



Message  
of Pierre Bellon  
Chairman of the Board of Directors

**sodexo** 

*Making every day a better day*

# Message of Pierre Bellon,

Chairman of the Board of Directors,

## to the Annual Shareholders' Meeting

January 24, 2011.

I created Sodexo in 1966 in Marseilles, beginning with almost nothing; today, our company has three activities: **On-site Service Solutions, Motivation Solutions and Personal and Home Solutions.**

We employ 380,000 people in 80 countries and are the leaders worldwide in most of our client segments. I am proud of this but I am particularly proud of all those who joined me in building Sodexo: men and women of all races, religions, nationalities, front-line employees, managers, executives, members of the Board of Directors.

**Bravo and thank you to Michel Landel and to his teams.**

**But past and present successes do not guarantee the future.**

The crisis is not over; globalization continues and increases the complexity. Feeble growth, aging populations, growing inequality, the weakening of the middle class and monetary instability can contribute to the decline of developed countries.

At the same time, this is likely to further spur the rise of China, Brazil, India and the mega-emerging countries economically, financially and diplomatically. This rebalancing will help bring genuine economic and social progress in numerous countries on three continents and enable hundreds of millions of people to find employment, growth, an escape from poverty and an improvement in their standard of living.

**Globalization, an uncertain environment, increased competition; the world is being transformed with increasing speed.**

To meet this challenge and this opportunity, Sodexo must both remain Sodexo while at the same time accelerating the transformation of the organization.

What does this mean, "Sodexo must remain Sodexo"?

- It means remaining independent in order to maintain our values, provide continuity in our management, ensure our long-term durability.
- This means that our company is not the property of the State, nor the property of its clients, nor the property of its suppliers, nor the property of its executives, nor the property of its labor unions, nor the property of its shareholders... and that none among them can do with it as they please; because, since its birth, our belief has been that Sodexo is the community of its clients, its employees and its shareholders.

Our purpose and our reason for being is to respond to their expectations through organic growth in operating profit and revenues.

What does it mean, "accelerating the transformation of our organization"?

It means progressing in two essential areas:

- a client-centric culture,
- developing our human resources.

### A client-centric culture

In this regard, we must:

- Focus on our three activities and our client segments and sub-segments which represent a potential global market of approximately 780 billion euro.

■ **Retain our clients.** The retention rate was 93.3% in Fiscal 2008, 93.5% in Fiscal 2009 and 94.2% in Fiscal 2010. Our goal is to reach 95%. Achieving this improvement has required the establishment of structures and dedicated staff to an initiative called "Clients for Life®"; its impact on operating profit across countries is 7 to 11 times the amount that has been invested in it.

■ **Obtain new clients** in three ways: segmentation, sub-segmentation of our clients and geographical expansion by winning business in new countries, regions, cities, and an offer of long-term partnership.

In 40 years, we have succeeded in building a global network.

■ **Inventing for innovation:** our in-depth knowledge and proximity to our clients, our consumers and our end-users enables us to detect and anticipate their needs and to expand our range of services.

Beyond foodservices, we are developing multiple services: building maintenance, fluids management, heating, air conditioning, elevators, etc., as well as a diverse array of other services including cleaning, reception, security and postal services.

We also provide services specific to certain client segments such as, in remote sites, the construction and operating; in health care facilities, the maintenance and sterilization of operating rooms and the maintenance of large radiological equipment. These services are growing faster within the Group than foodservices and are therefore a key to our growth.

Transforming our organization; this means progressing in **the development of our human resources.**

## The development of our human resources

Sodexo's development potential is more than 50 times our current revenue.

**To transform this potential into reality, we have set two major objectives:**

### 1) To have human resources available in the needed quantity

Our strategic plans project the quantitative needs and also the new skills required to deliver all of the service solutions offered to our clients; within this policy, we have defined the profile for the Sodexo operational manager. But to manage complex contracts – such as a PFI initiative or public private partnership – we need leaders with a specific profile. Similarly, to manage large international contracts, we must now promote and recruit citizens from around the world, women and men with very international profiles, speaking three languages fluently, including French and English.

They will gradually take on increasing responsibility within the Group.

These needs must be anticipated and be the subject of specific action plans at all levels of the organization.

### 2) Being one of the world's employers most appreciated by its employees

We made this choice because we believe that the company's success rests on our employees' pride in belonging to Sodexo, on their sharing of our values and on their commitment to serving our clients and service users.

We believe that employee engagement is a key source of satisfaction for clients and consumers and thus can provide us with a true competitive advantage.

Since 2006, every two years, we have conducted with an external consultant an anonymous survey on our employees' engagement. In 2010, the survey covered 113,000 employees in 60 countries; it showed that 85% of our employees rate Sodexo as a better employer than its competitors. The survey also showed a 7-point rise in the overall level of engagement by Sodexo employees over 2008, reaching 55%, while a sample of 1,500 companies tracked by our consultant showed an average decrease of 1% over the same period.

#### The survey revealed some key points:

- The level of engagement from one country to another varied from 33% for the lowest score to 68% for the highest.
- Sodexo's overall level of 55% is comparable to the benchmark average of 53% but is still far from the best, which range from 65% to 100%.
- The 5 key drivers of engagement are:
  - **Work activities:** I like my work because I can improve the daily lives of our clients and those who use our services.
  - **Senior leadership:** I have confidence in the Group's strategy, its leaders, and its future.
  - **Recognition:** I receive recognition, beyond my compensation, for my contribution to the Group's development.
  - **Communication:** Sodexo's communication is open and honest and employees are able to express themselves.
  - **Pay:** I am paid fairly for what I contribute to Sodexo.

The results are from across all levels: office staff, site managers, other managers not located on our sites and senior executives.

This benchmarking among countries and between different categories pushes each country in each category to emulate the best.

We have taken several other initiatives in employment relations responsibility and sustainable development. Our efforts have received recognition with Sodexo being included on the prestigious list of the “**World’s Most Admired Companies 2010**” published by *Fortune* magazine and being named for the second consecutive year as one of the “**Most Ethical Companies in the World**” by the *Ethisphere* Institute in the U.S.

## To conclude, I would like to emphasize two points:

**Our strategy is very consistent.** Our three activities are consistent with Sodexo’s mission “to improve the quality of daily life” and, at the same time, the synergies between them are significant and contribute to Sodexo’s development.

But to better empower managers and employees, our three activities must be managed independently with coordination at the Group level.

**The transformation of our organization must occur through two movements:**

- **a further centralization** because in international competition, the attractiveness and competitiveness of large companies includes particularly their ability to implement **rigorous, consistent and effective policies** across the four key horizontal functions: Finance, already very centralized, Human Resources, Sustainable Development and Communications. With regard

to our communications, we have certainly made progress. Initiatives and mechanisms have been implemented including the redesign of our corporate identity.

But our communication policy is very inadequate if we are to meet the challenges that face a global brand – which is what we have become. Our communication is still too cold, too partial and too fragmented in both its organization and delivery. In the coming year, it is essential that we adopt a more structured and ambitious communication that can be a true engine for our development, enabling Sodexo to reach the level of the largest global brands.

- **a further decentralization that is complementary to centralization.** Our Group has grown through the decentralization of responsibilities; I often say that, “our size is our greatest strength but also our greatest weakness” because it generates more and more bureaucracy. Our organization must be as close as possible to the ground, to our clients, to our consumers and to our end-users.

At all costs, we must maintain in the Group an entrepreneurial spirit and our organization has to promote the emergence within the Group of an increasing number of entrepreneurs.

**I again thank our clients, our employees and our shareholders for their confidence and loyalty in the future of Sodexo.**



**Pierre Bellon**

Chairman of the Board of Directors, Sodexo

