A continuous improvement process

This year we have formalized our sustainable development strategy, which will be gradually deployed in all our host countries. The process, which involved discussions and consensus-building with a working group comprising representatives from all our businesses and regions, has resulted in a document entitled “Ethical Principles and Sustainable Development Contract.”

Sodexo’s sustainable development strategy has always been based on everyday practices that demonstrate our social, economic and environmental commitment. These practices must reflect a continuous improvement process that is tailored to the specific cultural, economic and social features of each country in which we operate.

To measure our progress, we have developed performance indicators for all of our stakeholders. That’s why this document is not an end in itself; instead, it marks the beginning of an ongoing change dynamic.

September 2003
OUR PURPOSE

Sodexho is a community of clients, customers, employees and shareholders. Our purpose is to exceed their expectations. To do so, we have chosen to focus on organic growth in earnings and revenues as the only way to meet the sometimes contradictory needs of these different stakeholders.

Because of its organic growth, Sodexho offers its employees a powerful “social elevator”, with stable jobs, career and promotion opportunities for the best people.

OUR CORE VALUES

- Service Spirit
- Team Spirit
- Spirit of Progress

OUR MISSION

Our mission is to improve the quality of daily life. This is supported by a commitment to contributing to the economic and social development of the cities, regions and countries where we operate.

Sodexho is one of the world’s largest employers, with 315,000 employees on 24,700 sites in 74 countries and 12.6 billion euros in annual revenues.

At this point in our history, we have chosen to deepen, broaden and refine our ethical principles.
Ethical Principles
Our ethical principles are loyalty, respect for people, transparency and a refusal to engage in corrupt practices.

**TRANSPARENCY**

For Sodexo transparency is more than just the right to useful information, it’s a constant attitude:

- By making sure that every employee is informed, in clear, practical terms, both of his or her objectives, rights and duties and of important corporate news and events. Employees are expected to be completely transparent in the information they provide.
- By regularly giving all shareholders the same accurate, clear, transparent information.
- By supplying clients with high-quality products and services and always trying to create value for them.
- By offering suppliers clear, understandable contracts, while demanding that they comply with the same ethical principles.

**LOYALTY**

Means mutual trust.

Sodexo shares with its clients, employees, shareholders and suppliers a number of common objectives based on mutual trust, which supports fair, loyal relationships among the various stakeholders. This loyalty is one of the foundations of our organization and our business processes.

**RESPECT FOR PEOPLE**

People are the heart of Sodexo.

Sodexo is committed to equal opportunity for all equally-qualified employees regardless of their race, national origin, creed, opinions, gender, lifestyle or age. Because respect is an inalienable part of our commitment to quality of life, Sodexo is extremely attentive to personal dignity. We cannot conceive of life in society without the consideration that every individual deserves regardless of the type of relationship that binds us.

**REFUSAL TO ENGAGE IN CORRUPT PRACTICES AND UNFAIR COMPETITION**

A bedrock refusal.

With operations worldwide, we condemn any and all practices not based on trust, integrity and fairness. Corruption and unfair competition do not help to create or sustain a long-term, trouble-free partnership. All of our partners are aware of this commitment and are strongly urged to refuse to engage in such practices.
Sustainable Development Contract
Our Clients

**COMMITMENT**

Sodexo is dedicated to creating value for its clients over the long term, thereby forging strong partnerships.

Satisfying client needs is our primary means of securing sustainable growth. Moreover, clients are the focal point of every business process and every strategic initiative undertaken across our global organization.

We are constantly looking for ways to improve the quality of our services, and especially for improvements that have a direct impact on the health and safety of our customers.

We help to improve the appeal, reputation and efficiency of a client’s organization, and thereby enhance its value, by delivering services that enrich the quality of daily life for the people who live, work or study there. Indeed, Sodexo is not looking to create relationships with clients whose only goal is to outsource thankless tasks at the lowest possible price.

**OBJECTIVE**

CREATE STRONG, LONG-TERM PARTNERSHIPS

**INDICATOR**

A client retention rate objective of at least 95% for all countries in which we operate.

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**A Case Study**

Four years ago, Ripon College, a small liberal arts institution in Wisconsin, was looking for a partner to assist them in areas that were outside their core expertise. Ripon chose Sodexo, and over the years, the resulting relationship, based on a long-term vision, has enabled us to deploy capabilities in a wide range of services that have considerably improved the quality of student life.

The renovation of the buildings and grounds, the creativity and diversity of the food services and the quality of the other support services have had a powerful impact on the image of Ripon College. The result: enrollments rose 30% for the fall 1998 term and another 35%, in fall 1999, while in 2000 and 2001, Ripon had its largest freshman classes in 15 years.
OBJECTIVE

Improve the quality of daily life, safely

COMMITMENT

Sodexho is dedicated to developing a portfolio of services that help improve the quality of life for everyone who has entrusted us with their well-being.

Quality of life criteria may vary greatly depending on a customer’s age, living environment and country of residence. To expand our portfolio and offer customized solutions, we are committed to understanding socio-cultural trends and to analyzing the behavior and expectations of our clients and customers.

INDICATORS

- Percentage of revenues from non-food services.
- Publication of studies on consumer behavior (Sodexho Research Institute on the Quality of Daily Life)

COMMITMENT

Sodexho is committed to informing future generations about the importance of eating correctly and educating them regarding good practices.

Sodexho recognizes and embraces its responsibility to educate customers about nutritional issues. We feel we have a major role to play, because the important information we impart to our customers will have a lasting, beneficial impact on their future growth and development.

INDICATOR

Publication of nutritional information documents for customers.

COMMITMENT

Sodexho is dedicated to reducing food safety risks.

As the world leader in food and management services, Sodexho has an obligation to maintain the highest food safety standards for clients and customers, especially since they often belong to vulnerable segments of the population such as children, hospital patients and the elderly. Sodexho supports its customers at every stage of life and fully assumes its responsibilities toward them. We are especially attentive in the area of food safety, implementing a full range of procedures to guarantee the quality of our products.

INDICATORS

- Annual publication, by major region, of the number of bacteriological tests conducted in Sodexho-managed establishments.
- Application of safety standards on Sodexho sites.

Sodexho is already committed

The Sodexho Scientific Council was created in November 1999, with the objective of working with food safety researchers and specialists throughout France and receives technical support from the Pasteur Institute in Lille. The Council tracks the agrifoods environment, assesses procedures, new training programs and food safety processes, and alerts authorities in the event of risk.

In each country, a dedicated unit, works directly with regional and national authorities, manages health warnings and emergencies. It receives, analyzes and processes warnings and initiates procedures for immediately notifying clients and customers and, if necessary, blocking the use of the suspected product.

To ensure that our facilities maintain the highest standards of safety and cleanliness, we’ve developed an employee food safety training program based on the HACCP system that has been implemented in all of our sites.
Our Employees

With regard for our 315,000 employees around the world, Sodexo is committed to respecting the principles defined by the International Labor Organization, as well as prevailing legislation in our host countries.

**Objective**

**Encourage a fulfilling professional life**

**Commitment**

Sodexo is dedicated to providing its employees with a powerful “social elevator”.

Sodexo offers employees genuine opportunities to move up in the company. Whatever his or her duties, qualifications, or place of work or origin at the time of hiring, an employee can assume new responsibilities on the job. Our training programs promote on-the-job training (learning through doing) and offer a wide variety of carefully designed solutions to enable employees to meet their personal growth objectives.

**Indicator**

Number of internal promotions as a percentage of total job vacancies.

**Commitment**

Sodexo is dedicated to promoting and respecting diversity.

Although our businesses have developed from a solid shared foundation and strong values, we nonetheless operate in countries with different cultures and at vastly different stages of economic development. Consequently, our growth and success have been driven by our ability to integrate the skills and experience of people from a broad variety of backgrounds.

Women currently make up 57% of our global workforce, with 41% of them holding managerial positions.

**Indicator**

Employee satisfaction survey, to be conducted every two years.

**Sodexo is already committed**

- Sodexo offers employees a powerful “social elevator”. Whatever his or her duties and qualifications at the time of hiring, an employee can quickly take on greater responsibility. For example:
  - In Sodexo China, 27-year-old Franck Zhou Li went from head chef to Director of Central China in less than six years.
  - In the United States, Jeanette Brinkman, who began her career with Sodexo 19 years ago as a clinical dietitian in the Healthcare segment, is today Human Resources Manager for a region covering nine states.
  - In Latin America, all of the Country Directors are South Americans who have been promoted from within. For example, Ana Maria Sierra, first hired in 2000, was appointed Managing Director for Venezuela after successfully completing operating assignments in Colombia and Venezuela.
- Our commitment to equal opportunity has been recognized and rewarded.
  - Sodexo was included for the second year in the Latina Style 50, a yearly list of companies that offer the best career opportunities for Hispanic women.
  - We were also ranked 20th in The Black Collegian’s list of the 100 top employers of the 2003 class of African-American college graduates.
Our Suppliers

OBJECTIVE

BUILD BALANCED, LONG-TERM RELATIONSHIPS

COMMITMENT

Sodexho is already committed

To ensure product quality and traceability, Sodexho requires agrifoods suppliers to apply a very strict quality policy as defined in contractual specifications. The traceability system makes it possible to identify downstream any product delivered to any site. The policy also includes procedures for inspecting deliveries, recording temperatures and systematically sampling food preparations.

In the United States, Sodexho interceded in a dispute between one of its suppliers and local farmworkers who felt their wages were too low and were concerned about poor working conditions. As the dispute persisted, Sodexho asked the supplier to resolve the crisis very quickly or risk losing the contract. Within weeks, both sides began negotiations to resolve the decade-long dispute.

INDICATOR

Percentage of purchases sourced from approved suppliers.

Sodexho is already committed

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As the dispute persisted, Sodexho asked the supplier to resolve the crisis very quickly or risk losing the contract. Within weeks, both sides began negotiations to resolve the decade-long dispute.

COMMITMENT

Sodexho is dedicated to strongly encouraging its suppliers to respect its sustainable development values.

As part of the development of long-term business relationships, we will ask suppliers to pledge to support our sustainable development process, in particular by embracing the principles defined by the International Labor Organization.

INDICATOR

Percentage of purchases sourced from approved suppliers.

COMMITMENT

Sodexho is dedicated to pursuing procurement policies that guarantee the origin of the products we use.

Sodexho believes it is crucial to forge balanced and long-term business relationships with suppliers. We are particularly attentive to choosing partners not only for their ability to provide high quality products in the quantities we need but also for their commitment to ethical values.

INDICATOR

Purchases of approved products as a percentage of total products.
Our Shareholders

OBJECTIVE

ENSURE THAT ALL SHAREHOLDERS RECEIVE THE SAME INFORMATION AT THE SAME TIME

COMMITMENT

Sodexo is dedicated to regularly providing all shareholders with the same simultaneous, accurate, clear, transparent information.

Making a profit is an integral part of our corporate culture. Indeed, our company’s independence and long-term sustainability depend on our ability to generate profits and maintain a healthy balance sheet. Thanks to our business model, we are able to steadily increase the dividend we pay out to shareholders.

Sodexo also respects the principles of good corporate governance. The Board of Directors comprises twelve members, of whom one is Canadian and one British. None have any conflict of interest.

The Selection Committee for Board members and corporate officers, comprising François Périgot (Committee Chairman), Pierre Bellon, Edouard de Royère and Rémi Baudin, examines the Chairman’s proposals, prepares recommendations to present to the Board, and keeps an up-to-date, confidential list of potential replacements in case a position becomes vacant.

We pay particularly close attention to the accuracy and relevance of our financial communication. To meet our goal of providing information transparently, we have prepared a Code of Good Conduct that enables all stakeholders in the investor relations process to commit to principles guaranteeing fair treatment for all shareholders.

Sodexo is committed to being attentive to the concerns of shareholders and the financial community; constantly improving the efficiency of its investor relations process. Every year, shareholders are surveyed concerning the quality of our investor information and we make sure that they have all the information they need to understand our strategic choices and objectives. In addition, we emphasize the role of direct contacts and meetings in nurturing open, constructive dialogue with all shareholders.

INDICATOR

Yearly survey of shareholders concerning the quality of the information they receive.

Sodexo is already committed

Since 1983, the Sodexo Alliance share price has multiplied 30 times, compared with a 15-fold increase in the CAC 40 index over the same period. The CAC 40 is calculated on the basis of the weighted average daily share price of the 40 largest French stocks. Dividends have been paid every year without fail and have consistently increased.

As of August 31, 2002.
Our host countries

OBJECTIVE

Contribute to the economic and social development of the countries in which we operate

COMMlMENT

Sodexho is dedicated to supporting the development of local economies by promoting local hiring, the purchase of local products and, in the most disadvantaged countries, local initiatives to stimulate economic growth.

Our commitment to improving the quality of life necessarily involves us in the economic and social development of our host countries. This translates into initiatives to improve hygiene, nutrition, education and training, but our most important initiative focuses on developing the local economy and helping people build their future.

To do so, we are committed to involving local communities in our contracts by hiring local citizens, creating and operating training centers, and promoting the creation of micro-enterprises.

INDICATORS

- Percentage of employees hired locally.
- Percentage of local purchasing in emerging countries.

Sodexho is already committed

- In China, all our site managers are Chinese, while managerial personnel include 98 locals and eight foreigners, of which only three are expatriates.
- In February 2003, Canada’s Progressive Aboriginal Relations (PAR) program awarded its gold level certification to our Remote Site Management operations. Launched by the Canadian Council for Aboriginal Business, the PAR program assesses corporate actions to develop fair, harmonious relations with aboriginal communities. The award recognizes the subsidiary’s long-standing commitment to establishing partnerships with the native population.
- In recent years, the Menor Apprendiz program has helped Brazilian young adults, aged 16 to 18, to discover the corporate world and learn a trade. The program pays a scholarship directly to a training organization offering a year-long program of evening and weekend classes. Graduates are hired by our local operations.
COMMITMENT

Sodexho is dedicated to helping protect the environment in its host countries.

Environmental stewardship is a way of creating the conditions for a better quality of life. While considered as a non-polluting business, Sodexho has always paid careful attention to the environmental concerns of its clients and customers. In all our host countries, we scrupulously follow local laws concerning the conservation of natural resources. In addition, we want to take action in four areas:

- Preventing pollution,
- Waste treatment,
- Energy control,
- Water consumption.

Subsidiaries have implemented local environmental charters, supported by action plans comprising waste sorting, fluid management systems, and the use of green products and recyclable packaging. The charters also call for annual self-diagnosis, which, for example, enabled Sodexho in Sweden to earn ISO 14001 certification.

INDICATOR

Number of assistance packages offered to local initiatives.

COMMITMENT

Sodexho is dedicated to expanding its program to fight malnutrition to the main countries in which it operates.

We refuse to accept that 800 million people around the world suffer from malnutrition and consider it our obligation to combat the problem of hunger.

Because food is a vital component in children’s physical and mental development, the Sodexho Foundation supports Feeding Our Future, a program that supplies tens of thousands of meals to children during the summer vacation when school cafeterias are closed. Launched five years ago, the initiative, which is part of our S.T.O.P. Hunger program, has spread to eleven cities in the US and three in Canada. All together, it provided more than 150,000 meals in 2002.

To pursue this commitment, we have decided to extend our S.T.O.P. Hunger program to all our major host countries.

INDICATOR

Number of group programs and initiatives engaged in the fight against malnutrition.

Sodexho is already committed

In January 2003, in France, our S.T.O.P. Hunger anti-malnutrition program has been awarded the “Ethics and Governance” prize, created by the Ecole des Cadres et Créateurs d’entreprises business school and the Le Figaro newspaper. The award was presented to Pierre Bellon by the French Prime Minister.

Sodexho is already committed

In the United Kingdom, the Natural Balance brochure presents our environmental strategy to employees and outside stakeholders. It provides detailed information on action programs and how responsibilities are shared within the company.

In the United States, the emphasis is on reducing waste and implementing recycling programs. Today, 20% of consumables are recyclable and that number is growing each year.

In France, the Program for the Environment is helping children, their families and Sodexho employees to develop good citizenship practices. The idea is to instill in young customers eating habits and a food culture that conserves the community’s natural resources.

INDICATOR

Number of assistance packages offered to local initiatives.