

# Questions Answers

Sodexo has said that it respects and promotes human rights as defined by the following standards:

- The Universal Declaration of Human Rights
- The United Nations Global Compact
- The Declaration of Principles concerning Multinational Enterprises and Rights at Work of the International Labor Organization

At the last General Shareholders Meeting, Sodexo leaders had pledged to conclude a global agreement with the IUF (Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations), a global labor union federation that unites 2.6 million workers in the agriculture and food sector worldwide.

(...)

Such an agreement would improve working conditions within the company's operations worldwide and in the markets in which it is present, helping to mitigate the social risks and reputational risks, and to ensure that the employee social and labor rights are respected throughout its subsidiaries.

According to reports from around the world, Sodexo workers speak with increasing frankness about what they perceive to be a lack of actual implementation by the company of its human rights commitments.

When do you think you will reach an agreement with the IUF to implement the company's commitments on social and human rights?

“This question was asked by Mr. Thierry Darbon, a Sodexo employee and national union representative of CGT, holding one share.

First, Mr. Darbon, you mention reports from around the world. I think you are probably referring to the three reports of which we are aware, the September 2010 report by Human Rights Watch, that of SEIU in October 2010 and that of TransAfrica, which has just been released.

These three reports repeat the same allegations involving six countries and are based on anonymous testimony.

For example, in Guinea, reference is made to 25 employees who testified regarding problems in foodservices. In reality, we have only 19 employees in Guinea. Second, we have never provided foodservices there.

Elisabeth Carpentier, Group Senior Vice President for HR, has maintained a dialogue for ten years with Ron Oswald, General Secretary of the IUF, which is indeed the union federation of all foodservices company unions.

(...)

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
General Shareholders Meeting by Thierry Darbon – Employee,  
Sodexo France, National union representative of CGT – 1 share



To respond directly to the question of Mr. Darbon, we have made a proposal for the agreement during the last meeting held by Elisabeth Carpentier with Ron Oswald who has informed us that he would be submitting it to his affiliates soon. We're awaiting their decision.

Thank you, Mr. Darbon, for your question.”

According to the testimony of a worker currently employed by Sodexo in Morocco, the company's country management asked an off-duty police officer to go to the employee's home to ask him not to speak to trade unionists.

In general, the exercise of union activities is difficult in Morocco. For example, this country has not ratified Convention 87 of the International Labor Organization, which includes as one of the basic conventions "freedom of association and protection of union rights.

Can you indicate whether the actions taken by Sodexo's leaders in Morocco are in accordance with the Group's policy on human rights and, if not, what steps Sodexo intends to take to ensure respect for trade union rights of the company's employees throughout the world?



"Mr. Mohamed Ennahili, you are a member of the Moroccan union ODT. You are not an employee of our company and your union does not represent Sodexo employees. To support your claim, you are referring to the anonymous testimony of an employee. We employ 800 people in Morocco. I will not return to the subject of Guinea ... for the information of shareholders, in Morocco, a labor code exists which provides for union representation and the election of employee representatives.

In Morocco, there are more than 20 unions. Our subsidiary Sodexo Morocco organized an election of employee representatives in May 2009 but there were no candidates. This was notified to the authorities.

Moreover, as part of our continuous improvement efforts, we are currently conducting an audit in an effort to obtain a label of social responsibility.

Thank you, Mr. Mohamed Ennahili, for your question."

General Shareholders Meeting  
Written questions submitted at the General  
Shareholders Meeting by Nicole Lee –  
Non-employee, President of TransAfrica Forum – 1 share



In February 2010, Sodexo announced its intention to hire the international auditing firm Deloitte to conduct an audit regarding compliance with social rights and human rights within the Company. According to press reports, Deloitte has completed its audit but Sodexo still has not released the results.

The Special Representative of the Secretary General of the United Nations for human rights, transnational corporations and other enterprises, Professor John Ruggie, recently made the following proposal: "to reflect their performance with respect to human rights, companies should be prepared to publicly communicate the answers regarding potential and existing problems on human rights when stakeholders express their concerns."

Professor Ruggie also commented: "a periodic public report is expected from those companies whose activities involve significant risks of damage to human rights, either because of the nature of their business or their operations. Publication of these accounts can demonstrate a measure of responsibility for the company toward groups or individuals who may be affected, as well as toward stakeholders, including investors."

In light of these comments, do you think that Sodexo should make public the contents of the audit report from Deloitte? If the answer is no, could you explain the reasons for your answer?

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
General Shareholders Meeting by Nicole Lee – Non-employee,  
President of TransAfrica Forum – 1 share



"First, I wish to acknowledge Nicole Lee, who is not an employee, but who is president of TransAfrica Forum. I have studied everything that TransAfrica Forum does and I want to recognize the organization's work in defending human rights. TransAfrica Forum has been particularly distinguished for its fight against apartheid in South Africa.

Dear Madam, regarding your question, I would emphasize two points: we are very attentive to the work of Professor Ruggie, which, however, I remind you, is addressed to governments and not to businesses.

Second, as part of our action plan to progress in terms of social responsibility, we conducted a diagnostic in 2010 which revealed the need to reinforce communication, training of our managers and reporting procedures in this area. The Human Resources Department has developed an outline of our plan of action with the operational and functional teams of Sodexo. We will communicate these guidelines to the European Works Council, which meets in May 2011. The progress accomplished will be reported in our next CSR report in November 2011.

Thank you, Madam, for your question."

General Shareholders Meeting  
Written questions submitted at the General  
Shareholders Meeting by Martin Agudelo –  
Membership unidentified – 1 share



This month, the largest and oldest African-American organization defending human rights and social justice in the U.S., TransAfrica Forum, published a report entitled "Voices of Change: Sodexo workers speak for five countries."

According to the report, Sodexo workers in Colombia say they are required to have a pregnancy test before being hired or obtaining an extension of their employment contract.

Is this the policy of Sodexo at the international level?

“Thank you. Before answering your question, I would like to point out that in Colombia we employ 9,700 people. In our latest engagement survey, 94% of our employees rated us as a better employer than our competitors.

Second, to answer your question, you should know that Colombian law allows companies to conduct pregnancy tests in hiring for certain positions. Our local teams, it is true, have done this in the past.

Although it is legal, this practice is contrary to our values and our policies. As soon as we learned of it ten years ago, we eliminated it.”

Sodexo is one of the largest companies in the world with operations in 80 countries and with more than 380,000 employees. To function effectively and best develop its business, the company depends mainly on the goodwill of the public and governments of countries where it operates. Indeed, being accountable for good corporate citizenship is a significant asset for Sodexo. Conversely, a failure in the management of human resources can increase the risks to the company's reputation, lower worker productivity, harm the company's ability to compete for public contracts, and impact financial results and return on investment for shareholders.

The Brazilian Minister of Labor is currently reviewing the conduct of Sodexo with regard to international human rights, as well as its participation in the Food Worker Program (Programa do Alimenção trabalhador - PAT) set up by the Brazilian government. The CUT, Brazil's main trade union, and the services workers union, CONTRACS, have expressed serious concerns about the general application of human rights by Sodexo and raised questions about Sodexo's participation in the PAT.

Sodexo is the leading supplier of service vouchers within the PAT. What would be the impact on profits if Sodexo were to lose its authorization to provide vouchers to restaurants because of an unfavorable report on its implementation of the rights of workers?

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
General Shareholders Meeting by Lawrence Corbasson, Employee,  
Sodexo France, National Trade Union CGT delegate - 1 share



"Mr. Corbasson is employed by Sodexo, and a national CGT trade union delegate, and we respect this.

Mr. Corbasson, your question has two parts. In the first entire paragraph, you give us advice on how we should run Sodexo. Personally, I accept this advice.

However, I remind you that our group started from nothing in 1966, and today we employ 380,000 people in 80 countries. This success is due to the work, skill and service spirit, spirit of progress and team spirit of all our employees. We fear that they may not understand very well your giving lessons to them.

Regarding Brazil, SEIU has just disparaged our company with the Brazilian government, who is our client. This disparagement is based on allegations unrelated to Brazil. SEIU requests that the contract with the Brazilian government be reviewed.

I will tell you this: we have excellent relationships with our client and we are absolutely determined not to let this kind of action against our company continue.

Thank you, Mr. Corbasson, for your question."

General Shareholders Meeting  
Written questions submitted at the General  
Shareholders Meeting by Amy Lawhead –  
Employee, Sodexo USA – 1 share



In a statement on financial results for 2010, Sodexo revealed that the profits made by the company in the Education segment in North America fell by 5.1% over the previous year. This decline was due largely to the financial cost of an agreement for a \$20 million settlement recently reached with the Office of the Attorney General of the State of New York. Requests were sent to the U.S. Department of Agriculture (USDA) and the Attorneys General of other U.S. states to verify all their contracts and determine if other schools were overcharged.

Given the strong dependence of Sodexo in relation to contracts financed by local and federal governments in North America, both in terms of its current revenues as well as future revenue growth, what will be the impact on future company profits from increased scrutiny by both the clients and public authorities of the company's procurement practices?

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
General Shareholders Meeting by Amy Lawhead, Employee,  
Sodexo USA - 1 share



"Thank you for your question. First, it was not the results of the Education segment in North America which fell 5.1% in Fiscal 2010 compared to the previous year. This was the operating profit for all of our activities in North America. As noted by George Chavel, our performance was impacted by the agreement with New York Attorney General (NYAG) by 15 million euro with regard to the investigation into the overall foodservices industry and the implementation of the National School Lunch Program in State of New York schools.

Regarding Sodexo, one of the points raised by the investigation concerned an error in the way some Sodexo contracts were managed. Indeed, for historical reasons, three private schools continued to be managed, inadvertently, by the Corporate Division, outside of compliance rules specific to the school lunch program. These schools were not managed under the same compliance regime that is in place in our Education Division.

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General Shareholders Meeting by Amy Lawhead, Employee,  
Sodexo USA - 1 share



Sodexo has now taken steps to ensure that these three schools and all schools – and we manage 985 in the U.S. - participating in these programs are in full compliance with the rules. Other states conduct regular audits on Sodexo as part of their normal practices. Sodexo also has numerous control points and conducts its own audits periodically to ensure compliance with the rules in both North America and at the Group level.

Finally, our client retention rate is above 95%. This, I believe, is evidence that they have confidence in Sodexo and the quality of its management practices and controls which are based on transparency.

I conclude by reminding you that the portion of our contracts that are public sector contracts across the Group is around 20% to 25%. This figure is closer to 10% in North America.

Thank you for your question."

Motivation Solutions represents one of the more significant parts of Sodexo's results, having generated 28% of operating profit and over 72% of operating cash in Fiscal 2010. Since 2002, nearly half of the increase in operating profit, all sectors combined, is attributable to the results generated by Motivation Solutions.

However, Sodexo is much more reserved regarding the dissemination of information on Motivation Solutions than with its On-site Service Solutions activity. There is also a considerable lag between the reporting done by Sodexo and that of its main global competitor, making it difficult or impossible to conduct a meaningful analysis of the company's results.

We ask that Sodexo reduce this gap in the dissemination of information and provide its shareholders with the essential information to enable them to understand and evaluate this critical component of its business. We particularly request that the company communicate regularly in its publications the following information about Motivation Solutions: (i) revenues by region, (ii) operating profit by region, (iii) volume of service vouchers issued by region and (iv) value of the float.

Can you commit, starting this year, to regularly provide your shareholders this information in public documents released by the company?

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
General Shareholders Meeting by PhiTrust Active Investors –  
600 shares



"We should explain what the float is: the need for negative working capital - that was in the question - as represented by the entries of cash received from clients and cash outflows from our affiliates.

Gentlemen - because there were two of you - thank you for your question. Sodexo is always open to improving its reporting of financial information to its shareholders. Sodexo published Fiscal 2010 information on its revenues by region, as indicated on page 80 of the reference document – it involves Motivation Solutions - the percentages represented by the revenues figure in Latin America. In the future, Sodexo is committed to also indicate the percentage of revenues generated in Europe. Sodexo is also prepared to provide the same information for its issue volume by region. We have already confirmed verbally to PhiTrust and to SEIU Capital Stewardship on November 18 to both of you and there was Michael (Landel), Siân (Herbert-Jones) and myself. We have confirmed that we are committed to improving information on Motivation Solutions in the next reference document for Fiscal 2011.

Here, I must note some history, which also shows that your question is very interesting for all other shareholders who are present. You also indicate that there is a considerable lag between the reporting done by Sodexo and that of its main global competitor, making it difficult or impossible to conduct a true and permanent analysis of the company's results

General Shareholders Meeting  
Response by Pierre Bellon, Chairman of the  
Board of Directors, to the written question submitted at the  
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600 shares



Thank you for this question, which allows shareholders and prospective investors to understand the fundamental difference between Edenred and Sodexo. Edenred was created very recently through a demerger with the Accor Group. Accor was created from the merger between the Group Novotel and Jacques Borel International. Jacques Borel launched the service vouchers activity in France around 1964, when his Group was already in France in foodservices and hotels. He understood perfectly that the service vouchers business was complementary to his other three businesses.

When we were confident that this business was profitable, that is to say, twelve years after Jacques Borel, Sodexo, in 1978, started this new activity for three reasons:

- The first is that we had the intuition that the potential would be very significant;
- Second, because it is entirely consistent with our mission to improve the Quality of Daily Life;
- Third, because the synergies between the Motivation Solutions and our 30,000 customers of the On-site Service Solutions activity are significant in terms of improved results and positive impacts on what you call the float value.

(...)

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600 shares



This fundamental difference between Edenred and Sodexo's Motivation Solutions activity makes comparison of their respective performance particularly difficult. You also say that the risk exposure of the Motivation Solutions activity justifies increased transparency. Its presence in over 30 countries exposes it to political, regulatory, financial and economic risks, in particular, as a result of fluctuations in interest rates and currencies.

I explained in the Chairman's report, the work we were doing to detect our risks. The AMF is our regulatory body, and we respect the financial communications obligations it issues and imposes on us. The AMF requests additional information from us, as it does with all companies it oversees, and we respond.

We also ask our auditors to review all of our financial information and confirm our compliance with requirements and information recommendations issued by the AMF.

In addition, as part of their mission, they evaluate the need for us to describe all known risk in our financial reporting, and to report any corresponding consequences in our accounts.

Finally, for more than 15 years, Standard & Poor's has given us a rating of BBB + and I invite you to read the report which was published December 22, 2010."