103	160
GRAND TOTAL	**6,607,780**	**1,165**	**6,606,615**	**6,704,138**

Equity and liabilities

(In thousands of euros)	**Financial year 2019**	Financial year 2018
Issued capital (o/w paid-up: 221,298)	221,298	219,928
Additional paid-in capital	2,646,411	2,943,939
Remeasurement adjustments (o/w for equity-accounted companies)		
Legal reserve	6,780	724
Regulatory or contractual reserves		
Regulated reserves (including translation reserve)		
Other reserves (o/w purchases of original works by living artists)		
Retained earnings (accumulated deficit)	74	(150,370)
Net income (profit or loss) for the period	**(70,324)**	**(64,875)**
Investment grants		
Regulated provisions	12,703	7,063
TOTAL EQUITY	**2,816,942**	**2,956,409**
Proceeds from issuance of equity securities		
Conditional advances		
OTHER EQUITY		
Provisions for risks	2,539	4,481
Provisions for expenses	146	92
PROVISIONS	**2,685**	**4,574**
Financial liabilities		
Convertible bonds	400,000	400,000
Other bonds	337,292	804,067
Bank loans	75,124	728,066
Sundry borrowings and financial debt (o/w equity loans)	2,962,596	1,786,651
Advances and deposits on orders in progress		
Operating liabilities		
Trade payables	3,866	5,479
Tax and employee-related liabilities	2,846	2,438
Sundry liabilities		
Amounts due to suppliers of non-current assets		
Other liabilities	3,756	16,002
Other accruals		
Deferred income		
TOTAL LIABILITIES	**3,785,480**	**3,742,703**
Unrealized foreign currency translation gains	1,508	453
GRAND TOTAL	**6,606,615**	**6,704,138**

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6.3.2 Income statement for the financial year ended December 31, 2019

(In thousands of euros)	Financial year 2019 France	Financial year 2019 Exports	Financial year 2019 Total	Financial year 2018
Sales of goods held for resale				
Sales of goods				
Sales of services	1,005		1,005	1,005
Net revenue	**1,005**		**1,005**	**1,005**
Increase in finished goods and work in process inventories				
Capitalized production costs				
Operating grants				
Reversal of impairment losses, provisions and depreciation/amortization, reinvoiced expenses				977
Other income				
Recurring operating income			**1,005**	**1,983**
Purchases of goods held for resale (including customs duties)				
Change in inventories (goods held for resale)				
Purchases of raw materials and supplies			5	5
Change in inventories (raw materials and supplies)				
Other purchases and external expenses			26,768	25,134
Taxes and duties			456	519
Salaries and wages			3,578	3,929
Payroll taxes			1,890	965
Depreciation, amortization, impairment and provisions:				
Non-current assets: depreciation and amortization expense				
Non-current assets: impairment losses				
Current assets: impairment losses				
Increase in provisions			15	10
Other expenses			523	451
Operating expenses			**33,235**	**31,013**
OPERATING INCOME (LOSS)			**(32,230)**	**(29,030)**
Joint operations				
Profit transferred in or loss transferred out				
Loss transferred in or profit transferred out				
Financial income			**46,939**	**26,186**
Financial income from equity investments				
Income from other securities and long-term loans and receivables				
Other interest income			24,292	25,631
Reinvoiced expenses and reversals of provisions			5,160	
Foreign currency translation gains			17,487	554
Net gain on disposals of marketable securities				
Financial expenses			**114,828**	**75,216**
Amortization and provisions on financial assets			2,537	5,066
Interest expense			98,584	69,364
Foreign currency translation losses			13,707	785
Net expense on disposals of marketable securities				
NET FINANCIAL INCOME (LOSS)			**(67,889)**	**(49,030)**
NET RECURRING INCOME (LOSS) BEFORE TAX			**(100,119)**	**(78,060)**
Non-recurring income			**245**	**190**
Non-recurring income from operations			32	1
Non-recurring income from capital transactions			213	189
Reinvoiced expenses and reversals of provisions				
Non-recurring expenses			**6,576**	**13,852**
Non-recurring expenses on operations			349	7,621
Non-recurring expenses on capital transactions			549	786
Non-recurring depreciation, amortization and provisions			5,678	5,445
NET NON-RECURRING INCOME (LOSS)			**(6,331)**	**(13,662)**
Employee profit-sharing				
Income tax expense			(36,128)	(26,847)
Total income			**48,187**	**28,359**
Total expenses			**118,511**	**93,234**
PROFIT OR LOSS			**(70,324)**	**(64,875)**

6.3.3 Appendix

INDEX FOR THE NOTES

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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, 2019 to December 31, 2019 and show a net loss of €70,324,000.

On February 20, 2019, the Company increased the share capital of its subsidiary Berendsen Ltd by €300 million by capitalizing part of the pre-existing intra-group loan.

The company granted two intra-group loans to its subsidiary MAJ, the first on April 24, 2019 in the amount of €335.7 million and the second on June 28, 2019, in the amount of €50 million.

Elis arranged for the early repayment of certain borrowings outside the Group and took out new borrowings (see Note 5.5).

NOTE 2 EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since the end of the reporting period.

NOTE 3 ACCOUNTING POLICIES

Generally accepted accounting principles have been applied, including the principles of conservatism, going concern, consistency, and time period assumption and matching, in accordance with the general rules governing the preparation and presentation of annual financial statements defined by the French General Chart of Accounts (ANC Regulation 2014-03).

The basic method used to measure the items recognized in the financial statements is the historical cost method.

Changes in measurement method

None.

Changes in presentation method

None.

The main accounting policies applied are as follows:

3.1 Non-current assets

Financial assets

Equity investments and related receivables

Their gross amount consists of the purchase cost, including incidental expenses, 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.

At the end of the financial year, an impairment loss is recorded when the value in use is less than the carrying amount. The value in use of a given investment is determined according to its contribution to consolidated net assets, its profitability, and its future outlook. When the carrying amount of an investment is greater than its contribution to consolidated net assets, the carrying amount of the investment is compared to the recoverable amount, based on multiples of economic indicators (EBITDA and EBIT) less the net debt for the investment concerned.

Receivables from investments are recognized at face value. An impairment loss is recorded when the recoverable amount is less than the carrying amount.

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 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 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 balance sheet 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 balance sheet based on the latest known quoted price.

Resulting differences are posted to the balance sheet 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 gives rise to a proportional provision recorded under "Provisions for risks."

3.5 Regulated provisions

Regulated provisions are detailed in the provisions statement; they are reported under "Equity" on the balance sheet. They are tax items corresponding to the provision for accelerated depreciation and amortization calculated according to 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.

3.7 Financial instruments and hedges

Hedging instruments

Hedge accounting principles must be applied whenever a hedging relationship is identified and documented by management. The impacts of the financial instruments used by Elis SA to hedge and manage its interest rate risks are recognized in the income statement symmetrically with those of the hedged item: thus, the expense of interest rate swaps is recognized at the same time as the interest on the hedged loans and classified under the item "Interest expense."

Isolated open positions

Isolated open positions are all transactions that do not qualify as hedges. Gains and losses on terminated contracts are recognized in the income statement. Unrealized losses are recorded in the balance sheet and a provision is recorded.

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NOTE 4 NOTES TO THE BALANCE SHEET – 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 12/31/2018	Acquisitions and reclassifications /contributions	Disposals and reclassifications	Gross amount at 12/31/2019	Impairment loss	**Net amount at 12/31/2019**
Equity-accounted companies						
Other equity investments	4,391,244	402,722	86,393	4,707,573	1,165	4,706,408
Other investments	111	0		111		111
Loans and other financial assets	1,368,802	5,507	5,452	1,368,857		1,368,857
TOTAL	**5,760,157**	**408,229**	**91,845**	**6,076,541**	**1,165**	**6,075,376**

As at December 31, 2019, treasury shares amounted to 119,201 shares representing €3,566,000.

4.3 Impairment on non-current assets

(In thousands of euros)	As at 12/31/2018	Additions/ contributions	Reversals	**As at 12/31/2019**
Impairment loss – intangible assets				
Impairment loss – PP&E				
Impairment loss – equity-accounted companies				
Impairment loss – equity investments	1,287		122	1,165
Impairment loss – financial assets	557		557	
TOTAL	**1,844**		679	**1,165**

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 ownership *(as a %)*	Carrying amount of shares held – Gross	Carrying amount of shares held – Net	Loans and advances granted by the Company	Deposits and endorsements given by the Company	2019 Revenue	Net income (loss) for the financial year ended 12/31/2019	Dividends received by the Company during the financial year ended 12/31/2019
A.Detailed information about equity investments whose carrying amount exceeds 1% of the Company's share capital										
1.Subsidiaries – ownership of more than 50%										
MAJ, SA – Pantin (93) – 775 733 835	142,515	443,647	100.0	1,091,055	1,091,055	872,935	385,670	697,750	140,500	0
Société de Participations Commerciales et Industrielles, SARL – Saint-Cloud (92) – 409 900 149	28,684	513	100.0	28,682	28,682	0	0	201	758	0
Berendsen Ltd British public limited company registered with the UK Companies House under number 01480047 Intec 3 Wade Road, Basingstoke, England, RG24 8NE	£313,346,000	£378,456,000	100.0	2,790,951	2,790,951	333,988	14,889	0	(£4,378,000)	0
2.Equity investment – ownership of between 10% and 50%										
B.General information about other subsidiaries and 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)				1,460	296					
TOTAL EQUITY INVESTMENTS ON BALANCE SHEET				**3,912,148**	**3,910,984**					

4.5 Transactions with related parties

The major 2019 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)
MAJ, SA	Loan agreement		
	Principal amount	473,423	
	Interest	9,445	
MAJ, SA	Current account agreement		
	Advance granted to MAJ	399,512	
	Interest paid by MAJ	7,803	
Elis Services, SAS	Service agreement		
	Services invoiced by Elis Services to Elis		7,550
	Services invoiced by Elis to Elis Services	1,005	
Berendsen Ltd	Loan agreement		
	Principal amount in euros	320,527	
	Interest	5,499	

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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	**2,164,282**	**5,042**	**2,109,240**
Loans and advances to equity investees	795,425	1,476	743,959
Loans			
Other financial assets	1,368,857	3,566	1,365,291
TOTAL CURRENT ASSETS	**448,187**	**498,187**	
Trade	1,280	1,280	
Impaired trade			
Employee			
Social security	33	33	
Prepaid taxes and misc. duties	5,308	5,308	
Group and associates	438,267	488,267	
Sundry receivables	2,557	2,557	
Prepaid expenses	742	742	
TOTAL	**2,612,469**	**503,229**	**2,109,240**
Loans granted during the year	389,970		
Repayments received during the year	74,970		
Loans and advances granted to associates (individuals)			

4.7 Trade receivables

(In thousands of euros)	Gross amount	Impairment loss	Net 12/31/2019	Net 12/31/2018
Trade receivables	1,280		1,280	1,109
Other receivables	446,165		446,165	873,975
Subscribed capital called but not paid				
TOTAL	**447,445**		**447,445**	**875,084**

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 balance sheet items were as follows:

(In thousands of euros)	As at 12/31/2019	As at 12/31/2018
Interest accrued on loans and receivables due from equity investees	1,476	285
Accrued trade receivables	281	133
TOTAL	**1,757**	**418**

4.11 Other accruals

Prepaid expenses

Prepaid expenses totaled €742,000.

(In thousands of euros)	As at 12/31/2019	As at 12/31/2018
Operating expenses	181	340
Financial expenses	561	617
Non-recurring expenses	0	0
TOTAL	**742**	**957**

NOTE 5 NOTES TO THE BALANCE SHEET – EQUITY AND LIABILITIES

5.1 Equity

Share capital was divided into 221,297,797 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:

- on March 24, 2019, a capital increase through the capitalization of €300,000 from additional paid-in capital generated by issuing 299,820 new shares with a par value of €1.00 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 "2016 GM," as decided by the Management Board on March 24, 2019;
- on June 15, 2019, a capital increase through the capitalization of €498,000 from additional paid-in capital generated by issuing 498,434 new shares with a par value of €1.00 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 "2016 GM," as decided by the Management Board on June 15, 2019;
- on October 30, 2019, capital increase of €572,000 through the issue of 571,998 new shares with a par value of €1.00 each as part of the "Elis for All" employee stock ownership plan, in accordance with the terms and conditions approved by the combined general shareholders' meeting of May 23, 2019.

Changes in equity during the financial year are as follows:

(In thousands of euros)	
As at 12/31/2018	**2,956,409**
Dividends	(81,484)
Net income (loss) for the financial year	(70,324)
Capital increase	1,370
Allocation of additional paid-in capital	(798)
Increase in legal reserve	6,056
Increase in retained earnings	74
Change in investment grants	
Change in regulated provisions (accelerated depr./amort., etc.)	5,640
AS AT 12/31/2019	**2,816,943**

The general shareholders' meeting of May 23, 2019 approved the distribution of reserve funds in the amount of €0.37 per share, or €81,484,000. The amounts not paid out correspond to rights attached to treasury shares and have been allocated to retained earnings.

5.2 Description of bonus share award plans

The performance share plans implemented by the Company under which shares have vested during the year or were still in the process of vesting during the year are as follows:

Free performance share grants	Plan nos. 3 and 4 – 2016	Plan no. 5 – 2016	Plan no. 6 – 2017	Plan no. 7 – 2018	Plan no. 8 – 2018	Plan no. 9 – 2018	Plan no. 10 – 2019	Plan no. 11 – 2019
Date of shareholders' meeting	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board meeting	03/09/2016	03/09/2016	03/14/2017	03/06/2018	03/06/2018	03/06/2018	03/06/2019	03/06/2019
	05/03/2016	05/03/2016						
Date of decision of the Management Board	06/15/2016	12/20/2016	03/24/2017	03/29/2018	08/31/2018	12/20/2018	05/02/2019	07/25/2019
Number of rights originally granted	1,048,303(c)	57,837(c)	577,050	1,071,374	29,750	28,604	1,476,558	10,018
› of which to members of the Executive Committee	498,434	-	249,300	494,100	-	-	417,746	-
› of which to corporate officers:	294,720	-	146,700	206,490	-	-	194,300	-
– Xavier Martiré	220,268	-	100,000	117,995	-	-	116,580	-
– Louis Guyot	37,226	-	23,350	49,164	-	-	45,337	-
– Matthieu Lecharny	37,226		23,350	39,331	-	-	32,383	-
Number of beneficiaries	213	43	230	472	36	25	521	4
› of which members of the Executive Committee	9	-	9	11	-	-	11	-
› of which corporate officers:	3(a)	-	3(a)	3(a)	-	-	3(a)	-
Grant date	06/15/2016	12/21/2016	03/24/2017	04/06/2018	08/31/2018	12/20/2018	05/02/2019	08/01/2019
Vesting date								
› members of the Management Committee and the Executive Committee	06/15/2019(d)	-	03/24/2020(d)	04/06/2021(d)	-	-	05/02/2022(d)	-
› other beneficiaries	06/15/2018(d)	12/21/2018(d)	03/24/2019(d)	04/06/2020(d)	08/31/2020(d)	12/20/2020(d)	05/02/2021(d)	08/01/2021(d)
End of share lock-up period								
› members of the Management Committee and the Executive Committee	06/15/2019(f)	-	03/24/2020(f)	04/06/2021(f)	-	-	05/02/2022	-
› other beneficiaries	06/15/2018(f)	12/21/2018(f)	03/24/2019(f)	04/06/2020(f)	08/31/2020(f)	12/20/2020(f)	05/02/2021(f)	08/01/2021(f)
Rights vested in 2019	**498,434(g)**	**0**	**299,820(h)**	**0(e)**	**0(e)**	**0(e)**	**0(e)**	**0(e)**
Number of rights lapsed or forfeited as at 12/31/2019	43,282	3,234	27,930	83,329	763	954	43,071	2,732
Number of rights outstanding as at 12/31/2019		-	249,300	988,045	28,987	27,650	1,433,487	7,286
› of which of members of the Executive Committee		-	249,300	494,100	-	-	417,746	-
› of which of corporate officers:		-	146,700	206,490	-	-	194,300	-
– Xavier Martiré		-	100,000	117,995	-	-	116,580	-
– Louis Guyot		-	23,350	49,164	-	-	45,337	-
– Matthieu Lecharny		-	23,350	39,331	-	-	32,383	-
Number of working beneficiaries as at 12/31/2019	167	35	189	401	35	24	499	2
› of which members of the Executive Committee	9	0	9	11	0	0	11	-
› of which corporate officers:	3(b)	0	3(b)	3(b)	0	0	3(b)	-

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(c) This number takes into account the adjustment related to beneficiaries' rights under the capital increase with preferential subscription rights which was carried out in February 2017, said capital increase 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.
(d) 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.
(e) The vesting of shares is contingent on the achievement of performance targets measured over a period of two years for employees and three years for members of the Executive Committee. The performance targets are set in reference to three quantitative criteria related to consolidated revenue, consolidated EBIT and the performance of the Elis share relative to a benchmark index. The level of performance expected with regard to internal criteria is set based on the business plan, which is itself in line with market expectations. The vesting of performance shares granted under the 2018 plan to the members of the Executive Committee also includes performance targets linked to the successful integration of Berendsen: synergies achieved, EBIT margin in the UK and Germany, which are also in line with the guidance provided to the market. 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.
(f) 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, provided in chapter 2 of this 2019 universal registration document.
(g) At its meeting on March 6, 2019, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted in 2016 to the Executive Committee and for which the vesting period expired in 2019. The Supervisory Board noted that all performance conditions had been met such that 100% of the shares granted in 2016 were vested. These performance targets were linked to absolute internal criteria relating to revenue and EBIT and to a criterion linked to the Elis share price relative to a benchmark index. The shares effectively vested on June 15, 2019.
(h) At its meeting on March 6, 2019, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted to employees in 2017 and for which the vesting period expired in 2019 (excluding the Executive Committee). The Supervisory Board noted that all performance conditions had been met such that 100% of the shares granted in 2017 to employees (excluding the Executive Committee) were vested. These performance targets were linked to absolute internal criteria relating to revenue and EBIT and to a criterion linked to the Elis share price relative to a benchmark index.
(i) The vesting of shares is contingent on the achievement of performance targets measured over a two-year period for all beneficiaries, except for the members of the Executive Committee, whose performance is measured over a three-year period. Unless waived by the Management Board, the vesting of shares is also contingent on uninterrupted, continuous service with the Group for the duration of the vesting period. The performance targets associated with the shares were defined in reference to absolute internal criteria linked to consolidated revenue and consolidated EBIT set based on the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. 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. For plans implemented in 2019, 34% of the shares will vest if just one of those performance conditions is met, 67% if two of the conditions are met, and 100% if all three conditions are met. No shares will vest if none of the performance 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, Saint-Cloud (92210), SIRET 499668440 00039
Name and headquarters of the company that prepared the consolidated financial statements for the smallest group	ELIS SA, Saint-Cloud (92210), 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)	As at 12/31/2018	Additions	Reversals	**As at 12/31/2019**
Provisions for litigation				
Provisions for warranties given to customers				
Provisions for losses on futures markets	617	2,537	617	2,537
Provisions for fines and penalties	3,750		3,750	0
Provisions for unrealized foreign currency translation losses	113		113	0
Provisions for post-employment benefits	92	54		146
TOTAL	**4,572**	**2,591**	**4,480**	**2,683**

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5.5 Summary of maturities of liabilities

(In thousands of euros)	Gross amount at 12/31/2019	Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds	400,000		400,000	
Other bonds	337,356	1,686		335,670
Bank loans:				
› initially within one year				
› initially more than one year	75,124	11,624	63,500	
Sundry borrowings and financial debt	2,760,844	410,844	1,150,000	1,200,000
Trade payables	3,866	3,866		
Employee	2,051	2,051		
Social security and similar	606	606		
Government and other public authorities:				
Income tax expense				
Value added tax				
Guaranteed bonds				
Other taxes	189	189		
Amounts due to suppliers of non-current assets				
Group and associates	201,752	201,752		
Other liabilities	711	711		
Securities borrowed or received as collateral				
Deferred income				
TOTAL	**3,782,499**	**633,329**	**1,613,500**	**1,535,670**
Loans taken during the year	2,397,270			
Loans repaid during the year	2,392,300			

As at December 31, 2019, liabilities mainly include:

Capital markets

Commercial paper

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, in the maximum amount of €600 million. In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2019, outstandings under this program totaled €382.4 million, versus €413.1 million as at December 31, 2018, a decrease of €30.7 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 nouvelles or existantes, 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 funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen acquisition and extend the maturity of the Group's debt.

EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has an EMTN program approved by the AMF in the amount of €3 billion, under which Elis has carried out the following bond issues:

- on February 15, 2018, a dual-tranche 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 April 11, 2019, a bond issue in the amount of €500 million with a 5-year maturity and a coupon of 1.75%. The proceeds from this issue have been allocated in full to refinance the high-yield bonds maturing in 2022;
- on October 3, 2019, a dual-tranche bond issue for €850 million comprising (i) a €500 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1%, and (ii) a €350 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%. These bonds were used to fully refinance the tranches drawn from the two syndicated bank credit facilities taken out in 2017.

Bank loans and private placement

USPP private placement

During the first half of 2019, the Group also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%. The proceeds of this issue were mainly used to redeem the €800 million high-yield bonds maturing in 2022.

Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a senior syndicated credit facilities agreement 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.

During 2019, the €450 million term loan and the drawn-down €200 million CAPEX line tranche were fully repaid and canceled. As at December 31, 2019, the revolving credit tranche was still active but undrawn.

Syndicated Credit Facilities Agreement – Term Loan

On November 7, 2017, Elis entered into a second syndicated credit facilities agreement with two tranches: a €200 million term loan maturing in November 2022 and a €400 million revolving credit line initially maturing in November 2022.

During 2019, the €200 million term loan was fully repaid and canceled. As at December 31, 2019, the revolving credit tranche, with its maturity extended to November 2023, was still active but undrawn.

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 enabled the Group to diversify its funding sources. The funds were raised via several tranches at fixed and variable rates, respectively representing 46% and 54% of the total amount, maturing in three to seven years.

Through these two syndicated credit facilities agreements and a bilateral revolving loan agreement, the Group has, as at December 31, 2019, undrawn confirmed credit facilities totaling €930 million, thus ensuring the necessary liquidity for the Group with regard to its commercial paper program in the event that the commercial paper market closes.

5.6 Forward financial instruments and hedges

Interest rate risk management

As at December 31, 2019, most of Elis's long-term debt had fixed interest rates.

During the financial year, the swaps previously contracted with BNP Paribas for a nominal amount of €450 million to hedge the term loan portion of the Senior Credit Facilities Agreement until its maturity in 2022 (fixed swap rate: 0.46%) and the other swaps contracted by the Company for a nominal amount of €500 million (fixed swap rate: 0.503%) were repaid: their fair value was €14,854,000 as at December 31, 2018.

Payments during the year amounted to €24,355,000 (excluding accrued interest).

During the year, Elis contracted a cross-currency swap to exchange the currency and interest rate paid on its US$40 million USPP debt over the term of the loan for a fixed rate. The fair value as at December 31, 2019 was €260,000.

This instrument, designated as a hedge, is not recorded in the balance sheet; as prescribed by ANC Regulation 2015-05 (except for accrued interest).

Currency risk management

The derivative instruments include:

- forward purchases/sales of currencies not qualifying as hedges (isolated open positions) to hedge subsidiaries' transactional exposures;
- foreign currency swaps to hedge foreign exchange risk on intra-group current accounts in foreign currencies.

As at December 31, 2019, their fair value amounted to €505,000 (against €396,000 as at December 31, 2018), recorded in the balance sheet under "Cash and cash equivalents."

5.7 Trade payables

(In thousands of euros)	**As at 12/31/2019**	As at 12/31/2018
Group suppliers	1,762	1,575
Suppliers	231	968
Suppliers of non-current assets		
Invoices not received	737	1,834
Invoices not received – Group	278	246
Bank fees	857	855
CARRYING AMOUNT	**3,865**	**5,479**

5.8 Accrued expenses

The amounts of accrued expenses included in the following balance sheet items were as follows:

(In thousands of euros)	**As at 12/31/2019**	As at 12/31/2018
Operating liabilities		
Trade payables	1,872	2,935
Tax and employee-related liabilities	2,682	2,275
Financial liabilities		
Interest accrued on sundry borrowings and financial debt	30,254	27,227
TOTAL	**34,808**	**32,437**

5.9 Other accruals

Deferred income

None.

5.10 Translation differences

	Foreign currency translation losses				Foreign currency translation gains
	Total	Offset by foreign exchange risk hedge or overall foreign exchange position	Provisions for risks	Net	Total
Trade receivables	1	0	1	0	680
Financial current accounts	4,130,001	1,592,634	2,537,367	0	1,506,851
Suppliers	2	0	2	0	0
TOTAL	**4,130,004**	**1,592,634**	**2,537,370**	**0**	**1,507,531**

NOTE 6 NOTES TO THE INCOME STATEMENT

6.1 Breakdown of revenue

2019 revenue by business segment and region breaks down as follows:

	Financial year 2019			Financial year 2018
(In thousands of euros)	France	EEC + Rest of the world	Total	Total
Sales of goods held for resale				
Sales of finished goods				
Sales of services	1,005		1,005	1,005
REVENUE	**1,005**		**1,005**	**1,005**
PERCENTAGE	**100%**	**0%**	**100%**	

6.2 Reinvoiced expenses

(In thousands of euros)	As at 12/31/2019	As at 12/31/2018
Employee expenses		977
Other expenses		0
TOTAL	**0**	**977**

6.3 Average number of employees

The average number of employees during 2019 breaks down as follows:

	Financial year 2019	
	Headcount	Number of secondees
Managers	2	
Other employees		
TOTAL	**2**	**0**

6.4 Compensation of management bodies

Members of the Supervisory Board: total amount of 2018 directors' fees paid in 2018: €393,000.

Management Board: €3,264,000.

6.5 Net financial income (loss)

Net financial expense for the year amounted to €67,889,000, broken down as follows:

(In thousands of euros)	**Financial year 2019**	Financial year 2018
FINANCIAL INCOME	**46,939**	**26,186**
Financial income from equity investments		
Income from other securities and long-term loans and receivables		
Other interest income	24,292	25,631
Reinvoiced expenses and reversals of provisions	5,160	
Foreign currency translation gains	17,487	554
Net gain on disposals of marketable securities		
FINANCIAL EXPENSES	**114,828**	**75,216**
Amortization and provisions on financial assets	2,537	5,066
Interest expense	98,584	69,364
Foreign currency translation losses	13,707	785
Net expense on disposals of marketable securities		
NET FINANCIAL INCOME (LOSS)	**(67,889)**	**(49,030)**

6.6 Net non-recurring income (loss)

The net non-recurring loss for the financial year of €6,331,000 breaks down as follows:

(In thousands of euros)	**Financial year 2019**	Financial year 2018
NON-RECURRING INCOME	**245**	**190**
Non-recurring income from operations	32	1
Non-recurring income from capital transactions	213	189
Reinvoiced expenses and reversals of provisions		
NON-RECURRING EXPENSES	**6,576**	**13,852**
Non-recurring expenses on operations	349	7,621
Non-recurring expenses on capital transactions	549	786
Non-recurring depreciation, amortization and provisions	5,678	5,445
NET NON-RECURRING INCOME (LOSS)	**(6,331)**	**(13,662)**

- Non-recurring income and expenses on capital transactions corresponds to the unrealized and realized gains and losses on treasury shares held under the liquidity agreement using the first-in-first-out (FIFO) method and to the cost of acquiring matching shares under the "Elis for All" Group Savings Plan for employees of non-French subsidiaries in 2019.
- Non-recurring expenses on management transactions corresponds to expenses related to planned acquisitions that have not yet been completed.
- Non-recurring depreciation, amortization and provisions corresponds to the five-year amortization of acquisition costs for Berendsen shares.

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6.7 Income tax

Since March 1, 2008, the Company has 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 the subsidiaries and sub-subsidiaries included in the following list as at December 31, 2019: MAJ, Les Lavandières, Régionale de Location et Services Textiles, Pierrette-TBA, Le Jacquard Français, Elis Services, Thimeau, Blanchisserie Moderne, Société de Participations Commerciales et Industrielles, and Pro Services Environnement.

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, 2019, Elis recorded in its financial statements a tax benefit amount of €36,336,000 (€26,847,000 as at December 31, 2018) 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 had to pay back to loss-making subsidiaries when they return to profit in future years. The tax loss carryforwards applied 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	2,408	28%	674
Le Jacquard Français	6,258	28%	1,752
TOTAL	**8,666**		**2,426**

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: Accelerated depreciation and amortization	7,064	5,639	12,703
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	92	54	146
Corporate social solidarity contribution	15	(4)	11
Other provisions for risks			
TAX LOSS CARRYFORWARDS	**795,013**	**56,836**	**851,849**
TOTAL	**802,184**	**62,525**	**864,709**

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: Accelerated depreciation and amortization	(2,262)	(1,806)	(4,068)
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	29	18	47
Corporate social solidarity contribution	5	(1)	4
Other provisions for risks			
TAX LOSS CARRYFORWARDS	**254,563**	**18,199**	**272,762**
TOTAL	**252,335**	**16,410**	**268,745**

NOTE 7 FINANCIAL AND OFF-BALANCE SHEET COMMITMENTS

7.1 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	14,889	3,539		11,350
Related to leases				
Related to services rendered				
Other				
	14,889	**3,539**	**0**	**11,350**

7.2 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	385,670			385,670
Guaranteed receivables				
	385,670			**385,670**

7.3 Derivative-related commitments

See Note 5.6.

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6.4 STATUTORY AUDITORS REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

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 for the year ended December 31, 2019.

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 at December 31, 2019 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, 2019 to the date of our report, and, in particular, we did not provide any nonaudit 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 the most significant 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, related receivables and merger losses on financial assets

Notes 3.1 "Financial assets" and 4.2 "Financial assets" to the financial statements

Description of risk

Equity investments at December 31, 2019 represented €3,911 million, the largest balance sheet item. They are carried at cost and may be impaired based on their value in use. Related receivables stood at €795 million.

The Company's balance sheet at December 31, 2019 also included merger losses on financial assets for a net amount of €1,365 million, recorded within other financial assets.

As described in Note 3.1 to the financial statements, the value in use of equity investments is determined for a given investment on the basis of its contribution to consolidated net assets, profitability and future prospects. Merger losses on financial assets are grouped with equity investments for the purposes of impairment testing.

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, and given their amounts in the Company's balance sheet, we deemed the measurement of equity investments, related receivables and merger losses on financial assets to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimated value in use of the equity investments and merger losses on financial assets, on the basis of 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 valuations based on historical data: verifying that the equity and net debt amounts used were consistent with the financial statements of entities that have been audited or subject to analytical procedures, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
  - obtaining forecasts of economic indicators for the investments concerned, and assessing their consistency with the business plans drawn up by management,
  - assessing the reasonableness of the comparable trading multiples used.

Our work also consisted in assessing the recoverability of receivables from equity investments.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders 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 Board's management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory 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 compensation and benefits paid or awarded to the 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 the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of equity investments and controlling interests and the identity of the shareholders and holders of the voting rights 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 bylaws at the time of the Company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2019, Mazars and PricewaterhouseCoopers Audit were in the ninth and thirteenth consecutive year of their engagement, respectively, and the fifth year since the Company's securities 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 giving 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 that are 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 taken by users 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 the Company's management.

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 in the financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the internal control procedures 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 the most significant for 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 3, 2020

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	**MAZARS**
Bruno TESNIERE	Isabelle MASSA

6.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the Elis Shareholders,

In our capacity as Statutory Auditors of Elis, we hereby report to you on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main features, terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the annual general meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for approval by the annual general meeting

Agreements authorized and entered into during the year

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements entered into during the year and authorized in advance by the Supervisory Board.

Intra-group loan agreement between your Company and the company MAJ

Purpose of the agreement

Your Company issued a bond loan in the form of convertible bonds (OCEANES) in October 2017, with a portion of the raised funds, amounting to €50 million, loaned on to its wholly-owned subsidiary, MAJ, which was also the guarantor of the bonds issued by the Company. This advance was initially made under the existing current account agreement between the two companies and has been converted into an intra-group loan agreement with the following features:

- *Amount of loan*: €50 million
- *Duration*: Maturity of the OCEANE bonds (October 6, 2023)
- *Interest rate*: Maximum deductible interest rate for shareholder loans in France ("TMPV")

Authorization procedure

The intra-group agreement was subject to the prior authorization of the Company's Supervisory Board on May 2, 2019.

Interested person

Xavier Martiré, Chairman of the Management Board of the Company and Chairman of the Board of Directors of MAJ.

Financial income (interest)

€342,833.33

Reasons given for its benefit to the Company

This agreement was entered into in order to substantiate the guarantee given by MAJ in connection with this bond issue.

Intra-group Refinancing Loan Agreement

Purpose of the agreement

Pursuant to the refinancing of the Company with the proceeds of the USPP Bond issue carried out by Elis in April 2019, an intra-group refinancing loan was entered into between the Company (Lender) and MAJ. (Borrower) on April 24, 2019 with the following main features:

- *Maturity*: 10 years from the issue date of the USPP Bonds
- *Principal amount*: the proceeds from the subscription of the USPP Bonds allocated for the repayment of the current account advance (i.e., up to €300 million plus the euro equivalent of US$40 million), i.e., a total amount of €335,669,698.59.
- *Annual interest rate*: a rate reflecting the interest rates applicable to the USPP Bonds (i.e., 2.7%).
- *Interest payment date*: quarterly with the option of capitalization.
- *Amortization*: bullet amortization on the maturity date (it being specified that the lender and the borrower could waive any option of voluntary prepayment).

Authorization procedure

This intra-group agreement was authorized by the Elis Supervisory Board on April 17, 2019 in accordance with the provisions of Articles L. 225-86 et seq. of the French Commercial Code.

Interested person

Xavier Martiré, Chairman of the Management Board of Elis and Chairman of the Board of Directors of MAJ.

Financial income (interest)

€6,344,157.30

Reasons given for its benefit to the Company

This intra-group refinancing loan enabled MAJ to fund the repayment of current account advances.

Agreements already approved by the annual general meeting

Agreements approved in previous financial years

A) THAT REMAINED IN FORCE DURING THE YEAR

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements, approved by the annual general meeting in previous years, remained in force during the year.

Intra-group loan agreement between the Company and Berendsen Limited (formerly 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, the Company had made a maximum amount of €1 billion available to Berendsen Plc for a period of five years, to enable the subsidiary to repay its debt and meet the needs of its business activities and those of its subsidiaries. The intra-group financing was formalized by an intragroup 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 maximum deductible interest rate for shareholder loans in France ("TMPV"), 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.

No guarantees are attached to the loan.

Interested person

Xavier Martiré, member of the Management Board of the Company and member of the Board of Directors of Berendsen Plc.

Authorization procedure

This intra-group loan was authorized by the Company's Supervisory Board on September 18, 2017 and was reviewed by the Company's Supervisory Board on March 6, 2019.

Expenses

In 2019, Berendsen Plc made the following drawdowns:

Date	Amount	Purpose
As at February 1, 2019	€2,300,000.00	Need for funding
March 12, 2019	€2,000,000.00	Need for funding

Financial income (interest)

€2,359,896.58

B) THAT DID NOT REMAIN IN FORCE DURING THE YEAR

In addition, we were informed that the following agreements, approved by the annual general meeting in previous years, were not implemented during the year.

Underwriting Agreement entered into by the Company on February 10, 2015 with Legendre Holding 27 and a banking syndicate led by BNP Paribas, Deutsche Bank AG, London Branch and Goldman Sachs International and comprising Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co International Plc and Société Générale (the "Underwriters")

Purpose of the agreement

Managing the sale of Company shares as part of the Company's initial public offering. Under the terms of the agreement, all bank fees and transaction costs related to the Company's IPO are covered by the Company and Eurazeo, subject to certain limitations. In particular, the agreement provides for basic bank fees of 1.50% of the gross proceeds of the capital increase carried out as part of the Company's IPO and of 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 over-allotment option (such as the capitalized terms are defined in the Underwriting Agreement).

Furthermore, the Underwriting Agreement provides for the possible payment of additional discretionary fees of 1.25% of the gross proceeds of the offering.

The agreement also contains a number of representations, in particular by the Company. Any inaccuracies in those representations or the failure by the Company to fulfill its obligations may, under certain circumstances, result in the Company having to pay compensation.

Interested person

Marc Frappier, corporate officer of the Eurazeo Group and member of the Elis Supervisory Board until his resignation on July 29, 2019 following the sale by Eurazeo of its entire stake in Elis in July 2019.

Authorization procedure

The agreement was subject to the prior authorization of the Company's Supervisory Board on January 26, 2015. At its meeting on March 6, 2019, the Supervisory Board noted that the agreement remained in force in 2019 and would continue to remain in force in future years provided that the compensation obligation and the representations made by the Company were still valid at the settlement-delivery date.

Expenses

The Company did not incur any expenses under the agreement in 2019.

Courbevoie and Neuilly-sur-Seine, March 3, 2020

The Statutory Auditors

MAZARS
Isabelle MASSA

PricewaterhouseCoopers Audit
Bruno TESNIÈRE

7 Other information about the Company, its share capital and share ownership

7.1 INFORMATION ABOUT THE COMPANY

Entity name	Elis
Registered office and contact information	5, boulevard Louis Loucheur – 92210 Saint-Cloud,France (tel. + 33 (0)1 75 49 94 00)
Company website:	www.elis.com
Legal form **Governing law**	French joint-stock corporation (*société anonyme*) governed by a Management Board and a Supervisory Board. Legal and regulatory provisions applicable in France (and especially those of Book II of the French Commercial Code) and its bylaws.
LEI	969500UX71LCE8MAY492
Place of registration and registration number	Registered in the Nanterre Trade and Companies Register under no. 499 668 440.
Date of incorporation **Duration of the Company**	August 10, 2007 Ninety-nine (99) years as at its registration in the Trade and Companies Register, i.e., until August 26, 2106, unless dissolved sooner or said period is extended.
Corporate purpose (Article 3 of the bylaws)	› the acquisition of stakes, through contributions, purchase, subscription or otherwise, in any companies, regardless of their corporate form or 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 ventures and by any other means and in any form 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.
Location of corporate documents, historical information and regulated information[(a)]	Company's registered office. Regulated information is available under "Investor Relations/Regulated information" of the Company's website. The About Us – Governance section of the Elis website provide information about the composition of the Management Board and the Supervisory Board. The Company's bylaws, the Supervisory Board's rules of procedure, and the Code of Conduct for Trading and Market Activities are also available in this section of the website. Details regarding the commitments made by the Company to the Chairman and members of the Management Board may be found in this section as well.
Financial year (Article 25 of the bylaws)	January 1 to December 31 each year.

(a) *The bylaws, financial statements, reports presented to the general shareholders' 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.*

7.2 SHARE CAPITAL AND SHARE OWNERSHIP

7.2.1 Information about the Company's capital AFR

Amount and structure of the share capital

As at December 31, 2019, the Company's share capital was €221,297,797, divided into 221,297,797 shares with a par value of one euro each, fully subscribed, fully paid-up and all of the same class. In 2019, the share capital increased through the issue of 1,370,252 new shares, firstly in connection with the "Elis for All" employee share ownership plan, which resulted in two capital increases reserved for employees, and secondly in connection with capital increases through the capitalization of sums deducted from "Additional paid-in capital" to cover the performance share plans implemented on June 15, 2016 and March 24, 2017, and shares for the employer matching contribution to the "Elis for All" plan.

Since the beginning the financial year, the share capital was increased by €249,300 through the capitalization of €249,300 for the beneficiaries of the plan introduced on March 24, 2017 (members of the Executive Committee, including members of the Management Board) whose vesting period expired on March 24, 2020.

Changes in 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)*
December 31, 2016						**114,006,167**	**10**	**1,140,061,670**
02/13/2017	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
04/07/2017	Capital increase through capitalization of reserves[a]	2,503,920	–	1,399,166,570	139,916,657	140,167,049	10	1,401,670,490
06/21/2017	Reduction in par value of shares from €10 to €1[b]	1,261,503,441	–	1,401,670,490	140,167,049	140,167,049	1	140,167,049
09/13/2017	Capital increase in consideration for asset contribution[c]	69,052,152	1,300,885,293	140,167,049	140,167,049	209,219,201	1	209,219,201
09/13/2017	Capital increase[d]	10,131,713	189,868,301.62	209,219,201	209,219,201	219,350,914	1	219,350,914
12/21/2017	Capital increase through capitalization of reserves[e]	19,293	–	219,350,914	219,350,914	219,370,207	1	219,370,207
As at December 31, 2017						**219,370,207**	**1**	**219,370,207**
06/15/2018	Capital increase through capitalization of reserves[f]	502,735	-	219,370,207	219,370,207	219,872,942	1	219,872,942
12/20/2018	Capital increase through capitalization of reserves[g]	54,603	-	219,872,942	219,872,942	219,927,545	1	219,927,545
As at December 31, 2018						**219,927,545**	**1**	**219,927,545**
03/24/2019	Capital increase through capitalization of reserves[h]	299,820	-	219,927,545	219,927,545	220,227,365	1	220,227,365
06/15/2019	Capital increase through capitalization of reserves[i]	498,434	-	220,227,365	220,227,365	220,725,799	1	220,725,799
10/30/2019	Capital increase reserved for employees[j]	571,998[j]	6,484,678.16	220,725,799	220,725,799	221,297,797	1	221,297,797
As at December 31, 2019						**221,297,797**	**1**	**221,297,797**

(a) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on April 7, 2015 and whose vesting period expired on April 7, 2017.

(b) Capital reduction for reasons other than losses approved by the combined general shareholders' meeting of May 19, 2017 and which became effective on June 21, 2017 at the expiration of the creditors' objection period.

(c) Capital increase in consideration for the contribution by Berendsen shareholders of all of the shares in Berendsen Plc, with the exception of those held by Berendsen's Employee Benefit Trust, carried out by means of a Scheme of Arrangement under Part 26 of the United Kingdom's Companies Act 2006.

(d) Capital increase reserved for CPPIB.

(e) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on December 21, 2015 and whose vesting period expired on December 21, 2017.

(f) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on June 15, 2016 and whose vesting period expired on June 15, 2018.

(g) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on December 21, 2016 and whose vesting period expired on December 20, 2018.

(h) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on March 24, 2017 and whose vesting period expired on March 24, 2019.

(i) Capital increase through the capitalization of reserves for the beneficiaries of the performance share plan introduced on June 15, 2016 and whose vesting period expired on June 15, 2019.

(j) Capital increase reserved for employees under the "Elis for All" plan. This number of shares includes the 30,706 new shares issued through the capitalization of €30,706 deducted from "Additional paid-in capital" to cover the matching employer contribution to the Group savings plan in France.

Ownership of share capital and voting rights over the last three years

The latest ownership structure of the Company's share capital is available on the Group's website at www.elis.com.

The ownership structure as at December 31, 2019 is presented in the table below based on disclosures required by law establishing an interest of more than 5% of the share capital or voting rights at the end of the financial year pursuant to 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 General Regulation of the AMF, the theoretical voting rights presented in the table below account for 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 shareholders' meetings.

Furthermore, double voting rights are allocated to each registered share held by a shareholder in registered form for at least two years, pursuant to Article 9 of the Company's bylaws (see section 7.2.4, "Double voting rights" below). As at December 31, 2019, a total of 33,043,609 shares had double voting rights.

	December 31, 2017						December 31, 2018					
Shareholders	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of 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[(a)]	13,825,204	23,479,653	23,479,653	6.30	10.24	10.24	12,525,382	20,880,009	20,880,009	5.69	8.70	8.71
Eurazeo SA												
ECIP Elis SARL												
Crédit Agricole SA, o/w[(b)]	14,311,662	14,311,662	14,311,662	6.52	6.24	6.24	14,562,193	25,962,810	25,962,810	6.62	10.83	10.83
› Predica	13,991,662	13,991,662	13,991,662	6.38	6.10	6.10	13,991,662	25,392,279	25,392,279	6.36	10.58	10.59
› CACEIS	320,000	320,000	320,000	0.14	0.13	0.13	570,531	570,531	570,531	0.26	0.24	0.24
Canada Pension Plan Investment Board[(c)]	18,356,394	18,356,394	18,356,394	8.37	8.01	8.01	26,721,644	26,721,644	26,721,644	12.15	11.14	11.15
Free float, o/w	172,876,947	173,039,388	173,039,388	78.76	75.51	75.52	166,118,326	166,275,508	166,076,511	75.53	69.33	69.30
› Franklin Resources, Inc.	4,356,493	4,356,493	4,356,493	1.98	1.90	1.90	2,742,368	2,742,368	2,742,368	1.24	1.14	1.14
› Ameriprise Financial, Inc.[(d)]	15,767,160	15,767,160	15,767,160	7.19	6.88	6.88	17,607,396	17,607,396	17,607,396	8.00	7.34	7.34
› FMR LLC[(e)]	14,106,636	14,106,636	14,106,636	6.43	6.16	6.16	13,733,960	13,733,960	13,733,960	6.24	5.72	5.73
› Executives and employees[(f)(g)]	321,533	364,596	364,596	0.15	0.16	0.16	1,282,646[(g)]	1,325,709[(g)]	1,325,709[(g)]	0.58	0.55	0.55
› Treasury stock	61,798	61,798	-	0.03	0.02	0.00	198,997	198,997		0.08	0.08	0.00
TOTAL	**219,370,207**	**229,187,097**	**229,125,299**	**100**	**100**	**100**	**219,927,545**	**239,839,971**	**239,640,974**	**100**	**100**	**100**

(a) Based on the breach of shareholding threshold disclosure dated June 26, 2018.

(b) Based on the breach of shareholding threshold disclosures dated June 8, 2018 and August 29, 2018.

(c) Based on the breach of shareholding threshold disclosure dated November 26, 2018.

(d) Based on the breach of shareholding threshold disclosure dated May 21, 2018.

(e) Based on the breach of shareholding threshold disclosure dated October 26, 2018.

(f) Following the purchase of 506,587 and 54,603 shares under the performance share plans implemented on June 15, 2016 and December 21, 2016, respectively, whose vesting periods ended on June 15, 2018 and December 21, 2018, respectively, and based on the declarations made by executives to the AMF (see section 8.5.3 of the 2018 registration document).

(g) O/w 393,532 shares held by the Employee Benefit Trust.

	December 31, 2019					
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[(a)]	-	-	-	0.00	0.00	0.00
Crédit Agricole SA o/w	15,670,701	29,662,363	29,662,363	7.08	11.66	11.66
› Predica	13,991,662	27,983,324	27,983,324	6.32	11.00	11.01
Canada Pension Plan Investment Board[(b)]	27,328,509	45,944,746	45,944,746	12.35	18.06	18.07
Free float, o/w	178,179,386	178,615,096	178,615,096	80.51	70.22	70.22
› Franklin Resources, Inc.	2,742,368	2,742,368	2,742,368	1.24	1.08	1.08
› Ameriprise Financial, Inc.[(c)]	12,258,659	12,258,659	12,258,659	5.54	4.82	4.82
› FMR LLC[(d)]	10,743,419	10,743,419	10,743,419	4.85	4.22	4.23
› Executives and employees[(e)]	2,359,763	2,628,566	2,628,566	1.07	1.03	1.03
Treasury stock[(f)]	119,201	119,201	-	0.05	0.05	0.00
TOTAL	**221,297,797**	**254,341,406**	**254,222,205**	**100**	**100**	**100%**

(a) Based on the breach of shareholding threshold disclosure dated July 30, 2019 (see section 7.2.3 of this 2019 universal registration document).

(b) Based on the breach of shareholding threshold disclosure dated December 3, 2019

(c) Based on the breach of shareholding threshold disclosure dated July 3, 2019 (see section 7.2.3 of this 2019 universal registration document).

(d) Based on the breach of shareholding threshold disclosure dated January 24, 2019 (see section 7.2.3 of this 2019 universal registration document).

(e) O/w 594,792 shares held by employees through the "Elis for All" investment fund (FCPE), 1,306,750 shares held in respect of settlements of performance share plans implemented by the Company for which the vesting period has expired, and 393,532 shares held by the Employee Benefit Trust.

(f) O/w 115,250 held under the liquidity agreement (see section 7.2.2 "Share buyback and liquidity agreement" of the 2019 universal registration document). These shares have no voting rights.

Unissued authorized capital

A table summarizing the currently valid delegations of authority and powers granted to the Management Board to increase or reduce the share capital, trade in the Company's shares under the share buyback program and carry out transactions reserved for employees and corporate officers, along with the use of these delegations in 2019, can be found in the Supervisory Board's report on corporate governance (see chapter 2, section 2.1 of this 2019 universal registration document).

At the Company's next annual general shareholders' meeting, the shareholders will be asked, among other things, to vote on the renewal of the share buyback program and the financial delegations that will be expiring, as well as on the delegation allowing the Management Board to award bonus performance shares.

Other issued securities giving rights to the Company's capital

As at the date of this 2019 universal registration document, the securities giving rights to the Company's capital are as follows:

- performance shares granted by the Company (see chapter 6 "Financial statements for the year ended December 31, 2019" of this 2019 universal registration document, Note 5.4 to the 2019 consolidated financial statements, and Note 5.2 to the Company's 2019 parent company financial statements), i.e. 2,734,755 rights likely to result in the issue of 2,734,755 new shares; and
- bonds convertible into and/or exchangeable for new or existing shares (OCÉANEs) issued by the Company representing 13,124,018 underlying shares. This number takes into account the adjustment of the conversion ratio in May 2019 following the payment of a sum from the reserves (see chapter 6, Note 8.3 to the 2019 consolidated financial statements).

No other securities give access to the Company's share capital.

Information about the potential dilution of the Company's share capital

The overall potentially dilutive effect of the dilutive instruments described above was approximately 7.2% of the Company's share capital as at December 31, 2019.

Pledges

As at December 31, 2019, existing pledges of Company shares included 5,455 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.

7.2.2 Share buyback and liquidity agreement AFR

On May 23, 2019, the ordinary general shareholders' meeting renewed the 18-month authority granted to the Company to trade in its own shares. A description of the buyback program, as well as all press releases related to the share buyback program, can be viewed on the Group's website at: www.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 standard contract issued by the AMAFI as amended and published on January 15, 2019, using an investment services provider as intermediary;
- to honor obligations arising from the exercising of rights attached to securities giving the right to Company shares by conversion, exercise, redemption, exchange or any other means in compliance with applicable regulations;
- to honor obligations related to stock option plans, the allocation of bonus shares to employees and corporate officers, the allocation 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 allocation, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions relating to 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 as 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 law or the 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 buyback, the total number of shares purchased by the Company since the start of the buyback program cannot 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 payment 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.

Share buybacks may be staggered over an 18-month period from May 23, 2019 until November 23, 2020 inclusive. A description of the renewal of the share buyback program for 2019 has been drawn up in accordance with Articles 241-1 et seq. of the General Regulation of the AMF.

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.

On April 13, 2015, Elis entered into a liquidity agreement with Kepler Cheuvreux that is consistent with the Code of Conduct issued by the 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. 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 (www.elis.com).

In 2019, the Company made use of the share buyback program firstly in connection with the liquidity agreement managed by Kepler Cheuvreux and secondly to cover the shares granted to employees under the Elis for All plan.

Transactions conducted by the Company under the share buyback program in 2019

Treasury shares held directly or indirectly as at January 1, 2019 (beginning of the period)	198,997[(a)]
Number of shares purchased during financial year 2019	240,145[(b)]
Number of shares sold during financial year 2019	297,147
Number of shares canceled in the last 24 months	0
Treasury shares held directly or indirectly as at December 31, 2019[(b)]	119,201[(c)]
Market value of the portfolio as at December 31, 2019[(d)] *(in euros)*	2,205,218.50

(a) O/w 198,252 for the liquidity agreement.
(b) O/w 214,145 for the liquidity agreement.
(c) As at December 31, 2019, a total of 115,250 of the Company's 119,201 treasury shares were allocated for liquidity purposes.
(d) Price on December 31, 2019: €18.50.

At the combined general shareholders' meeting called to approve the financial statements for the year ended December 31, 2019, the shareholders will be asked to terminate the 20th resolution approved by the combined general shareholders' meeting on May 23, 2019 and to authorize, 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 General Regulation of the AMF, Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse (MAR), and the related European Commission regulations (delegated regulations).

7.2.3 Shareholder structure AFR

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.

Share transactions carried out by executives and associated persons

In accordance with Article 223-26 of the General Regulation of the AMF and Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse (MAR), 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 who have been disclosed to the AMF in accordance with Articles 223-22-A et seq. of the General Regulation of the AMF and under the terms set out in Article 19 of the MAR for the financial year ended December 31, 2019.

Date of transaction	Disclosed by	Type of transaction	Number of shares	Unit price *(in euros)*	Transactio n amount *(in euros)*
October 30, 2019	Louis Guyot	Award of bonus shares in connection with the employer matching contribution to the Elis for All plan	385	0	0
October 30, 2019	Xavier Martiré	Award of bonus shares in connection with the employer matching contribution to the Elis for All plan	379	0	0
October 30, 2019	Matthieu Lecharny	Award of bonus shares in connection with the employer matching contribution to the Elis for All plan	154	0	0
October 30, 2019	Louis Guyot	Subscription [(a)]	3,852	12.98	50,000.00
October 30, 2019	Xavier Martiré	Subscription [(a)]	3,792	12.98	49,227.09
October 30, 2019	Matthieu Lecharny	Subscription [(a)]	1,540	12.98	20,000.00
October 2, 2019	Louis Guyot	Share purchase	6,450	15.50	99,965.00
June 15, 2019	Xavier Martiré	Vesting of shares from the free performance share grant[(b)]	220,268	0	0
June 15, 2019	Louis Guyot	Vesting of shares from the free performance share grant[(b)]	37,226	0	0
June 15, 2019	Matthieu Lecharny	Vesting of shares from the free performance share grant[(b)]	37,226	0	0

(a) Subscription via the "Elis for All" investment fund (FCPE) as part of the employee share ownership program

(b) See chapter 2, summary table 7, and chapter 6 (Note 5.4 to the 2019 consolidated financial statements and Note 5.2 to the 2019 parent company financial statements) of this 2019 universal registration document.

As at the date of this 2019 universal registration document, no other executive or corporate officer had disclosed transactions in the Company's shares in 2019.

Transfer or disposal of shares undertaken to regularize cross shareholdings

None.

Breach of shareholding threshold disclosures made to the AMF in 2019

Shareholder	Date of disclosure	AMF declaration no.	Breach of threshold
Canada Pension Plan Investment Board	October 10, 2019	219C1910	Threshold of 15% of the voting rights breached.
Legendre Holding 27	July 30, 2019	219C1298	Dropped below the threshold of 5% of the share capital.
Ameriprise Financial, Inc.	July 3, 2019	219C1082	Threshold of 5% of the share capital breached.
FMR LLC	January 24, 2019	219C0161	Dropped below the threshold of 5% of the voting rights.
FMR LLC	January 21, 2019	219C0139	Dropped below the threshold of 5% of the voting rights.

Equity interests of members of the Company's Management Board and Supervisory Board

As at December 31, 2019, the personal interests in the Company's share capital of members of the Management Board and Supervisory Board accounted for less than 1% of the share capital and voting rights. The number of shares held by each corporate officer can be found in the Supervisory Board's report on corporate governance (see chapter 2 of this 2019 universal registration document).

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 bank as described in the "Individual shareholders" section of the Company's website (www.elis.com).

Factors likely to have an impact in the event of a public offering

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 on a 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 2019 universal registration document, the financing agreements entered into by the Company (especially the Senior Syndicated Credit Facilities Agreement, the OCÉANEs, the bond issues under the EMTN program, the USPP private placement, and the *Schuldschein* private placement), described in Note 8.3 "Gross debt" to the 2019 consolidated financial statements that can be found in chapter 6 of the 2019 universal registration document and section 7.6 "Material agreements" of this chapter, 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.

Shareholder agreement

- On June 7, 2019 the Company and Canada Pension Plan Investment Board ("CPPIB") entered into an investment agreement (the "Investment Agreement") related to the investment made by CPPIB as part of the Berendsen acquisition.

  The Investment Agreement contains 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 to give CPPIB, in connection with any future offerings of securities by Elis, including any offering of equity securities, the right 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) as part 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.

  As regards corporate governance, the Investment Agreement provides that CPPIB has the right to nominate a representative to Elis's Supervisory Board if its shareholding in the Company is at least equal to 8% of Elis's share capital, and to nominate a second representative to Elis's Supervisory Board if its shareholding in the Company is at least equal to 15% of Elis's share capital.

  CPPIB may freely transfer all or part of the Elis shares it holds. In the event CPPIB and/or its affiliates want such transfer to occur through a block trade or private placement, CPPIB may notify Elis, up to three times every five years, and Elis will undertake 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 carry out these transactions and provide CPPIB with the assistance it is reasonably able to give in order to facilitate the sale of the securities that CPPIB wishes to transfer. The cooperation commitment of the Company with CPPIB is only applicable if the block trade covers at least 10% of the share capital of the Company and/or if the private placement covers at least 5% of the share capital of the Company.

  The commitments to which the Company and the CPPIB fund were bound under the Investment Agreement, which has expired since this Agreement was entered into, are not included in this 2019 universal registration document.

  The Investment Agreement was signed for a 10-year period 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. CPPIB may terminate the Investment Agreement at any time by giving at least four (4) months' prior notice.

  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 on the Company's shares.
- The governance agreement entered into on May 30, 2016 between Eurazeo, Legendre Holding 27 and Predica expired on July 29, 2019 following the sale by Eurazeo of all of the Company's shares through its subsidiary Legendre Holding 27.

Agreements providing for compensation payments for Management Board members in the event of departure

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 (see chapter 2 of this 2019 universal registration document).

Agreement that may lead to restrictions on share transfers or on the exercise of voting rights

As at the date of this 2019 universal registration document, to the Company's knowledge, and with the exception of the restrictions described in section 7.2.4 below, there are no shareholder or other agreements that may lead to restrictions on share transfers or on the exercise of voting rights.

Other agreements or options regarding share capital

Agreements likely to cause a change in control of the Company

As at the date of this 2019 universal registration document, to the Company's knowledge, there are no shareholder 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

As at the date of this 2019 universal registration document, no share capital of the Company or its subsidiaries is under option or agreed conditionally or unconditionally to be put under option (including the identities of those persons to whom such options relate).

7.2.4 Shareholder rights

Rights, privileges, restrictions and obligations attached to the shares

Fully paid-up shares may be held either in registered or bearer form, at the shareholder's discretion.

Article 10 of the Company's bylaws:
The ownership of a share automatically entails acceptance of these bylaws and the decisions of the general shareholders' meetings.

In addition to the associated voting rights provided by law, each share gives its owner a right to the ownership of the corporate assets and of any liquidation surplus in proportion to the fraction of the share capital it represents.

When ownership of several old shares is required to exercise a right, or if a share entitling its owner to a new share in return for the delivery of several old shares is exchanged or granted, owners of individual shares or of fewer shares 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, if applicable, purchasing or selling the required number of shares.

Shares are indivisible as regards the Company, such 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 Company's bylaws:
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. Double voting rights have been granted to all fully paid-up shares held in registered form by the same shareholder for at least two years.

Furthermore, 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 conferred, from the date of issue, to new shares allocated to a shareholder free of charge by reason of their ownership of former shares that already conferred double voting rights.

Double voting rights may be exercised at any general shareholders' 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.

Distribution of profits

Article 26 of the Company's bylaws:
The profits of each financial year are determined in accordance with the legal and regulatory provisions in force.

If the profits of the financial year so permit, after deduction of amounts to create or increase the legal reserve, upon a proposal from the Management Board, the general meeting may deduct any amounts it sets at its discretion, either to be added to retained earnings, allocated to one or more general or special reserves or distributed among the shareholders.

The general shareholders' meeting has the right to grant the shareholders, for all or part of the dividends distributed or the interim dividends, an option between payment in cash and payment in shares under the conditions set by the regulations in force. In addition, the general shareholders' meeting may decide, for all or part of the dividends, interim dividends, reserves or share premiums distributed, or for any capital reduction, that such distribution of dividends, reserves or share premiums or such capital reduction will be performed in kind by delivery of the Company's portfolio securities or assets.

Each shareholder will be entitled to the profits and liable to contribute to the losses in proportion to their share of the share capital.

Provisions in the bylaws that may have an effect on a change in control

None.

Identification of bearers of securities

The Company has the right, under the statutory and regulatory conditions in force, to request at any time, from the central depository of financial instruments, as the case may be, the name or corporate name, nationality, year of birth or year of formation, and the address of the holders of bearer securities conferring immediate or future voting rights at its own general shareholders' 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 whom the Company believes to be registered on behalf of third parties the above information pertaining to the owners of the securities.

If a person who has been asked for information has not transmitted the information within the time limits 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 shareholders' 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.

Clauses in the bylaws restricting share transfers

There are no clauses in the Company's bylaws restricting share transfers. However, rules relating to the prevention of insider trading imposing restrictions on share transfers (blackout periods related to financial publications and prohibition on the sale of shares granted under the mechanism provided for in Article L. 225-197-1 of the French Commercial Code), as well as rules requiring corporate officers to retain shares, are applicable to Elis.

7.3 TRADING OF SHARES

7.3.1 Exchange

On February 11, 2015 Elis was listed for trading in Compartment A of the Euronext Paris regulated market. Since the acquisition of Berendsen, the Company is now included in the SBF 120 index in around 80th place and in the Euro Stoxx 600 index.

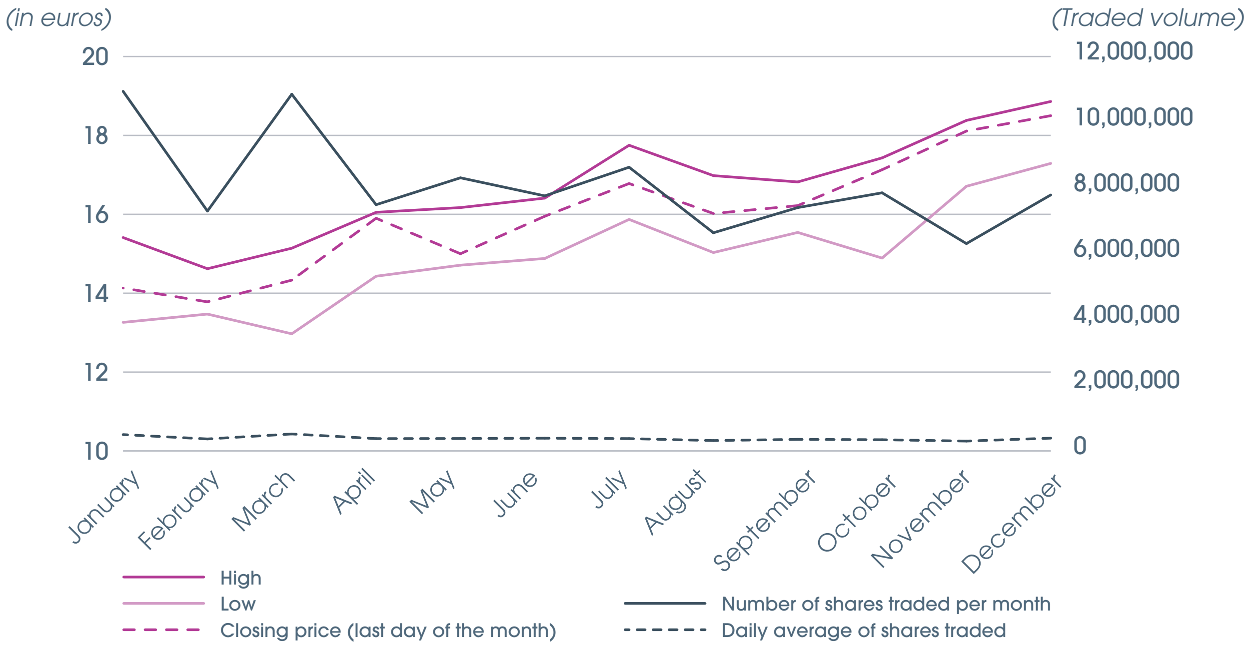
Elis share data as at December 31, 2019

ISIN code	Exchange	Other exchanges where the shares are traded	Par value of shares *(in euros)*	Number of shares outstanding	Share price *(in euros)*	Market capitalization *(in millions of euros)*
FR0012435121	Euronext – Compartment A of NYSE Euronext Paris	None	1	221,297,797	18.50	4,094.10

7.3.2 Volumes traded and share price trend in 2019

	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 2019	15.41	13.26	14.13	10,941,200	497.327	3,107.6
February 2019	14.62	13.47	13.78	7,297,450	364.873	3,030.6
March 2019	15.14	12.97	14.33	10,853,276	516.823	3,155.9
April 2019	16.05	14.43	15.90	7,491,567	374.578	3,501.6
May 2019	16.17	14.71	15.00	8,309,976	377.726	3,303.4
June 2019	16.41	14.88	15.95	7,760,371	388.019	3,520.6
July 2019	17.75	15.87	16.78	8,631,997	375.304	3,703.8
August 2019	16.98	15.03	16.02	6,637,780	316.085	3,571.3
September 2019	16.82	15.54	16.22	7,403,888	352.566	3,580.2
October 2019	17.43	14.89	17.13	7,853,416	341.453	3,781.0
November 2019	18.38	16.71	18.11	6,308,486	300.404	4,007.7
December 2019	18.86	17.29	18.50	7,788,996	389.450	4,094.0

SHARE PRICES AND TRADED VOLUMES



7.4 INVESTOR RELATIONS

The Group is committed to maintaining ongoing relationships with financial analysts and its shareholders, including French and foreign individual and institutional investors. Analyst meetings and/or conference calls are organized for the publication of annual and half-year results, as well as for other significant events. The Group's management gives talks 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 roadshows in France and abroad. Investors may also contact the Director of Investor Relations at any time.

The "Investor Relations" section of the Elis website (www.elis.com) is specifically designed for both individual and institutional shareholders and offers open and unrestricted access. It provides share price information (both in near real time and historical data) and all information published by the Group's Finance Department: press releases and news, analyst presentations, annual financial reports and registration documents from previous financial years, the financial publications calendar and the list of financial analysts that cover 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

investors@elis.com

7.5 PROVISIONAL FINANCIAL COMMUNICATIONS CALENDAR

For 2020, the provisional calendar for key communication events is as follows. In light of the current coronavirus (COVID-19) pandemic, Elis announced in its press release dated April 2, 2020 that the Management Board had decided to postpone the annual general shareholders' meeting to June 30, 2020. The ways shareholders can attend the general shareholders' meeting will be announced as soon as possible depending on how the pandemic develops and what decisions are made by the government. Shareholders are encouraged to check the general shareholders' meeting section on the Company's website (www.elis.com) on a regular basis.

Date (Tentative)	Contents
04/28/2020	Presentation of Q1 2020 revenue
07/29/2020	Q2 2020 revenue and H1 2020 results
10/22/2020	Q3 2020 revenue

7.6 MATERIAL AGREEMENTS

Financing agreements

Bank financing and private placement agreements described in Note 8.3 "Gross debt" to the 2019 consolidated financial statements, which can be found in chapter 6 "Financial statements for the year ended December 31, 2019" of this 2019 universal registration document, contain clauses requiring Elis to (i) comply with a financial covenant each half-year according to which the ratio of pro forma net debt as defined in the agreement to EBITDA after synergies is less than 3.75, and (ii) provide lenders with certain guarantees, in keeping 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 these agreements 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).

Given the adverse impact the COVID-19 crisis is expected to have on the Group's net debt and EBITDA between now and June 30, 2020, a waiver request has been submitted to lenders of bank financing and private placement agreements (USPP and Schuldschein) to increase the ratio of the financial covenant applicable at June 30, 2020 from 3.75x to 5.00x. As mentioned in the press release published by the Group on March 31, 2020, this request was accepted by the lenders of the various financing agreements that fall under this financial covenant. The lenders were also informed that a second waiver request may be submitted in the coming months, depending on how the COVID-19 crisis develops, to increase the ratio of the financial covenant applicable at December 31, 2020.

The two Syndicated Senior Credit Facilities Agreements also provide a schedule of applicable margins indexed to the pro forma net debt/EBITDA ratio.

In contrast, none of these financing agreements contains any specific acceleration clauses linked to minimum credit ratings.

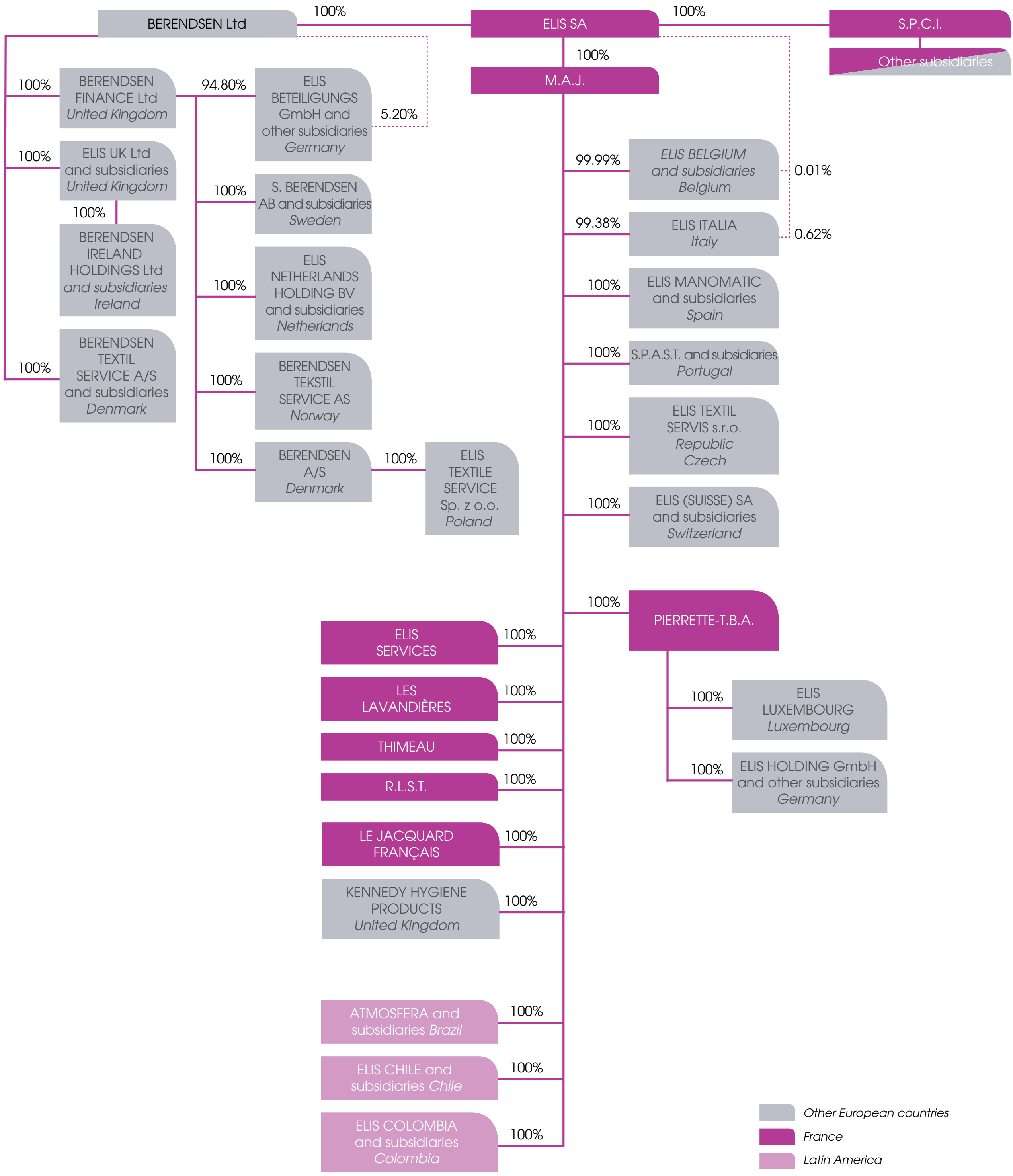
Other agreements

None.

7.7 SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AND ITS MAIN SUBSIDIARIES

7.7.1 Simplified organizational chart

The simplified Group organizational chart presented below shows the Group's legal structure as at December 31, 2019 (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):



7.7.2 Main subsidiaries

Elis is the Group's holding company, cash pool leader, and the head of the French tax consolidation group set up on March 1, 2008. The Company's main direct and indirect subsidiaries are described below. No Group subsidiary is listed.

- **MAJ** is a joint-stock company incorporated under French law whose registered office is located in Pantin, France. Its main activity is rental and maintenance services for flat linen, workwear and hygiene and well-being appliances. MAJ also owns the Elis brand and acts as Elis's historical cash pool leader.
- **Elis UK Ltd** is a company incorporated under British law whose registered office is located in Basingstoke, United Kingdom. Its main activity is rental and maintenance services for flat linen and workwear.
- **Elis Beteiligungs GmbH** (formerly Berendsen Beteiligungs GmbH) is a company incorporated under German law whose registered office is located in Hamburg, Germany. It is the holding company of the sub-group resulting from the acquisition of Berendsen Germany.
- **Elis Holding GmbH** is a company incorporated under German law whose registered office is located in Rehburg-Loccum, Germany. It is the holding company of the historical Elis sub-group in Germany.
- **Berendsen Textil Service AB** is a company incorporated under Swedish law and a wholly owned subsidiary of S. Berendsen AB. Its registered office is located in Malmö, Sweden. Its main activity is rental and maintenance services for flat linen, workwear and hygiene and well-being appliances.
- **Berendsen Textil Service A/S** is a company incorporated under Danish law whose registered office is located in Søborg, Denmark. Its main activity is rental and maintenance services for flat linen, workwear and hygiene and well-being appliances.
- **Les Lavandières** is a simplified joint-stock corporation incorporated under French law whose registered office is located in Avrillé, France. Its main activity is rental and maintenance services for flat linen, workwear and hygiene and well-being appliances.
- **Elis Nederland BV** is a company incorporated under Dutch law and a direct, wholly owned subsidiary of Elis Netherlands Holding BV. It is headquartered in Arnhem, Netherlands. Its main activity is rental and maintenance services for workwear and hygiene and well-being appliances.
- **Elis Manomatic SA** is a joint-stock corporation incorporated under Spanish law whose registered office is located in Sant Cugat del Vallès, Barcelona, Spain. Its main activity is rental and maintenance services for flat linen, workwear and hygiene and well-being appliances. Elis Manomatic SA is the holding company for the Spanish subsidiaries.
- **Atmosfera Gestão e Higienização de Têxteis SA** is a company incorporated under Brazilian law whose registered office is located in Jundiaí, São Paulo State, Brazil. Its main activity is rental and maintenance services for flat linen and workwear and it is the holding company for the Brazilian subsidiaries.
- **Elis (Suisse) SA** is a company incorporated under Swiss law whose registered office is located in Bern, Switzerland. Its main activity is rental and maintenance services for flat linen and workwear.
- **Berendsen Tekstil Service AS** is a company incorporated under Norwegian law whose registered office is located in Oslo, Norway. Its main activity is rental and maintenance services for workwear and hygiene and well-being appliances.
- **Elis Textile Service Sp. z.o.o.** (formerly Berendsen Textile Service Sp. z.o.o.) is a company incorporated under Polish law whose registered office is located in Żukowo, Poland. Its main activity is rental and maintenance services for workwear and hygiene and well-being appliances.

The position of Elis's subsidiaries and direct shareholdings is shown in the table in Note 4.4 to the 2019 parent company financial statements included in chapter 6 "Financial statements for the year ended December 31, 2019" of this 2019 universal registration document.

The Elis Group primarily analyzes its business by geographic region, in which the legal entities listed above are included based on where they are located. It would therefore not be relevant to analyze revenue and EBITDA by legal entity. Revenue and EBITDA by region are presented in section 5.2.2 of this 2019 universal registration document.

Consolidated values (excluding dividends) *(in millions of euros)*	Total non-current assets (including goodwill)	External financial liabilities	Cash on balance sheet	Cash flows from operating activities	Dividends paid during the year and attributable to the listed company
MAJ (France)	1,929.7	11.3	3.0	210.6	-
Berendsen Textil Service AB (Sweden)	832.7	-	10.4	85.2	-
Berendsen Textil Service A/S (Denmark)	659.9	-	0.2	58.8	
Atmosfera Gestão e Higienização de Têxteis SA (Brazil)	363.6	-	24.5	26.9	-
Elis Nederland (sub-group)	519.4	-	1.3	45.1	-
Elis UK (sub-group)	388.9	-	8.7	97.4	-
Elis Beteiligungs Germany (sub-group)	266.6	-	2.5	58.5	-
Elis Holding Germany (sub-group)	188.0	3.9	2.5	33.4	-
Berendsen Tekstil Service AS (Norway)	169.2	-	2.5	18.9	-
Elis Textile Service Sp. z.o.o. (Poland)	166.8	-	3.2	25.9	-
Elis (Suisse) SA	111.2	-	3.8	17.6	-
Elis Manomatic SA (Spain)	107.4	-	0.6	29.4	-
Les Lavandières (France)	103.8	3.9	0.7	46.9	-

8 Additional information

8.1 PERSONS RESPONSIBLE

8.1.1 Person responsible for the universal registration document including the annual financial report

Xavier Martiré, Chairman of the Management Board.

8.1.2 Declaration of the person responsible for the 2019 universal registration document including the annual financial report AFR

Having taken all reasonable care to this effect, I hereby declare that, to the best of my knowledge, the information contained in this universal 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 2019 universal registration document relating to the management report listed in the cross-reference table on pages 277 and 288 of this universal registration document presents fairly the changes in the business, results, and financial position of the Company and all companies in the Group as well as a description of the major risks and uncertainties they face.

Saint-Cloud, April 1, 2020

Xavier Martiré

Chairman of the Management Board

8.2 STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Bruno Tesniere, 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

First appointed in: 2007 (incorporation of the Company)

Expiry of term: 2025 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2024).

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

First appointed on: June 29, 2011

Expiry of term: 2025 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2024).

8.3 CROSS-REFERENCE TABLES

8.3.1 Cross-reference table for the universal registration document

This cross-reference table lists the main disclosure items required by Commission Delegated Regulation (EU) 2019/980 of June 14, 2017 (the "Commission Delegated Regulation") and refers to the pages in this universal registration document containing information regarding these items.

No.	Items shown in Appendix 1 of the Commission Delegated Regulation	Chapter/ section	Corresponding page(s)
10.	**Trend information**		
10.1	Main trends that affected production, sales and inventories, and costs and selling prices since the end of the last financial year Significant change in the Group's financial performance since the publication of the previous financial results	5.4	152
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's outlook for the current financial year	5.4	152
11.	**Profit forecasts or estimates**		
11.1	Statement on the invalidity of a forecast previously included in a prospectus	N/A	
11.2	Statement setting out the principal assumptions underlying the issuer's forecast or results estimate	N/A	
11.3	Declaration relating to comparability and accounting methods	5.5	153
12.	**Administrative, management and supervisory bodies and senior management**		
12.1	Composition – statements	2.1	44-46
12.2	Conflicts of interest	2.1.7	66
13.	**Compensation and benefits**		
13.1	Compensation paid and benefits in kind granted by the issuer and its subsidiaries	2.2 6.1 - Note 5.5	68 195
13.2	Amounts provisioned or recognized by the issuer or its subsidiaries to pay pension, retirement and other benefits	2.2 6.1 - Note 5.5	68 195
14.	**Operation of administrative and management bodies**		
14.1	Terms of office of the members of the Supervisory Board and the Management Board	2.1.2 2.1.3	45–47 52–59
14.2	Service agreements binding members of the administrative and management bodies	2.1.8	67
14.3	Information about the specialized committees of the Supervisory Board	2.1.4	64
14.4	Statement on corporate governance applicable to the issuer	2.1	44
14.5	Material impacts on corporate governance (future changes to the composition of administrative bodies, management, and committees)	2.1.3	51
15.	**Employees**		
15.1	Number of employees	1, 3.2.1	11-101
15.2	Employee profit sharing and stock options	7.2.1	260
15.3	Employee shareholding agreements	1, 3.2.1	11-102
16.	**Main shareholders**		
16.1	Identification of the main shareholders	7.2.1	262
16.2	Voting rights	7.2.1, 7.2.4	262-267
16.3	Control of the issuer	8.2	274
16.4	Agreements that may result in a change of control	7.2.3	266
17.	**Related-party transactions**	**6.3.1 - Note 4.5 2.8.1**	**241 67**
18.	**Financial information concerning the issuer's assets and liabilities, financial position and results**		
18.1	Historical financial information	5.9, 6.1, 6.3	154–158, 234
18.2	Interim and other financial information	N/A	
18.3	Auditing of historical annual financial information	6.2	231
18.4	Pro forma financial information	N/A	
18.5	Dividend policy and amount	5.10.5 6.1 - Note 10.2	155 223
18.6	Litigation and arbitration proceedings	4.1.4 6.1 - Note 7.2	131 203
18.7	Significant changes in the financial or commercial position		
19.	**Additional information**		
19.1	Share capital	7.2	260
19.2	Charter and bylaws	7.1, 7.2.4	260-267
20.	**Material agreements**	**7.6**	**269**
21.	**Public documents**	**7.1**	**260**

8.3.2 Cross-reference table for the Management Board's report

The cross-reference table below may be used to identify the information in this 2019 universal registration document used to compile the Management Board's report.

	Disclosure items of the Management Board's report Articles L. 225-100 paragraph 2, L. 225-102, L. 225-102-1, L. 232-1-II, R. 225-102, L. 225-100-3 and R. 225-105-1 of the French Commercial Code	Chapter/section	Correspond ing page(s)
1.	**Business of the Company and its subsidiaries and/or controlled companies and outlook**		
1.1	Financial position and operations of the Company, its subsidiaries and all of its consolidated entities during the past financial year	1.1, 1.3 5.1, 5.2 5.8	4–29 14–150 153
1.2	Operating results of the Company, its subsidiaries and companies it controls	1 5.2, 5.8	14–15 144–153
1.3	Analysis of business developments, results and financial position	1 5.2	4-15 144
1.4	Financial key performance indicators	1 5.2.1	10-11 144
1.5	Significant events occurring between the end of the reporting period and the date of the management report	5.3 6.1 – Note 12	152 230
1.6	Information about the use of financial instruments	6.1 – Note 8.8	218
1.7	Research and development activities	1.2 5.7	26 153
1.8	Changes in the presentation of the parent company financial statements and valuation methods	6.1 – Note 1 6.3 – Note 3	165 238
1.9	Description of main risks and uncertainties	4.1	122
1.10	Investments over the past three financial years	3.3, 5.2, 5.6	107, 144-153
1.11	Outlook	5.5	153
1.12	Dividends and other income paid in the last three financial years	5.10.5 6.1 – Note 10.2	 223
1.13	Payment terms and trade payables	5.10	154
2.	**Presentation of the financial statements**		
2.1	Changes in the presentation of the parent company financial statements and valuation methods	6.3 – Note 3	238
2.2	Amount of non-tax-deductible expenses	5.10.3	155
2.3	Combined total of sumptuary expenses and corresponding tax expense (Article 223 quater of the French Tax Code)	5.10.3	155
3.	**Subsidiaries and direct investments**		
3.1	Significant equity investments or acquisitions of controlling interests during the financial year in companies registered in France	5.10.1 6.1 – Note 2.4	154 173
3.2	List of subsidiaries and direct investments	6.1 – Note 11	224
3.3	List of branches	5.10.6	155
4.	**Share capital and shareholding structure**		
4.1	Breakdown of share capital and voting rights and changes therein during the financial year	7.2.1	260
4.2	Employee share ownership	7.2.1	260
4.3	Buyback and resale by the Company of its own shares	7.2.1, 7.2.2	260-264
4.4	Shareholder agreements	7.2.3	265
4.5	Stock options	N/A	
4.6	Bonus share grants	2.2 6.1 – Note 5.4 6.3 – Note 5.2	68 192 244
4.7	Share buyback program	7.2.2	264
4.8	Factors likely to have an impact in the event of a public offering	7.2.3	265

Disclosure items of the Management Board's report Articles L. 225-100 paragraph 2, L. 225-102, L. 225-102-1, L. 232-1-II, R. 225-102, L. 225-100-3 and R. 225-105-1 of the French Commercial Code		Chapter/section	Correspond ing page(s)
5.	**Senior management – Corporate officers**		
5.1	List of offices and positions held in any company by each corporate officer	2.1	44
5.2	Choice of senior management's operating procedures	2	44
5.3	Compensation and benefits of any kind paid to each corporate officer during the past financial year	2.2 6.1 – Note 5.4 6.1 – Note 5.5 6.3 – Note 5.2 6.3 – Note 6.4	68 192 195 244 248
5.4	Commitments of any kind made to senior managers	2.2	68
5.5	Trading in the Company's shares by senior managers or closely related parties thereto	7.2.3	265
5.6	Terms and conditions regarding the transfer of bonus shares granted to senior managers in the course of their duties	2.2 7.2.4	68 265
5.7	Summary table of deviations from the provisions of the AFEP-MEDEF Code and explanations	2.1	44
6.	**Social and environmental information**		
6.1	Social information	1, 3.1, 3.2	10, 24–25 98–101
6.2	Environmental information	3.3 3.4	107 112
6.3	Opinion of the independent Auditor	3.7	118
7.	**Documents to be attached to the management report and/or sent to shareholders**		
7.1	Five-year financial summary	5.9	154
7.2	Supervisory Board's report on corporate governance	2.1, 2.2	44-95
7.3	Statutory Auditors' report on the parent company financial statements including the Statutory Auditors' certification that the information contained in the management report regarding the compensation of corporate officers is true and fair	6.4	252
7.4	Inventory of the Company's portfolio securities as at the end of the reporting period	6.3.3 – Note 3.1	238
7.5	Summary table of the current delegations of authority and powers granted by the general shareholders' meeting to the Board of Directors regarding capital increases and the use of those delegations	2.5	94
8.	**Regulated agreements**		
8.1	Agreements entered into by a Company subsidiary with a Company shareholder holding more than 10% of the Company's share capital and voting rights, a member of the Company's Supervisory Board or a member of the Company's Management Board	2.1.8	67
8.2	Statutory Auditors' special report on regulated agreements and commitments	6.5	255
9.	**Duty of vigilance**		
9.1	Vigilance plan and implementation report	4.4	139

8.3.3 Global Reporting Initiative (GRI) Standards

Materiality and stakeholder analysis

As part of introducing the GRI Standards into the Elis Group's annual reporting this year, an internal assessment was undertaken in order to select and prioritize economic, environmental and social topics which are important to the Group's key stakeholder categories and that the Group influences. The initial list of topics was compiled considering the results of Elis' non-financial risk assessment, the GRI standards, internal insights from a similar exercise conducted previously at Elis Denmark and Sweden, and an external benchmark of where the industry focuses and reports its sustainability efforts. The twenty-three topics considered in the materiality analysis fit under the Group's three CSR commitments as listed below.

Commitment 1 – "Taking responsibility for our impact on society through responsible products and services"

- circular business
- environmental compliance
- socioeconomic compliance
- responsible suppliers
- consumer health and safety
- anti-corruption
- tax policy
- human rights (within own operations)
- local communities.

Commitment 2 – "Continuously reducing our business's environmental footprint"

- materials
- water use
- energy use
- emissions and climate change
- chemical use
- wastewater
- waste
- biodiversity

Commitment 3 – "Empower the well-being and growth of our employees"

- recruitment and retention of key personnel
- diversity and equality
- labor relations
- absenteeism
- employee health and safety
- employee personal development

Mapping and prioritization of stakeholder categories

Stakeholders are entities that can be affected by the organization's activities, or whose actions can affect the ability of the organization to conduct its activities. The Group's stakeholder categories were identified as follows: investors, employees, direct suppliers, supply chain, innovation partners, customers, end-users, textile waste handlers, authorities, standardization organizations, branch organizations, trade unions, competitors, local communities, non-governmental organizations, media, banks, and insurances. For each stakeholder category, the mutual potential influence areas between the Group and this stakeholder category were identified. On this basis, stakeholder categories were ranked in terms of relevance, and five categories were identified to have the highest relevance: investors, employees, authorities, direct suppliers and customers. These are the key stakeholder categories which were included in the materiality analysis this year.

Prioritization of topics and materiality matrix

In order to prioritize topics, their materiality in terms of "Influence of Elis" and "Importance to stakeholders".

For the "Influence of Elis", internal experts of the respective topics were involved in the scoring. The "Influence of Elis" for a given topic was based on two factors: the impact of Elis on this topic (whether it is a negative or positive, direct or indirect, short-term or long-term impact), measured on a 1-4 scale, and of Elis' room to maneuver on this topic (the extent to which it can mitigate or steer the impact on this topic), also measured on a 1-4 scale. For each topic, the "Influence of Elis" was calculated as the average of the impact of Elis and Elis' room to maneuver. Defined this way, the "Influence of Elis" is an indicator, from the perspective of the Group, of the topics which would be primarily relevant to prioritize efforts and resources on.

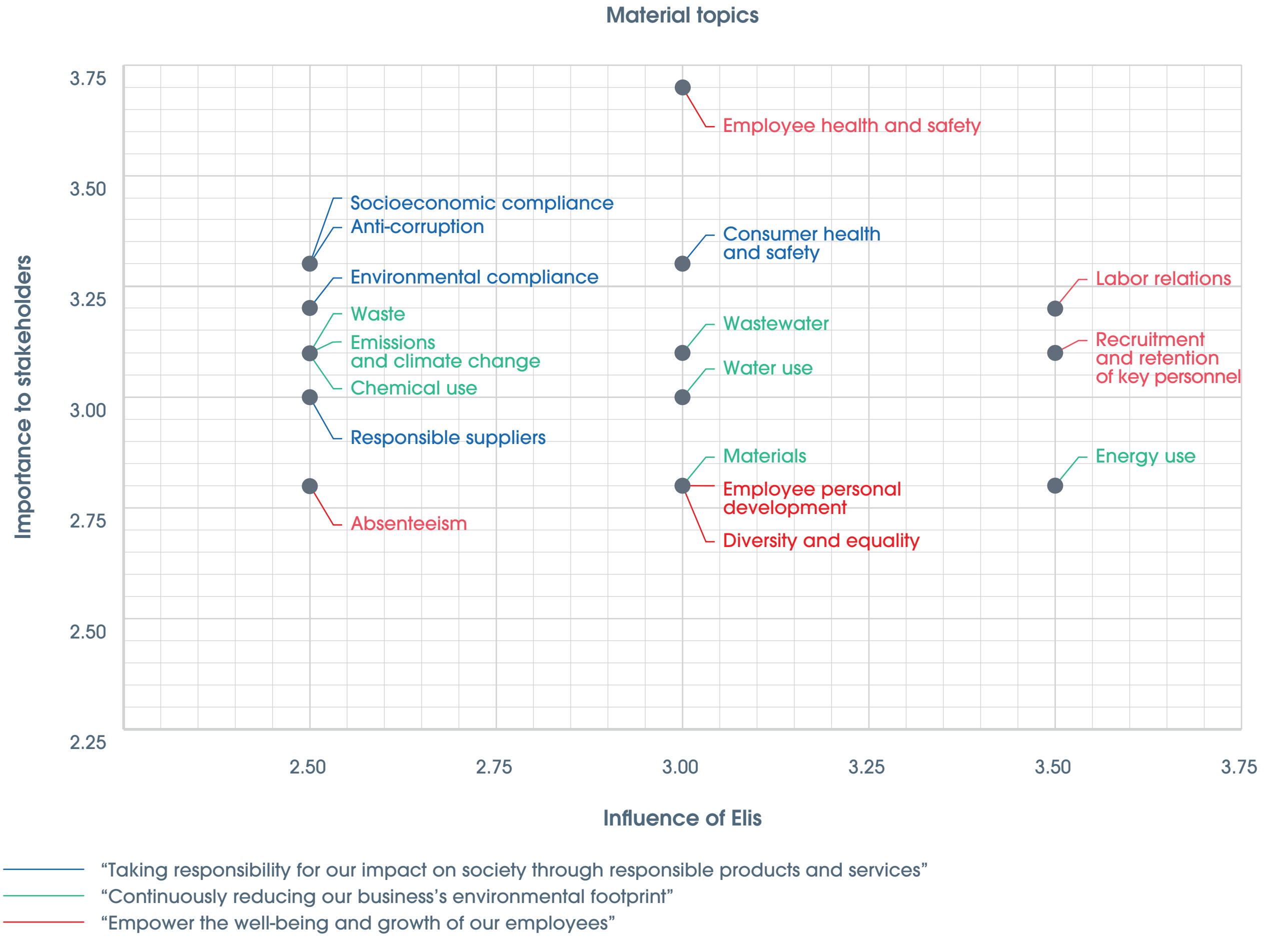
For the "Importance to stakeholders", internal departments which work closely with the key stakeholder categories were involved as representatives. For example, the Investors' Relations Department was chosen as representative for the stakeholder category "investors". Representatives were asked to score the list of topics on a 1-4 scale, from the perspective of their appointed stakeholder category. Their scoring was based on insights obtained through a variety of information channels as shown in (Table XX). For each topic, the "Importance to stakeholders" is the average of the scores obtained for the different stakeholder categories, based on one vote allocated to each stakeholder category. This year, building on existing information channels was the chosen approach to score the "Importance to stakeholders".

Examples of information channels used with stakeholders)

	Employees	Investors	Direct suppliers	Authorities	Customers
Email/phone call/other feedback	X	X	X	X	X
Questionnaire survey	X			X	
Collaborative initiative	X		X	X	X
Dialogue/consultation	X	X	X	X	X
Visit/audit	X	X	X	X	X
Network/conference/forum	X	X	X	X	X
Monitoring (business, legal, social media, etc.)	X	X	X	X	X
Suggestion Box	X			X	

In this report, the focus was set on the topics identified as relatively highly to highly important for the Group's key stakeholder categories and that the Group has a relatively large to large influence on. These topics are the topics scoring above average in terms of "Influence of Elis" and "Importance to stakeholders"; they are displayed on the extract below.

EXTRACT OF THE MATERIALITY MATRIX



8.3.4 GRI Content Index

The 2019 universal registration document was prepared in accordance with GRI standards (2016): Core option. As required, the universal registration document contains the general disclosures required for the Core option (GRI 102), and the topic-specific disclosures (GRI 200, 300, and 400) for the topics identified as material for the Group (for further information, please refer to "Materiality and stakeholder analysis" section).

The GRI Content Index serves as a navigational tool for the GRI standards throughout the document, as it provides the relevant cross-references. When relevant, the GRI Content Index provides concise information to allow a clearer understanding of how the GRI standards are applied by the Group.

The reporting principles (GRI 101 – Foundation) were carefully considered for the preparation of this document. Timeliness is supported by the annual reporting cycle the Group follows. The principles of sustainability context, stakeholder inclusiveness, materiality and completeness were at the core of the materiality analysis, which guided the selection of topics to be included in the report (read more on this subject in the "Materiality and stakeholder analysis section"). Chapter 3 provides an understandable and nuanced picture of the Group's non-financial efforts and performance, while also account for both risks and opportunities. A high level of accuracy, comparability and reliability is ensured for the disclosures thanks to adequate methodological clarifications and robust data collection processes. The departments covering the areas concerned (CSR, Human Resources, Quality Safety and Environment, Legal, and Supply Chain) oversee the non-financial reporting process. They collect the non-financial data on an annual basis from facilities, countries and regional organizations, as well as provide assistance when requested and consolidate the data for the Group.

If you would like to know more or have questions or comments on how GRI Standards are applied at Elis, please contact Didier Lachaud, Human Resources and CSR Director, by telephone (+33 (0)1 75 49 94 35) or email (didier.lachaud@elis.com).

GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. www.globalreporting.org

GRI standard	GRI disclosures	Page(s)	Comments or omissions
GRI 102 - General disclosures			
Organizational profile			
102-1	Name of the organization	0	
102-2	Activities, brands, products, and services	20, 29–36	
102-3	Location of registered office	0	
102-4	Location of operations	8–9	
102-5	Ownership and legal form	0, 11, 44	
102-6	Markets served	8, 29–36	
102-7	Scale of the organization	4–5, 10–11, 158–160	
102-8	Information on employees and other workers	101, 115-116	There are seasonal variations in the workforce driven by the seasonality of the Group's customers' activities. The share of temp agency workers fluctuates slightly on a seasonal basis but has stayed below 4% of total headcount in 2019.
102-9	Supply chain	112–113, 128, 139	
102-10	Significant changes to the organization and its supply chain	13, 140	
102-11	Precautionary principle or approach	98–100, 107–113	
102-12	External initiatives	98, 104-106, 110, 117	
102-13	Association membership		Elis: Association Française des Entreprises Privées (AFEP), Association pour la Prévention et l'Étude de la Contamination biologique et particulaire (ASPEC), Association Française de l'Industrie des Fontaines à Eau (AFIFAE), Syndicat National des Acteurs du Marché de la Prévention et de la Protection (SYNAMAP), Groupement des Entreprises Industrielles de Textiles (GEIST), European Textile Services Association (ETSA) and Orée. To date, there is no exhaustive overview of Elis's subsidiaries' association memberships.
Strategy			
102-14	Statement from senior decision-maker	98	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	5, 98, 101	

GRI standard	GRI disclosures	Page(s)	Comments or omissions
Governance			
102-18	Governance structure	40–41, 99	
Stakeholder engagement			
102-40	List of stakeholder groups	279	
102-41	Collective bargaining agreements	101	
102-42	Identifying and selecting stakeholders	279	
102-43	Approach to stakeholder engagement	279-280	
102-44	Key topics and concerns raised	280	
Reporting practices			
102-45	Entities included in the consolidated financial statements	100-101, 172-176	The non-financial reporting scope differs slightly from the financial reporting scope and is indicated in chapter 3.1
102-46	Defining report content and topic boundaries	279-281	
102-47	List of material topics	279-280	
102-48	Restatements of information		This is the first year that the Group has used GRI standards.
102-49	Changes in reporting		This is the first year that the Group has used GRI standards.
102-50	Reporting period		January 1, 2019 – December 31, 2019
102-51	Date of most recent report		2018
102-52	Reporting cycle		Annual
102-53	Contact point for questions regarding the report	281	
102-54	Claims of reporting in accordance with the GRI Standards	281	
102-55	GRI content index	281-284	
102-56	External assurance	118–119	
MATERIAL DISCLOSURES (GRI 200/300/400)			
CSR Commitment 1: "Offer high-quality, responsible products and services"			
Environmental compliance (GRI 307)			
103	Management approach	107	
307-1	Non-compliance with environmental laws and regulation	107	The Groups internally tracks litigations related to environmental laws and regulations. The Group reports on any monetary sanctions paid related to environmental laws and regulations (>USD 10,000). Any monetary sanctions related to operations before acquisition by the Group are disregarded in this indicator.
Socioeconomic compliance (GRI 419)			
103	Management approach	131–138	
419-1	Non-compliance with social and economic laws and regulations		In 2019, the Group did not face significant monetary sanctions related to social and economic laws and regulations. A monetary sanction is considered significant if it is likely to have an impact on the Company's financial position.
Responsible suppliers (GRI 308 and 414)			
103	Management approach	22–23, 112–113	
308-1 and 414-1	New suppliers that were screened using environmental/social criteria	112–113	The Group reports its share of direct purchases covered by a supplier's CSR assessment, which is a relevant indicator of the Group's efforts towards sustainable sourcing for its products and services. The Group will consider integrating the share of new suppliers screened using environmental/social criteria as an indicator in 2020.
Consumer health and safety (GRI 416)			
103	Management approach	26	

GRI standard	GRI disclosures	Page(s)	Comments or omissions
416-1	Assessment of the health and safety impacts of product and service categories		Compliance with REACH regulation for all product categories (also a requirement for suppliers). Systematic testing programs for consumer health and safety risks in the case of sensitive product groups, including: healthcare products, hand-drying products, air fresheners, personal protective equipment products, and beverage products.
Anti-corruption (GRI 205)			
103	Management approach	137	
205-2	Communication and training about anti-corruption policies and procedures		The Group's senior management and national entities confirm that they are complying with the rules about anti-corruption reflected in the Code of Ethics. The company's main suppliers have been informed about the Group's anti-corruption strategy and agree to comply with it.
CSR Commitment 2: "Continuously reduce the environmental footprint of our business"			
Material selection (GRI 301)			
103	Management approach	26	The Group supports its customers in consumer health and safety through product adjustment services to ensure safe use, by conducting information campaigns on safe product use, and an ongoing dialogue with end users (e.g., in the hospitality segment). In the personal protective equipment segment, a committee composed of product managers, quality manager, and legal department employees meet on a regular basis to address any health and safety issues.
301-3	Reclaimed products and their packaging materials		The Group reuses all its reusable products and reusable packaging items, except when specifically requested otherwise by customers and/or for (food) hygiene reasons. The Group aims to make use of reusable packaging. The Group internally tracks, monitors and works towards increasing the average useful life of its products. For example, it has been estimated that the Bistrot napkin is used between 31 and 45 times before disposal in France, depending on the site where it is processed.
Water use (GRI 303)			
103	Management approach	11, 19, 23, 108	
303-1	Water withdrawal by source	108, 114	The Group uses the term "water consumption," which is equivalent to the term "water withdrawal" used in GRI standards.
Energy use (GRI 302)			
103	Management approach	11, 19, 23, 110	
302-1	Energy consumption within the organization	110, 114	
Emissions and climate change (GRI 305)			
103	Management approach	11, 19, 23	
305-1	Direct (Scope 1) GHG emissions	114	
305-2	Energy indirect (Scope 2) GHG emissions	114	
Chemical use			
103	Management approach	19, 22–23	The use of chemicals is directly associated with Elis's laundering activities but is also an important topic for the textile supply chain. The Group has made a goal to standardize the tracking of laundry product use at the Group-level and to set a laundry product target use by 2025. The Group encourages Oeko Tex certifications be obtained for the textiles it purchases.
	Reduction in laundry product use	22–23	
Wastewater (GRI 306)			
103	Management approach	109	
306-1	Water discharge by quality and destination	114	The wastewater discharge quality requirements are determined by local regulations, which depend on local conditions.

GRI standard	GRI disclosures	Page(s)	Comments or omissions
Waste (GRI 306)			
103	Management approach	22–23	
306-2	Waste by type and disposal method	114	The breakdown of waste disposal methods is based on information provided by waste management contractors. The Group monitors recovery methods for waste disposed by its facilities.
CSR Commitment 3: "Ensure the well-being and fulfillment of our employees"			
Recruitment and retention of key personnel (GRI 401)			
103	Management approach	104–106	
401-1	New employee hires and employee turnover	115	The Group does not collect information on departures by gender or by age group.
Diversity and equality (GRI 405)			
103	Management approach	24–25, 105	
405-1	Diversity of governance bodies and employees	40, 44, 48–50, 115	
Labour relations (GRI 402)			
103	Management approach	101–102	
402-1	Minimum notice periods regarding operational changes		Minimum notice periods regarding operational changes are determined based on local regulations and collective bargaining agreements when applicable. For this important topic, the Group also tracks and reports indicators related to its employee survey.
Absenteeism (GRI 403)			
103	Management approach	102–103	
403-2	Absenteeism	115	The Group also reports the number of absences lasting less than seven days (paid or unpaid), as it reflects frequency of absenteeism and gives a relevant picture of the issue for the Group.
Employee health and safety (GRI 403)			
103	Management approach	25, 103–104	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and number of work-related fatalities	116	The scope includes all salaried workers (permanent and non-permanent contracts). Information on the types of injury is not currently available but will be considered for inclusion in 2020. The Group reports the frequency rate, which is similar to the injury rate as defined by GRI. It includes lost time accidents and fatalities and excludes commuting accidents. The lost day count begins after 24 hours and calendar days are used. The Group reports the severity rate, which is similar to the lost day rate as defined by GRI. Information on occupational diseases is not collected across the Group and is sensitive due to the GDPR regulations.
Employee personal development (GRI 404)			
103	Management approach	15, 24–25, 104–106	
404-1	Average hours of training per year per employee	24, 116	The Group collects the total number of training hours provided to permanent and non-permanent workers from country organizations (no split by gender employee category).

Design and production of Chapter 1: Angie.

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French corporation (Société Anonyme) governed by a Management Board and a Supervisery Board with a share capital of €221,547,097
Registered office: 5, boulevard Louis Loucheur – 92210 Saint-Cloud – France – Trade and Companies Register (R.C.S.) no. 499 668 440 Nanterre