



The diagram illustrates a circular waste management process. It features four large, curved arrows forming a circle, each pointing to a different waste category. The categories are: **NON-ORGANIC WASTE** (top right, blue arrow), **ORGANIC WASTE** (bottom right, green arrow), **ENERGY & EMISSIONS** (bottom left, yellow arrow), and **WATER & EFFLUENTS** (top left, orange arrow). Each category is accompanied by various icons representing waste types: plastic bottles, food scraps, batteries, and electronics for non-organic; leaves, fruit, and animals for organic; light bulbs, solar panels, and a wind turbine for energy; and water droplets, a faucet, and a toilet for water and effluents. The Sodex logo and tagline "Making every day a better" are visible in the bottom right corner.



*Making every day a better day*

# CARBONE DISCLOSURE PROJECT

01 June 2012

The majority of Sodexo's operations are carried out on our 33,400 clients' premises. This means that our direct environmental impact is limited to the responsibility given to us to manage some services at the sites. Sometimes we also have very little access to reliable data, as often at clients' sites, there is none access to sub-metering systems for either electricity or water (no separate measurer or counter for our activities).

Please note the different size of the managed sites from ones with a small number of consumers (<50) and the largest ones (several thousands). The level of services is also variable from only catering service to the delivering of a full Integrated Facilities Management service at other sites.

Given the organization of its business and the geographical spread of our activities, Employee awareness and behavior is the area in which Sodexo can have the most direct and immediate impact. Our tools include:

- a global awareness toolkit for energy, water, organic waste and non-organic waste being made available to all our site managers.
- the global annual site survey, which uses a standard questionnaire to ask our site managers about their environmental performance.
- A series of global events such as Earth Day, World Water Day,
- Some global events specific such as WASTEless day that will be held on October 16, 2012 in all our 80 countries
- Site-Win Business Initiatives: the first initiative is Endocube, a refrigeration optimizer reducing the electricity consumption units by up to 45%.

As the equipment and installations used by Sodexo to operate its activities often belong to the client, Sodexo must first obtain the prior agreement of our client. The resources (energy and water) used in direct operations and indirect uses in our supply chains are considerable. Sodexo has developed a series of tools which help to convince our clients of the needs to make these changes:

- Energy, water and waste management solutions now available in many countries to accompany the client in the definition and implementation of action plans to reduce energy and water consumption and the generation of waste.
- The site manager report is designed to allow the site manager to discuss these next steps and investments with their client.

Each year, Sodexo carries out a survey of all our sites throughout the world using a standard questionnaire. In 2011, we increased the site participation rate from 49% to 56% and we were able to consolidate the environmental performance of nearly 8 500 sites.

From this survey, we are able to generate KPIs for all levels of the company from the site, the district, the region, the country, the zone to the whole company and we are able to establish the best in class countries in order to identify best practices.

During this fiscal year, we have run a few pilot sites to determine the impact of our environmental improvement programs and from the next fiscal year, we will be able to extend our measurement to a wider panel of sites.

We are also able to determine more large scale action plans with our international large accounts, agreeing action plans to be implemented on all their sites throughout the world.

### Direct Greenhouse Gas Emissions (Scope 1)

	FY2010	FY2011
<b>TOTAL DIRECT GHG emissions (Scope 1) Metric tonnes CO2 equivalents</b>	<b>164 858</b>	<b>158 054</b>

### Indirect Greenhouse Gas Emissions (Scope 2)

	FY2010	FY2011
<b>INDIRECT GHG emissions from energy purchased and consumed (Scope 2) Metric tonnes CO2 equivalents</b>	<b>81 055</b>	<b>76 986</b>

Sodexo has implemented a methodology for the calculation of its Scope 1 and Scope 2 emissions.

**Our carbon emissions have been reduced in absolute terms by 4% and in intensity by 9% in terms of revenues and 7% in terms of intensity.**

Our Group carbon emissions calculations are based on the calculations that we have done for 8 of our major markets representing 68% of Group revenues. Within these calculations, we have some data gaps for energy providers who were not able to provide us with consumption data or with small leased offices for which we did not have data. We have therefore completed our accurate data with extrapolations to represent the remainder of the business. We have then extrapolated our calculations representing 68% of the Group revenues to represent the total Group. This is a significant increase in coverage compared to last year which was based on 4 major markets representing 60% of Group revenues. In future years, we will be able to reduce our level of uncertainty by improving our data collection in existing markets and by extending our calculations to a higher proportion of our business. We will thereby increase our sample and reduce our need for extrapolation.

At the Group level, we are preparing ourselves for the external verification of our emissions data by going through an internal audit this year. Our objective is to have our emissions data externally verified at the end of Fiscal Year 2013. In the meantime, one of our markets which uses the same methodology as the Group has already had its data externally verified.

Our emissions data for the base year from 01/09/09 to 31/08/10 has been restated to take into account the availability of additional data from existing countries as well as new data from additional markets. We have also improved the reliability of our extrapolation in particular as regards the application of emissions factors for purchased electricity.

Sodexo does not have an emissions target because baselines are extremely difficult to gather and we are able to make a greater impact through focussing on programs and processes that

reduce emissions. We have engaged in extensive discussions with WRI and others about the scope of our business and responsibility. Due to the nature of our business, the vast majority of the emissions associated with our business lie outside our 'traditional' scope 1 and 2 responsibilities. Therefore, in our effort to ensure our reduction work has the greatest impact, it is in these areas that we focus. Our business consists primarily of running the food service or facilities in our clients' facilities. In each case, WRI has determined with us that our associated emissions fall into our clients' scope 1 and 2 emissions, not our own. We do not feel this relieves us of responsibility, but instead use it as a reason to inspire our employees to help our clients reduce emissions at the sites where we work. This work falls into our work to reduce Scope 3 emissions. Instead, we have worked with leading industry groups and experts (such as the U.S. Green Building Council, FisherNickel, LeanPath, WRI, WWF, BSR, etc.) to understand where our greatest points of leverage are.

Sodexo did not have either an absolute or an intensity reduction target in the current financial year because we were using this year to improve and enlarge the calculation of our Scope 1 and 2 emissions in order to be able to have a more solid and comparable set of data on which to set targets.

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Simultaneously, we work with our suppliers to reduce emissions from the products we buy and sell – the largest source of scope 3 emissions. These efforts are broad and involve actions as varied as improving growing and ranching practices, improving lighting options in warehouses and changing the delivery frequency of our orders. We are currently working to create a baseline for the embedded emissions in this scope.

We also put a significant amount of effort into estimating our Scope 3 emissions associated with our supply chain through partnership with WWF. Working with our supply partners to reduce emissions embedded in our products could have a significant impact on our overall emissions. In light of our efforts to reduce the total emissions embedded in the products we buy and in the utilities of our clients at the sites we help to manage, the impact we could have in our corporate facilities is minimal. Since we are not able to measure impact at our client sites and are just beginning to measure the embedded impact of our supply chains, we have not yet set targets for emissions.

## Energy Consumption

GROUP	FY2010	FY2011
<b>Total Energy Consumption MWh</b>	<b>1 035 885</b>	<b>995 391</b>

As we operate at our clients' facilities, we help them incorporate greater environmental responsibility into their operations. To this end, we are setting up procedures, implementing measures, helping obtain certifications and labels and influencing behaviours. Sodexo's business strategy has been influenced by climate change in all aspects of our business. The following are some examples of the strategic developments that have occurred:

- The recruitment of specific resources dedicated to climate change and the development of offers for helping our clients to mitigate the effect of climate change and in particular to manage their energy consumption have been developed and form an integral part of our Comprehensive Service Solutions portfolio
- The creation of a worldwide technical expertise platform with the associated recruitment of women and men with specific experience in technical fields
- The recent acquisition of two specialized companies, Roth Bros. in the United States and Atkins in the United Kingdom.
- Annual reporting and objective setting for every Business Unit on actions to reduce energy and emissions
- The creation of an Energy and Emissions Working Group made up of experts from various different geographies and business activities which meets once a month
- An annual site survey has been deployed to all relevant sites where the Group operates throughout the world which requires site managers to report what actions they are implementing on their site to reduce their energy consumption. As a result of this survey, each site manager receives a detailed report recognising the actions that they have already taken and recommending the steps that they should implement to make further reductions
- A methodology has been developed to assess our energy consumption and carbon emissions and an investment is being made in IT tools to support this process
- We have created tools to estimate Scope 3 emissions, including a pilot of a site level tool to estimate emissions and a joint project with WWF to create a Supply Chain Scope 3 greenhouse gas estimation tool
- We have identified priority commodities in our Supply Chain where we will focus our efforts to reduce our Scope 3 emissions
- We have entered into year two of our three year technical agreement with WWF

During the financial year, the Group has taken the decision to invest in new IT tools in order to facilitate the site survey process which is aimed at assessing how our sites are progressing with the implementation of energy consumption reduction measures and which helps us also to respond to client needs. We have also invested in E-learning and communication tool kits to explain the importance of climate change to our employees.

In addition, in 2012, to reinforce its technical expertise and capabilities in facilities management services, Sodexo has launched a worldwide technical expertise platform to drive the development of technical Facilities Management throughout the Group. Today facilities management services account for more than 25% of Sodexo's revenues and are growing three times faster than foodservices.

We will measure our progress against a timeline until Fiscal 2020.

- Progress KPI - Number and % of sites implementing carbon footprint reduction program.
- Progress KPI - Number and % of sites implementing awareness and behaviour steps to reduce their consumption of energy.
- Progress KPI - Number and % of sites implementing equipment and process steps to reduce their consumption of energy.
- Progress KPI - Number and % of sites which are able to accurately measure their progress. For sites, they can measure their own progress if they have a sub meter that measures energy use in our operations.

## Water

HEADQUARTERS	FY2010	FY2011
<b>Total Water Consumption M3</b>	<b>2 366</b>	<b>2 699</b>

As we operate at our clients' facilities, we help them incorporate greater environmental responsibility into their operations. To this end, we are setting up procedures, implementing measures, helping obtain certifications and labels and influencing behaviours.

We have established a methodology to determine a quantitative Water Baseline as a means of meeting our Water Conservation Goals. This document aims to provide clarification and guidance in the establishment of a baseline and to monitor the achievement of water reduction goals as contained in The Better Tomorrow Plan. In developing this document the inextricable link between energy and water has been considered.

By end of Fiscal 2012, we will collect and consolidate our direct water consumption (HQ and sites where we have operational control). To date we communicate our Group Head Office consumption in France:

Head Office water consumption: FY08 = 2 804 m<sup>3</sup>; FY09 = 2 322 m<sup>3</sup>; FY10 = 2 366 m<sup>3</sup>; FY11 = 2 699 m<sup>3</sup>

Head Office water consumption per m<sup>2</sup>: FY08 = 0.5 m<sup>3</sup>; FY09 = 0.3 m<sup>3</sup>; FY10 = 0.3 m<sup>3</sup>; FY11 = 0.3 m<sup>3</sup>

Sodexo's water footprint – the water used in direct operations and indirect water use in our supply chains – is considerable; proper water management and conservation across the entire value chain is increasingly important to a range of stakeholders.



- **Rising Costs:** Increased competition for scarce water and potential declines in water quality in some parts of the world are expected to push water and sanitation costs higher. Furthermore, climate change and water-related natural disasters are expected to impact food production, quality and security, putting pressure on food prices.
- **Increased Regulation:** New regulations on water use and effluents management may impose added obligations on our business. In some water-stressed South American countries, water management plans are already required as part of a license to operate.
- **Brand Risk.** Sodexo's brand is very valuable and there are potential reputational risks to the brand as clients and consumers increase their awareness of these issues.
- **Greater Accountability:** Though standards and measures for water reporting are still evolving, financial investors are requiring ever more transparency and accountability for water use and potential risk to company operations posed by water scarcity or water quality issues.
- **Opportunities:** As water's true value is recognized, opportunities will arise to provide solutions to our clients in the sustainable management of their water and sanitation requirements. Understanding our own water footprint by geography and water source will position the company to take specific action in local areas of water scarcity.

We will measure our progress against a timeline until Fiscal 2020.

For Countries and the Group, we will monitor our global progress via the annual Better Tomorrow Plan Site survey using key KPIs:

- Progress KPI - Number and % of sites implementing water conservation program.
- Progress KPI - Number and % of sites implementing awareness and behaviour steps to reduce their consumption of water.
- Progress KPI - Number and % of sites implementing equipment and process steps to reduce their consumption of water.
- Progress KPI - Number and % of sites which are able to accurately measure their progress.

For sites, they can measure their own progress if they have a sub meter that measures water use in our operations. They may be able to track and report impact KPIs:

Impact KPI - what is the impact of actions (example: how much water has Sodexo reduced).

## Waste Generation

Waste generation	UNITED KINGDOM	FY2008	FY2009	FY2010	FY2011
Total waste generated	Metric tonnes	11,057	8,918	7,941	9,076
Data coverage	Percentage of	9%**	9%**	8%**	8%**

\* Sodexo provides services at clients' sites as a 'guest'. In the overwhelming majority of cases, this means that Sodexo does not have operational control of waste arising from its operations, it is more often than not co-mingled with the client's waste and managed by a third party with

which the client – not Sodexo – has a contractual relationship. Most of Sodexo's client contracts are for relatively short periods of time, between three and five years. For these two reasons, waste data within Sodexo is scarce and target setting for all but a very small number of discreet operations is not possible.

\*\* The data set out here has been reported by Sodexo UK & Ireland in its annual corporate citizenship reports.

<http://uk.sodexo.com/uk/en/corporate-citizenship/reports/resources.asp>

The materials and waste data from the FY2011 survey of Sodexo sites worldwide showed some improvement on FY2010.

<http://www.sodexo.com/en/media/publications/corporate-responsability/list.aspx>.

The survey results are based on 56% of sites in scope in 48 countries representing 98% of Sodexo Group revenues.

With reference to the data on pages 91 and 95 of the progress review, notable improvements include:

- 36% increase in the number of sites reporting implementation of awareness and behaviour steps to reduce their organic waste
- 57% increase in the number of sites reporting the recovery of used cooking oil
- 122% increase in the number of sites reporting implementation of an organic waste programme i.e. awareness and behaviour steps, equipment and processes, measuring progress
- 207% increase in the number of sites reporting implementation of measures to reduce non-organic waste

Recent notable actions by Sodexo teams worldwide:

- US: [www.stopwastingfood.org](http://www.stopwastingfood.org) campaign in 2010
- Belgium: Sodexo Group Materials and Waste Working Group leader speaks at European conference on food waste attended by pan-European stakeholders including the European Commission and European Parliament (November 2011)
- UK: Sodexo participates in Parliamentary dialogue in support of UK 'Good Samaritan'-type legislation (Q1 2012) which was introduced to Parliament in March 2012
- UK: Sodexo partnered with FareShare, the national food poverty and food redistribution charity, to feed 5,000 people from food that would otherwise have gone to waste at 'Feeding 5,000' in London's Trafalgar Square (November 2011)
- UK: creation of a Waste Management client service offer (to be launched Q2 2012)
- UK: launch of 'Coffee Grounds for Growth' initiative to donate used coffee grounds to customers and in so doing help tackle the more than 200 tonnes of used coffee grounds generated by Sodexo yearly in the UK
- Sodexo Group: Materials and Waste Working Group prepares toolkit for global distribution (2011, to be launched Q2 2012)
- Sodexo Group: worldwide WasteLESS day organised for 16 October 2012
- Sodexo Group: pre-consumer food waste reduction initiative accepted as one of three site-based initiatives to be promoted across the Sodexo Group (Q1 2012)

### Next steps

The Sodexo Group has chosen site level pre-consumer food waste reduction as one of three Better Tomorrow Plan areas to focus on during FY12 and FY13. The Group aims to deploy an initiative called 'WasteWatch' to measure pre-consumer food waste by volume at site level and



record performance through 'Citizen', the new worldwide sustainability IT platform that is due to go live in 2013. This initiative will highlight pre-consumer food waste by type and by Sodexo employee to all operational sites that participate and in so doing promote behaviour change to reduce this type of waste. The IT platform will also be used to promote benchmarking and best practice sharing.

**References:**

2012 – Sodexo Environmental Statement

2012\_Environment Awareness toolkits ENERGY, WATER and WASTE

Fiscal 2011 Environment leaflet from the Progress Review