sodexo
SERVICES DE QUALITÉ DE VIE

PRESIDENCE

October 1st, 2014

Dear shareholders,

It is not our usual practice to write to our shareholders. However, we feel it is necessary after shareholders rejected the third resolution at the Annual Shareholders' Meeting on January 21, 2014, by a majority of votes cast, given that Bellon S.A., which holds 38% of Sodexo shares and 53% of the voting rights, was required to abstain from voting on this resolution, which concerned approval of a regulated related party agreement covering the supply of assistance and advisory services by Bellon S.A. to Sodexo S.A. in such areas as strategy, finance and human resources.

For a company like Sodexo, which is recognized as setting the standard in corporate governance, this vote was disappointing. I therefore want to expand on the explanations given to you up to now, which have clearly been inadequate and have led to certain misunderstandings.

Robert Baconnier, Chairman of our Audit Committee, who examined the issue at my request, has pointed out that the original services agreement between the two companies' dates back to 1991. The latest agreement, which was authorized by the Board of Directors on April 16, 2013 and was the subject of the third resolution of the Annual Meeting, is for a five-year term which means in practice that it will be submitted for shareholder approval every five years.

The Board of Directors also decided on April 16, 2013 that Sodexo's Audit Committee would review the fees due from Sodexo to Bellon S.A. under the agreement at annual intervals. For Fiscal 2013, Bellon S.A. billed 6.2 million euro to Sodexo under the agreement, corresponding to actual costs incurred (mainly compensation and payroll taxes for three Sodexo corporate officers), plus a 5% mark-up.

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From our enquiries, we understand that a majority of you decided to reject the resolution due to (i) a perceived conflict of interests between Bellon S.A. and Sodexo, particularly as Michel Landel, Sodexo's Chief Executive Officer, is also on the payroll of Bellon S.A., and (ii) the belief that Sodexo was paying an unjustified surcharge for the services provided by Bellon S.A. These perceptions are mistaken, as I hope you will appreciate after reading the following explanations.

Concerning the potential conflict of interests, Sodexo is Bellon S.A.'s sole subsidiary. There cannot therefore be any legal or financial conflict of interests between the two companies, and neither our auditors nor France's securities regulator, Autorité des Marchés Financiers, have ever expressed any concerns in this regard.

Concerning the surcharge, the only possible objection would relate to the 5% mark-up applied to the actual costs incurred by Bellon S.A. on Sodexo's behalf. However, at 0.3 million euro in Fiscal 2013, the mark-up represents just 3/10,000ths of operating profit excluding exceptional expenses.

Moreover, the French tax administration requires Bellon S.A. to charge a fee to Sodexo for the services provided in order to qualify as a "managing holding company" for wealth tax purposes. It is this tax status that allows Sodexo to remain under family control and enjoy the independence valued by the majority of our employees.
The Shareholders' rejection of the third resolution at the Annual Meeting of January 21, 2014 does not affect the agreement's validity under French law. However, in keeping with the relationship of trust that exists between Sodexo and its shareholders, and in the interests of transparency, the Board of Directors will decide at its November 10, 2014 meeting whether to put the agreement to the vote at the next Annual Meeting, in the hope that with the benefit of more detailed information, you will feel able to vote in favor of this resolution.

I would like to take this opportunity to go over some of the key aspects of our Group's strategy.

I will not discuss how the business is performing, as we need to wait for the final results to be approved by the Board of Directors on November 10, 2014 and by the Annual Meeting on January 19, 2015.

There were two parts to my message to the Annual Shareholders' Meeting of January 21, 2014:

1. The first answered the question *"How did Sodexo, which started from nothing in Marseille in 1966, become a large global company?"*

There are seven reasons behind our growth, which we call the seven fundamental principles of our development.

- **Our values:**

  Our teams are deeply committed to our dual mission to:
  - Improve the quality of life of our employees, our clients' employees, our consumers and our beneficiaries, and
  - Contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

  They are also committed to adhering at all times to our ethical principles and our three core values of service spirit, team spirit and spirit of progress.

- **My hunger for growth,** to create wealth and jobs
- **Our vision of the business:** from the start, I wanted Sodexo to be a community of clients, consumers, executives, employees and shareholders.
- **Our culture focused on the client and the consumer**
- **Our commitment to developing our human resources**
- **Our choice of becoming global:** it was an important day when we recognized that the French represent just 1% of the world's population. It's why France now accounts for 15% of revenue and markets outside France for 85%. Given the growth potential of our global markets, the time will come when 95% of revenue is generated outside France.
- **Our independence,** which ensures that we don't fall into the hands of a financial group or a competitor. To preserve this state of affairs, an agreement was signed on May 22, 2008 that prevents our children, grandchildren and their descendants from selling any Bellon S.A. shares outside our family.

Each and every member of the Board of Directors and the Executive Committee will work with perseverance and tenacity to develop our group's seven major strengths. This collective culture gives us a significant advantage over our competitors.

2. The second part of our strategy aims to answer the question *"How we can respond to the changing global landscape and pursue our growth trajectory?"*

All countries have been faced with a crisis at some point in their history, from which they have recovered.
In a globalized economy in which capital, information, trade and talent are interconnected, crises and opportunities are two sides of the same coin.
The process of global transformation has been underway for many centuries but the pace of change is now reaching break-neck speeds.

We have identified ten fundamental global trends affecting our businesses. Companies that are unable to adapt will disappear, but others will successfully grasp the major growth opportunities that they offer. For evidence of this, you just have to look at the Fortune 500 list of the world's largest companies. Over half of the companies on the latest list didn't exist 20 years ago.
Two prime examples of the opportunities available to Sodexo are:

- Global demographic trends (growth in the consumer population, longer life expectancies, etc.)
- Growth in middle classes looking for well-being and a better quality of life.

We have set seven priorities to keep Sodexo on its growth trajectory, not least of which is the development of our human resources. Sodexo's strategy is to focus on organic growth and internal promotion. It is our people who have made Sodexo what it is today and who will ensure its future success.

Our investments in growth focus mainly on intangibles such as human resources, training, skills enhancement, development, research, innovation, massive use of information and communications technologies and the Sodexo image.

The prime objective of our human resources strategy is *"to have top-quality executives and employees available at all times in the right numbers and with the right skills to support our growth."*
Our growth potential is 50 times greater than our current revenue figures. It is very different for each of our three activities and for the client segments, sub-segments and niches.

It's therefore obvious that we need to align our intangible investments with the potential offered by our three activities and each of the client segments, sub-segments and niches.

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Dear shareholders,

Every two years, we measure our employees' engagement by means of an anonymous questionnaire sent out to over 130,000 employees. The engagement rate has increased from 55% in 2010 to 57% in 2012 and 59% this year.

For the next survey, due in 2016, we have set an ambitious goal of raising the rate to 65%, putting us in a league with the global companies ranked as the best places to work.

So you can be assured that the members of the Board of Directors, the corporate officers and all of our employees are working together to create growth for Sodexo over the short, medium and long term.

Sincerely yours,

Pierre Bellon
Chairman of the Board of Directors