SODEXHO ALLIANCE
Act as a corporate citizen
Report 2005-2006

Making every day a better day

Sodexho ALLIANCE

Act as a corporate citizen

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For the first time this year, Sodexho Alliance has compared the data published by the Group in its 2005-2006 "Act as a corporate citizen" Report with the indicators contained in the GRI3 reporting framework launched by the GRI in 2006, as well as with the Global Compact Principles.

The **Global Reporting Initiative (GRI)** framework establishes international guidelines for reporting economic, social and environmental data. **www.globalreporting.org/**

The **United Nations Global Compact** and the **Global Reporting Initiative** have set up a strategic alliance to provide companies throughout the world with a new framework for their corporate social responsibility strategy and to guide them towards more transparent reporting of their corporate citizenship performance.

Sodexho is committed to the 10 principles defined by the UNITED NATIONS GLOBAL COMPACT.
www.unglobalcompact.org

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Ensure they are not complicit in human rights abuses.

LABOR STANDARDS

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labor.
5. The effective abolition of child labor.
6. The elimination of discrimination with respect to employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10. Businesses should work against all forms of corruption, including extortion and bribery.

Message from the Chairman and Founder

"My dream is not just for us to be number one but that Sodexho endures."

Before creating Sodexho, I asked myself the following question: "why do you want to create a company?"

My answers then still form the foundations of our philosophy of yesterday, today and tomorrow.

A company is a community of its clients and customers, its employees and its shareholders. Our purpose, our reason for being is to satisfy their expectations.

But those expectations can conflict in the short term: how can you consistently satisfy the expectations of all three groups? There is only one possible solution: through growth.

That is why even before creating the company, I decided, "Sodexho will be a growth company."

Internal profitable growth has always been our priority because it allows us to:

- retain our existing clients and to attract new ones,
- invest and create jobs and help our employees develop through internal promotion,
- provide a return on investment to shareholders,
- support the economic and social development of the cities, regions and countries in which we do our business.

These goals explain our past, present and future development as well as our commitment to sustained growth over the long term.

Our mission: "to improve the Quality of Daily Life" provides a shared meaning to our teams and we have a clear vision: to be the premier global outsourcing expert in Quality of Life services.

We have chosen the values to share with Sodexho employees throughout the world: team spirit, service spirit and the spirit of progress. We consider our profession of serving others to be a noble calling.

In 2003, we formalized our ethical principles, trust, respect for people, transparency and non-tolerance of corrupt practices, through a contract signed by our 20 top executives.

The contract commits us to pursue continuous improvement and the achievement of measurable progress targets, for our clients, customers, consumers, associates, suppliers and shareholders, and the countries in which the Group is present.

Sodexho was 40 years old in 2006. Today, we are entering a new period and starting a new adventure...

At Sodexho, we know fights must be fought every day to make everyday a better day.

Backed by our diversity, and our independence, we can look at the future with confidence and enthusiasm, ready to take up the challenges and seize new opportunities as they occur.

Pierre Bellon
Chairman and Founder of Sodexho

STEPS IN GROWTH

1966 Sodexho is founded in Marseille by Pierre Bellon.

1968 Sodexho begins operations in the Paris area.

1971-1978 International expansion starts with a contract in Belgium. The Remote Site Management business is launched, initially in Africa and then in the Middle East. A new business – Service Vouchers – is launched in Belgium and Germany.

1983 Initial public offering of Sodexho shares on the Paris Bourse.

1985-1993 Sodexho establishes operations in North and South America, Japan, Russia and South Africa, and reinforces its presence in Central Europe.

1995 Alliances with Gardner Merchant in the United Kingdom and Partena in Sweden make Sodexho the world no.1 in Foodservices.

1998 Formation of Sodexho Marriott Services, which becomes North American market leader in Food and Facilities Management Services.

Acquisition of Luncheon Tickets, no.2 service voucher issuer in Argentina.

2000 Creation of Universal Sodexho, North American and world leader in remote site management.

2001 Sogeres (France) and Wood Dining Services (United States) join the Sodexho Group.

Sodexho Alliance acquires the remaining 53% of Sodexho Marriott Services, which becomes a 100% subsidiary and changes its name to Sodexho, Inc.

2002 On April 3, Sodexho Alliance is listed for the first time on the New York Stock Exchange.

2005 Michel Landel becomes Chief Executive Officer, succeeding Pierre Bellon, who retains his role as Chairman of the Board of Directors.

2006 After 40 years, Michel Landel, Chief Executive Officer sets a new challenge for the Group:

"To become the premier global outsourcing expert in Quality of Life services".

Message from the Chief Executive Officer

"Act as a corporate citizen"

Sodexho is a great company. Created in 1966, its development has been rooted in a strong philosophy and respect for human values. Our mission is to improve the Quality of Daily Life, developing and offering services that **make every day a better day** for people throughout the world.

A leader in its markets, Sodexho is now recognized worldwide for its organizational efficiency and the quality of its services. In 80 countries, the cultural diversity and expertise of Sodexho's 332,000 employees, who represent more than 130 nationalities, contribute to the achievement of a common vision: "to become the premier global outsourcing expert in Quality of Life services."

The diversity of our teams is an asset and our commitment to equal opportunities, respect for people and fighting discrimination permeates our organizations and all our dealings with stakeholders.

In our 2005 report, I shared our vision of a responsible corporate citizen fulfilling our mission to improve the Quality of Daily Life through the day-to-day actions of our employees and through our commitment to participating in the economic and social development of the countries where we operate. This fundamental responsibility is formalized through policies and programs that increasingly take into account environmental and social criteria.

As a reflection of our economic, environmental and social standing, we continue to be included in the FTSE4GOOD index and Sodexho Alliance has again been selected for inclusion in the SAM Group indices – Dow Jones Sustainability World Index (DJSI World) and Dow Jones STOXX Sustainability Index (DJSI STOXX) – for the year 2006-2007. In addition, we have been named "Industry leader" in the "Hotels, Restaurants, Bars & Recreational Services" sector and "Worldwide Supersector Leader" of the "Travel & Leisure" sector for the second year running.

We are proud to play an educational role in promoting sound nutrition and a balanced diet. Educating the public about healthy eating and the long-lasting, beneficial effects in preventing and fighting obesity is an important priority for us. We regularly undertake initiatives in schools, companies and hospitals, and all of our other sites to promote awareness of these issues by our clients and our customers. Our offers are tailored to each age group and population including children, teenagers and students, adults, seniors, and people with disabilities.

Sodexho, the global leader in Food and Facilities Management services, refuses to accept that every five seconds a child under five dies of hunger, and that 854 million people suffer from malnutrition. It is our responsibility to participate in the fight against hunger.

To date, our STOP Hunger program implemented by 21 of our subsidiaries has developed more than 125 major initiatives in partnership with 92 NGOs and associations.

Respecting the environment means creating the setting for a better quality of life for everyone. Although Sodexho is classified as a non-polluting company, we have always been attentive to the environmental concerns of our clients and customers. We have chosen to focus our efforts on four main areas that improve quality of life while preserving the environment: pollution prevention, waste treatment, energy saving and water consumption control.

We are committed to continuing to encourage our employees to contribute to a better Quality of Life through our Corporate Citizenship initiatives and the adoption of performance measures to track our progress worldwide.

Working together, we want to make every day a better day.
Sincerely.

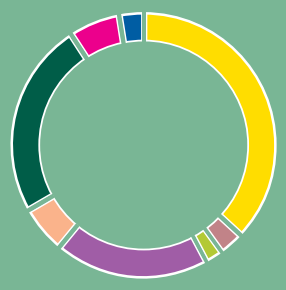
Michel Landel
Chief Executive Officer, Sodexho Alliance
President of the Group Executive Committee
President of the Sodexho STOP Hunger Association

Sodexho in brief, as of August 31, 2006

12.8 billion euro in revenues
332,000 employees representing more than 130 nationalities
28,300 sites present in 80 countries

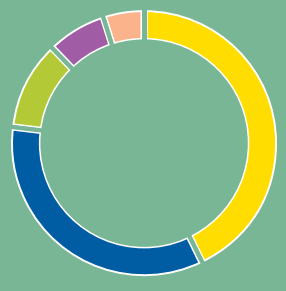
Sodexho Alliance is listed on the Paris Bourse and the New York Stock Exchange.

Revenues by activity



- Food and Facilities Management services **97%**
- **37%** Business and Industry
- **3%** Defense
- **2%** Correctional Services
- **19%** Healthcare
- **6%** Seniors
- **24%** Education
- **6%** Remote Sites
- Service Vouchers and Cards **3%**

Revenues by region



- **43%** North America
- **34%** Continental Europe
- **11%** United Kingdom and Ireland
- **7%** Africa, Asia and Pacific Rim
- **5%** Latin America

Number of employees by activity and by region, see p. 45

No.26 largest employer in the world
No.7 in Europe
No.2 in France

SODEXHO in the world includes

- Angola
- Argentina
- Australia
- Austria
- Bangladesh
- Belgium
- Brazil
- Bulgaria
- Cameroon
- Canada
- Chile
- China
- Colombia
- Congo
- Costa Rica
- Czech Republic
- Denmark
- Equatorial Guinea
- Finland
- France
- French Guyana
- Gabon
- Germany
- Greece
- Guadeloupe
- Hungary
- Iceland
- India
- Indonesia
- Ireland
- Italy
- Kazakhstan
- Kuwait
- Laos
- Lebanon
- Luxembourg
- Madagascar
- Malaysia
- Mexico
- Mongolia
- Morocco
- Namibia
- New Caledonia
- New Zealand
- Nigeria
- Norway
- Oman
- Panama
- Peru
- Poland
- Polynesia
- Portugal
- Qatar
- Romania
- Russia
- Reunion Island
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Tanzania
- Thailand
- The Netherlands
- The Philippines
- Tunisia
- Turkey
- United Arab Emirates
- United Kingdom
- United States
- Venezuela
- Yemen

■ Food and Facilities Management services
● Service Vouchers and Cards

Offering services to improve the Quality of Daily Life of everyone we serve

Sodexho offers Food and Facilities Management services, as well as Service Vouchers and Cards, adding value for its clients, and enhancing the well being of all. Sodexho's dedicated teams are trained to understand its clients and customers and their culture. Their creativity, skill and professionalism are dedicated to the service of Quality of Life everywhere in the world.

FOOD AND FACILITIES MANAGEMENT SERVICES

- Business and Industry
- Prestige
- Defense
- Correctional Services
- Healthcare
- Seniors
- Education
- Remote Sites

Employees in companies and government institutions, young people in schools and colleges, adults in the workplace, patients in hospitals, seniors in specialized residences and inmates in correctional facilities all benefit from Sodexho's **experience** and **expertise** in each client segment. By carefully listening to our clients and consumers, we are constantly able to **adapt** our **Facilities Management offerings** to their expectations.

Worldwide Leader

97% of Group revenues

12,432 million euro in consolidated revenues

15,228 million US dollars in consolidated revenues

328,948 employees

SERVICE VOUCHERS AND CARDS

- Business
- Public Authorities

To simplify daily life in the workplace and in society, Sodexho Service Vouchers and Cards offers two ranges of **innovative, flexible, secure** solutions for companies and governments. The first are designed to help companies motivate and retain employees, thereby boosting performance. The second support public authorities in implementing and monitoring their social aid programs. In 29 countries, from vouchers to cards and e-services, **Sodexho offers the format best suited to inventing a simpler life.**

No.2 worldwide

3% of Group revenues

6.3 billion euro in issue volume

373 million euro in consolidated revenues

457 million US dollar in consolidated revenues

3,148 employees

310,000 clients (not including individuals)

16.4 million beneficiaries

1 million affiliated partners

Our sustainable development challenges

As a worldwide expert in services that improve the Quality of Daily Life, Sodexho fulfills its economic and societal, social and environmental responsibilities. The chart below demonstrates how the expectations of our stakeholders and society as a whole translate into sustainable development challenges.

	CHALLENGES	SODEXHO'S RESPONSE
Economic and societal	Create value	We monitor our performance, competitiveness and profitability
	Be involved in the local community	We contribute to the development of the local economy and encourage local hiring and procurement
	Stimulate the economic network	We encourage the food industry and local producers to raise their standards
	Reduce the causes of poverty and social vulnerability	We fight hunger and malnutrition throughout the world
	Support government social policies	We offer services aligned with government social aid projects
Social	Foster employability	We develop local workforce skills and create local job opportunities
	Ensure non-discrimination and respect for diversity	We respect different cultural and ethnic identities and diversity
	Control risks and ensure the safety of individuals	We have rigorous programs, training, and monitoring of food and physical safety standards
	Protect the health of individuals	We offer nutritious meals to fight obesity and malnutrition
	Improve the quality of daily life	We foster an environment conducive to good working conditions
Environmental	Reduce our environmental footprint	We prevent all forms of pollution and focus on reducing CO_2 emissions
		We encourage separate collection, sorting and waste recovery
		We are reducing our energy consumption in our businesses
		We are reducing our water consumption in our businesses

A community of progress
at the service of all

Sodexho lives by its philosophy, its core values and its ethical principles. Every employee in the Group is expected to share these values and principles, which reflect our commitments and guide us in the daily performance of our work.

Our vision
To become the premier global outsourcing expert in Quality of Life services

OUR PHILOSOPHY
focuses and drives us toward our objectives.

WHO WE ARE
Our company is the community of our clients, customers, employees and shareholders. Our purpose is to exceed their expectations.

OUR BUSINESS STRATEGY: ORGANIC GROWTH
We continue to focus on achieving organic growth in earnings and revenues, while contributing to the economic development of countries in which we operate.

OUR MISSION
To improve the Quality of Daily Life.

OUR OBJECTIVES
- Be recognized by our clients as the benchmark for the services that we provide.
- Be the market leader in each of the segments where we provide and develop our Foodservices.
- Grow our Facilities Management services faster.
- Have “desired company” status for the Group and its professions.
- Attract and retain talent.
- Build worldwide awareness of the Sodexho brand.

OUR CORE VALUES
They are the bedrock of our history and sustain our progress.

SERVICE SPIRIT
- Clients and customers are the center of everything we do.
- In order to serve them well, on a daily basis, at all levels, we have to demonstrate our ability to listen, our capacity to anticipate their expectations, our sense of conviviality, our responsiveness to their needs and our pride in satisfying them.
- Sodexho has become a large, worldwide company, but we still remain a local company in which each manager in the field is a true entrepreneur, close to their clients and empowered in their decision-making.

TEAM SPIRIT

- It is an absolute need in all of our operations, our business units and administrative offices, as well as in our management committees.
- Each person's skills combine with other team members' knowledge to help ensure Sodexho's success. Teamwork depends on the following: listening, transparency, respect for others, diversity, solidarity in implementing major decisions, respect for rules, and mutual support, particularly in difficult times.

SPIRIT OF PROGRESS

We demonstrate the spirit of progress through:

- our will, but also the firm belief that one can always improve on the present situation,
- acceptance of the evaluation of our performance, which compares us to our colleagues in the company, or with competitors,
- rejection of fatalism and false alibis for avoiding change,
- self-evaluation, because understanding one's successes as well as one's failures is fundamental to continuous improvement,
- a balance between ambition and humility,
- optimism, the belief that for every problem there is a solution, an innovation, or some way to progress.

OUR ETHICAL PRINCIPLES

They guide us in all of our day-to-day activities.

TRUST

A foundation of loyalty between Sodexho and its clients, employees, and shareholders, based on honest open relations. Trust is one of the cornerstones of operations in our organization.

RESPECT FOR PEOPLE

Humanity is at the heart of our business.
Sodexho is committed to providing equal opportunities regardless of race, origin, age, gender, beliefs, religion, or lifestyle choices. "Improving Quality of Life" means giving each person respect, dignity and consideration.

TRANSPARENCY

This is one of Sodexho's major principles, and is a constant with all stakeholders: clients and customers, employees and shareholders.

BUSINESS INTEGRITY

We do not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where we do business.
We clearly communicate our position on this issue to our clients, suppliers, and employees, and expect them to share our rejection of corrupt and unfair practices.

OUR COMMITMENTS

Global Sullivan Principles

Since 2002, Sodexho has been a signatory of the Global Sullivan Principles. We are committed to implementing those principles and accepting our societal responsibilities in all countries where the Group operates.

www.thegsp.org

Global Compact

In 2003, Sodexho joined the Global Compact, giving a commitment to respecting the ten principles and recognizing responsibility for human rights, compliance with labor and environmental standards and non-tolerance of corruption.

www.unglobalcompact.org

A FORMAL STRATEGY

Publication of our Ethical Principles and Sustainable Development Contract

In 2003, the Group issued a formal sustainable development strategy, backed by a commitment to attaining specific objectives set for each of our stakeholders. Sodexho's senior management signed the Ethical Principles and Sustainable Development Contract and is committed to communicating and respecting the ethical principles and our sustainable development values with our 332,000 employees.

The Contract has been translated into 14 languages.

Progress report

"Our initiatives are part of an improvement-oriented approach and are tailored to the specific cultural, economic, environmental and social features of the countries where we operate. These initiatives are applied in the field, allowing us to move forward and establish our values within the Group and in our relationships with stakeholders."

Clodine Pincemin, *Group Executive Vice President, Communications and Sustainable Development, Member of the Group Executive Committee*

ENCOURAGING RESULTS

Assessing progress

At the request of the Group Executive Committee, an assessment was conducted in 2005 to measure the Group's progress in meeting its sustainable development goals. The assessment provided us with a detailed picture of our many international initiatives and revealed the need for a more structured approach.

A DETERMINATION TO MOVE FORWARD

1. An action plan to support our initiatives

An action plan to capitalize on existing momentum and to make progress by pursuing several objectives:

- Develop a sustainable development network within the Group.
- Enhance our indicators and the ethical charter.
- Establish common tools.

2. A management tool to serve sustainable development strategy

In 2006, the Group introduced a sustainable development reporting and analysis tool which aims to:

- Facilitate the reporting of sustainable development initiatives.
- Share best practices and develop an internal benchmark.
- Respond to the expectations of external audiences.

3. An initial Sustainable Development Report

In 2006, Sodexho published its first sustainable development report, which presents an overview of initiatives developed within the Group and our performance. In 2007, Sodexho is stepping up its communication policy by publishing a second report that confirms the commitments made in its previous report.

4. Working on a coordinated and determined basis on the operational front

Since 2005, Sodexho has collected information about the best initiatives within the Group and leveraged synergies to develop expertise in Corporate Citizenship, as well as promoting exchanges of know-how among the different coordinators in charge of stimulating their respective networks. In this way, we have been able to roll down our best initiatives across all areas and businesses.

5. An open dialogue with institutions

Our commitment is demonstrated in our partnerships with institutional players and other associations with which we organize regular meetings, such as the FAO, the United Nations Organization for Agriculture and Food, and APAS, the Association of Sodexho's Shareholders and Employees.

6. Incorporating Corporate Citizenship goals in our corporate strategy

This year, the Group Executive Committee drew up a roadmap describing five core strategic goals. They included the goal of "living our values", supported by a Corporate Citizenship initiative. A steering committee made up of several Executive Committee members meets three times a year to guide the Group's Corporate Citizenship strategy.

7. Areas for improvement identified in September 2006

The Group Executive Committee has set four priorities for the deployment of the Group's Corporate Citizenship strategy. Three of these are linked to the Corporate Citizenship initiative:

- **Fight malnutrition throughout the world**
  - Develop and promote an offer based on a balanced diet to overcome obesity.
  - Deploy and extend our STOP Hunger program.
- **Improve the quality of working life of our employees**
  - Guarantee their safety and protect their health.
  - Provide them with the means for personal and professional development.
- **Protect the environment**
  - Set up a global waste sorting and recycling program.
  - Set up a global energy-saving program.

The fourth priority concerns our strategic goal of "making our human resources policies a genuine source of competitive advantage" and our initiative to promote Diversity and Integration. The identified areas of improvement concern gender equality, the integration of disabled workers, the creation of opportunities for different generations to enter the job market and to remain in employment, and respect for and inclusion of ethnic minorities.

EXTERNAL RECOGNITION

Sodexho is included in four

FTSE4Good

Sodexho has been included in the **FTSE4Good** index since its creation in 2001. www.ftse4good.com

ASPI

In 2004, Sodexho was included in the **ASPI Eurozone** index on the basis of sustainable development criteria defined by the Vigeo rating system. The Group ranks first among companies in the index for its commitment to stakeholders. The Vigeo survey carried out this year shows that Sodexho's strongest areas are business behavior and community involvement. www.vigeo.fr

Corporate Citizenship
organization chart

Our Corporate Citizenship strategy is relayed within the Group by a network of Sustainable Development coordinators.

Clodine Pincemin
Group Executive Vice President Communications and Sustainable Development
clodine.pincemin@sodexhoalliance.com

Dolores Larroque
Worldwide Coordinator for Sustainable Development – dolores.larroque@sodexhoalliance.com

FOOD AND FACILITIES MANAGEMENT SERVICES

Asia/Australia

Julie Monnet
Communications
julie.monnet@sodexho-au.com

Virginie Gay
Strategy & Planning
virginie.gay@sodexho-au.com

Belgium

Hilde Eygemans
Communications
hilde.eygemans@sodexho-be.com

France

Michel Perrin
Quality
michel.perrin@sodexho-fr.com

Delphine Monceau
Marketing/Sustainable Development
delphine.monceau@sodexho-fr.com

Netherlands

Jeroen Stock
Communications
jeroen.stok@sodexho-nl.com

Eric Zweserijn
Sustainable Development
eric.zweserijn@sodexho-nl.com

North America

Michael Montelongo
Marketing/Strategy
michael.montelongo@sodexhoUSA.com

Jon Kristjanson
Vice President Canada
jon.kristjanson@sodexhoCA.com

Northern Europe

Anne Typpo
Communications
anne.typpo@sodexho.fi

Maarit Virkkala
Client Relationship and Quality
maarit.virkkala@sodexho.fi

Eddy Ericson
Marketing
eddy.ericson@sodexho-se.com

South America

Janet Awad
Strategic Planning & Control
jawad@sodexho.cl

Patricio Fernandez
Brand
pfernandez@sodexho.cl

Olivier Liem
Argentina and Peru
olivier.liem@sodexho.com.ar

United Kingdom and Ireland

Phil Hooper
Corporate affairs
phil.hooper@sodexho-uk.com

Tim Lucas
Corporate Responsibility
tim.lucas@sodexho-uk.com

Remote Sites

Nina Morange
Communications
nina.morange@sodexhoalliance.com

Cyrille Putz
Sustainable Development
cyrille.putz@sodexhoalliance.com

SERVICE VOUCHERS AND CARDS

Erika Galland
Internal Communication
erika.galland@sodexhopass.com

STOP Hunger

Blakey Burr
STOP Hunger International
Development Director
blakey.burr@sodexhousa.com

FOR SODEXHO

Socially Responsible Investment indexes

Dow Jones Sustainability Index (DJSI)

For the second year running, Sodexho Alliance has been selected for inclusion in the SAM Group indices – Dow Jones Sustainability World Indexes (DJSI World) and Dow Jones STOXX Sustainability Indices (DJSI STOXX). In addition, we have been again named "Industry leader" in the "Hotels, Restaurants, Bars & Recreational Services" sector and "Worldwide Supersector Leader" of the "Travel & Leisure" sector.

General analysis by the SAM Group as of September 2006

Sodexho's Sustainable Development Performance

"Sodexho has demonstrated an excellent overall sustainability performance, which strongly relates to the straight-forward business philosophy and high transparency of the company. Sodexho's management capabilities in the economic dimension belong to the best in the industry. This is demonstrated by a solid performance in corporate governance as well as risk management, above all food safety. The company has also achieved a top score in the environmental dimension. This is not only due to good reporting systems but also to a convincing performance in this area. The above industry average performance in the social dimension is underlined by good scores in social reporting, stakeholder engagement and standards for suppliers which also play a fundamental role in controlling risks."

www.sustainability-indexes.com

Overview of our initiatives

Throughout the world, we listen to all our stakeholders and develop partnerships with them. We work together to take action to make every day a better day and improve the Quality of Life for all.

Our Corporate Citizenship strategy is set forth in our ethical charter, presenting our objectives and the commitments we have made to our stakeholders.

Clients

Objective	Commitment
• Create strong, long-term partnerships	• Create value for clients over the long term, thereby forging strong partnerships

Customers

Objective	Commitments
• Improve the Quality of Daily Life, safely	• Develop a portfolio of services that help improve the Quality of Life for everyone who has entrusted us with their well being • Reduce food safety risks • Inform and educate future generations about the importance of healthy eating

Employees

Objective	Commitments
• Encourage a fulfilling professional life	• Provide employees with the means for personal and professional development • Promote and respect diversity

Suppliers

Objective	Commitments
• Build balanced, long-term relationships	• Pursue procurement policies that guarantee the origin and the quality of products • Strongly encourage suppliers and subcontractors to respect sustainable development values

Shareholders

Objective	Commitment
• Ensure that all shareholders receive the same information at the same time	• Regularly provide all shareholders with the same accurate, clear, transparent information simultaneously

Host countries

Objective	Commitments
• Contribute to the economic and social development of the countries where we operate	• Support 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 • Fight hunger and malnutrition by expanding the STOP Hunger program • Help protect the environment in our host countries

Our clients

Objective

Create strong, long-term partnerships.

Commitment

Sodexho is committed to creating value for clients over the long term, thereby forging strong partnerships.

CREATING value and strong long-term relationships for our clients

"Satisfying the needs of our clients is the best way of assuring our development and the principal driver of the Group's profitable organic growth. It is nourished by dialogue and sharing, helping us to continue to make progress."

Richard Macedonia, *Group Chief Operating Officer, Chief Executive Officer, North America, Food and Facilities Management services, Member of the Group Executive Committee*

COMMUNICATING WITH OUR CLIENTS

We work side by side with our clients to enhance and ensure the appeal, reputation and efficiency of their companies, with a view to offering customers high quality products and well-adapted solutions in the areas of health and safety. Today, we favor sustainable partnerships that give us in-depth knowledge of our clients' expectations and allow us to anticipate their concrete needs: listening to them day-to-day, meeting with them and conducting regular independent surveys and polls.

GENERATING CLIENT LOYALTY

In 2006, we continue to implement our retention approach, throughout the Group. This methodology enables us to better understand our clients' need and develop lasting partnerships, reflecting our focus on our clients and their concerns.

PROVIDING ONGOING SUPPORT TO OUR CLIENTS

We understand the critical need to continuously adapt our service offers to meet and exceed our clients' expectations through continuous innovation. We also strive to promote the positive image of our clients. For example, in the United States, we helped the National School Boards Association (NSBA) to celebrate the tenth anniversary of our partnership by honoring the most innovative initiatives among schools across the country.

INDICATOR

RETENTION RATE

We have achieved continuous progress since 2003 and during fiscal year 2005, the improvement has accelerated.

RETENTION RATE PROJECTION BY AUGUST 2008

The result will be improved profitability over the long run. Raising our client retention rate from 93% to 95% means extending average contract length by 40%.

AWARDS AND RECOGNITION

(See "Our Awards" p. 84)

Worldwide – The "Global Outsourcing 100," which was published for the first time by the International Association of Outsourcing Professionals (IAOP), Sodexho ranked the second most efficient service firm in the world.

Brazil – Sodexho is named "Best Supplier" by Avenues Brasil Getoflex and, for the fifth consecutive year, by Siemens.

Poland – 2005 – Sodexho received Poland's Hermes Award as the country's top catering network. The prize was awarded by *Poradnik Restauratora*, a local trade magazine, in recognition of Sodexho's creativity, responsiveness to individual client needs, and superior service quality.

United Kingdom – 2005 – The European Business Unit (EBU) Marathon Prize was awarded to Universal Sodexho for the application and worldwide performance of the Marathon Health, Environment & Safety program.

United States – 2006 – Food Management magazine selected five Sodexho programs as Best Concept Awards winners: Best Management Company Concept, Best Renovation, Best New Facility, Best Menu and Best Special Event.

FOCUS on client retention

"What is remarkable about this client retention approach is the emphasis on listening to our clients and their expectations in a spirit of service that we strive to promote at every level in our Group."

Damien Verdier, *Group Executive Vice President Marketing in charge of Purchasing, Food Offer Marketing and Client Retention, Member of the Group Executive Committee*

Sodexho retains 100% of its Federal Reserve Bank (FED) accounts, US.

A 25-year client of Sodexho, the Fed renewed its contract for 15 sites last spring. Sodexho's success is based on its strong, long-term commitment to deliver its client's expectations and develop lasting relationships at the national and local levels. It also testifies to its efficient organization and the expertise of its on-site teams.

MEET...

Questions for Richard Macedonia, CEO of Sodexho in the United States and Head of the Worldwide Business and Industry Market, who initiated the method approach in the US.

WHAT SORT OF CULTURAL CHANGE RESULTS FROM ADOPTING THIS APPROACH?

"We are moving toward a universal culture focused on clients, both ours and the end users of our services. We poll them concerning their requirements and formulate their replies so that we can respond effectively. This enables us to exceed the expectations of our clients."

WHAT ARE THE KEY FACTORS FOR IMPROVEMENT?

"The process begins with executive leadership's commitment, followed by aligning appropriate resources. This means performance planning and incentives. In North America, each division has appointed a full-time Client Retention Champion to assure that the methodology is properly kept on track. Success comes through consistent application of our tools and unrelenting follow-up."

DEVELOPING CLIENT LOYALTY TO MOVE FORWARD TOGETHER

Client retention is a key lever to our internal growth strategy. It involves forging strong, lasting partnerships based on trust, and is nourished by dialogue and sharing.

A LEVER FOR INTERNAL GROWTH

Client retention is one of the Group's major levers of internal growth. For this reason, Sodexho puts clients at the core of its organization, decision-making process and actions, and has made client retention one of the Group's foremost improvement indicators.

A RETENTION METHOD BASED ON A CLIENT-CENTERED APPROACH

Our retention method relies on in-depth client surveys, identifying areas for improvement, assessing the actions undertaken and encouraging best practices, thereby building sustainable relationships based on trust with each client. This approach has been adopted throughout the Group, with retention objectives for each entity.

FULLY ENGAGED TEAMS

The retention process was created in the United States and has been introduced in North America, United Kingdom, Ireland, Australia and New-Zealand.
The process was implemented in the United Kingdom and Ireland in 2003. Since 2005, identical training has been provided in all segments to embed a common language and approach. Operational managers are trained in areas ranging from managing client relationships based on long-term trust and defining client expectations to anticipating site contact changes. Client Relations Executives assist operating teams in strengthening established ties with their clients and understanding their expectations.
The wide-scale rollout of the client retention process demands significant resources to keep everyone in the organization and at every level on track. Dedicated retention resources have already been allocated to many countries and further allocations will follow.

FOCUS ON SCOTLAND EXPERIENCE

"Sodexho Prestige in Scotland has managed the conference and banqueting business since the contract began in 1999. The growth in the business would not have been possible without the experience and support from Prestige's sales and marketing departments, who continue to impress with their innovation and enthusiasm. The level of staff stability has helped the business grow through ownership of the product and provides the continuity often lacking in the industry."

David Kells, *Managing Director, Hampden Park Ltd.*

MEET...

Sophie Clamens, Group Senior Vice President Client Relations.

"More than the approach itself, team ownership of the methodology will enable us to strengthen our client-focused culture and bring about genuine cultural change. Through these tools and widespread employee commitment, we are changing the way we work in order to anticipate and better meet our clients' needs day by day and to foster long-term relationships."

Australia

Training in retention processes has been given to 140 senior staff across Australia, New Zealand and to country managers in Asia. In recent months, we have centralized the organization of regular meetings, which has ensured a consistent approach to the gathering of information using these tools. Generally, our people have enjoyed the training and implementing it in the workplace. The processes are easy to understand and very logical in their flow, which makes integration less time consuming.

Our next challenge is twofold: to train unit managers (approximately 400 nationwide) in order to ensure that the processes continue to develop and impact the entire business, and to ensure that audited results reflect the lessons learned from the implementation of integrated client retention tools. Client feedback on their experience with transition meetings and ex-post audits has been positive. Clients appreciate the time taken to listen to and understand their expectations and having the opportunity to voice their feedback in a neutral environment.

OUR PATH TO PROGRESS

WE ARE CONTINUING TO INTRODUCE THE CLIENT RETENTION METHODOLOGY WORLDWIDE:

1. In key countries, **appointing** full-time **human resources dedicated to retention** and training in a common approach
2. **Increasing the number of training programs** for our teams
3. **Ensuring that our staff incorporates the tools** in their daily work
4. And above all, **defining the optimal conditions for achieving successful relationships** with our clients by taking into account the lessons learned from experience.

Our customers

Objective

Improve the Quality of Life of our customers, safely.

Commitments

1. 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.
2. Sodexho is dedicated to reducing food safety risks.
3. Sodexho is committed to informing future generations about the importance of eating correctly and educating them regarding good practices.

DEVELOPING a portfolio of services that help improve the Quality of Life for everyone who has entrusted us with their well-being

"By offering specific, well-adapted solutions, we are attentive to the differences and requirements of each customer, in a spirit of innovation and well being."

Pierre Henry, *Group Chief Operating Officer, Chief Executive Officer, Service Vouchers and Cards, Member of the Group Executive Committee*

SODEXHO, THE EXPERT IN SERVICES THAT IMPROVE THE QUALITY OF DAILY LIFE

Our clients, whether they are companies, administrations, correctional facilities, remote sites, military facilities, hospitals or schools, trust us to improve the Quality of Life of the women and men in their environment. Our highly varied offers are adapted to the needs of each and comply with our ethical principles.

SPECIFIC SOLUTIONS ADAPTED THROUGHOUT THE WORLD

Angola

Total has chosen Universal Sodexho as its preferred partner for Facilities Management services provision at their sites. Cleaning the premises, maintenance, engineering, mail service and call center management have now been added to food services.

Australia

In 2006, Exxon Mobil chose Sodexho Australia to provide Facilities Management services including maintenance, accommodation management, cleaning, laundry, retail and catering. The five-year contract covers 17 platforms and three on-shore sites in Victoria's Bass Strait basin.

Belgium

In 2004, Sodexho Service Vouchers and Cards introduced an innovative system of e-vouchers, which transforms the entire payment process – including reimbursement – into a virtual circuit. Sports vouchers were also created in cooperation with the Belgian government for children from underprivileged families that cannot afford to pay for activities and equipment.

Colombia and Chile

We have set up Integrated Facilities Management competency centers offering a range of highly specialized services such as maintenance of the Sofasa (Toyota-Renault) production facilities in Colombia and technical services on the El Tesoro mining site (Falcon Bridge).

INDICATORS

PERCENTAGE OF SALES FROM SERVICES OTHER THAN FOOD SERVICES

FY 06: (including 3% from Service Vouchers and Cards)	**21%**
FY 05:	21%
FY 04:	20%
FY 03:	19%

OUR PATH TO PROGRESS

Step up our efforts to increase the percentage of Facilities Management activities in the Group's total sales, particularly from soft and hard Facilities Management services.

AWARDS AND RECOGNITION

(See "Our Awards" p. 84)

Brazil – 2005 Top Hospitalar award in the Healthcare segment given by healthcare professionals.

Peru – 2005 and 2004 – Award for the best Integrated Facilities Management company.

Poland – 2003 – Prize for the best Facility Management company awarded by Grupa Inteligentny Budynek.

United States – The APPA honored us with the Platinum Business Partner Award for multi-service product and service provision.

The Hospitality program, Stand Up service, France.

An electronic tool for quality service, United Kingdom

We are streamlining our services to achieve improved simplicity, efficiency and speed. In the United Kingdom, we launched the Business Unit Health Check, an electronic tool introduced to help our teams manage more effectively by reviewing a range of issues. The Business Unit Health Check creates the firm foundations required for effective business. In 2006, improvements in cash control, menu planning and stock ordering have been recorded across Business & Industry and Prestige segments. Clearer procedures have been implemented, which has resulted in "month on month" progress.

France

- Sodexho Service Vouchers and Cards created a card that enables students to purchase books and provides access to sports facilities and cinemas. The card is now used by 140,000 students throughout France.
- We designed the Hospitality program to create a reassuring, serene atmosphere for patients, their families and loved ones, by offering a range of varied services suited to their needs in terms of quality, security and comfort. Our role is also to assist the hospital personnel facing difficult professional responsibilities on a daily basis. Hospitality combines five bundled services to improve Quality of Life for patients and their visitors: hygiene, reception and information, logistics, catering and leisure-time management. The new Stand-Up service, featuring a shop, cafe and a center for reserving hospital services, offers real added value. Television service, sheets, toiletry kits and breakfast tickets are available to facilitate hospital visits by family members who want to stay close to their hospitalized loved ones.

India

We support Dell with a Facilities Management program ranging from premises upkeep and maintenance to food service.

Indonesia

BP called upon the services of Universal Sodexho to supply electrical installations and mobile units for water production and wastewater treatment at its temporary drilling site in Babo.

Italy

We are developing the Crescendo service, which includes full management of twelve in-house daycare centers for eleven municipalities. More than just a childcare system, Crescendo offers activities for mothers and their newborn babies, including a training course in neo-natal massage techniques. Crescendo is also ISO 9001 certified as a provider of "Planning and management of educational and auxiliary services for early childhood."

Kosovo

In 2001, Universal Sodexho began providing technical and hazardous waste management services to French forces in Kosovo. Waste was collected, transported from Kosovo to France and treated in accordance with all local and international regulations, under the auspices of the Basel Convention on Transboundary Movements of Waste. Universal Sodexho won a second international public tender and turned to regional solutions, closer to Kosovo. Environmental balance was enhanced and recycling solutions still respected EU regulations. In 2004, the system was upgraded to allow focused training, control and invoicing of every waste-producing unit.

Qatar

Universal Sodexho, together with the Chiyoda Company, manages gardening and upkeep at two large housing camps within the scope of a construction project for two liquefied natural gas sites. To make use of land containing 2,000 sq.m of purified water pipelines without adversely impacting the environment, we have built a golf course for our residents.

Spain

Sodexho Service Vouchers and Cards has partnered with the legal firm Legálitas to offer an additional service to beneficiaries of its Restaurant Pass. The *¡Responde!* card entitles holders to twelve legal consultations a year on consumer legal issues, such as home buying, problems with neighbors and faulty repairs.

Sweden

- Sodexho ServiceCenter provides customers with a single telephone number and e-mail address for all services. The system is constantly being developed in line with customer needs.
- *Smile Way* is a program to promote health and enhance customer comfort. To give the company an optimal health program, Smiling Faces has developed the Smile Indicator, a method that uses questions and interviews to provide a clear picture of how employees experience their daily lives. On the basis of the results, the client and Smiling Faces together create a health plan designed to obtain the best possible results.

The Netherlands

Sodexho is a partner in consumer behavior research with different universities. In 2005, the Radboud University Nijmegen published "Stimulation Healthy and Sustainable Products" and Sodexho published research papers with the LEI Wageningen University about "Energy in the Chain of Fruit and Dairy Products" and 'Information Exchange on Behalf of a Sustainable Food Chain.'

World

Sodexho Service Vouchers and Cards offers a full range of innovative, flexible and secure solutions to motivate company employees and help public authorities deploy efficient social programs. With a variety of solutions covering a range of media (vouchers, cards, electronic systems), our services are designed to achieve the same objective of making life easier and more pleasant for everyone – in the workplace as well as in society.

The Sodexho Service Vouchers and Cards offer enables employers to build enthusiasm and loyalty among their employees, while ensuring optimum efficiency in managing their wage and employee policies. Our services for daily life, incentive and retention provide easy-to-use tools that respond directly to our customers' demand for immediate, sustainable performance.

Today, in 29 countries, 16.4 million people have lunch, receive professional training, take part in their favorite sports and benefit from daycare services for their children, thanks to one million partners affiliated with Sodexho Service Vouchers and Cards.

Tailor-made solutions to support social programs.

Sodexho Service Vouchers and Cards deploys its expertise in managing financial and information flows and its know-how in building dedicated acceptance networks by providing governments and public authorities with customized, turnkey solutions in the areas of culture, employment, vocational training and society outreach.

DIALOGUE WITH...

Jean-Louis Boyer, General Services Manager for Total in Angola gives this testimonial.

"We chose Universal Sodexho for its familiarity with the local environment as well as for its proven technical maintenance skills. After one year, we're very satisfied with our choice. Universal Sodexho has provided quality service, in keeping with Total standards and our expectations, and succeeded in uniting a group of local companies to assist in contract performance."

An instrument for real-estate management, Worldwide

Our Altys subsidiary is committed to taking charge of all support services for our clients around the world, thereby helping them to become more competitive and flexible. For example, in the field of indoor climate engineering, the Works Department studies and installs heating, air-conditioning and ventilation systems for many clients.

www.e-altys.com

INDICATOR

89% of our host countries publish consumer behavior surveys (Research Institute on the Quality of Daily Life).

Note: Percentages are calculated on the basis of replies received, but weighted in terms of yearly revenue (excluding Sodexho Service Vouchers and Cards).

Source: Internal survey – May 2005.

UNDERSTANDING THE CHANGING TASTES AND BEHAVIOR OF OUR CUSTOMERS

Anticipating our customers' expectations

Our customers are all different, and their tastes and behavior change. 98% of our employees are in daily contact with consumers. To identify and understand these changes and adapt our offers accordingly, we rely on numerous national and international surveys. All our initiatives are in line with our determination to establish an **International Observatory of the Quality of Daily Life.**

Studies used in monitoring the Quality of Daily Life

Australia

Sodexho Seniors, in partnership with Deakin University and food producer Sanitarium, have sponsored research into food habits and psychological factors for future generations of seniors. The Baby Boomer project is unique in that it will highlight the changes that are needed in food and health services to meet this generation's needs and expectations, while also providing long-term economic benefits to the health and food industries. The study focuses on the expectations of baby boomers, in particular the type of products and services and preventive strategies they will be looking for in the coming decades.

United States

The *Lifestyling and Map* methodology analyzes the lifestyle and eating trends of thousands of American students to find new solutions that will satisfy them. We have also published research on the eating and lifestyle habits of the "millennium generation", of children under the age of 12.

In the United Kingdom, an instructive study of student life

To reinforce the International Observatory expertise in monitoring the Quality of Daily Life, Sodexho commissioned its second **University Lifestyle Survey** in 2006, a wide-scale study of the needs and expectations of students in the British higher education system. Four main areas were examined in detail:

- how students choose their university;
- how they finance their studies;
- their lifestyle and eating habits;
- personal pressures and safety and in-room services.

The study was based on over 2,000 online interviews conducted by Opinion panel Research at 112 higher education institutions.
It reveals how they view university life and clearly shows how services provided by Sodexho can directly influence the Quality of their Daily Life and indirectly affect their academic performance.

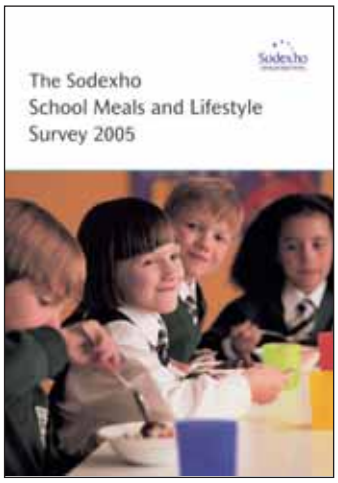
MEET...

Pierre Henry, Group Chief Operating Officer, Chief Executive Officer, Service Vouchers and Cards, Member of the Group Executive Committee .

"Monitoring socio-cultural changes and analyzing consumer expectations and aspirations allow us to develop our product offer and tailor it to customer needs. This is key to understanding changing tastes and behavior across the world and adapting our offer to clearly targeted situations."

United Kingdom

In 2005, the School Meals and Lifestyle Survey was conducted among 1,600 schoolchildren between the ages of 5 and 16 and their parents. The study reveals their nutritional habits and how they perceive the impact of eating and lifestyle on health. It demonstrates the extent to which concerted nutritional education can be decisive for the future of our children. Another study, the *University Lifestyle Survey*, was also carried out on campuses in 2006.



ZOOM ON THE PERSONIX™ METHODOLOGY

Personix™ is designed to analyze customers' expectations at their workplace and offer catering best solutions suited to their needs. Developed from other currently used methods, such as Conviv'styles® in Europe, Personix™ also helps present and broaden our offer. Based on a large quantity of data and numerous studies, Personix™ identifies the various types of consumer behavior specific to the workplace. Using simple, easily collected data, Personix™ also outlines the particulars of staff working on each site. Through our Personix™ methodology, customer satisfaction surveys can be conducted online, in order to anticipate expectations and broaden our offer. Personix™ also enables comparisons between client sites and can map a set of sites in one or more countries (for a business segment or a key account).

AWARDS AND RECOGNITION

(See "Our Awards" p. 84)

Canada – NAV Canada presented the Supplier Excellence Award to Sodexho. Criteria are based on rating elements that include overall performance, management team and service expectations.

United Kingdom – 2005 – Universal Sodexho was recognized in Scotland by the National Customer Service Awards for its customer service practices and innovations.

United States – In 2005, the Sodexho-operated mess hall at Camp Lejeune in North Carolina was named the best in the world by the United States Marine Corps (USMC). In 2006, the Sodexho team received the WPT Hill award, the Corps' highest distinction for food service.

PERSONIX™ INDICATORS

- In FY 06, **20 countries** had already adopted the methodology and among them **18** European countries, the United States and Canada.
- **Rate of Personix™ penetration** (number of sites audited using the Personix™ methodology/number of sites per country): The average rate for the 20 countries is **13.4 %** (10.8% in FY 05). It should be noted that Belgium, Czech Republic, Spain and the United Kingdom and Ireland are ahead of the other countries.
- **For new client sales,** using Personix gives a success rate **1.8 times greater** than when the tool is not used (study based on 35 contracts).
- **For renewal contracts,** using Personix gives a success rate **1.4 times greater** than when the tool is not used (study based on 62 contracts).
- **154** trained people in FY 06, versus **55** in FY 05.

PATHS TO PERSONIX™ PROGRESS

- Continue **introducing** the Personix™ methodology and train our employees to use it.
- Accurately **measure the sales and marketing results** of methodology use: creation of a Marketing Scorecard
- Pursue the ongoing **development of offers and solutions** to meet the needs of each type of customer,
- Develop our **expertise in adapting eating areas** (dining rooms, cafeterias, lounges, etc.) to each customer category by determining the fixtures and fittings (tables, chairs and seats, décor, lighting, and color preferences) best suited to them.

REDUCING food safety risks

"Because our relationship with our customers is based on trust, we owe them every guarantee of food safety. Our responsibility is particularly serious in that we often serve vulnerable groups: children, hospital patients and seniors. Ensuring that we provide them with safe products is the objective we have set for ourselves."

Laurent Cousin, *Group Senior Vice President, Food Offer, Research and Development, Food and Facilities Management services, Member of the Group Operational Committee*

INDICATORS

FRANCE

Annual publication of bacteriological inspections carried out on food samples at our sites:

In FY 06

- **41,935** microbiological analyses,
- **23,280** surface swabs
- **10,353** audits were performed at our sites in France.

Many subsidiaries track this indicator, which is not yet consolidated at Group level.

NORTH AMERICA

Food risk management is carefully supervised at Sodexho:

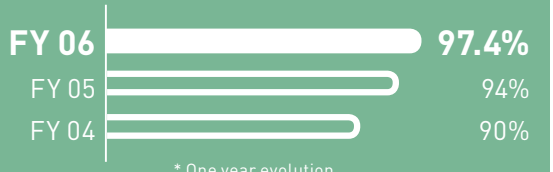
Hygiene and safety audits*

Food safety audits

*This audits have been conducted by an outside body (NSF International).

Health and Safety*

Food safety*



* One year evolution.

A POLICY OF PREVENTION

Risk prevention starts with ensuring the highest quality and traceability of our suppliers' products. Hygiene standards and food safety programs have been introduced in all of the countries, out of a growing concern for transparency.

The HACCP (*Hazard Analysis and Critical Control Points*) method is used by our entities as it offers a system for controlling safety processes, from the delivery of the product to the moment it is served on the customer's plate.

ZOOM ON THE HACCP METHOD

HACCP (*Hazard Analysis and Critical Control Points*) is acknowledged worldwide as a reliable method for ensuring the supply of healthy food products, starting with implementation of strict inspections during the production phase. The method involves the following steps: analyzing risk, identifying and controlling critical points in product supply, overseeing production conditions, and validating and verifying the efficiency of the system. The HACCP method is headed by a collective, interdisciplinary team responsible for defining the procedures required to control hazards and overseeing their efficient implementation. HACCP has been adopted by the Codex Alimentarius* Commission as the worldwide standard.

*The Codex Alimentarius Commission was created by FAO (Food and Agriculture Organization of the United Nations) and WHO (World Health Organization) to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme. The main purposes of this Programme are protecting health of the consumers and ensuring fair trade practices in the food trade, and promoting coordination of all food standards work undertaken by international governmental and non-governmental organizations.

Production of delivered meals, United Kingdom.

Belgium

Training employees in the basics of microbiology and hygiene is essential and a new training program for kitchen personnel has been designed for that purpose. A film called Top and Flop, which presents the key points of the HACCP method in a humorous way, is shown to staff to increase their awareness of hygiene standards.

Italy

Two manuals on standards have been distributed to employees to encourage the use of operational best practices: "Good manufacturing practice" and "Manual of correct hygienic procedures."

A RESPONSIVE POLICY

Safety and compliance with standards are an integral part of the responsibilities of all employees. Our QHSE (Quality Hygiene Safety Environment) policy defines minimum food safety standards that are often guided by the HACCP standard or included in an ISO 9001 management system. Some entities have contracts with independent institutes specializing in food product analysis, such as the Pasteur Institute in France. All countries have a health-warning unit, ready to provide immediate information to clients and customers in order to block any suspect products.

France

The procurement department has developed an innovative methodology to issue product warnings as early as possible. Whenever a product represents a threat to consumer health, the information is immediately sent by text messaging to our managers mobile phones and posted on our Intranet site, a toolkit for daily use by our operating teams.

To ensure a swift response in the event of a health hazard, we have set up a network of scientific experts that enables us to make the correct crisis management decisions and thereby guarantee a high level of protection for our consumers. In France, we receive support from the Pasteur Institute.

AWARDS AND RECOGNITION

(See "Our Awards" p. 84)

North America

- In the United States, Sodexho's Food Safety team received the 2006 Food Safety Leadership Award by NSF International (NSF) in the category of Systems Improvement. Sodexho has made improvements and enhancements to its Hazard Analysis and Critical Control Point (HACCP) program and made upgrades in the areas of electronic food safety communication, food safety training, food safety zone support, verification process, brand protection index measurement, custom electronic recordkeeping, product quality assurance and food security.
- In Canada and the United States, Sodexho gave out Gold 100 Awards to sites that achieved 100% compliance with both Occupational Health & Safety and HACCP standards.

A FEW EXAMPLES OF CERTIFICATION ISO 9001:2000

- **Belgium**
  Our central kitchens serving schools in Diest and Anderlecht have been certified.
- **Colombia**
  The English School in Cali and the Laboratory Cadbury Adams have been certified according to ISO 9001:2000 standard and also for OSHAS 18001:1999.
- **Czech and Slovak republics**
  All sites in both Czech (13) and Slovak republics (4) are certified.
- **France**
  In the Corporate Services and Healthcare segments, all our food service sites have been certified ISO 9001 version 2000 by Bureau Veritas Certification for all onsite processes. The Medical Social Services segment has received accreditation from France's Quality Certification Association (AFAQ) for 200 priority sites.
- **Germany**
  426 of our clients' operating units in business, healthcare and education have received certification, including the Frankfurt International School.
- **Italy**
  Health segment, Education segment, and Five production sites in the B&I segment are certified ISO 9001. The central kitchen in Pomezia (Rome) is BIO AGRI CERT certified (certification organization for organic production).
- **Morocco**
  The Knorr/Unilever site in Casablanca has been certified, along with Lafarge sites in Bouskoura and Casablanca.
- **Sweden**
  We were awarded certification for medical equipment sterilization at Björken Hospital in Umeå and Mörby Hospital in Stockholm.
- **United Kingdom**
  In 2005, we received ISO 9001:2000 accreditation for the Reception Services at HSBC GHQ in London. This has subsequently been re-audited in 2006 and re-accredited for another year.

INFORMING and EDUCATING future generations about the importance of eating correctly

"We are proud to play an educational role in promoting nutrition and a balanced diet. In all our host countries, we inform our customers about the benefits of a healthy, well-balanced life."

Laurent Cousin, *Group Senior Vice President, Food Offer, Research and Development, Food and Facilities Management services, Member of the Group Operational Committee*

INDICATOR

97% of the business units provide their consumers and clients with information and training in healthy nutrition. Subsidiaries have adapted their communication through a wide variety of information tools made available to customers.

Note: percentages are calculated on the basis of the number of replies received, but weighted according to revenue (excluding Service Vouchers and Cards activity).

Source: internal survey – May 2005.

DIALOGUE WITH...

Scott Wojciechowski, Lehigh's freshman class president, United States.

"Rathbone reopened as I turned over my new weight-loss leaf. I accomplished this losing more than 38 pounds with the help of the Fresh Choices option of salads, freshly made soups and made-to-order sandwiches. I am enjoying a big boost in self-confidence, and I'm finding new levels of optimism and joy in my daily experiences."

A RECOGNIZED LEADER IN EDUCATING THE PUBLIC

Educating the public about healthy eating is a priority for us, as we are aware of the long-lasting, beneficial effects of a balanced diet. We regularly undertake initiatives in schools, companies and hospitals as well as on all our sites to generate awareness among institutional players and our customers.

OUR PRIMARY AIM IS TO COMBINE GOOD HEALTH WITH PLEASURE FOR ALL AGES

Sodexho has always been concerned about ensuring well-balanced meals for our customers, taking into account each category's specific requirements. Our offers are therefore adapted to each age group and to the most challenging situations. We train our employees, clients and customers in the importance of healthy eating habits and regularly disseminate information on nutrition.

LEARNING ABOUT A HEALTHY LIFESTYLE BEGINS IN CHILDHOOD

Colombia and Chile

In 2006, Sodexho launched the ***Atina Come Sano*** healthy food program to educate children in the School segment. Today, 30 private schools with some 3,000 students receive dietary information and regular advice from a nutritionist.

France

In 15 cities, we have set up ***Fêtavi*** clubs to generate awareness among children between the ages of 7 and 11 about the importance of healthy eating. A series of six lessons, combining culinary theory and practice, are presented in classrooms, school restaurants and the home. Children are made aware of the importance of a varied diet and the pleasure of discovery. Snack machines in high schools are frequently criticized. We have developed ***Cafet'Evasion***, a concept of appealing, well-balanced fast food specifically designed for high school students. Based on the theme "Less fat, less sugar, less salt… Eating well is easy!", the concept is offered in a relaxing, friendly, functional setting.

As part of the operation called **"All children have rights"** introduced by the association *Les Petits Citoyens*, 30 cartoons were created with 30 well-known actors and the support of 30 associations and 30 companies. Sodexho partners with the *Restos du Coeur* association for the film on children's right to a healthy diet: every child has the right to benefit from a healthy eating, which is essential for his mental and physical development, and for his wellness.

United Kingdom

Fit&Ness works specifically with kindergartens and elementary schools to meet the nutritional needs of children between the ages of 3 and 10. The program enables children to meet the kitchen staff and see the different food products.

United States

Students at Lehigh University in Lehigh, Pennsylvania, can now enjoy nutritious food in an inviting atmosphere that nourishes body and mind in their campus' newly renovated Rathbone Dining Room. Following the renovation, which was managed by Sodexho, the dining room has become a center of student life, offering an expanded selection of healthy foods, an outdoor seating area and innovative architecture and design.

IMPROVING NUTRITIONAL BALANCE IN THE WORKPLACE

We help customers in the workplace to improve their eating habits. Food at Work, an international study carried out by the International Labor Organization, shows that iron deficiencies, which affect half the world's population, lead to weakness and poor concentration, while hypoglycemia, which occurs when we skip a meal, impairs our ability to analyze information.

Alaska

A **Nutrition-Wellness** program monitored by one of our dieticians is offered by Universal Sodexho to client employees on all sites. It helps employees assume responsibility for well-balanced eating, particularly with a view to preventing heart disease.

Australia

SmartFuel is a healthy eating program developed to raise awareness about the benefits of a well-balanced diet. The program has been rolled out to all sites in both the Defense and the Remote Site segments. A new menu and guidelines were developed by Sodexho's in-house dietician during FY 06. Sodexho is also working actively with the National Heart Foundation of Australia to introduce Tick approved meals as part of the SmartFuel offer. Tick approved recipes, endorsed by the National Heart Foundation, will be available on Sodexho sites across Australia in early 2007. The Foundation's widely recognized Tick brand will enhance the credibility of the SmartFuel program.

Chile

In 2005, we signed an agreement with the University of Santiago and the Institute of Nutrition and Food Technology (INTA) to introduce well-balanced catering offers with less fat, salt and sugar and more fruit and vegetables in all our Chilean restaurants.
In 2006, Sodexho Service Vouchers and Cards in Chile launched a program called ***Asi da Gusto Vivir*** aimed at informing and heightening people's awareness on the importance of balanced nutrition.

Fêtavi Clubs, France.

Fit&Ness program, United Kingdom.

The Good Eating Code, France

A nutritional education program for the disabled

A nutritional education program was introduced to meet the specific needs of the disabled. For some, disability leads to a number of both functional and nutritional problems. In all cases, meals are of prime importance in the lives of the disabled, providing both enjoyment and a moment of togetherness.

Eating well-balanced food and being autonomous

The Good Eating Code relies on easy-to-understand tools. It aims to teach disabled adults how to maintain a well-balanced diet without assistance, including at home. This means encouraging them to take active responsibility for their eating habits. The Good Eating Code is an integral part of the long-term strategic project of each facility and helps build teams.

Discovery buffet *Frimousse*, France.

Dedicated to clients, affiliates and beneficiaries, the program highlights the impact of bad nutrition habits on health problems and its harmful effects for companies in terms of productivity and competitiveness. To support its action, Sodexho created a dedicated network of affiliated partners: the "healthy network of restaurants" made up of the 700 healthiest restaurants from Santiago, identified and chosen by Sodexho according to the type of food they serve, such as no fried food, cooking with olive oil and low salt.

China

We provide detailed nutrition information to our clients, particularly in the Healthcare segment. We also organize special activities to promote, for example, low-calorie foods, fish, and fruit and vegetables.

Congo

Universal Sodexho has created a dietetics-only service for its clients to address nutritional problems related to offshore bases. To respond more effectively to their needs, a three-month preliminary study of 671 consumers was conducted in partnership with Total Company. The team, comprised of two dieticians, a nurse, a doctor and a welfare officer, successfully carried out the project, which involved 518 questionnaires and 537 individual interviews. Appropriate plans have been introduced on sites by a dedicated dietician. These range from nutritional training courses for cooks to personalized programs for customers.

Czech Republic

The lack of minerals in traditional Czech food results in numerous health problems for the country's inhabitants. To increase awareness among Czech customers about the need for improved nutrition, we organized Iodine Day at our clients' sites and catering operations. Special menus including fish, potatoes and grapes were offered.

France

The **Essentials of Everyday Cooking** are simple recommendations developed by Sodexho with the help of five top chefs. The use of traditional fats has been replaced by vegetable bouillon, which has fewer calories and more aromas. In 2005, we set up a call center (3223) to answer customers' questions about healthy eating and give them advice on well balanced diets. In partnership with Sodexho, the PSA Peugeot Citroën site in Rennes La Janais introduced the Santal program in 2003 for 11 500 people to reduce health risks and enhance eating pleasure through good nutritional habits. In this industrial environment, the Santal dishes have proven popular, with consumption of vegetables increasing 80% and fish rising 12%. 904 employees benefited from a personalized assessment and nutritional assessments of 131 employees conducted by the medical department showed that 81% had lost weight. (average loss of 3,2 kg).

Poland

One of the leading food services companies in the country, Sodexho has launched the Wellbeing program. To raise nutritional awareness among our customers and provide healthy alternatives to traditional Polish meals, the following programs were introduced: Be Light, Taste the Nature, Slim Line, Time for Vegetables and Fight for Your Heart. All were prepared in cooperation with the experts from Warsaw Agricultural University.

Sweden

Sodexho has developed **Vitality**, a brand that focuses on wellbeing and nutritional balance. Vitality is designed to:

- Offer an eat-in or take-out lunch solution, with variety and nutritional values.
- Deliver high quality in taste, without too salty or too fat food, by focusing on spicy and natural tastes.
- Contribute to wellbeing and appeal to people who are interested in their everyday wellness.

The dietetic principles of Vitality are presented and explained to consumers in order to facilitate adhesion and understanding. Vitality has already been adopted in Sweden, Morocco and Austria.

HEALTHY DIETS FOR THE ELDERLY AND THE DISABLED

A range of well-balanced food offers, social activities and other services have been created to help people in hospitals and specialized homes overcome loneliness, gain independence and stay healthy. Today, Sodexho is the only food service company with a dedicated division that serves assisted-living facilities for the disabled, developing innovative solutions to meet the needs of residents with mental or physical problems.

France

Numerous studies have shown that the elderly tend to reduce their food consumption due to poor appetite, leading to weight loss and nutritional imbalance. To remedy this problem, we have created the ***Nutri'O*** dinner, which is designed to appeal to the elderly and ensure they receive their daily requirements of protein, calcium and fiber.

Opened in 2003, ***Café Signes*** was created by France's Support Center for Employment and Communication (CATC). At the Center, we welcome 45 people whose hearing impairment affects their ability to communicate. The Center's team also includes six deaf individuals. Designed to help the hearing-impaired achieve greater independence, *Café Signes* received the European Year of Disabled Persons label at its opening.

Listening to seniors.

Café Signes, France.

Your Health Your Way program, Canada.

Nourish – Eat Right, Be Bright program, Australia.

Create Your Weight program, United States.

DIALOGUE WITH...

Geoff Mitchinson, Vice President, Public Affairs, GlaxoSmithKline Inc., Canada.

"GSK is proud to be a key partner in Sodexho's initiative to promote healthy living."

United States

HealthAbility approaches wellness as an opportunity to improve the overall health, lifestyle and attitude of our residents. Through the support of educational programming, interpersonal communication and social interaction, HealthAbility enables residents to experience all eight aspects of wellness: nutritional, intellectual, physical, spiritual, safety, social, environmental and community. Residents can redefine wellness in their lives by becoming involved in each aspect of HealthAbility.

FIGHTING OBESITY

Adolescent obesity, which the WHO has described as "pandemic," has risen by 75% in the last 30 years. Our initiatives encompass programs designed to prevent and combat obesity. Through a cutting edge wellness initiative, Sodexho is proactively addressing the ever-growing obesity epidemic and the strong need for wellness programs and services.

Australia

Infantile obesity has doubled in Australia in ten years and 20% of Australian children are overweight or obese. We have developed the **Nourish - Eat Right, Be Bright** program to combat this trend and help young people adopt healthy eating habits in their daily lives.

Brazil

The Nutrimania campaign was created to teach the basic rules of well-balanced nutrition.
An informative booklet has been distributed on restaurant and cafeteria tables. Topics such as heart disease prevention are covered.

Canada

After an 18-month intensive market research, development and testing period, Sodexho launched **Your Health Your Way**, a program that offers a balance of delicious and satisfying healthy fare coupled with consumer wellness education and employee training. Your Health Your Way was implemented across the country in over 150 Sodexho-managed food service locations, with the support of a mandatory training and certification process for all location managers and specialized front line training for all employees.

Continental Europe

Thirteen major actions have been identified as contributing to the fight against obesity. They have been divided into three categories: improving eating habits, improving customer knowledge about their food and encouraging physical exercise. For each of these actions, specific programs and examples of concrete initiatives have been reported in every host country, creating the basis for an exchange of best practices among countries.
All Sodexho Continental Europe senior managers are committed to ensuring that every Sodexho customer on each site benefits from at least three of the thirteen actions every day.
1,885,000 consumers benefit from our commitment to propose vegetables everyday, through 32 various programs.
13 communications programs have been deployed to advise our 1,964,000 consumers and to recommend exercise daily practice.

European Union

On December 2005, Sodexho signed the charter of foodservice concession commitments, under the aegis of our professional union (FERCO) at the European level. The charter underscores our commitment to playing an active role as members of the EU Platform on Diet, Physical Activity and Health. A first report on our concrete actions of 2006 will be published in 2007.

Italy

We carefully monitor adult and children consumption of the five groups composing the Nutritional Pyramid, according to the guidelines proposed by the National Institute for Food Research and Nutrition (INRAN). Fruit and vegetable consumption varies considerably among children and adults: children eat 55% fruits compared with 45% vegetables, whereas adult eat 36% fruits and 64% vegetables.

The Netherlands

In January 2005, Sodexho and other stakeholders in the food industry signed an agreement with the government to fight obesity.

United States

Sodexho is a founding board member of the Institute on the Costs and Health Effects of Obesity, set up in 2004 within the National Business Group on Health (NBGH).
To prevent obesity among children, the **School Stars** program teaches good eating habits in the classroom, in cooperation with instructors, teachers and nutritionists.
The **Your Health Your Way** program has been launched for adults in business settings to provide nutritious meals that meet nutritional guidelines and adapt to individual dining choices. It has been proven that people in good health are more productive at work.
Create Your Weight is a comprehensive program to assist adults over a period of ten weeks in managing their body mass. Dieticians combine instruction in nutrition, physical activity and behavior modification with metabolic testing and wellness tracking software.

DIALOGUE WITH...

Joyce Reynolds, Senior Vice President with the Canadian Restaurant and Foodservices Association, Canada.

“Sodexho's new initiative is a wonderful example of the foodservice industry's commitment to giving Canadians the menu options and information they need to achieve a healthy, active lifestyle. We are delighted to have Sodexho as a participant in CRFA's Nutrition Information Program.”

Promoting healthy eating.

Our employees

Objective

Encourage a fulfilling professional life.

Commitments

1. Sodexho is dedicated to providing its employees with the means for professional and personal development.
2. Sodexho is dedicated to promoting and respecting diversity.

PROVIDE employees with a powerful "social elevator"

"United by a common vision and shared values, our people are the main resource of Sodexho. The diversity of origins, cultures and expertise of our people is also a driver of progress and growth for Sodexho. It is one of our greatest strengths, providing a basis for developing synergies to better serve our clients, our customers and the community."

Élisabeth Carpentier, *Group Executive Vice President, Human Resources, Member of the Group Executive Committee*

BUILDING CAREER PATHS

Internal promotion is a big motivator, driving growth and binding the Sodexho community together. Spotting talent and delivering tailored training programs are key factors in effective internal promotion.

SUPPORT FOR CONTINUING EDUCATION

Each employee can expand his or her skills through access to continuing education. Sodexho actively seeks and develops partnerships with a variety of schools, colleges and universities.

MAKING OPPORTUNITIES KNOWN

Job vacancies are posted on internal notice boards, by e-mail, or on Intranet and Internet sites at Group or subsidiary level.

For further information, see the Human Resources Report, available on the website www.sodexho.com.

Total training FY 06

2,453,908

hours

INDICATORS

TRAINING

Number of people taking part in training programs[1]

	Non-Managerial	Managerial	Total
FY 06	162,467	35,333	**197,800**
FY 05	157,980	28,630	**186,610**

Percentage of people trained (number of people trained/average number of employees)[1]

	Non-Managerial	Managerial	Total
FY 06	56.4%	84.9%	**60.0%**
FY 05	59%	76.3%	**61.1%**

[1]Scope = 99% of Group employees as of August 31, 2006.

AWARDS AND RECOGNITION

(See "Our Awards" p. 87)

Brazil – Sodexho was chosen by Human Resources professionals in the country as the most remembered company, for the Top of Mind Prize 2006 in the Food Service category.

Germany – In 2005, Sodexho won the Caterer of the Year award in the Strategy and Management category.

Ireland – Ranked among the country's 50 best employers by the Great Place To Work Institute.

Poland – In 2005, Sodexho received the Investor in Human Capital award, as part of the National Human Resources Promotion program.

Russia – In 2005, Universal Sodexho was named Employer of the Year by the Sakhalin Region Labor Authorities for giving priority to hiring members of the local population.

United Kingdom – Since 1996, Sodexho has achieved certification under the Investors in People standard, created to encourage firms to improve performance through the management and personal development of their employees.

Sodexho received a National Training Award for its Sodexho Way program, whose objective is to train teams.

United States – The Department of Defense presented Sodexho with a Patriotic Employer Award for allowing employees to remain in their jobs while on active military duty.

INDICATORS

TOTAL WORKFORCE

People hired to permanent contracts (excluding employees transferred in) as a percentage of the total workforce

	Non-managerial	Managerial	Total
FY 06	42.7%	22.4%	**40.1%**
FY 05	45.7%	12.8%	**41.6%**

Number of people hired to permanent contract (excluding employees transferred in)

	Non-managerial	Managerial	Total
FY 06	122,904	9,325	**132,229**
FY 05	118,684	4,772	**123,456**

INTERNAL PROMOTION
FY 06

With organic growth requiring substantial resources, **17%** of site manager positions were filled by promotion from non-managerial grades, and **36%** of managerial positions were filled by promotion from site manager or equivalent jobs.

Internal promotion in France for **FY 06**:

100% of regional directors and sales directors were filled by promotions ;

50% of district managers were filled by promotions.

67% of managers were promoted from within the Company.

Australia

A training program operated for the past three years in the Defense segment has already given 400 new employees the opportunity to obtain a nationally recognized professional qualification, thereby boosting their self-confidence and encouraging them to pursue further training to acquire new skills and responsibilities.

Brazil

Launched in 2000, a new development plan provides site managers with the necessary training to become district managers. They can also participate in a program that prepares them to move into sales positions.

Chile

- At operations level in the Education segment, we continue to train employees with little academic preparation to enable them to acquire professional skills in different areas of Sodexho's businesses.
- Since 2005, we started a management program for supervisory personnel at all levels. The program addresses an issue that is very often revealed in work environment surveys and performance evaluations. It points to the need to develop the ability to recognize individual contributions, motivate and organize employees, facilitate group work and communication, and manage teams. Individual shortcomings are addressed in coaching sessions, while company-wide needs are dealt with in workshops and seminars.
- We have also promoted established management models through *District Manager Basics*, a nationwide training program. To verify its effectiveness as a learning tool, three audits will be conducted during the year, mainly to confirm how the models add value to key areas of management identified by the Group.

China

Launched in January 2006, the Sodexho Management Academy (SMA) aims to fill the gap between what you do and what you need to do to satisfy our clients and customers, to improve the quality of management and to help employees move up in the company. The first sessions focused on Sodexho's culture and philosophy and on updating the Operational Management Standards. The SMA targets Unit Managers, District Managers and Regional Directors.

MEET...

Mark Nakamota, his path from waiter to Regional Director of Support Operations, Campus Services, Sodexho in the United States.

Mark joined the Group 13 years ago as a waiter at the Waikele Golf Club on Oahu, Hawaii. He was quickly promoted to a management position before moving to the Campus Services Division. After deepening his knowledge of management and the food services industry at Hawaii University, he took advantage of an opportunity to become Food Services Director at the University of San Francisco, where he was later named Director of Operations. Appointed Regional Director of Support Operations two years ago, Mark has helped to successfully deploy Sodexho's strategy. *"If you're committed to your job and to your company, it will support you"*, he says.

France

- Sodexho is the only company in its industry to offer a comprehensive, **five-stage professional skills program** that enables employees without diplomas to become managers. The program begins with a professional skills contract signed when the person joins the company and includes group training sessions and onsite tutoring.
- In June 2005, the Sodexho Catering and Services subsidiary signed the **In-House Training Charter** initiated by the Ministry of Labor. The charter aims at promoting in-house training and fits with Sodexho's wish to serve as a genuine management school. Every year, more than 200 students work in the Company under in-house training contracts. By signing the Charter, we formally committed to increasing the number of in-house trainees by 20% over the first two years. As of December 31, 2005, Sodexho had 232 apprentices in France, an increase of 43% compared to FY 04. With 8,000 individuals trained every year and nearly 400 job seekers hired last year, Sodexho knows that training and hiring initiatives help prepare the resources required for the Group's growth. In 2006, a hiring advertising campaign was launched with the motto "In-house training commits us."

Madagascar

In 2006, Universal Sodexho was awarded a contract to build and manage a 250-man camp for the QMM Ilmenite mine project by Rio Tinto/QIT Madagascar Minerals. Universal Sodexho trains local workers in HSE requirements, which has resulted in 250,000 hours worked without any lost time incidents. In addition, an HIV awareness campaign developed in cooperation with the National AIDS Prevention Committee (CNLS) has been launched to support regional efforts.

The Netherlands

In October 2005, Sodexho launched a pilot program whereby more than 60 managers returned to the frontline for a day. This back-to-basics day was a welcome initiative that enabled them to once again experience the day-to-day concerns of their teams. It was decided to make the program a yearly event.

United States

Sodexho employees can earn Associate's, Bachelor's and Master's degrees by taking Internet-based courses or completing a company-based project. Sodexho partners with the International Management Centers Association (IMCA), which also works in association with Revans University-The University of Action Learning, to award credits and degrees. Sodexho's Action Learning degrees are accredited by the IMCA, which is also accredited by the British Accreditation Council in the United Kingdom.

MEET...

Michel Landel, Chief Executive Officer of Sodexho Alliance.

SODEXHO MANAGEMENT INSTITUTE: A VECTOR FOR THE TRANSFER OF BEST PRACTICES

"The Sodexho Management Institute serves as an international, multicultural meeting place for discussion and sharing experiences. Its purpose is to contribute to the ongoing progress of the Group's managers and to foster the entrepreneurs the Group needs to ensure its growth. Sodexho managers learn and improve by taking on new responsibilities, participating in project teams and pursuing training that emphasizes a think-tank approach. Sodexho Management Institute is a place to reinforce Group values. And it is also a laboratory to exchange ideas and create internal networks. In all these ways, the Sodexho Management Institute contributes to our managers' development."

INDICATORS

RETENTION RATE ALL EMPLOYEES

RETENTION RATE SITE MANAGERS

PROMOTING and RESPECTING diversity

"Globally, we are committed to building a comprehensive diversity strategy that creates an inclusive environment for all talent, including diverse talent. Sodexho has made this commitment to diversity and inclusion because not only is it the right thing to do, but it is critical to our business success. As a service organization, we depend on our workforce as the core of our business. The more inclusive we are, the better positioned our teams will be to meet the needs of our increasingly diverse customer base and differentiate ourselves in the market. Through our diversity efforts we are improving the Quality of Daily Life for our employees, our customers, our clients and the communities we serve."

Rohini Anand, *Senior Vice President and Group Chief Diversity Officer*

We have defined four main Diversity areas at Group level:

- Gender
- Generations in the workplace
- Ethnic minorities
- Disabilities

COMMITMENT TO DIVERSITY

We believe that hiring people from different backgrounds is both an opportunity and a key driver of growth. With more than 332,000 employees representing more than 130 nationalities in 80 countries, we have an important role to play in promoting diversity, not only among employees but also among all our stakeholders. Respect for people lies at the core of our enterprise and diversity is an integral part of our mission, our values and our ethical principles.

Sodexho employee practices must be perfectly in line with the Company's core values:

- **Service spirit:** taking part in initiatives designed to promote unity.

AWARDS AND RECOGNITION

(See "Our Awards" p. 86)

United States – 2006

- Latina Style listed Sodexho as one of the top 50 companies for Hispanic women for the fourth year in a row.
- Received an Innovation in Diversity Award from Profiles in Diversity Journal for its "comprehensive" diversity strategy.
- Diversity Best Practices recently announced the release of "CEOs Who Get It: Diversity Leadership from the Heart and Soul" and Michel Landel, CEO, Sodexho Alliance and Richard Macedonia, President & CEO, Sodexho,Inc were classified as champions of workplace inclusion and diversity.
- Named one of nation's top 50 companies for diversity by DiversityInc magazine and ranked number 14 on the list.
- Recognized by DiversityInc as one of the Top 10 Companies for Executive Women.
- Named one of the Top 10 Employers for People with Disabilities by DiversityInc magazine.
- Selected as a top US company for contributions to Asian Pacific American community by Asian Enterprise Magazine for the second consecutive year.
- For the third consecutive year, ranked among the nation's top employers by Black Collegian, a publication serving the career and self-development interests of African-American collegians.
- Michael Montelongo, SVP of strategy and planning, was recognized as one of the Top 50 leading Hispanic business professions in the US at the annual Business and Technology Dinner hosted by Hispanic Engineer and IT Magazine.
- Sodexho received the prize "Strategic Examples of Excellence in Diversity" by MFHA.
- The National Eagle Leadership Institute awarded, Emeka Okeani, President Laundry Services in the United States, with the 2006 Career Focus Eagle Award.
- Rohini Anand received the "Diversity First Award" by the Texas Diversity Council.
- The Women's Food Service Forum awarded Sodexho with the WFF Director's Award.

- **Team spirit:** offering equal opportunity to all our team members.
- **Spirit of progress:** improving and helping clients to improve by responding proactively to social developments.

They reflect the commitments we make in our charter "Ethical Principles and Sustainable development contract".

GROUP DIVERSITY STRATEGY

The Global Diversity Working Group was formed in January 2005. The group, which includes employees and union representatives, meets every month to discuss the diversity agenda. In 2006, the Executive Committee appointed Rohini Anand as Senior Vice President and Group Chief Diversity Officer, reporting directly to the Chief Executive Officer.
As part of the Diversity project, a large number of indicators were introduced. They will be monitored closely by the Diversity Working Group and the Executive Committee.

Belgium and France

In France, in October 2004, Sodexho signed the Diversity Charter.
In Belgium, Sodexho also signed a Diversity Charter launched by the Ministry of the Economy and Employment in December 2005

United Kingdom

Sodexho has accepted an invitation from the British Government to become a sponsor and partner in the Diverse Britain 2007 Campaign. This is in recognition of our status as a leading employer with a well-developed approach to diversity and inclusion.

United States

A comprehensive diversity strategy has been launched that focuses on our People, our Clients and Customers and the communities we serve. This strategy is driven by a laser focus on the following four key levers:

- **Leadership**

Create a high performing and inclusive work culture by promoting ownership and accountability for diversity at all levels in the organization. Integrate diversity into the core of the business and make diversity our competitive advantage to achieve bottom line results.

- **Awareness & Skills**

Develop the necessary knowledge, understanding and competencies to leverage diversity in individuals and teams, so they can better serve our diverse clients and customers

- **Recruiting & Retention**

Attract, develop and retain a diverse workforce that reflects our clients and customers as well as the available labor force at all levels.

- **Communication**

Engage the organization in diversity and inclusion efforts. Share best practices and successes internally and externally. Enhance our image and reputation as the benchmark in diversity and inclusion.

Building the Talent Pipeline by creating a culture of Mentoring

Through Sodexho's strategic mentoring initiative, Spirit of Mentoring, employees at all levels have an opportunity to choose from formal or informal mentoring experiences that are key components of Sodexho's overall employee development strategy.
In FY 2006 Sodexho completed Phase 1 and launched Phase 2 of its formal mentoring initiative, Impact. Over 200 employees, including 10 direct reports of the CEO, participated in this program.

MEET...

Extract from Sodexho's "Ethical Principles and Sustainable Development contract", Respect for people.

"Sodexho is committed to providing equal opportunities regardless of race, origin, age, gender, beliefs, religion, or lifestyle choices."

The Diversity Charter signed by Sodexho France in October 2004

The main objective of the Diversity Charter is to promote the integration and career development of all employees regardless of their gender, age, origin or handicap, thereby ensuring equal opportunity across the organization. A Diversity Group created in January 2005 meets once a month with employee representatives to discuss these issues. The Diversity Charter embraced by Sodexho in France attests to our commitment to supporting cultural, ethnic and socio-economic diversity within the Company.

Through the Charter, we have pledged to:

1. Raise awareness of the importance of equal opportunity and diversity among executives and other employees involved in hiring, training and career management and provide them with training.
2. Respect and promote the principle of equal opportunity in all cases and in all phases of human resources management, notably employee hiring, training, career advancement and promotion.
3. Reflect the diversity of French society–especially its cultural and ethnic diversity–in our workforce, at different skills levels.
4. Communicate with all employees about our commitment to equal opportunity and diversity and inform them of the tangible results of that commitment.
5. Involve employee representatives in the preparation and implementation of our diversity policies.
6. Include in the Annual Report a chapter describing our equal opportunity and diversity commitment, as well our actions, practices and results.

MEET...

Juan Ortega, Employee of Sodexho in the United States.

"I was born in Mexico and I work for Sodexho, where they help me learn English. In the "Sed de Saber" course I am learning words that I did not know before. Together, my family and I are studying the language of the United States. I think that this is very beneficial for all people who want to learn English."

After completing an insertion program, Viviane Matap Tamo signed a full-time contract as a first apprentice chef. She arrived in Belgium from Cameroon with her two young children in 1998.

"I was in a difficult, precarious situation", she says. "Through the insertion program supported by Sodexho, I had the opportunity to acquire real food service industry skills. When I completed the program, Sodexho demonstrated their faith in me by offering me a permanent contract. Today, I'm happy in my work. The experience has changed my life and given me the courage and the desire to move forward. With my new self-confidence, I intend to build a better future."

Participation in the informal Peer2Peer program continues to grow. Under this program managed by Sodexho's Network Groups, over 50 employees – including 3 members of the executive team – are participating in mentoring opportunities.
Through the informal mentoring initiative *Bridge*, Sodexho's operating divisions offer mentoring opportunities to both mangers and frontline hourly employees.

AWARENESS AND SKILLS TO SUPPORT DIVERSITY AND INCLUSION

We expect our employees to understand the importance of a diverse, inclusive culture in which all employees can achieve their full potential. Sodexho feels that employees need to fully grasp the value of diversity within the Group. In all our operations and markets, we are committed to facilitating the integration of employees from a wide range of origins and cultures into the Company and into Society.

United States

Sodexho has launched a multi-year Diversity Learning Strategy that focuses on topics that include the basics of Equal Employment Opportunity Compliance, through more advanced topics like Cross Cultural Communication and Gender in the work place. All managers are required to complete one full day of training in equal employment opportunity and affirmative action and another full day of Spirit of Diversity Training. The diversity learning strategy also contains specific training opportunities for all levels of the organization, from the Executive team, through the front line employees.

OFFERING GENERATIONS OPPORTUNITIES IN THE WORKPLACE

In a fast-growing company with an assertive internal promotion policy, we strive to attract and retain the best talent for our future. To integrate the unique skills and experiences of multiple generations into the company, we welcome all solutions that combine practical experience as well as education. We are fully focused on hiring the best talent and retaining that talent with rewarding careers and development opportunities.

France

To support our active commitment to attract the best talent in the market, we are involved in a number of outreach programs:

- We maintain a partnership with 30 public and private educational establishments through broad-based, university-level programs to train sales representatives and engineers, as well as specialized skill-development programs for the hospitality and services industries.
- We also partner with 40 hotel schools.
- In each of our host regions, we take part in open houses and forums, organize site tours, and visit classrooms to explain our businesses and the advantages of working with a leading company like Sodexho.
- We regularly organize onsite sessions for teachers.
- Every year, we take part in the Education Fair alongside the National Caterers' Association.

EQUAL OPPORTUNITY FOR WOMEN

Women represent **57%** of the total workforce and hold **44%** of all managerial positions. A large number of initiatives are being pursued across the Group to promote gender diversity.

Australia

In the Defense segment, women who want to move up to managerial positions are provided with tutoring from women senior managers. A working group made up of women on the senior management team will be created to study initiatives that help women advance in the working world.

France

The percentage of women in managerial positions is increasing with a goal of 30% by 2010. In FY 06, nearly 900 women received promotions. Another objective is to include more women in training sessions. Sodexho is the only company in its industry to offer a comprehensive, five-stage professional skills program that enables employees without diplomas to become managers.

In 2005, more than 250 front-line employees and supervisors – half of them women – took part in the program. This program to enhance the professional skills of women employees is monitored by France's Ministry of Labor and the French Business Confederation (Medef).

Thailand

In 2005, Universal Sodexho began employing women to work in offshore catering crews on our clients' rigs. Thirty-six women have now completed the statutory health and safety courses required for offshore work, including helicopter escape and sea survival training. They have progressed from kitchen and housekeeping duties to galley and storage area responsibilities. Clients are very enthusiastic about the positive impact of this initiative on overall service quality.

The Netherlands

Sodexho is a founding-member of a national network that promotes gender equality. A key role of the network is to enable women who have temporarily left the company for family reasons to maintain their ties with their company, making it easier for them to return to work.

ZOOM ON MORE AND MORE WOMEN IN KEY MANAGERIAL POSITIONS

Women hold 4 out of 14 seats on the **Sodexho Board of Directors** and 3 of 11 seats on the **Group Executive Committee.**

In Finland, the Operational Committee is comprised of 11 women and 3 men.

In **Canada**, one-third of the Executive Committee are women and two-thirds of Sodexho Canada's management members are women.

In the **Latin America** region, women hold the top positions in Human Resources and Marketing & Communication.

In **Denmark**, nearly 75% of site managers in the Food and Facilities Management services subsidiary are women.

In **France**, women hold 22% of all management positions, and account for 46% of people hired in management positions. Of the 100 senior executives in the organization, 30% are women. Among the five senior executives on the Executive Committee France, two are women.

INDICATORS

WORKFORCE BY GENDER

	FY 06
Managerial	
M	56.1% (23,349)
W	43.9% (18,247)
Non-managerial	
M	41.2% (119,627)
W	58.8% (170,873)
Total Group	
M	43.1% (142,976)
W	56.9% (189,120)

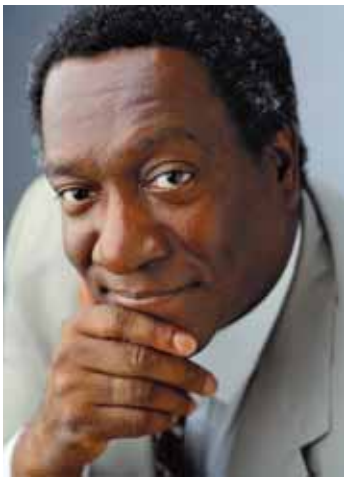
Men Women

EMPLOYEE ENGAGEMENT SURVEY

F & FMS	79%
SVC	82%

F & FMS: Food and Facilities Management services.
SVC: Service Vouchers and Cards.

Percentage of the employees responded that at Sodexho, employee diversity (age, gender, national origin, etc.) is valued for the differences these dimensions bring to the workplace.



DIALOGUE WITH...

Daniele Viola, Director, Workplace Mediation Office, Anffas Milan Onlus.

"We've worked with Sodexho in Italy for several years and appreciate the company's efforts to integrate the intellectually disabled into the working world. Training sessions, internships, support programs and workplace integration initiatives have been organized for the past ten years, thanks to Sodexho's firm commitment to providing the disabled with real opportunities that help them overcome the obstacles to full integration into society and the working world.
This partnership is based on a public service agreement signed by Anffas Milan, the Province of Milan and Sodexho.

Sodexho in Italy has demonstrated a great deal of sensitivity in its handling of such an extremely delicate issue: dealing with the handicapped and their needs, openly discussing the negative experiences of handicapped employees and improving working conditions for the disabled within the company. This constant focus on the disabled has definitely helped avoid crises and kept employees from quitting in despair. These positive relations with Sodexho have made the company a benchmark in integrating our students into the workplace."

United States

WiNG, the Women's Employee Network Group, has been focused on providing personal and professional developmental opportunities for Sodexho Employees in the United States. Through this group members are provided with networking opportunities and formal training in managing their careers as well as balancing their out of work commitments. In the United States, Sodexho continues to strive to provide flexible work arrangements that help all employees, including women, meet their personal and professional obligations. Acting on feedback from WiNG, in 2004 the company established a formal Breast-Feeding Policy Companywide, as well as a state of the Art Lactation Room at the Corporate Headquarters, to support nursing mothers.

EQUAL OPPORTUNITIES FOR ETHNIC MINORITIES

Wherever we operate, Sodexho implements initiatives to facilitate the integration of employees from varied cultural and national backgrounds into the company and society.

The Netherlands

Through a government pilot project to facilitate integration, Sodexho, which employs 57 nationalities, arranges for selected employees to take courses and exams in Dutch language, cultural behavior and work skills. Participating employees attended two courses a week and were supported by Sodexho personnel and a coach. In June 2006, the first 15 employees graduated with good results.

United States

Sodexho supports 5 Employee Network Groups:

- AALF - African American Leadership Forum;
- PANG - Pan Asian Network Group;
- PRIDE - People Respecting Individuality, Diversity and Equality;
- SOL - Sodexho Organization of Latinos;
- WiNG- Women's Network Group.

The network groups play a strategic role in enlisting grass roots support for the overall diversity strategy as well as in providing personal and professional development for members. In the past year network groups have:

- Hosted National Meetings and Developed Business Plans that support the Diversity Strategy;
- Raised funds in support of various charitable causes;
- Hosted a Cross Network Group Professional Development Conference;
- Provided informal mentoring programs for members;
- Sponsored education and awareness events in support of Federal Heritage Months;
- Provided programming on a regional basis to support the personal and professional development of members;
- Partnered with a variety of community based organizations in support of business development and recruitment.

IMPROVING THE QUALITY OF LIFE FOR PEOPLE WITH DISABILITIES

The top priority is integrating the disabled into society. Sodexho furthers this objective in a variety of ways, from work opportunities in centers for the disabled to job training and public awareness campaigns.

Brazil

In 2006, in the Business & Industry and Health segments, Sodexho launched *Descubriendo Estrellas*, as part of the PPNE (*Personas Portadas de Necesidades Especialidades*) program for people with special needs. By facilitating the integration of the disabled, the program provides equal opportunity and strengthens our diversity commitment. In all, 59 people with disabilities are now employed on three client sites.

France

For 10 years, Sodexho has supported Employment for Disabled People Week, by participating in forums, jobs-dating and awareness actions organized through all of France. The unemployment rate for the disabled is nearly twice as high as for the population as a whole. On its sites, and often in its kitchens, Sodexho employs more than 600 disabled persons, of whom 50 have a severe handicap. In June 2006, Sodexho and its employee representatives also signed a hiring-the handicapped-agreement called "Making Room for Everyone's Capabilities" that has been certified by work and employment authorities in October 2006. Proof of a commitment to making real improvement, the agreement is designed to leverage the positive experiences within our organization

MEET...

Yann Coléou, President, France and India, Food and Facilities Management services.

SODEXHO'S COMMITMENT TO PROMOTING DIVERSITY AND HIRING THE DISABLED

What has Sodexho accomplished in this area?
Sodexho's philosophy is based on the values of social development and on ethical principles, such as respect for people, with the goal of ensuring equal opportunity for all employees with the same qualifications. People are at the center of our organization. In France, Sodexho began managing its first specialized establishment 20 years ago and has worked closely for 10 years with ADAPT* in supporting Hire-the-Handicapped Week. Today, Sodexho partners a large number of specialized establishments and supervises 600 disabled persons in the kitchen, of whom 50% are affected by a severe handicap.

*An association created in 1929 to support the social and workplace integration of the handicapped and recognized as a public service organization. www.ladapt.net

How do your kitchen chefs respond to disabled employees?
We have successfully integrated a large number of sight-impaired, hearing-impaired and mentally disabled people into work spaces where there are many safety risks involving knives, burns and slippery floors. We are able to do this by making our onsite work processes more widely accessible and by supporting our managerial teams.

How are you promoting teamwork?
In our specialized establishments, we wanted to highlight the individual talent of our young disabled employees by organizing an annual cooking contest. From across France, teams comprised of a Sodexho cook, a young employee and an instructor disabled work together to create the best recipe. In 2006, Jury President Jacques Chibois, a star-winning chef in the Michelin Guide, was impressed by the quality and creativity of the recipes, the talent of the young handicapped employees and their ability to work effectively in teams.

How does diversity benefit your teams?
This openness is an asset and a major opportunity for Sodexho. The chefs recognize the skills, motivation and loyalty of these employees. Integrating the disabled helps to develop greater solidarity within our teams.

What are your next objectives to support the hiring of the disabled?
Encouraged by these positive experiences, we have made a commitment to hire more disabled people. We've pledged to hire an additional 200 disabled employees and to take on 50 disabled apprentices and 150 trainees, which will increase the number of disabled persons in our organization to 1,000 by 2009.

AWARDS AND RECOGNITION

(See "Our Awards" p. 86)

Canada

- The Quebec Businesswomen's Network presented Marie-Line Beauchamp, Vice President of Sodexho Operation in the Province, with its 2006 Quebec Businesswomen's Award in the Private Sector category.

France

- 2006 – Corporate Diversity Award for Innovation received, part of the recently concluded Diversity Tour de France. The award was presented to the company by Mr. Azouz Begag, Delegate Minister for the promotion of equal opportunity at the Diversity Tour's closing ceremony.

United Kingdom

- Recognized for its Corporate Citizen strategy in favor of diversity and integration, Sodexho will partner the British government in its Diverse Britain 2007 campaign.
- Sodexho is named Large Employer of the Year by Reed in Partnership in Glasgow; a company specialized in the recruitment of people in need.

and step up the pace of hiring the disabled. We are committed to hiring an additional 200 handicapped persons and to taking on 50 disabled apprentices and 150 trainees by 2009.

Italy

Sodexho has been working for the past 10 years with institutions and non-governmental organizations to promote the integration of the disabled, helping some 200 disabled persons to find employment.

Poland

Since 2002, at the start of its partnership with the Polish Association for the Mentally Handicapped, Sodexho was involved in Poland's first educational project to prepare the intellectually challenged for the job market. The initiative is part of the European Commission's Leonardo da Vinci program and is supported by the French Embassy in Warsaw.

OFFERING REINSERTION PROGRAMS

We manage a wide range of initiatives to help the long-term unemployed and the underprivileged, as well as offender reinsertion programs.

Belgium

Within the framework of our annual Human Resources meeting, we organized a workshop dedicated to diversity. Our HR team members, along with our chief executive and operational managers, created short and long-term action plans that will be implemented in the coming months to support diversity initiatives. One example is a hiring program, developed in cooperation with a number of government social assistance centers, that offers job skills training to the disadvantaged.

Colombia

Sodexho offers grants to cover *Plan Tutor Sodexho SENA*, a six-month training program leading to potential job opportunities within the company. In all, 180 people currently benefit from this program in Bogota, Medellin, Cali and Barranquilla.

France

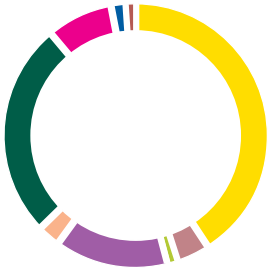
In partnership with France's correctional authorities, SIGES is managing an innovative Professional Skills Development Center as part of a rehabilitation project to prepare inmates for a return to mainstream society. The program is designed to enhance inmate employability by developing, evaluating and validating their acquired experience. Two Corporate Relations Managers have created a partnership with more than 200 companies, which take part in a job placement program developed by SIGES. In FY 06, a total of 78 former inmates took part in the program and were offered a job upon their release. A horticultural farm was created at the Liancourt facility for 15 inmates with severe psychological problems or addictive behavior. This pioneering experiment represents the first step in building a rehabilitation process.

Sodexho has signed a partnership with Villa Sainte Camille near Nice to train, supervise and hire the disadvantaged. We lead workshops that teach young people the basics of food service hygiene and safety and we then hire them under limited-term contracts.

Key data FY 06

EMPLOYEES

Employees by business



99% Food and Management Services
- **41%** Business and industry
- **14%** Defense
- **1%** Correctional Services
- **14%** Healthcare
- **3%** Seniors
- **26%** Education
- **8%** Remote Sites
- **2%** Shared structures

1% Service Vouchers and Cards

Employees by region

- **37%** North America
- **27%** Continental Europe
- **12%** United Kingdom and Ireland
- **12%** Africa, Asia and Pacific Rim
- **12%** Latin America

Total workforce by category as of August 31, 2006

Non-Managerial	Managerial	Total
87.5%	12.5%	100%
290,500	41,596	**332,096**

WORKPLACE SAFETY

Workplace accidents by employee category as a percentage of the total workforce

	Non-Managerial	Managerial	Total
FY 06	2.8%	0.5%	**2.5%**
FY 05	3.4%	1%	**3.1%**

Workplace accidents by employee category

	Non-Managerial	Managerial	Total
FY 06	7,787	220	**8,007**
FY 05	8,919	378	**9,297**

EMPLOYEE ENGAGEMENT SURVEY

During fiscal year 2006, Sodexho launched its first Employee Engagement Survey throughout the Group. **Thirty-five countries** have participated, covering **87% of the Group workforce**, some **282,000 employees.**

Employee opinion surveys are one of the performance indicators for the Group. The results are essential to improve understanding of employee expectations and to help Sodexho attract, develop and retain the best talents we need. These results highlight several areas of satisfaction. They also enable us to identify several key drivers for progress.

The objective, as defined by Michel Landel, is for Sodexho to become one of the best employers by 2008.

Methodology

Common questionnaire for all the participant entities with 52 standard questions translated in local languages covering 14 items regarding professional life

- **Categories surveyed:**
- **20%** unit employees
- **100%** unit managers
- **100%** out-of-unit personnel
- **Survey mode:** paper or online
- **Period:** October 2005 & April 2006
- 35 countries in all

Results

The overall participation rate is about **47%.**

The satisfaction rate corresponds to the percentage of employees who have responded "strongly agree", "agree" or "slightly agree."

Daily work activities:

- **87%** of the Group's employees enjoy their day-to-day work tasks.
- **85%** say they get a sense of accomplishment in their work.
- **87%** feel that their colleagues respect their thoughts and feelings.
- **88%** feel that workplace safety and security is considered important.
- **76%** say Sodexho provides the support they need to succeed.

The global engagement rate of Sodexho is 50%, which is in line with the worldwide average (Hewitt database).

PATHS TO PROGRESS

NEXT EMPLOYEE ENGAGEMENT SURVEY IN 2008, WITH AN OBJECTIVE OF 60%

The survey results helped us identify four key engagement drivers on which we will take action to improve:

1. Communication: build more open, honest two-way communication.
2. Senior Leadership: communicate Sodexho's vision in a manner that enhances employee motivation.
3. Recognition: recognize employee contributions and accomplishments more fully.
4. Learning, Training and Development: strengthen the focus on employees' personal development.

Our suppliers

Objective

Build balanced, long-term relationships.

Commitments

1. Sodexho is committed to pursuing procurement policies that guarantee the origin and the quality of the products we use.
2. Sodexho is committed to strongly encouraging its suppliers to embrace our corporate citizenship values.

GUARANTEEING the origin and the quality of the products we use

"Our suppliers play a fundamental role in our responsible food safety policy. To control potential risks, we are extremely vigilant regarding the origin and quality of each product we offer our clients and consumers."

Damien Verdier, *Group Executive Vice President, Marketing in charge of Procurement, Food Offer Marketing and Client Retention, Member of the Group Executive Committee*

FOCUS ON THE SUPPLY CHAIN

Our purchasing policies put quality before price. In each country we implement product quality and traceability procedures throughout the supply chain. We are careful to comply with transparency rules governing the supply of perishable products, and we carry out annual auditing and inspection procedures. All of these actions are part of our improvement approach in partnership with our suppliers.

Remote Sites

Universal Sodexho has introduced Galaxy, an operations and supply chain management software designed specifically for remote sites. Deliveries are made from Galaxy-managed warehouses to over 600 sites in nine countries on four continents. Approximately 50% of Universal Sodexho's food purchases are processed in Galaxy, including purchases from MAAS Trading (see Dialogue with… p. 48).

France

Our purchasing department has obtained ISO 9001:2000 certification, covering the assessment, approval and monitoring of suppliers, products and services in the area of catering and communication of procurement data. This certification provides a guarantee to suppliers of our professionalism and strict purchasing policy.

AWARDS AND RECOGNITION

(See "Our Awards" p. 84)

United Kingdom – In 2005, Universal Sodexho in Scotland obtained the Excellence Standard from the CIPS (Chartered Institute of Purchasing & Supply), awarded for best practices, procedures and policies in procurement and supply.

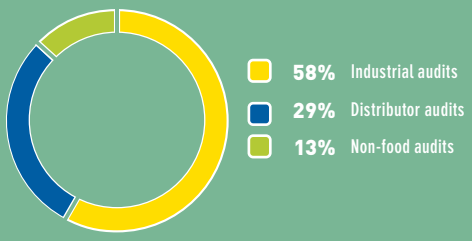
INDICATORS

SUPPLY CHAIN AUDITING IN FRANCE DURING FY 06

Increase in the number of supplier audits performed on the respect of the scope of works covering in particular the environment and working conditions:

Since January 1, 2006, following certain changes in contract terms, we have replaced certain audits with formal preventive action plans.

Breakdown of audits



Increase in the number of product analyses conducted by our partner laboratories, at the request of the Purchasing Department, to assess the nutritional quality of ingredients and detect any presence of salmonella, listeria or other bacteria, as well as pesticides, nitrates, heavy metals, GMOs and other harmful substances.

INDICATORS

PERCENTAGE OF PURCHASES FROM APPROVED SUPPLIERS (US) ON THE BASIS OF VENDOR COMPLIANCE*

*vendor compliance = purchases from approved suppliers / (purchases from approved suppliers + purchases from competitor suppliers).

10 points of total procurement

ZOOM ON BRINGING FARMERS AND FOODSERVICE COMPANIES TOGETHER, UNITED KINGDOM

In support of our sustainable development policy, we took part in an initiative started by His Royal Highness (HRH) the Prince of Wales, which called on seven leading foodservice companies to work with the IGD (Institute of Grocery Distribution). This involved conducting research to identify obstacles to United Kingdom farmers working with United Kingdom foodservice companies. The overall objective was to build fair and profitable relationships and genuine commercial issues have been addressed by close co-operation. Following a tender process, we entered a relationship with a grower who is able to deliver lettuce directly to our distributors.

The benefits of dealing directly with the grower/supplier are numerous:

- to Sodexho, traceability, more consistent quality and more predictable prices.
- to the grower/supplier guaranteed volumes throughout the year and fixed prices leading to a fixed income.

We ask our partners and suppliers to adopt an attitude of excellence: they have to answer to our surveys with high transparency. Our studies revealed that British farmers wanted to work with us directly. As an example, we have renewed our agreement with MBM Produce Limited, which provide us with 80% of our needs in potatoes (the other 20% coming from the farming community). This initiative allows us to provide our consumers with high quality products and traceability.

DIALOGUE WITH...

Georges Broeders, Purchasing & Logistics Manager, MAAS Trading, partner of Sodexho since 1994 for Remote Sites in Africa.

What are the steps in your quality approach?
"Risk prevention is of paramount importance to us and we follow the HACCP method closely. Every three months, we check our procedures and carry out product tests to prevent potential risks. For meat, in particular, we require that our suppliers provide us with certificates of origin that comply with veterinary industry standards."

What sort of client is Sodexho for you?
"Sodexho's approach is to strive for ongoing progress on a daily basis and maintain our contract founded on trust. We appreciate working directly with the operating teams in the field, because this allows us to solve problems more quickly. With Sodexho, we are constantly expanding the range of product origins and continually improving our methods."

How do you support Sodexho's sustainable development policy?
"Satisfying end customers is as much to our advantage as to Sodexho's. We comply with Sodexho's ethical principles while maintaining a balanced, lasting partnership. Our aim is to pursue our growth and improve the quality of our products."
"The high standards set by Universal Sodexho are the driving force behind our ongoing improvement."

ENCOURAGING suppliers to embrace our Corporate Citizenship values and to promote their adoption by their subcontractors

ETHICAL PARTNERSHIPS

We are strengthening our ethical partnerships to foster respect for people and the environment; our suppliers are committed to working with us to promote this approach in our daily activities and contribute to our progress.

In our businesses, it is essential to develop trusting, long-term relationships with each of our suppliers to guarantee the quality of our products throughout the supply chain. We see to it that our procurement policy and our partnerships are tailored to the specific features of our suppliers. Furthermore, we have encouraged our suppliers to adopt a policy of cultural and social diversity towards their own suppliers.

PROMOTING THE USE OF PRODUCTS THAT ARE RESPECTFUL OF THE ENVIRONMENT AND ETHICAL VALUES

Today, our clients and customers are increasingly insisting on products created using ethical standards. To meet their demands, we recently developed a product offer based on rational farming methods, organic farming and fair trade. The offer is clearly labeled to provide fully transparent information on this approach.

Netherlands

Since 2005, we only offer organic milk under all our school contracts; here we explain the benefits for the environment and how students can contribute.

United Kingdom and Ireland

We have worked extensively with a supplier to develop a coffee solution that we have called **Coffee with Principles.** This coffee has three accreditations: it is Fair-trade accredited, Rainforest Alliance certified and organic.

United States

At Menlo College, in Atherton, California, Sodexho has completely transformed the dining hall with programs that reflect where the campus is going as a whole. Menlo's Board of Trustees passed a resolution that the college would become a sustainable campus in everything it does. Sodexho is helping to fulfill that goal, by working towards a completely organic dining program.

PROMOTING SUPPLIER DIVERSITY

Sodexho's Supplier Diversity Strategy has led to business success for both Sodexho and our diverse suppliers.

United States

In fiscal 2006, our Supplier Diversity Department:

- Increased our diversity spend even though we had the challenge of two of our major diverse vendors selling their business this year.
- Purchased products and services from over 1,500 diverse vendors throughout our communities.
- Established 15 new contracts with national and regional diverse vendors through our Supply Management Department.
- Awarded our Diverse Vendor of the Year Award to **Carla's Pasta,** a women-owned manufacturer of frozen pasta and sauces.

A control approach overwhelmingly approved by our suppliers, France and North America

Our procurement policy outlines formal specifications pertaining to hygiene, traceability, food safety, the environment and working conditions and must be signed by every supplier. The components of each product are known, the production process is audited and deliveries are inspected. This control approach has the overwhelming support of our suppliers, as it enables them to improve their day-to-day performance and leads to their product and service quality being rated more highly by their other clients.

The purchasing department carries out supplier audits throughout the year. If the results are not of the standard required, the names of the suppliers involved are put on a watchlist and are subject to an action plan and further audit.

AWARDS AND RECOGNITION

(See "Our Awards" p. 86)

United States

- **2005 –** Sodexho was recognized by **DiversityInc.** among the 10 companies most committed to developing partnerships with suppliers from minority groups and women-owned businesses.
- **2005 –** Keeper of the Vision for a Sustainable Future 2005 prize awarded by the **Food Alliance association** for the partnership between Sodexho and Midwestern farmers based on rational farming principles.

ZOOM ON THE CODE OF ETHICS FOR THE PURCHASING DEPARTMENT, FRANCE

By signing the **French subsidiary's Code of Ethics**, Purchasing Department teams have committed to complying with Sodexho's ethical principles and Corporate Citizenship values. The Code defines principles that must be respected when dealing with suppliers, with the goal of maintaining equitable, long-term relations with partners.

LOYALTY

"Sodexho shares with its partners a number of common objectives based on mutual trust, which supports loyal relationships among the various stakeholders."

Confidentiality: All information received from suppliers must remain confidential, just as Sodexho insists on the same confidentiality for the data it provides to its partners. Buyers have an obligation to confidentiality and discretion with regard to a supplier's capabilities and expertise.

Environment: Buyers represent Sodexho and act in the Group's name. Consequently, they recognize their own responsibility with regard to the Group's image, reputation, principles and policies, and in particular its ethical principles and sustainable development commitments.

Commitment: Buyers must comply with commitments made to suppliers and, if necessary, remind others within the organization of these commitments and the importance of respecting them. Buyers must be as consistent as possible with all company stakeholders who are in contact with the supplier.

Our Code of Ethical Conduct for suppliers in North America

In North America, our suppliers comply with a Code of Conduct based on ILO (International Labor Organization) standards. At our request, suppliers sign a code of conduct covering the following areas:

- **Child Labor –** Suppliers are prohibited from using workers under the legal age of employment in any country or local jurisdiction where the supplier performs work for Sodexho. If the minimum age of employment is not defined, the minimum age of employment shall be 15 years of age.
- **Forced Labor –** Sodexho will not tolerate the use of indentured, slave, bonded or other forced involuntary labor by its suppliers.
- **Wages And Benefits** - Suppliers shall not pay less than the minimum wage in accordance with local laws or the prevailing market, whichever is higher.
- **Working Hours –** Suppliers shall maintain reasonable employee work hours in compliance with local standards and applicable national laws of the countries and regions in which the supplier does business.
- **Health And Safety Guidelines –** Suppliers must share Sodexho's commitment to providing a safe and healthy workplace, in compliance with local laws.
- **Freedom Of Association –** Employees of suppliers shall be free to join organizations of their own choice. Employees shall not be subject to intimidation.
- **Non-Discrimination –** Suppliers shall not discriminate against employees in hiring, promotion, salary, performance appraisal or any other term or condition of work, on the basis of race, color, national origin, gender, sexual orientation, religion, disability, or any other basis prohibited by law.
- **Disciplinary Practices/Coercion –** Everyone shall be treated with dignity. Suppliers shall not inflict or threaten to inflict corporal punishment or any other forms of physical, sexual, psychological or verbal abuse or harassment on any employees.
- **Environmental Guidelines –** Sodexho will actively seek suppliers that share our commitment to environmental protection, energy conservation, recycling and proper disposal of waste, as well as environmental restoration.
- **Community Involvement –** Sodexho seeks partnerships with suppliers that work with local governments and communities to improve the educational, cultural, economic and social wellbeing of the communities.
- **Ethical Standards –** Sodexho seeks to identify and work with suppliers that aspire to conduct all of their business according to a set of ethical standards not incompatible with our own.
- **Conflicts Of Interest –** Suppliers may not give Sodexho employees a gift with a value in excess of US$100 and may not bribe foreign officials or any other parties to benefit the Company, its employees or its business.
- **Communication –** Suppliers are encouraged to take appropriate steps to ensure that the provisions of the Code are communicated to their employees and throughout their own supply chain.

RESPECT FOR PEOPLE

"We cannot conceive of life in society without the consideration that every individual deserves regardless of the type of relationship that binds us."

Courtesy: Supplier representatives must always be treated with respect and courtesy.

Discrimination and harassment: Buyers will never discriminate against or harass anyone with whom they have business or working relations.

TRANSPARENCY

"For Sodexho, transparency is a constant commitment to:

- *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.*
- *Offering suppliers clear, understandable contracts, while demanding that they comply with the same ethical principles."*

Confidence: Buyers must fully comply with written and oral commitments.

Accuracy: Information provided to suppliers must be accurate and presented in such a way that it is readily understandable.

Potential conflict of interest: Buyers must alert the employer to any personal interests that could be seen as potentially influencing their ability to act impartially.

REFUSAL TO ENGAGE IN CORRUPT PRACTICES AND UNFAIR COMPETITION

"We firmly condemn any and all practices not based on trust, integrity and fairness. Stable, long-term partnerships cannot be created or maintained if they involve any form of corruption or unfair competition."

Integrity: Buyers must neither solicit nor accept from suppliers any direct or indirect personal benefits that could influence their business decisions. Invitations, however, may be accepted, provided they are reasonable, limited to strictly business-related matters and reciprocal.

Independence: Buyers act independently with regard to both colleagues and suppliers. They must never yield to pressure from within the company to favor a supplier. They must also never acquire a significant stake in one of their supplier's companies.

Competition: Buyers work with suppliers to find solutions whenever possible, while always complying with the principles of fairness and competitive bidding.

DIALOGUE WITH...

Ann Oka, Senior Vice President, Supply Management, Sodexho, United States.

"We are fully committed to continuing to build a strong supplier diversity program by expanding and maximizing our partnership with minority and women-owned businesses and taking a vested interest in their success."

Committed partnerships with committed suppliers, France

Sodexho works in partnership with many suppliers that have adopted a sustainable development approach:

- Suppliers that have established ISO 14001-certified environmental management systems, such as Coca-Cola, Daufruit-Héro, Evian, Inalca, Ecolab, Lotus-Georgia Pacific, Miko, Unilever Best Foods and SITA.
- Suppliers that have signed "Company in favor of the environment and sustainable development" charters, such as Ardo, Danone, Davigel, Nestlé and Lutosa.

Our shareholders

Objective

Ensure that all shareholders receive the same information at the same time.

Commitment

Sodexho is committed to regularly providing all shareholders with the same accurate, clear and transparent information simultaneously.

PROVIDING all shareholders with the same accurate, clear and transparent information simultaneously

"In recent years, we have intensified our efforts and made significant progress as regards financial transparency while ensuring equal treatment of shareholders with regard to information."

Siân Herbert-Jones, *Group Chief Financial Officer, Member of the Group Executive Committee*

Our investor relations policy is based on core principles:

- **Equal treatment:** All financial press releases are issued simultaneously in real time to all our stakeholders, in both French and English.
- **Regular reporting:** Our financial information timetable is published to the financial community a year in advance, and updates are always available on our website at www.sodexho.com.
- **Accessibility:** Live webcasts of our annual shareholders' meetings and earnings presentations are broadcast on our website. Releases of quarterly revenue figures are accompanied by conference calls, giving the financial community rapid access to the information and an opportunity to question senior management about our performance.
- **Transparency:** A broad range of corporate information, including the bylaws, Reference Document, Annual Report, Corporate Citizenship Report, Human Resources Report, Interim Report, Form 20-F, press releases, a presentation of the Group, and share price trends, is posted on our website, www.sodexho.com.

We also offer the financial community a comprehensive package of dedicated, interactive communication channels. Our financial press releases are issued via print media and e-mail.

INDICATOR

Lead-times for providing financial information

FY	Full-year results	Number of days
07	08/11/2007	38
06	16/11/2006	46
05	17/11/2005	47
04	18/11/2004	48
Progress since FY 04		**10 days**
Progress from FY 06 to FY 07		**8 days**

AWARDS AND RECOGNITION

(See "Our Awards" p. 87)

- **France –** TOP COM Bronze awards (2000 and 2001), TOP COM Gold awards (2002 and 2004) and TOP COM Silver award (2005), in the "Annual Reports for Listed Companies" category.

PATH TO PROGRESS

Our target for strengthening communication with our shareholders and investors:

→ To gain **20 days** in the next **three years** on the **lead-times** for providing **financial information.**

HOW TO OBTAIN INFORMATION

On our website
www.sodexho.com
By audiotel
No.: +33 (0)8 91 67 19 66 (€0.225 per minute, calls originating from France only)
By telephone, fax or e-mail
Investor Relations
Tel.: +33 (0)1 30 85 72 03
Fax: +33 (0)1 30 85 50 88
By e-mail
financial.communication@sodexhoalliance.com
In writing
Sodexho Alliance, Investor Relations
B.P. 100, 78883 Saint-Quentin-en-Yvelines Cedex

FINANCIAL CALENDAR

- Annual Shareholders' Meeting **January 30, 2007**
- Payment of dividend **February 12, 2007**
- First-half revenues **April 4, 2007**
- Interim results **April 26, 2007**
- Nine-month revenues **July 4, 2007**
- Full-year revenues **October 3, 2007**
- Full-year results **November 8, 2007**
- First-quarter revenues **January 9, 2008**
- Annual Shareholders' Meeting **January 2008**

Regular updates are available on the Sodexho Alliance website: www.sodexho.com.
For the latest Sodexho news, go to www.sodexho.com.

INVESTOR RELATIONS POLICY

In order to meet our own transparency goals and comply with the regulations of the two markets where Sodexho's shares are listed – Euronext Paris and the New York Stock Exchange (NYSE) – Sodexho Alliance and all those involved in preparing the financial information have committed to a set of core principles designed to ensure equal treatment of all shareholders.

Group spokesperson

Only the Chairman, the Chief Executive Officer and members of the Executive Committee have authority to provide financial information. The Chief Executive Officer has appointed the Director of Investor Relations to act as official spokesperson for the Group, with specific delegated powers.

Preparation of financial information

All financial information is reviewed prior to publication by a Disclosure Committee comprising representatives from the Finance, Corporate Communications and Human Resources departments.

Publication of financial information

Without exception, all information liable to influence the share price is published before the Paris stock market opens for trading.
After approval by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on the nature of the information), financial information is released to the markets via a press release, issued simultaneously to all sections of the financial community and to the stock market authorities. Financial information can be accessed at www.sodexho.com.
Sodexho Alliance does not publish any financial information during the one-month period prior to publication of the interim and annual financial statements.

Code of Conduct for Senior Managers

To underscore Sodexho's commitment to transparency and regulatory compliance, the Board of Directors adopted in 2003 a Code of Conduct for Senior Managers. The Executive Committee members and key finance executives of the Sodexho Group have signed up to this Code and agreed to abide by its principles.

Sodexho Alliance Shares

Sodexho Alliance shares are listed on Eurolist by Euronext Paris (Euronext code: FR 0000121220), and are included in the Next 20 Index. Since April 3, 2002, Sodexho Alliance shares have also been listed in the form of American Depositary Receipts* (ADRs) on the New York Stock Exchange (NYSE), ticker SDX, with each ADR representing one Sodexho Alliance share.
During the last calendar year, the shares of Sodexho Alliance increased by 44.5% while the increase in the CAC 40 over the same period was 17.2%. This performance is a result of the confidence of our shareholders in the Group's financial model and the steady growth of our results.
As of August 31, 2006, the market capitalization of Sodexho Alliance totaled 6.6 billion euro. Proposal for a Dividend and yield for Fiscal 2006 of EUR 0.95 (+27%).

To respond more effectively to the expectations of individual and institutional shareholders, Sodexho Alliance endeavors to continuously improve its investor relations programs by developing new information channels.

OUR VARIOUS PUBLICATIONS

Sodexho publishes a bilingual **Reference document** (French and English) filed with the French securities regulator (AMF).
It is available on the AMF's website (www.amf-france.org), as well as on our own website www.sodexho.com.
We also prepare an **Annual report** for presentation to shareholders attending the Annual Shareholders' Meeting. This report is published each year in two languages, English and French, and can be downloaded from our website.
We also publish a "**Digest**" an overview of our Group available in six languages (English, French, German, Italian, Portuguese and Spanish). This document is available on request.
Because Sodexho Alliance is listed on the New York Stock Exchange, we also publish an **English-language Form 20-F** under section 13 of the Securities Exchange Act of 1934, which is filed with the Securities and Exchange Commission (SEC). The Form 20-F, which includes supplemental disclosures, is intended for American shareholders.
The full text of the Form 20-F is accessible via the EDGAR section of the SEC website (www.sec.gov).

OUR WEBSITE WWW.SODEXHO.COM

A section is reserved for shareholders on the Sodexho website to provide clear, transparent information on the Group's results and strategy. Shareholders can also access share price information in real time and take part in Shareholders' Meetings and analyst meetings.

REGULAR MEETINGS AND ON GOING DIALOGUE

In order to create and maintain genuine dialogue, Sodexho Alliance organizes regular meetings with shareholders and all of the financial community.
For the publication of the first-half and annual results, as well as for the General Meeting, several presentations are planned.
Shareholders' Meetings are broadcast live on the Internet, enabling shareholders who cannot be present to ask questions, follow the discussions and the voting on resolutions.
The Group also organizes quarterly conference calls for financial analysts hosted by the Chief Executive Officer and Chief Financial Officer.
In addition, the Chief Executive Officer and Chief Financial Officer regularly invite investors to attend roadshows in Europe and the United States as a forum for more informal dialogue, and offer periodic special-interest briefings to give analysts an insight into our front-line operations.
We also take part periodically in industry presentations organized by brokerage firms.

DIALOGUE WITH...

APAS is already two years old

Michel Bassi, President of the APAS, the Association of Sodexho Shareholders and Employee-Shareholders

"The APAS was set up two years ago at the initiative of a group of Sodexho shareholders. At the time, the initiators were alarmed by the frequency and viciousness of attacks on Sodexho. They came up with the idea of countering these maneuvers and offsetting the harm done to the Group's image in order to defend the interests of its shareholders, as well as of its current and retired employees. Since it was created, dozens of new members have joined the ranks of the association.

Now, one year after it was set up, the situation has changed, both within Sodexho, with the arrival of Michel Landel as CEO, and outside the Company, with an improvement in the share price. Comments about Sodexho in the press are more positive.

The APAS is pleased with these various improvements, but it is important to remain vigilant and be aware that in today's world, there is more at stake than merely the financial aspect of things. Attacks against a company's reputation can endanger its prosperity in the long run. The APAS therefore intends to continue and intensify its actions.

When the APAS asked Michel Landel for his analysis of Sodexho's current situation and his intended strategy, it immediately received the information requested. The APAS has also obtained the right to organize regular meetings between the members of the Association and the Company's senior executives, starting in early 2006.

In September 2006, Jacques Petry, Group Chief Operating Officer, Chief Executive Officer, Continental Europe and South America, Food and Facilities Management services, presented Sodexho's Integrated Facilities Management Strategy to APAS members. A further meeting is planned in 2007 with Pierre Bellon.

If you're a Sodexho employee, retiree or shareholder, and you want to know more before becoming an APAS member, go to: www.apasodexho.org."

IMPROVE our Corporate Governance

"The Board of Directors oversees the implementation of Group strategies and supervises the quality of information provided to shareholders, where necessary with the participation of the Group's operational, financial and internal audit managers, as well as the auditors. The Board met six times during the 2005-2006 financial year, with an 87% attendance rate."

Pierre Bellon, *Chairman and Founder of Sodexho, Chairman of the Board of Directors of Sodexho Alliance*

Listed on two stock exchanges (Paris and New York), Sodexho Alliance implements principles of Corporate Governance that incorporate the provisions of French and US laws and the rules issued by both countries' securities regulators.

THE BOARD OF DIRECTORS

The Board of Directors establishes corporate strategy, appoints corporate officers to run the business, supervises the management of the business, assesses internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions.
The composition of the Board of Directors reflects, as far as possible, the geographical weight of the regions where the Group operates, and includes directors who know the Group's businesses and possess a wide range of technical skills. The Board has fourteen members, one of whom is Canadian, another is British and two are American. No director has any conflict of interests.

COMMITTEES OF THE BOARD

Three Committees have been set up to support the Board's decision-making processes:

- **the Audit Committee**
  - Three members, all independent; four meetings in FY 06 with an attendance rate of 83%.
- **the Nominating Committee**
  - Five members, two of whom are independent; two meetings in FY 06 with an attendance rate of 80%
- **the Compensation Committee**
  - Four members, one of whom is independent; 3 meetings in FY 06 with an attendance rate of 75%.

MEET...

Robert Baconnier, Chairman of the Audit Committee, President of the ANSA (National Association of Joint Stock Companies).

"The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied and that effective internal controls are in place. The Committee periodically reviews senior management reports on risk exposure and prevention. It also oversees relations with the auditors."

François Périgot, Chairman of the Nominating Committee, Honorary President of the French Employers' Association (Medef) and Medef International.

"The Nominating Committee examines proposals made by the Chairman of the Board and advises the Board on the appointment of Directors, the Chief Executive Officer and members of the Group Executive Committee, and on succession plans for key executives. In addition, the Committee periodically proposes candidates for election as independent directors to the Board of Directors."

Rémi Baudin, Chairman of the Compensation Committee, Vice Chairman of the Board of Directors of Sodexho Alliance and Vice Chairman of the Supervisory Board of Bellon SA.

"This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives (including stock option plans), and employee stock ownership plans."

RISK MANAGEMENT

Sodexho has an active risk management policy, designed to strengthen the protection of employees and customers, and to preserve the assets of the Company and of its shareholders. The Group has set up detailed policies to ensure that risks are correctly evaluated and managed at the appropriate levels in the organization. A risk map is drawn up each year by the Group Executive Committee and presented to the Audit Committee.

Against this background, the risk and insurance management policy consists, in conjunction with the internal structures of the subsidiaries, of:

- Identifying and evaluating the main risks affecting the Group, while remaining attentive to the emergence of new risk factors related to the development of its businesses, particularly in Facilities Management sectors.
- Developing a policy to reduce contractual risks.
- Deciding between keeping risks (self-insurance) and transferring them to the insurance market.

MEET

Siân Herbert-Jones, Group Chief Financial Officer and member of the Group Executive Committee

"We intend to continue to improve our control of risks, by improving assessment processes, standardizing controls and exchanging best practices."

PATH TO PROGRESS

Strengthening internal control and risk management continue to remain key priorities for the Group. The CLEAR initiative will continue in the future as a best practice within the Group in the area of internal controls.

ASSESSMENT OF INTERNAL CONTROL PROCEDURES

Since 2003, the senior management of the Group has demonstrated its commitment to enhancing the internal control environment by launching an ambitious program: CLEAR (Controls for Legal Requirements and to Enhance Accountability and Reporting).
The project has involved the review of existing internal control practices and the identification of improvements and productivity gains.
The framework developed by the CLEAR project, based on the COSO (Committee of Sponsoring Organizations) model segments the Group's activities into eleven significant processes, which are described in the Chairman's Report (found on p. 67 and 68 of the **Reference Document**).
In addition to the COSO model, the Group developed procedures for the principal subsidiaries to describe their internal controls. The principal subsidiaries identified their key risks, and documented the effectiveness of their internal controls, as well as responded to a questionnaire related to the five major COSO components.

Over the last two fiscal years, the principal Sodexho subsidiaries have been working to identify the main risks and to review and document appropriate controls. At the same time, financial statement controls have been tested to ensure they are operating effectively.
Project CLEAR has mobilized more than 700 people in the last two years. The project has been adopted by the subsidiaries as a continuing initiative to improve risk management and to reinforce rigorous and effective procedures.
As Sodexho is listed on the New York Stock Exchange in the United States, it is subject to the rules of the Securities and Exchange Commission and notably the terms of the Sarbanes-Oxley Act.
As part of the compliance process, the Chief Executive Officer and Chief Financial Officer are required to prepare a report on internal controls over the Group's financial reporting in FY 06.

BETTER UNDERSTAND our Corporate Governance

Focus on our Corporate Governance and correspondence with the GRI is presented on page 88.

ORGANISATION CHART

The Executive Committee relies on an Operating Committee comprising the main activity, area and country managers. This Committee transforms strategic decisions into action plans and mobilizes the teams necessary for deployment.

Each member also has a mission to share information, transfer best practices and strengthen adherence to the Group's values.

Our host countries

Objective

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

Commitments

1. Sodexho is committed to contributing to the development of the local economies of host countries.
2. Sodexho is committed to expanding its STOP Hunger program to fight hunger and malnutrition in our main host countries.
3. Sodexho is committed to helping protect the environment in our host countries.

CONTRIBUTING to the development of local economies and SUPPORTING local initiatives

"By its very nature, our business leads us to play an active role in the economic development of our host countries, through local procurement and employing personnel who live in the vicinity of our operations. This resolute commitment that is in line with the Group's approach and values as well as its Corporate Citizenship policy means we contribute effectively to concrete, lasting improvements in the communities located in areas impacted by our clients' projects."

Nicolas Japy, *Group Chief Operating Officer, Chief Executive Officer, Universal Sodexho Remote Sites, Chief Executive Officer, Asia/Australia, Food and Facilities Management services, Member of the Group Executive Committee*

Sodexho seeks to go beyond simply maintaining a local presence by creating and implementing genuine sustainable development initiatives in partnership with all our stakeholders, both clients and local players.

PROMOTING LOCAL HIRING AND EMPLOYEE DEVELOPMENT

In most of the countries where we operate, we favor long-term access to employment for the local population. We strive each day to promote local hiring and to enable unqualified individuals to acquire basic skills with a view to obtaining professional qualifications. We encourage employees who show potential to take on supervisory positions. Our initiatives thus generate economic momentum in the most disadvantaged areas.

Canada, Alaska and Australia

Our subsidiaries have introduced a policy of long-term hiring and training for indigenous people to offer them not just jobs, but also stable, long-term careers.

Chile

In 2006, Sodexho launched a hotel and catering training program in cooperation with our client Anglo American at the Rigoberto Fontt technical school in Colina city. This program aims to help young people in disadvantaged areas where job opportunities are not available.

Gabon

In 2005, Universal Sodexho began making "Employee of the Month" awards. All Sodexho employees and sub-contractors' employees are eligible to take part.
The award is based on a grading system covering observed employee performance and initiatives. It forms the basis for annual performance reviews, employee promotions and the determination of training programs for the next year.

Laos

To meet the needs of the remote mining site of the Australian company LXML/Oxiana Sepon, Universal Sodexho encourages local hiring and supports a training program. 96% of our employees are Laotians and 85% of them are recruited from the 15 surrounding communities. After three years, through initiatives in favor of internal promotion, Laotians now

AWARDS AND RECOGNITION

(See "Our Awards" p. 85)

- **Canada – Recognition of Sodexho Canada's ongoing commitment to indigenous people.** Since 2004, Sodexho has enjoyed "Gold" certification from the PAR (Progressive Aboriginal Relations) for partnerships intended to develop fair, harmonious relations with local communities. Sodexho works closely with the Canadian Council for Aboriginal Business (CCAB) on this long-range project and has formed twelve strategic alliances with the First Nations, Inuit and Métis communities. The purpose of these alliances is to encourage hiring as well as local product purchasing. Training and tutoring programs are planned to offer career paths at Sodexho. The alliances contribute to improving the quality of life in the reserves.

Training Session in Facilities Management services, Chile.

INDICATOR

PERCENTAGE OF LOCAL HIRING

FY 06:	**97%**
FY 05:	98%
FY 04:	98%
FY 03:	97%

Not including Remote Sites, our local hiring rate stands at 99.97%. We recruit a larger expatriate workforce for Remote Sites, particularly in the Middle East, than in other regions in order to offset the lack of available workers in the local labor market.

Helping farmers, Congo.

hold 63% of our management and supervisory positions. Beginning in 2006, Universal Sodexho has been offering three-month internships to students from the Savannakhet Polytechnic School. This initiative is part of our commitment to optimizing Laotian employment and training. After a general induction course run by our client, LXML Sepon mine, interns begin practical training from Catering to Housekeeping activities. Upon completing their training, they are considered for future employment within Universal Sodexho.

Oman

The vision of Sodexho in Oman is to give preference to local recruitment and 700 Omanis are now serving the company with excellent results. Many of them have made a career within the company through well-structured training programs. We are working with various training institutes to offer opportunities for young Omanis to improve their skills. The training covers all aspects of Facilities Management services. Sodexho in Oman was awarded both ISO.9001:2000 and HACCP (Hazard Analysis Critical Control Points) certification by International Certifications Ltd (ICL) and 18 sites are currently designated as training centers.

Peru

In 2000, we created a school in partnership with our mining client Minera Antamina in the Ancash Region and we developed a hotel and catering training program for young people from the Andean communities. In just six years, 622 boys and girls have been trained at the San Marcos school, which now offers job opportunities for its students in the region's hotels and restaurants and throughout the country. Since October 2005, a new training course for technical maintenance has been added.

ENCOURAGING LOCAL PROCUREMENT AND THE CREATION OF SMALL BUSINESSES AT THE LOCAL LEVEL

Congo

Universal Sodexho has played a key role in the Nkounda Sustainable Development Program within the ARRIROU group (Red River Farmers' Association). Most of the farmers in this region have had to move from their birthplaces due to the socio-political unrest that has occurred during the last ten years. Universal Sodexho, by its ability to place orders with the association for 20 tons of fruit and vegetables per month, has enabled more than 400,000 euros to be reinvested each year in the local economy.More than 150 farmers have benefited directly from Universal Sodexho's expertise in raising their quality standards, developing a provisioning system and working out an investment plan. Universal Sodexho has also financially supported the creation of six egg-laying units. This program, in partnership with the rural community of Thébaïde Saint Jean, has opened up new development opportunities; for example, a feasibility study is currently underway for the development of a pisciculture activity. With the assistance of the Pointe Noire Rotary Group and in partnership with Universal Sodexho, a water accessibility program has been launched.

Gabon

Universal Sodexho has promoted the creation of the "Entreprise Gabonaise de Prestation et de Réalisation Bâtiment" (EGPRB), by building a relationship based on trust. Its manager, Jean Aimé, started work at the Shell Gamba site as a qualified worker in the building maintenance department. In 2003, after a 20-year

career during which he rose to the position of Shell Gamba Building Maintenance Supervisor, he decided to take on a new challenge: create his own business. Working with Sodexho on small repair contracts for six months, he gained our confidence and was awarded a bigger contract enabling the creation of more than 602 jobs.

Peru

To raise the standards of small businesses that supply us, we have invited their teams to take part in our hygiene, technical and safety training programs. In the Huaraz region, Industrias Alivagras, a producer of organic yogurts, has increased weekly production from 24 liters to 450 liters. Sodexho's ongoing technical support has been instrumental in helping this micro-enterprise to grow.

Laos

Universal Sodexho's team in Laos is supporting the local textile community workshop and our client Oxiana LXML's investment in Sustainable Development through fair trade and promotion of local enterprises, notably with the newly-created website www.seponsilk.org. The aim is to promote traditional silk weaving in the area of Villabouly located around the Sepon mining site. The project allows the women in these villages to carry on an ancestral tradition, to preserve their local customs and the Lao culture of silkwork, while receiving outside design and promotional support.

Madagascar

In partnership with the United Nations' Food and Agricultural Organization (FAO), Universal Sodexho conducted a survey in the Fort Dauphin region to determine local production capacity and identify development opportunities to maximize, over time, local sourcing for the camp we operate. Through the Malagasy NGO **Tsaratraka,** we are supporting vegetable production on an eight-hectare farm. Dozens of local farmers are learning farming techniques that help to compensate for the lack of the regional market. Another example is our support for the Fort Dauphin **Ciello Terra** NGO textile workshop through our local sourcing policy.

Yemen

Universal Sodexho is providing services to 2,800 people within the framework of the Yemen LNG project in the remote area of Bal Haf. We focused on finding local suppliers of fruits, vegetables and fish. Less than eight months after the project was launched, all of our fish supplies are now sourced from the immediate surroundings of the site thanks to close cooperation with fishermen covering not only quality and quantities, but also delivery conditions.

INDICATOR

PERCENTAGE OF LOCAL PROCUREMENT IN PERU

Percentage of purchases made from local Peruvian companies (this percentage does not include international companies that produce in the country).

Sodexho Association for Sustainable Development, Peru

In 2004, we founded an association to professionalize and step up our Corporate Citizenship effort, particularly in rural areas. Five main fields were defined:

1. Vocational training: we train young people from the communities in the hotel and catering trades using a quality approach. We award scholarships and create training centers and workshops, in partnership with the ILO (International Labor Organization) and the University of Cajamarca.

2. Small business creation: we help small businesses raise their product quality standards and improve their management. To ensure the quality of products purchased locally, we offer free advice on quality and hygiene. Once the required quality standards are met, the product is awarded the Association's quality label. The company then becomes one of our suppliers and can open its business to other markets.

3. Quality assurance: through agreements with the markets in Lima and the provinces, we seek to increase sales by small businesses by making them sustainable, thereby stimulating decentralization and local production in the regions.

4. Development of the local market: we are constantly on the lookout for new opportunities within our area of influence to implement joint projects with our suppliers and local authorities.

5. Charitable initiatives: we regularly carry out charity actions, particularly at the time of religious feast days and national holidays such as Christmas, Mothers' Day and Easter, allowing us to contribute to the renovation of churches and support charitable organizations.

The initiatives sponsored by the Sodexho Peru Association for Sustainable Development were awarded the prestigious 2004 Entrepreneurial Creativity Prize in the Philanthropy category, by the University of Applied Sciences in Lima.

Zellidja Foundation

Universal Sodexho supports the Zellidja Foundation, which finances travel grants to young students from 16 to 20 years old. Applicants are required to submit a description of their project, which must include at least one month's study in the country of their choice. On return to their home country, they are required to present a project report and a travel diary.
www.zellidja.com

Training program at the Technical lycée of San Nicolas, Chile.

TAKING ACTION IN SOCIETY BY SUPPORTING LOCAL INITIATIVES

Our societal responsibility is not limited to our customers, employees and suppliers. Our sphere of influence extends well beyond the scope of our operations. Through our activities, we affect men and women at every stage of their lives. We develop activities that have an impact on every area of society and on future generations. In our host countries, we facilitate local integration, helping our clients through our close relationships with local communities.
Our socio-educational programs are extended to various civil institutions.

Austria

Through a system of subsidies, we cooperate with employment centers and social authorities to encourage seniors and the people with disabilites to return to work.

Brazil

Sodexho Service Vouchers and Cards supports the association ***Estaçao Especial de Lapa*** that helps the people with disabilites develop their artistic talents. Their works are reproduced on our restaurant vouchers, diaries and calendars, which are distributed to more than 3.5 million people.

Chile

We created an alliance with the Technical Lycée of San Nicolas, 7th Region, under the aegis of the Ministry of Education and the municipality. The project involves setting up a catering training program to enable young people presenting a high risk for society to obtain qualifications. At the end of 2005, a new training course on the treatment of chemical plants was launched.

France

Within the scope of the European program EQUAL, our subsidiary SIGES helped 342 former prisoners to find employment and housing. Ongoing, personalized support has given these individuals renewed self-confidence.

Sakhalin Island, Russia

Universal Sodexho actively supports **KidSave,** a worldwide association whose initiatives in Sakhalin focus on helping find families and long-term mentors for local orphans. Our support includes sponsoring fund-raising events and employee volunteer work for the catering and logistics aspects of these events.

Spain

Sodexho Service Vouchers and Cards partners with several NGOs that bring support to under-privileged people. With the ***Ayuda en Acción*** organization, Sodexho started food development projects in poor areas of Peru and Mexico. These actions are supported by voucher beneficiaries who donate some of their meal vouchers to the project. Sodexho also supports programs to help abandoned children in the Spanish province of Cuenca, including measures to reunite children with parents who are in a difficult situation and have lost custody or to place orphans with relatives. Sodexho invests part of its budget in giving help with the cost of food, clothes and education, as well as helping the families.

United Kingdom

Our prison management subsidiary is a business with social purpose, providing custody with care. It trains and educates inmates for resettlement and provides opportunities for their rehabilitation on release from jail. This reflects one of our core values of only working in countries that offer resettlement programs to offenders. In the United Kingdom, training activities form part of the Government's commitment to rehabilitating offenders and targets are set to ensure that prison operators are contributing to this strategy.

Preparing inmates' rehabilitation.

DIALOGUE WITH...

Jacques-Noël Bouttefeux-Leclercq, Head of the Business Commission Amnesty International French Section.

THE ROLE OF HUMAN RIGHTS IN EXERCISING A COMPANY'S SOCIETAL RESPONSIBILITY

"Since 1961, Amnesty International has been working to bring about its vision of a world in which every individual, without discrimination of any sort, can enjoy all the rights stated in the 1948 Universal Declaration of Human Rights (UDHR). The declaration, which is recognized by the 191 member countries of the United Nations, asserts and enshrines the universality and interdependence of those rights.

The relatively recent notions of sustainable development and the societal responsibility of businesses offer outstanding prospects for human rights. Companies have an obligation to promote the development of human rights and integrate them into their corporate responsibility commitments.

The societal responsibility of businesses is not limited to:

- Asserting respect for the law. It is necessary to specify which law, as there are sometimes considerable variations between national laws and international law. Consequently, international law must be preponderant when it guarantees a higher level of access to rights.
- Their internal organization, as businesses have their own sphere of influence, which extends well beyond the scope of their operations and units. They conduct activities that affect every component of society, so that all members of society are stakeholders, particularly future generations.

The fundamental challenge to the exercise of the societal responsibility of businesses is to shift from the culture of creating value for shareholders to one of creating societal value, which benefits all stakeholders equally, including their shareholders."

Support for our offshore activities, United States

Hurricane Katrina caused the largest evacuation of personnel from offshore platforms ever organized in the United States. To meet clients' needs, Universal Sodexho's New Orleans offices were immediately transferred to Houston. Our teams worked 18 hours a day to reconstitute food stocks and bring employees together before starting up our activities once again in Harahan. Thanks to the dedication of our 750 employees, Universal Sodexho was able to continue providing clients with the services they needed during this difficult time.

DIALOGUE WITH...

Chris Wall, General Manager of the Ben Taub hospital in Houston, Texas.

"The hospital sector of Harris County in Houston includes three large hospitals, eleven clinics and 6,000 employees. We were heavily involved in emergency actions following Hurricane Katrina. After the hurricane, we provided considerable emergency medical aid at the Astrodome for thousands of New Orleans victims. Our medical teams worked around the clock thanks to ongoing, proactive service support on site from the Sodexho teams."

HUMANITARIAN ACTIONS

Tsunami

In December 2004, a tsunami ravaged the coasts of Southeast Asia, leading to the death of numerous residents and tourists who had come to visit the region and to widespread social and economic devastation.
Through our subsidiaries and employees, we immediately geared up to offer financial and logistical support in the affected countries. Our presence in South Asia enabled us to be operational from day one. Local initiatives were put in place to help people in need, in partnership with the **Thai Red Cross.** Sodexho employees were made available and survival equipment was provided, along with meals to feed the injured, rescuers, volunteers, etc.
The support of other countries was quickly organized. An international network of donations and specific aid brought assistance to those affected by the catastrophe. Collections of clothing and essentials were organized in Australia and China. Many countries in Europe and America authorized their employees to donate the value of a day's work to the victims. **Psychological support was provided for our employees who were directly or indirectly affected. All these gestures helped support the victims.**

Katrina

In August 2005, Katrina, a category-5 hurricane, swept the American and Mexican coasts of the Gulf of Mexico, causing untold damage in rural areas and cities. Telecommunication lines were cut, roofs were torn off and thousands of people were left without food, clean water or a place to live. To help the victims, we set up numerous local, national and international initiatives. Everyone took action and our local employees were able to offer round-the-clock support including donations of clothing and food. Through our STOP Hunger program, we provided more than 528,000 meals to food banks affiliated with the **America's Second Harvest** food bank in the Gulf of Mexico region.
By setting up a telephone line communicated by billboard posters, public announcements and airplane banners, we were able to locate our employees in distress, who were then found housing. **We supported them financially and materially, and today we wish to thank them for their perseverance and courage.**

FIGHTING hunger and malnutrition by expanding the STOP Hunger program

"We refuse to accept the fact that 854 million people* around the world, including 200 million children, suffer from hunger and malnutrition. Sodexho seeks to be a major force in the fight against hunger and malnutrition. Present in 80 countries, we are in a position to act by continuing to expand the STOP Hunger program in the main countries where we operate."

Clodine Pincemin, *Group Executive Vice President, Communications and Sustainable Development, Member of the Group Executive Committee*

OVERVIEW OF OUR GLOBAL STOP HUNGER INITIATIVES

Argentina

Since 2004, Sodexho Service Vouchers and Cards has donated food and construction equipment to two hunger relief organizations. Fifteen tons of food was given to ***Commodore Los Piletones***, a feeding center for poor children in Buenos Aires. Building materials were provided to ***Centro Vecinal Los Romeros*** to help build a catering lounge.

Australia

In 2004, Sodexho launched STOP Hunger by providing breakfast at a school for underprivileged children. In 2005, Sodexho initiated partnerships with **OzHarvest** and **One Umbrella,** organizations that pick up surplus prepared food from accounts and deliver it to those in need. Employees participated in various volunteer efforts including providing Christmas hampers to needy families and joining their client, **SPC Ardmona,** to pack cans of food for delivery to hunger relief agencies in the annual "Operation Share-A-Can."

** Source: statistics from FAO (Food and Agriculture Organization of the United Nations) published in 2006.*

STOP HUNGER
A Sodexho Initiative

INDICATOR

As of 31 August 2006, **19 countries** were conducting **125 major** STOP Hunger initiatives and developing partnerships with **92 NGOs, associations and charities.**

- Argentina
- Australia
- Belgium
- Brazil
- Canada
- Finland
- France
- Germany
- Ireland
- Mexico
- Morocco
- Netherlands
- Norway
- Poland
- Romania
- Singapore
- Spain
- United Kingdom
- United States

In September 2006, Hungary and Peru joined the ranks of STOP Hunger , making the **total number of countries 21.**

AWARDS AND RECOGNITION

(See "Our Awards" p. 85)

- **Europe –** 2006 – Sodexho was invited to present its STOP Hunger program during the 2nd CSR (Corporate Social Responsibility) MarketPlace in Brussels, an annual Corporate Citizenship exhibition, and received a prize in the "Health and Safety" category.
- **United Kingdom –** 2004 and 2005 Sodexho was awarded the Big Tick standard in the Business in the Community (BITC) Awards for Excellence for its successful Healthy Eating Program. This program, which has been running for three years, sees graduate trainees visit children in disadvantaged areas in a bid to educate children about healthy eating, nutrition and lifestyle.

Our STOP Hunger program

Regardless of their scale, all STOP Hunger solidarity initiatives enable us to take action to improve the Quality of Life of those who are hungry and malnourished. The program has evolved into four major components since its inception more than a decade ago:

1. **Volunteering:** encouraging and supporting Sodexho employees' spirit of service to support hunger relief initiatives in local communities.
2. **Sharing Sodexho's Knowledge:** providing nutrition, food safety and food waste education, and job and life skills training for the unemployed and homeless.
3. **Food donations:** donating perishable and non-perishable food to hunger relief organizations.
4. **Financial contributions:** sponsoring and supporting programs to combat hunger and malnutrition.

www.stophunger.sodexho.com

MEET...

Blakey Burr, STOP Hunger International Development Director

"Our efforts to eradicate hunger and poverty around the world are continuing to gather momentum. We are helping to break the cycle of poverty and our ongoing, multi-faceted programs and partnerships are truly making a difference."

Belgium

Each year since 2004, employees organize a Christmas dinner for 400 homeless people in partnership with ***Un Cœur dans la Ville***. In 2005, they began distributing meal boxes and equipment to ***Les Rayons du Soleil***, while also volunteering to distribute meals to their clients. By participating in Knorr's 4th Annual "Soup Week" in 2006, Sodexho helped to provide 2,500 bowls of soup to organizations including ***Comptoir du Cœur, Les Rayons du Soleil, Petits Riens, Resto du Cœur, Kamiano,*** and **CAW Artevelde**. During the summers of 2004 and 2006, teams volunteered at summer camps for disadvantaged children in association with the **Belgian Red Cross** and **CEMO.** Employees also participate in a STOP Hunger Soccer Cup each spring and in June took part in a STOP Hunger BBQ, raising awareness and funds for STOP Hunger.

Brazil

In 2005, Sodexho Service Vouchers and Cards, together with the Brazilian social solidarity fund ***Fundo Social de Solidariedade***, began a program to donate bakery equipment to provide families in the poor districts of São Paulo the means to prepare their own bread as well as develop small local businesses. 50 bakery equipment kits were donated to help 5,250 disadvantaged people.

Canada

Since 2000, the STOP Hunger program has focused on three major initiatives in Canada: the Sodexho Foundation Canada, Feeding Our Future, and Servathon. Since 2001, the Sodexho Foundation has collected donations from employees and suppliers and financially supports the Feeding Our Future program, in addition to providing to hunger relief organizations in Canada such as Second Harvest. Thanks to Feeding Our Future, 83,000 meals were served during the summer of 2006 in 6 major Canadian cities. During the Sodexho Servathon held each April, employees volunteer at their local hunger relief organizations. Hundreds of STOP Hunger activities take place throughout the year, including ongoing food donations, volunteer activities, and fundraising events like the Sodexho Foundation Golf tournament, held each fall since 2004.

Finland

In 2004, in partnership with the **Finnish Salvation Army**, Sodexho subsidized summer camps for disadvantaged children. Since 2004, teams worked with the **Christmas Path Society** to provide a Christmas Eve celebration for 3,000 underprivileged children.

France

Since 2004, Sodexho's partnership with hunger relief organization ***Les Restos du Cœur*** has developed a series of initiatives involving, training, meals, product sharing, access to the Sodexho supplier network (particularly for the purchase of fruit and vegetables) and employment opportunities for individuals through training sessions run by ***Les Restos du Cœur.*** Since 2004, 1,193,000 hot meals have been provided to ***Les Restos du Cœur*** by Sodexho thanks to widespread involvement:

- The *Dessert du Cœur* operation, which took place at key account restaurants, generated considerable participation from customers, clients and teams. In all, the equivalent of 200,000 warm meals was collected and in addition, donations were received from Sodexho clients corresponding to the equivalent of 33 750 meals.

- In 20 major French cities, Sodexho helped to prepare 130,000 hot meals distributed by *Les Restos du Cœur* volunteers.
- ***Les Restos du Cœur*** has access to our supplier network and benefits from the same purchasing terms, in particular for fruit and vegetables.
- Training in basic hygiene and healthy eating habits has been provided to 1,150 ***Les Restos du Cœur*** volunteers. With Kraft Food and the French Federation of Food banks, we created Tous à Table in municipalities throughout France. The program provides food bank managers with information about balanced diets in compliance with hygiene standards. A variety of topics are covered, notably the importance of eating right, taking enough time for meals, learning to manage a limited budget and drinking a lot of water.
- Since 2004, we have taken part in rehabilitation initiatives involving job placement, with 35 contracts offered to beneficiaries of charity services. For 18 months, Sodexho teams shared their skills on 80 *Ateliers du Cœur* sites, helping to set up rehabilitation programs that enable people in difficulty to gradually readapt to the working world. All new arrivals at Sodexho are entitled to personalized support, including a human resources manager, a regional association representative and a day-to-day tutor, as well as a training course adapted to their individual needs.

AWARDS AND RECOGNITION

(See "Our Awards" p. 85)

- **France –** 2006 – Sodexho received the Gold TopCom award in the sponsoring category for the STOP Hunger program.
- **Poland –** 2006 – The "Children's Friends Association" presented Sodexho Food and Facilities Management services / Service Vouchers and Cards the "Child's Friend Award" for its commitment in the fight against hunger and malnutrition through the STOP Hunger program.
- **United States –** Since 2000, Sodexho has received numerous recognitions for its STOP Hunger efforts. Among those in recent years:
  - 2006 – Hosea Feed the Hungry and Homeless award given to Sodexho in recognition of Sodexho's partnership and STOP Hunger efforts in the Atlanta community.
  - 2005 – Outstanding Community Service Award presented by The Washington Metropolitan Area Corporate Counsel Association (WMACCA) in recognition of Sodexho's wide range of community service projects.
  - 2004 – Sodexho recognized by DC Central Kitchen (Washington, DC) for "combating hunger.
  - 2003 – Sodexho Foundation's Feeding Our Future program recognized for "outstanding contribution to helping feed the hungry" by the Greater Boston Food Bank.
  - 2002 – Sodexho honored by City Harvest (New York, NY) for its "commitment to feeding New Yorkers in the aftermath of September 11".
  - 2001 – Sodexho chosen "Grand Winner" of the William D. Littleford Awards for its commitment to alleviating hunger in the community.
  - 2000 – Sodexho received the "Harvester Award" from Philabundance for its commitment to fighting hunger in Philadelphia.

Sodexho Campus Services was recognized as "Corporate HopeBuilder of the Year" by Habitat for Humanity in Halifax, Florida.

Recognition by Jumpstart for "outstanding commitment to corporate social responsibility" in regard to STOP Hunger.

- In December 2005, Sodexho Service Vouchers and Cards launched the *Chèque du cœur* initiative. For three months, the 480,000 employees who benefit from Sodexho restaurant vouchers can donate them to ***Les Restos du Cœur.*** The operation raised a total of 648,926 corresponding to 825,000 hot meals. Graphic design and printing costs were handled by Sodexho.

- The STOP Hunger Committee at Sodexho headquarters organized several actions:
  - As part of the 2004 Servathon, food and baby product donations were collected on behalf of ***Secours Populaire Français***.
  - In 2005, a solidarity march in partnership with Danone raised funds for the **Montigny-le-Bretonneux food bank.**
  - In 2006, financial donations were collected on behalf on ***La Croix-Rouge.***

MEET...

Vicki Escarra, President and CEO of America's Second Harvest The nation's food bank network

SODEXHO'S PARTNERSHIP WITH AMERICA'S SECOND HARVEST IN THE UNITED STATES.

How did the partnership with Sodexho come about?
"Sodexho in the United States and America's Second Harvest (A2H) have been working together to fight hunger in the US for more than a decade. The ongoing relationship has helped to provide millions of meals for people in need and more importantly, has helped to establish programs that work to get people of out the cycle of poverty."

After a decade of working together, how do you assess the partnership?
"Sodexho began its partnership with A2H by encouraging its accounts across the country to donate surplus perishable and non-perishable food to local America's Second Harvest affiliates. Both organizations have a strict agreement on safe food handling that allows for Sodexho accounts to regularly donate surplus food from the units that A2H affiliates can pick up and serve to hungry "clients" of their agencies. Donated items may be used for a variety of needs, such as creating hot meals at soup kitchens or being placed in grocery bags that clients pick up each week to help supplement their meals at home."

Could you explain Sodexho employees' engagement?
"Sodexho employees volunteer at their local A2H affiliates-for Servathon activities like canned food drives as well as ongoing volunteer opportunities throughout the year. Employees may regularly serve meals at the affiliate, help stock and organize an affiliate's food pantry, or teach culinary skills to unemployed individuals. In addition, twenty-five Sodexho employees serve on Executive Boards at hunger relief organizations in the United States, six of which are with A2H affiliates."

Could you give some words about Feeding our Future?
"Feeding Our Future, a Sodexho program that began in 1997 and provides free meals to disadvantaged children during the summer months is now in 16 cities (including expansion into Canada). The Sodexho Foundation funds the food for the program, while the Sodexho accounts donate the labor needed to prepare the meals. In summer 2006, more than 200,000 meals were served. Sodexho accounts prepare the meals that are then picked up by A2H affiliates (in all but one city) and distributed to Boys and Girls centers, summer camps, and day care centers."

What has this partnership contributed to?
"The Sodexho Foundation helps to fund several additional A2H initiatives, including Community Kitchens programs, which provide culinary job training to low-income men and women to prepare them for careers in the food service industry, the Advanced Culinary Certificate program, a continuing education program for Community Kitchen graduates, and the Back Pack program, which sends needy children home on weekends with a food filled back pack to help take the burden off of families who rely on free or reduced price lunches during the week but are without this resource on weekends."

Germany

STOP Hunger began in Germany in 2005, marked by a free food safety training course for the employees of **Deutsche Tafel**, a national hunger relief organization. Collection boxes for donations to **Deutsche Tafel** are located in Sodexho accounts and employees take part in volunteer events.

Hungary

Since September 2006, Sodexho Service Vouchers and Cards has been committed to aiding impoverished and undernourished children as part of the STOP Hunger program. Sodexho chose to subsidize the **Gyermeketkeztetesi Alapitvany** Foundation for one year, which provides financial support as well as donations to children in great hardship.

Mexico

The Sodexho first Servathon was organized in 2005, with food donations that provided 1,200 meals to ***Casa Hogar Nuestra Señora de la Salette***, a shelter and food center for needy children. A Sodexho dietician also taught children about nutrition and set up a chart to monitor their height and weight. A nutrition education program has been launched in Guadalajara to inform clients of ***Banco Diocesano de Alimentos*** about healthy eating and how to purchase healthy foods on a limited budget. Food donations are also made to the organization.

Morocco

In 2004, together with their client, the Hyatt Regency, Sodexho introduced the Meal of Ramadan by the Heart program, which serves traditional Moroccan soup to more than 300 homeless people in Casablanca during the Ramadan period.

The Netherlands

Since 2005, Sodexho has been donating food to the **Van Harte** Association and provides volunteers and technical assistance to their centers. In December 2005, Sodexho served a dinner for the homeless at the **Pauluskerk parish** in Rotterdam. More than a hundred collection points raised funds in spare change for **Stichting Hulphond Nederland**, an organization that helps the needy. Other activities in 2006 included special meals for **Big Brother, Big Sister** and **Lilliane Fonds.**

Norway

Each year since 2004, a Christmas meal is prepared for needy people in conjunction with **Kirkens Bymisjon**, a church mission. In 2006, Sodexho helped to provide 6,000 meals to homeless people as part of a celebration of **Kirkens Bymisjon's** 150th anniversary. Efforts throughout the year support various activities of the mission through food donations or financial support, including a summer camp for needy children in Oslo.

Christmas meal offered to disadventaged people, Norway.

Les Restos du Cœur
Testimonials from people involved in Sodexho jobs programs

• After spending 20 years in an Algerian village, Samia Moula, 28, returned to her native France "to escape from misery," as she puts it. It was a difficult homecoming. With limited French-language skills, she went to a number of placement organizations and, once her French was up to par, began looking for a job. *Les Restos du Cœur*, where she was entitled to meals, offered her a position as a kitchen assistant. One year later, she was hired by Sodexho under a permanent contract. She works 22 hours a week in the St. François retirement home in Arras. *"I like the work,"* she says. *"There's a good atmosphere and I'm at last in a position where I'm independent of my family. What's more," she adds with a smile, "my supervisors support me, and that gives me the courage to face life's problems."*

• François Chandat, 41, had a university degree in archeology but his life changed dramatically in 2000 when he lost his job, leading, he admits, to a series of financial and personal problems. To survive, he went to a number of charitable organizations. "I discovered what it means to be excluded," he says. *"I'd always felt I was protected by my social standing and well-respected job. I had even worked as a volunteer at Les Restos du Cœur."* Out of work, he often went to *Les Restos du Cœur* center in Vitry, where he met someone who changed his life – Jacques Antoine, the center manager, who put him in touch with Sodexho. *"After years of struggling, I finally got a helping hand."* At the beginning of January 2006, he started work at the Pernod Ricard site in Créteil, a Paris suburb, managed by Sodexho. François was immediately made welcome. *"I met some extraordinary people who motivated me to do better day after day. Of course, it isn't always easy, but I've recovered my dignity."*

STOP Hunger Group greeting cards

We have distributed STOP Hunger Group greeting cards to our employees, clients and customers in 14 countries to stimulate interest in our initiatives in the fight against hunger and malnutrition. For each card sent out, euro 0.5 was donated to STOP Hunger. The operation, which began in 2004, has enabled us to collect more than euro 60,709.

Peru

Since 2005, Sodexho employees (including a nutritionist) at Minera Antamina have taken part in monthly onsite events called *Cocina en la cuenca* to teach healthy eating habits to members of the local community. During the presentation, the children are entertained with games and a meal is prepared and then shared by everyone.

Poland

Since 2004, our operating units have donated food to partners of the **Polish Federation of Food Banks.** A new partnership was set up in 2005 with **the Children's Friends** Association to provide meals for undernourished youngsters. The program delivers 60 free meals a day to needy children at one of the Association's centers. For Christmas, Sodexho teams organized a special traditional holiday meal for the children.

MEET...

Gilles Hirzel, Information Officer Food and Agriculture Organization of the United Nations (FAO)

THE FIGHT AGAINST HUNGER IS AN ECONOMIC NECESSITY AND THE PRIVATE SECTOR MUST FULLY PLAY ITS PART

In a world of abundance, some 854 million go hungry every day. That number is increasing by 4 million every year, whereas the goal is for it to decline by 35 million. **The fight against hunger and poverty is the No. 1 objective of the new millennium.** For the FAO, one thing is certain: if this objective is not met, then no others will be met either. Malnutrition is the source of many diseases, a real obstacle to economic development and a cause of poverty.

Uniting everyone's efforts can still make a difference. That's why the FAO joined with the World Food Program and the International Fund for Agricultural Development to create the International Alliance Against Hunger, which works through a network of national alliances.

Responding to the FAO's call, a large number of pubic and private organizations in France decided to create *ALLIÉS CONTRE LA FAIM,* to improve synergies and more effectively coordinate their initiatives.

Rather than an NGO, this newly founded association is a network, whose goal is to provide a non-aligned forum that encourages experience sharing and cooperation among organizations of widely differing origins. All share the same commitment to promoting greater economic and social fairness, an underlying principle of sustainable development.

With the backing of the United Nations, *ALLIÉS CONTRE LA FAIM* works with other national alliances that already exist or are in the process of being created. In this way it is taking part in the powerful drive needed to achieve the millennium objectives. Leveraging a multi-partner approach to projects and a commitment to showcasing the initiatives pursued, especially through the media, *ALLIÉS CONTRE LA FAIM* is an effective, innovative organization.

ALLIÉS CONTRE LA FAIM can help transform society's many expectations and the corporate sector's strategic responses into actions and facilitate the development of relations with international organizations and UN agencies.

Among the first members of *ALLIÉS CONTRE LA FAIM,* Sodexho sees the organization as a forum for interacting with other business sectors pursuing similar objectives and as a channel for providing greater global resonance for its core business. Sodexho has established relations with the US Alliance to End Hunger, thereby strengthening and increasing the effectiveness of this kind of partnership and undertaking.

Contact: Gilles Hirzel
Tel.: 01 42 75 91 09 – Mail: Gilles.hirzel@fao.org – **www.fao.org**

Romania

Since 2003, Sodexho Service Vouchers and Cards has been providing food aid and medicinal products to three Romanian organizations, **Valentina Assocation, Sf. Andrei** and **Sf. Dimitrie.** Teams purchase specifically requested food items for these organizations that help to provide more than 80 healthy meals a month. Sodexho also donated a truck to **Sf. Dimitrie** to facilitate transportation. In 2006, Sodexho initiated a partnership with local authorities to support low income single parents. Each month Sodexho delivers food packages to fourty families through a social center.

Singapore

Participation from Singapore began in December 2005, marked by a volunteer program to benefit the **Bukit Batok Home** for the Aged (BB Home), a Sodexho client. Employees volunteer at least four times a year at BB Home, a 200 bed welfare home.

Spain

In 2004, proceeds from STOP Hunger greeting cards were used to buy food for the **Spanish Federation of Food Banks (SFFB),** providing meals for 7,000 needy people in Spain. The "Kilo Campaign" was launched in November 2005 to promote awareness about hunger in Spain and to encourage employees, clients, customers, and suppliers to volunteer and provide food and equipment donations to **SFFB** affiliates around the country.

United Kingdom and Ireland

Since 2003, Sodexho has supported a breakfast program that provides a healthy meal to needy children in the United Kingdom in partnership with **Feed the Children.** A healthy eating program has reached more than 4,000 children from underprivileged communities throughout the United Kingdom and Ireland for the last three years. Sodexho employees introduce children to new fruit and vegetables and use games to show the benefits of healthy eating. Collection bins in onshore and offshore accounts of Universal Sodexho in Scotland benefit the local chapters of the **Salvation Army** and have been in place since 2004. In 2005, partnerships with **FareShare, NCH,** and **St. Vincent de Paul** were formally announced and encourage employees to volunteer with each organization's affiliates. The Sodexho Foundation United Kingdom was also established in 2005 and receives funding from Sodexho employees through payroll giving and hundreds of fundraising events throughout the year. Teams hold special fundraising dinners, ask for pledges to run marathons and sky dive, and continue to inspire others to join STOP Hunger efforts through creative events. In December 2005, the Foundation made its first donation of £5,000 to **FareShare** in support of their "Christmas Meal Appeal."

Cocina en la Cuenca event, Peru.

Marathon, United Kingdom.

Nutritional education for needy children.

United States

Five major programs have been developed since the beginning of the STOP Hunger program in 1996 including: **Sodexho Servathon, Feeding Our Future, Heroes of Everyday Life, Sodexho Foundation** and **food donations.** All of its 6,000 account locations are encouraged to donate surplus perishable and non-perishable food to affiliates of the **America's Second Harvest** food bank network.
The Sodexho Foundation, set up in 1999, seeks to eliminate hunger in the U.S. and has distributed more than $7 million USD to hundreds of organizations. The Foundation supports initiatives that help break the cycle of poverty such as job training, housing, education/school readiness and scholarships, and public policy. The Sodexho Servathon, a month long community service initiative held each April for the last 10 years, encourages employees to fight hunger in their local communities. During Servathon 2006, more than 33,000 Sodexho employees helped to donate more than 100 tons of food and serve 50,000 meals to hungry men, women and children.
Feeding Our Future, which began in 1997, and continues to grow each year, provides meals for under-nourished children that would otherwise go hungry during the summer months. In 2006, the program was active in 16 American cities, providing more than 235,000 nutritious meals. Funded by the Sodexho Foundation, it involves Sodexho employees preparing the meals that are then distributed by the local food bank.
Since 2000, "Heroes of Everyday Life" awards have been given to employees in recognition of their commitment to fighting hunger in their communities. Selected recipients are honored each year at the Sodexho Foundation Dinner and are presented with a grant for their hunger charity of choice.
Sodexho and the Sodexho Foundation provided more than 575,000 meals to those affected by Hurricane Katrina, which hit the Gulf Coast in late August 2005.
Thousands of hunger relief activities take place each year throughout the United States. including product promotions with partners and vendors (entegra – Generous Helpings, Shoes for Crews, Astor Chocolate) that raise funds and awareness about STOP Hunger. In addition, 25 Sodexho employees serve on the Board of Directors of hunger relief organizations in their local community.

HELPING protect the environment

"Respecting the environment means creating the setting for a better Quality of Life for everyone. Although Sodexho is classified as a non-polluting company, we have always been attentive to the environmental concerns of our clients and customers. We have chosen to focus our efforts on four main areas that improve Quality of Life while preserving the environment: pollution prevention, waste treatment, energy saving and water consumption control."

Philip Jansen, *Group Chief Operating Officer, Chief Executive United Kingdom and Ireland, Member of the Group Executive Committee*

POLLUTION PREVENTION

We are increasing our actions throughout the world to prevent environmental risks and help protect the environment.

Around the world

We are developing the use of biodegradable products without chlorine or phosphates for the maintenance of our machines and premises. **In the Netherlands, the United Kingdom and the other northern countries,** we are trying to cut down on toxic chemical products. In Italy, we are using steam machines that do not require maintenance products to clean floors.

France

Sodexho is striving to optimize the supply chain to minimize its environmental impact by organizing efficient delivery schedules adapted to site size, reducing the number of deliveries by using a new fleet of vehicles better suited to logistical flows, etc.

INDICATOR

76% of our entities engage in environmental protection practices on a daily basis. Most of our subsidiaries have defined operating practices aimed at preventing and controlling their environmental impact and follow ISO 14001 guidelines. The subsidiaries then formulate their conduct in favor of environmental protection through local charters.

Source: internal survey conducted in May 2005.

AWARDS AND RECOGNITION

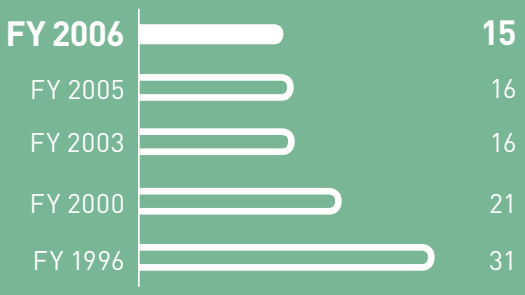
(See our awards p. 87)

- **Belgium –** We received the Eco Star prize at the annual Sodexho Stars event for our water consumption management.
- **Canada –** Natural Resources Canada (NRCan), a ministry of the Canadian federal government, presented the prestigious Energy Innovators Initiative Award to Bill Player and his team in recognition of their commitment to reducing greenhouse gas emissions.
- **France –** We obtained the patronage of the State Ministry for Sustainable Development after being awarded the label by the Regional Environment Department (DIREN) for the Provence-Alpes-Côtes d'Azur region during Sustainable Development Week in 2005. Sodexho is proud to be one of main private partners of ECO MAIRES, the association of mayors for environmental protection and sustainable development.
- **Northern Ireland –** Since 2004, Sodexho is ranked among the top quintile of the annual Arena survey on environment performance.
- **United Kingdom –** 2006 – Tillery Valley Foods, our meal production unit in Wales, obtained Green Dragon Accreditation (level 2) for its environmental management system. The auditor was particularly impressed with the monitoring and control of all outputs from the site.

INDICATOR

Reducing pollution in France

Decrease in the average number of deliveries of frozen, fresh and dried products to restaurants



Zero impact on forests in Italy

In Italy, Sodexho Service Vouchers and Cards has been taking part in the *Zero Impatto* program since September 2005.
Over a 3-year period, we are committed to financing the reforestation of a surface area in proportion to our rate of pollution. 70,000 square meters of forest will be planted to offset our energy impact.

Electrically-powered generators, United Kingdom.

Italy

To deliver meals to schools in the Milan suburbs, we use a fleet of low-pollution vehicles comprising two electric trucks and eight hybrid motor vehicles.
In a municipality near Turin, we are implementing the *RicicliAmo* program (*Ricicli*=we recycle; *Amo*=we love --> we love recycling). Children are taught to sort waste for recycling: every day, when they finish eating, they put their waste (food, plastic, paper, etc.) in the appropriate bins.

Netherlands

In 2005, office management reduced paper consumption by 29% in the administrative units and the catering business. This was achieved mainly by improving and encouraging the use of infonet and other digital solutions.
During the same year, we installed dosage systems for cleaning products at all our sites. In this way we cut down significantly on the use of chemical products.

Sweden

Sodexho has developed a wide range of proprietary detergents and other chemical products complying with **Swedish Society for Nature Conservation (SSNC)** standards. Most of the products are eco-labeled as a "Good Environmental Choice," which has helped to reduce harmful chemicals in many products and promote conversion to renewable energy sources.
The detergents are distributed in highly concentrated form, which reduces packaging materials and the number of deliveries. Sodexho also participates actively in the development of dishwasher detergents with the "Good Environmental Choice" label.

United Kingdom

For our Meals on Wheels service, we use a fleet of 20 vehicles that run on LPG for home delivery of meals and thereby reduce transport-related emissions.

WASTE RECOVERY

Waste produced by most our activities is non-hazardous.
95% of our operating waste is mainly comprised of packaging (paper, cardboard, plastic, glass, metal and wood) and organic matter.
The remainder is composed of oily waste and detergent residue.
We are currently developing a reduced packaging policy, without compromising product hygiene or quality. This will be followed by recycling procedures.

Around the world

At Group level, as well as in numerous subsidiaries, we are printing our corporate documents on environmentally friendly paper (recycled paper or white paper produced from forests managed using sustainable methods).
In Sodexho Service Vouchers and Cards activities, we are gradually replacing paper vouchers by recyclable magnetic cards.
In Brazil, this operation saves 120 tons of paper annually.

Used Cooking Oils (UCO)

At all of our sites such as in France, Brazil, China, Netherlands, the United States, Sweden and the United Kingdom, all Food Service sites (restaurant kitchens) have grease/fat separators and used cooking oil is collected and recycled by a single approved service provider vetted by the public authorities. Specialized companies convert the waste oil into a finished product that is generally sold to the animal and pet feed industry. Since the waste oil is reconverted into a finished product and reused, our position is that it would be considered sustainable. There are a few rendering companies that are experimenting with the bio-diesel business model. Recycled cooking oil can be used for different applications within the technical industry: energy (combustion).
We provide information and are taking concrete steps to encourage sorting and recycling among our customers and clients at international level. Initiatives are now under way on our onshore and offshore platforms as well as in Canada, Australia, Finland, France, Belgium, Austria, Romania, Laos and more.

Czech and Slovak Republics

Sodexho Service Vouchers and Cards has introduced selective sorting of waste at the majority of its sites. In addition, as a major issuer of vouchers, Sodexho is committed to recycling 130,000,000 vouchers (over 100,000 kilograms) every year, in both countries. In the Czech Republic all vouchers are recycled, while in Slovakia, we have only just started and will reach 90% this year.

France

Sodexho is developing a program called *Montaigne,* which consists of implementing environmental management systems at the sites of our client Alcatel. The two main areas covered by the system are waste management and reduction of energy consumption.

Germany

Environmental behavior at sites is included in our training programs and we support our clients' participation in the *Grüner Punkt* (Green Point) program. For instance, at schools we use recyclable meal boxes.

The Netherlands

We have set up a three-category sorting program at our catering sites, based on easily identifiable colors, to encourage customers in the restaurants to sort their waste. We compact the various types of waste and then recycle them. The program is supported by an information campaign.

North America

We are replacing throwaway plastic with china dishware to reduce the amount of waste. And we systematically promote the recycling of packaging.
In the United States, 20% of our products can be recycled.
In particular, we conducted a meal tray recycling campaign at the 34 schools in Providence, Rhode Island serving a total of

Thermical energy.

Using recyclable magnetic cards.

Collection of Cooking Oils.

Effluent treatment, United Kingdom.

14,000 pupils. Four million trays, representing 80,000 pounds of polystyrene believed to require 100 years for natural decomposition, were thus recovered. This initiative allowed us to achieve a recycling rate of 50%. We are also supporting Marist College, one of our clients, in its bid to gradually attain a 100% recycling rate and to generate awareness about selective sorting among students on campus.
Sodexho in North America is combining Facilities Management services with environmentally responsible practices that also are cost efficient. At Kapi'olani Medical Center on Oahu, Hawaii, Sodexho Health Care Services' Asset Management team reduced the facility's energy costs by installing a thermal energy storage unit to cool the buildings, which will save the hospital millions of dollars over the life of the system.
At the Washington Home, in Washington, D.C., conversion of the boiler system from high pressure to low pressure will save the client $246,000 in total each year, recouping the cost of the project in just three years.
Our Stockton (California) and Cleveland Clinic (Ohio) facilities have installed environmentally friendly equipment that uses fewer gallons of water per wash load and recycles some of the water back into the system.
We are also now purchasing equipment that is ergonomically friendly, causing less physical stress for the employees who operate it.
At the Stockton facility, we are using a device that captures lint in the air to provide a cleaner laundry environment for our employees.
Sodexho and Easter Seals, the leading non-profit provider of disability services, have partnered with **Cartridges for Kids** in the launch of "Rural Recycling," a program that recycles empty printer cartridges and cellular phones.
For every cartridge or cell phone that Sodexho donates, **Cartridges for Kids** will make a financial contribution to Easter Seals for its "AgrAbility" program, which provides farmers and ranchers who have suffered a debilitating illness, accident or condition with assistive technology solutions and tools to enable them to return to work on their farms.

Romania

Under our 3Rs program ("Recover, Recycle, Reform"), 180 tons of paper and plastic are recycled every year at the initiative of our Sodexho Services Vouchers and Cards subsidiary.

Scotland

Universal Sodexho has introduced waste recycling aboard its offshore platforms, particularly at Marathon Brae Bravo, by putting out multi-compartment containers for waste collection. We are also promoting the replacement of plastic throwaway dishes with china on the Shell North Cormoran platform.

Tanzania

Under a Sodexho Tanzania initiative implemented jointly with our client Barrick Gold, four Waste Bay stations have been set up at key high traffic waste areas. An additional six are being created due to the initial success of the cleaner mine project. Each Waste Bay station separates waste at the point of use into five categories.
Scrap metal, wood and oil products are collected at the client's recycling yard for further sorting. General refuse is taken to the incinerator for burning. The ash from the incinerator is used, along with soil, lime and leafy food waste, to make compost for use in the mine's vegetable garden and resident gardens. After twelve months of waste segregation, our client has been able to significantly reduce the cost of recycling metals and

other products that would normally take a team of people to sort through. The Waste Bay stations give every person on site the opportunity to contribute to Sustainable Development.

United Kingdom

Since the summer of 2005, all our sites and those of our subcontractors comply with national environmental requirements for hazardous waste. Where appropriate our employees have also been trained in the management of hazardous products through the Carriage of Dangerous Goods program.

ENERGY SAVING

We are aware of the worrying situation with regard to the increasing scarcity of fossil energies. We actively seek to identify ways of cutting down on energy consumption at our sites.

Around the world

In the United States, Australia, the United Kingdom, France and Germany, we teach employees simple, efficient gestures to reduce energy consumption at our sites.

Canada

The Strathroy Hospital in Middlesex has installed energy-saving lighting and more efficient motors.

United Kingdom

We are taking part in the **HCIMA's** (Hotel and Catering International Management Association) Hospitable Climates initiative as part of the government Action on Energy program. In 2005, we helped to reduce greenhouse gas emissions at four experimental sites: a large school, an old hospital, a modern office building and a television broadcaster. During 2006, several more sites have been brought into the scheme and we plant to take the program forward in 2007.

United States

Sodexho provides Facilities Management services at Skidmore College in Saratoga Springs, NY. Sodexho created a plan and managed the installation of a geothermal heating system in new Student Apartments and the newly-remodeled dining hall. The use of renewal energy contributes to drastically cut energy costs.

REDUCING OUR WATER CONSUMPTION AND TREATING DISCHARGES

We endeavor to make customers aware of the need to minimize use of water resources and we are striving to improve our wastewater disposal techniques. Wastewater is treated before being discharged into the purification network through various retention systems that we have introduced (grease separators, starch separators, etc.). These systems are regularly maintained to achieve optimum efficiency so as to discharge wastewater with a low level of polluting matter, which can therefore be more easily treated.

Chile

The **Sodexh$_2$o** program aims to generate awareness among our employees and clients of water scarcity and the advantages of using it wisely. The program is gradually being rolled out at Sodexho's client companies.

CERTIFICATIONS

ISO 14001 environmental certification

ISO 14001 certification has been obtained at sites in Australia, Finland, Scotland, Sweden, France and Denmark as well as in the United Kingdom, Hong Kong and Peru, thanks to the efforts of subsidiaries that have adopted this improvement-oriented approach. In Hong Kong and Peru, Sodexho is the first company in its sector to obtain recognition by an outside organization for its sensitivity to environmental concerns.

Sodexho Altys

A leader in multi-technical maintenance, Sodexho Altys also provides its clients with advanced expertise in the installation of climatic engineering systems and the installation and maintenance of commercial kitchens. Sodexho Altys is the first facilities management company to obtain ISO 14001 certification.

Sweden

Sodexho in Sweden is using an environmental management system that is ISO 14001-certified. The management system makes it possible to achieve efficient and clear processes concerning environmental issues within the company.

A number of business units and Sodexho's main office in Stockholm, including the corporate and central support functions, are covered by the certificate.

Finland

At the World Athletics Championships in Helsinki in August 2005, Sodexho provided meals for the 3,000 athletes and teams of the 200 delegations from around the world during the 10-day event. ISO 14001 Ecomass standards, specific to major athletic events, were applied. The project, developed jointly with our client, the Finnish Athletic Federation, was based on our sustainable development principles.

Water analysis, Peru.

Clean Production Agreement, Chile.

Logistical Support Team, Santo Project, Pacific.

ENCOURAGING PARTNERSHIPS IN FAVOR OF THE ENVIRONMENT

In some of our operating entities that have adopted very advanced approaches, local charters provide for annual self-assessments to identify areas to further improve our performance. We also target partnerships with suppliers and producers that demonstrate concern for the environment by selecting, processing and transporting their products in environmentally friendly ways. To take our commitment a step further, we are pursuing environmental partnerships with our clients and outside agencies to work together in finding concrete, sustainable solutions.

Chile

We signed the Clean Production Agreement with the Ministry of Health in 2004. The agreement is a management tool designed to improve production conditions in the catering segment from the standpoint of both hygiene and safety.

We also signed the APL (Accuerdo de Produccion Limpia) agreement in 2004 concerning the management of quality related issues, safety and the environment in catering services. This year, the agreement has been implemented at 40 of our sites.

France

In 2004, Sodexho took part in launching the Guide to Sustainable Development for school restaurants, which carries the Ministry of Ecology and Sustainable Development label. The guide, which was produced in cooperation with the Eco Maires association, enables local authorities to apply and assess sustainable development initiatives in the area of school catering.

Santo Island Vanuatu, Pacific

Universal Sodexho is a partner with the NGO **Pronatura,** within the framework of the Santo 2006 project, the biggest scientific expedition ever organized in for biodiversity. Universal Sodexho worked closely with its teams in New Caledonia to provide logistical support and operate a remote site camp for 50 scientists on Santo Island Vanuatu. Strong relationships were established by our camp boss with Vanuatu natives and the scientific community to meet the logistical challenges of operating the camp. Universal Sodexho also provided expertise for food safety for purchasing and shipping through approved suppliers, as well as advice on the choice of appropriate cleaning and hygiene products to respect the environment during the expedition.
www.santo2006.org

GENERATING AWARENESS OF ENVIRONMENTAL ISSUES

We are increasing our promotion of rational farming techniques and organically grown products through partnerships with local farms in the United Kingdom, the Netherlands and the United States. By eliminating chemical fertilizers, organic farmers are able to maintain a balance between fauna and flora and reconcile their protection with human needs.
At the same time, we conduct training and awareness programs among our employees, clients and customers to publicize our environmental initiatives and encourage widespread adoption of best practices implemented in recent years.
In schools, educational projects are carried out in partnership with municipalities and teachers to develop awareness among young generations concerning selective sorting and controlling water and energy consumption.

Gabon

Universal Sodexho is conducting volunteer initiatives with the help of our employees to raise awareness of the need to protect natural resources.
The initiatives focus in particular on an area along the Vembo Lake shores in the heart of the Loango National park.

North America

In the United States and Canada, we support the Recycle Mug program, in partnership with the National Fish and Wildlife Foundation (NFWF), in high schools and universities across the country.

The Netherlands

In FY 06, fourty-five Sodexho catering managers attended a one-day program called "How logical is organic," a practical course on how to inform consumers about the organic food system and the benefits for the environment, including a discussion of the theoretical and practical aspects of organic food. The course was developed with **the School for Organic Agriculture** (Groenhorstcollege). Participants are taught how to use their skills to create a communication strategy for their specific sites to introduce organic food as a more natural meal choice. A further seventy managers attended the course in December 2006 and in FY 07 we intend to increase the number of catering managers who will receive the training.

United Kingdom

At our subsidiary Tillery Valley Foods in Wales, we recently invested several million pounds re-designing the plant to enable us to re-think our approach and integrate environmental considerations. As Stefen Brooks, Director of TVF explains: *"We opted for construction materials that provide greater insulation to reduce energy consumption at the site. Every year, we recycle 250 tons of cardboard and 250 tons of steel, and 80% of our packaging is recyclable."*

United States

In the United States, we have introduced the H2E (Hospital for a Healthy Environment) educational program, aimed at training healthcare professionals in environmental problems that arise in hospitals. The training is provided free of charge in cooperation with numerous associations (American Hospital Association, US Environmental Protection Agency, American Nurses Association and Health Care Without Harm).
H2E was adopted in 2002 by the alliance of healthcare facilities in Cambridge, Massachusetts.
It enables facilities to exchange best practices, particularly regarding waste management. Medical waste was reduced by 4% in a single year. The program also makes it possible to dispose of waste containing mercury and prevent pollution risks.

Compaction for paper and cardboard recycling, United Kingdom.

Tillery Valley Foods (TVF), United Kingdom.

Our global performance

STAKEHOLDERS	INDICATORS	BASIS FOR CONSOLIDATION
Our clients	**Retention rate**	World
Our customers	**Percentage of revenues from services other than foodservice**	World
	Publication of consumer behavior studies (International Observatory of the Quality of Daily Life) *Percentage of Sodexho host countries that publish studies* *Weighted by revenue (excluding SVC business).*	World
	Personix: penetration rate for the current installed base (number of sites audited using the Personix method/number of sites per country)	
	Food safety - Number of bacteriological inspections on sites - Number of surface swabs - Number of audits on sites - Food safety certification rate - Health and safety certification rate	 France France France North America North America
	Publication of information on balanced nutrition for our end-users *Percentage of the entities that provide consumers and clients with information and training in healthy nutrition.*	World
Our employees	**Percentage of internal promotions compared to the total number of job vacancies** - Site manager positions filled through internal promotions - Managerial positions filled through promotion of site managers or equivalent	 World World
	Percentage of regional director and sales director positions filled through internal promotions	France
	Percentage of development managers positions filled through internal promotions	France
	Percentage of district manager positions filled through internal promotions	France
	Employee retention - All employees - Site managers **Employee engagement survey** - Employees asked - Coverage rate - Participation rate - Global engagement rate	 World World
Our suppliers	**Percentage of purchases from approved suppliers on the basis of vendor compliance*** **Vendor compliance = purchases from approved suppliers/(purchases from approved suppliers + purchases with competitor suppliers).*	United States
Our shareholders	**Lead-times for providing financial information**	World
Countries in which we are present	**Percentage of local purchases** *from local Peruvian companies (excluding international companies which produce in the country)*	Peru
	Percentage of local hiring Group Aside from remote sites	 World Aside from Remote Site
	STOP Hunger Program - Number of countries developing STOP Hunger initiatives - Number of STOP Hunger initiatives - Number of partnerships with NGOs and associations	World
	Environmental protection - Percentage of entities engaged in environmental protection practices on a daily basis - Number of business units certified ISO 14001	World

"Today, the strength of a firm depends upon its overall economic performance as well as its social and environmental achievements, providing added value for all of its stakeholders. At Sodexho, we have been consolidating our performance indicators for several years, to evaluate our operations and continue to meet our objectives. In 2006, the improvement in our indices is more than encouraging, ensuring a solid base on which to continue our initiative. Our objective in 2007 is to improve our indicators and satisfy each of our stakeholders, day after day."

Vincent Hillenmeyer, *Group Executive Vice President Strategic Planning, Member of the Group Executive Committee*

2003	2004	2005	2006	OBJECTIVES
92.8%	92.9%	93.3%	93.8%	Reach a 95% client retention rate by August 2008
19%	20%	21%	21%	Continue to progress
		89%		Cover all of our businesses Next survey in 2007
		18 countries 10.8%	20 countries 13.4%	Continue to progress
	46,432 90% 90%	46,723 94% 92%	41,935 23,280 10,353 97.4% 94.2%	Perform systematic inspections Consolidate at Group level Certify all of our sites
		97%		Cover all our businesses Next survey in 2007
	13% 28%	25% 38%	17% 36%	Continue to progress
		100%	100%	
		60%	50%	
		67%	67%	
	61.5% 86.7%	65.3% 87.9%	65.1% 87.4% 35 countries 282,000 87% 47% 50%	
91.4% (2000)		96.9%	97%	Increase purchases from approved suppliers
	48 days	47 days	46 in 2006 38 in 2007	Gain 20 days in 3 years on lead-times for providing financial information
		63.08%	64%	Continue to progress
97%	98%	98% 99.98%	97% 99.97%	
	15	18 80 60	19 125 92	Cover all Sodexho host countries
		76%		Next survey in 2007
		7 countries	9 countries	Continue to progress

Our awards

The recognition of our commitments and initiatives in favor of sustainable development has resulted in a number of awards in various fields throughout the world.

SERVICE QUALITY

International

- The "Global Outsourcing 100", which was published for the first time by the International Association of Outsourcing Professionals (IAOP), ranked Sodexho the second most efficient service firm in the world.

Brazil

- 2005 Top Hospitalar award in the healthcare segment given by healthcare professionals.
- Sodexho is named "Best Supplier" by Avenues Brasil Getoflex and, for the 5th consecutive year, by Siemens.

Canada

- Nav Canada presented the Supplier Excellence Award to Sodexho Canada. The criteria are based on rating elements that include Overall Performance, Management Team and Service Expectations.
- Eskan-Sodexho at Camp Némiscau in James Bay received the Outstanding Performance in Safety award. This is the third time in the last 15 years that Sodexho has been presented this award by Hydro Quebec.

Chile

- Sodexho receives an award from the AngloAmerican and Chilean Security Association.
- The HSE training CD-ROM "Safety Navigator" is recognized as a Best Practice by Shell.

Luxembourg

- Sodexho Services Vouchers and Cards was awarded "Best Incentives & Motivation Solutions 2006".

Peru

- Empresa Peruana del Ano 2004 award in the Multiservice category.

Poland

2005

- Hermes Prize for the best foodservice company awarded to Sodexho Polska by the trade magazine Poradnik Restauratora.

2003, 2004, 2005

- Ranked in the prestigious group Gazele Biznesu by Puls Biznesu and Coface Intercredit Poland.

2003

- Prize for the Best Facilities Management Company given by Grupa Inteligentny Budynek.

Singapore

- Safety Award by the Ministry of Labor to acknowledge our efforts and those of our client, Foster Wheeler, for 2 million hours of work without a single accident.

United Kingdom

2005

- The Excellence Standard of the CIPS (Chartered Institute of Purchasing & Supply) was awarded in recognition of our efforts in achieving efficient procurement and risk management excellence.
- The Hospitality Assured Standard for Service & Business Excellence was awarded for the quality of services we provide at British American Tobacco.
- Sodexho Service Vouchers and Cards was named Childcare Voucher Issuer of the year by Employee Awards and Benefits magazine.
- Universal Sodexho received Health and Safety awards from the British Safety Council for the seventh year in a row and from the Royal Society for the Prevention of Accidents (RoSPA) for the fifth consecutive year.
- Universal Sodexho obtained the HSE (Health, Safety and Environment) prize within the scope of the SOAA (Scottish Offshore Achievement Awards), known as the "oil Oscars", for the second year in a row.
- Universal Sodexho received an award from the International Association of Drilling Contractors (IADC) for the second time.
- Marathon Oil awarded Universal Sodexho its 2005 Marathon European Business Unit prize and named it HSE Large Contractor of the Year for Health, Security and Environment management.
- Universal Sodexho was recognized in Scotland by the National Customer Service Awards for its customer service practices and innovations.

United States

2006

- Food Management magazine selected five Sodexho programs as Best Concept Award winners (Best Management Company Concept, Best Renovation, Best New Facility, Best Menu and Best Special Event).
- Sodexho-operated mess hall at Camp Lejeune in North Carolina named the best in the world by the United States Marine Corps (USMC).
- Food Safety Leadership Award given by NSF International recognizing Sodexho's efforts toward systems improvement.
- Three of our health care dietitians were honored with the following awards: Young Dietitian of the Year Award from the South Carolina Dietetic Association (SCDA), Emerging Dietetic Leader of the Year Award from the SCDA, Outstanding Dietetic Educator Award from the SCDA.
- David Bowser, Government Services, earned two awards: Educator of the Year from IEJCC and Celebrating Excellence Winner Educator of the Year 2006 from MTC.
- Don Kulick, district manager in Minnesota earned: Food Alliance's 2005 Keeper of the Vision Award for offering environmentally friendly, socially responsible products to college students. Similar award from the City of Portland in Oregon, Best Prize, for Sodexho's outstanding commitment to sustainable development.
- Sean Anderson, GM and team at the Conference Center at North Pointe, received Meetings Media's Best of the East Award.
- Occupational Health & Safety Achievement Awards presented to 2,594 accounts that total 40 million hours of work without an accident.

2005

- Keeper of the Vision Award" for offering environmentally friendly, socially responsible products to college students. Awarded by "Food Alliance" and received a similar award from the City of Portland in Oregon, "Best Prize", for Sodexho's outstanding commitment to sustainable development.
- Recognition by the NACAS (National Association of College Auxiliary Services) for our cooperation with Georgia Tech on the Georgia Tech menu marketing campaign.
- Eagle Award given to Al Allen (Education) by the APPA (Association of Physical Plant Administrators).
- The APPA also honored us with the Platinum Business Partner Award for multiservice product and service provision.
- 10th anniversary of cooperation with NSBA (National School Boards Association) in recognition of Sodexho's efforts to improve patient comfort.

SOCIAL RESPONSABILITY

World

2006

- The assessment of our worldwide sustainable development approach by AXA received the top mark of 3/3 for meeting AXA's expectations through our sustainable development policy.

Canada

- Friends of We Care inducted Garry C. Knox into its food and hospitality services Hall of Fame at its 2006 Awards Gala. Friends of We Care Inc. is an organization dedicated to raising funds for The Easter Seal Society of Canada, that helps to send Canadian children with physical disabilities to summer camps.
- Since 2004 – Gold PAR Award given for partnerships developed with native populations.

Europe

- Sodexho was invited to present its STOP Hunger program during the 2nd CSR Market place in Brussels, an important demonstration dedicated to Sustainable Development and received a prize in the "Health and safety" category.

France

2006

- Gold TopCom award in the Sponsorship category, Patronage section, for STOP Hunger, Sodexho's program to fight hunger and malnutrition throughout the world.
- Sodexho Service Vouchers and Cards received a public-private initiative award for it CLARC "tailored services" project, developed to support the Center Region's cultural policy for young people.

2003

- France's Prime Minister presented the Award for Ethics and Governance to Pierre Bellon for Sodexho's STOP Hunger program.

Mexico

2006

- For the second year in a row, recognition of Sodexho as a Socially Responsible Company by the *Centro Mexicano para la Filantropía* (CEMEFI), during the fifth Distinctive Empresa Socialmente Responsible Award.

Peru

2004

- Entrepreneurial Creativity Prize in the Philanthropy category, given to the Sodexho Peru Association for Sustainable Development by the Private University of Applied Sciences in Lima.

Poland

2006

- The "Children's Friends Association" has given to Sodexho Food and Facilities Management Services / Service Vouchers and Cards its prize "Child's Friend Award" for its commitment in the fight against hunger and malnutrition through its STOP Hunger program.

United States

2006

- Louisiana School District receives the National Civic Star Award, a national Education recognition for School-Community Partnership.
- Eagle Award given to Al Allen (Education). This award is given to company employees who implement additional forms of partnership around programs and projects carried out with the APPA (Association of Physical Plant Administrators). Sodexho also received the APPA's Platinum Business Partner Award for the supply of Facilities Management products and services.
- Award in recognition of Sodexho's partnership and community service efforts to STOP Hunger in the Atlanta community by Hosea Feed the Hungry and Homeless.

2005

- Outstanding Community Service Award received by The Washington Metropolitan Area Corporate Counsel Association (WMACCA).
- The Sodexho Foundation was recognized as a "Restaurant Neighbor Award 2005 Finalist" by the National Restaurant Association (NRA).
- Sodexho Campus Services recognized as «Corporate HopeBuilder of the Year» by Habitat for Humanity in Halifax, (Daytona Beach) Florida.
- The Washington Metropolitan Area Corporate Counsel Association (WMACCA) prize for "Outstanding Community Service".
- Sodexho Campus Services recognized as "Corporate HopeBuilder of the Year" by Habitat for Humanity in Halifax, Florida.
- Recognition by Jumpstart for "outstanding commitment to corporate social responsibility", notably for the fight against hunger and malnutrition.
- Sodexho Campus Services Team at Binghamton University received the Corporate Humanitarian Award from Community Hunger Outreach Warehouse (CHOW) for their Caring Cans projects during the Servathon.
- Sodexho Campus Services Teams received recognition from the HELP project for their exemplary action during the Servathon.

2004

- Sodexho recognized by DC Central Kitchen (Washington, DC) for combating hunger.
- The Sodexho School Services Team in Providence, Rhode Island was honored with the "Point of Light" award for the Backpackers, a program that provides food-packed backpacks for disadvantaged children to take home with them on weekends.

2003

- Sodexho Foundation's Feeding Our Future program recognized for "outstanding contribution to helping feed the hungry" by the Greater Boston Food Bank.

2002

- Sodexho honored by City Harvest (New York, NY) for its "commitment to feeding New Yorkers in the aftermath of September 11".

2001

- Sodexho chosen "Grand Winner" of the William D. Littleford Awards for its commitment to alleviating hunger in the community.

2000

- Sodexho received the "Harvester Award" from Philabundance for its commitment to fighting hunger in Philadelphia.

United Kingdom

2006

- Denise Coulter has collected the BUPA Healthy Communities Big Tick award from Scottish Business in the Community. Denise has been leading a team which has helped over 400 young people in eight schools in Glasgow and Edinburgh appreciate the benefits of healthy living.
- Ranked among the "Top 100 companies that count" for Corporate Responsibility monitored by Business in the Community (BITC) and published by the Sunday Times.
- In 2004 and 2005, Sodexho UK was awarded the Big Tick standard in the Business in the Community (BITC) Awards for Excellence for its successful Healthy Eating Program. This program, which has been running for three years, sees graduate trainees visit children in disadvantaged areas in a bid to educate them about healthy eating, nutrition and lifestyle.

DIVERSITY

Canada

- The Quebec Businesswomen Network selected Marie-Line Beauchamp, Vice President of Operations for Sodexho in Quebec, for the 2006 Quebec Businesswomen Award in the private business category.

France

2006

- Corporate Diversity Award for Innovation received, part of the recently concluded Diversity Tour de France. The award was presented to the company by Mr. Azouz Begag, Delegate Minister for the promotion of equal opportunity at the Diversity Tour's closing ceremony.

United Kingdom

- Recognized for its Corporate Citizen strategy in favor of diversity and integration, Sodexho will partner the British government in its Diverse Britain 2007 campaign.
- Sodexho is named Large Employer of the Year by Reed in Partnership in Glasgow; a company specialized in the recruitment of people in need.

United States

2006

- Ranked by Latina Style Magazine among the Top 50 companies offering real career opportunities to Hispanics.
- Selected as a top US company for contributions to Asian Pacific American community by Asian Enterprise Magazine for the second consecutive year.
- Named one of nation's top 50 companies for diversity by Diversityinc magazine and ranked number 14 on the list.
- For the third consecutive year, ranked among the nation's top employers by Black Collegian, a publication serving the career and self-development interests of African-American collegians.
- Michael Montelongo, SVP of strategy and planning, was recognized as one of the Top 50 leading Hispanic business professionals in the US at the annual Business and Technology Dinner hosted by Hispanic Engineer and Information Technology magazine.
- Sodexho received the Strategic Examples of Excellence in Diversity award from MFHA.
- The National Eagle Leadership Institute gave Sodexho the 2006 Career Focus Eagle Award.
- Rohini Anand received the Diversity First Award from the Texas Diversity Council.
- The Women's Food Service Forum awarded Sodexho with the WFF Director's Award.
- Sodexho was recognized "Employer of the year" by the WI rehabilitation Association's Job Placement Division.

2005

- Awarded for international innovation in diversity policy by Diversity Magazine.
- Recognized by DiversityInc. as one of the 25 companies most committed to promoting diversity.
- Ranked by Hispanic Business Magazine among the Top 100 companies most committed to employing Hispanics.
- Ranked 6th among the top 100 companies favored by African-Americans in Black Collegian Magazine.
- Voted one of the Top 25 companies by African-Americans in Black Professionals Magazine.
- Named by DiversityInc. among the Top 10 companies employing the disabled.
- Recognized by DiversityInc. among the Top 10 companies most committed to developing partnerships with suppliers from minority groups and women-owned businesses.
- Ranked by Hispanic Magazine among the Top 50 companies most involved in promoting diversity among suppliers,
- Prize for innovation in diversity from the Women's Business Center for the Action Learning Program initiative.
- Awarded the Joseph Papp Corporate Diversity Prize by the Foundation for Ethnic Understanding.
- Our employee James Taylor received the Eagle Career FOCUS prize awarded by the National Eagle Leadership Institute.
- Named Employer of the Year by Autism Services Association and the Marriott Foundation.

ENVIRONMENTAL RESPONSIBILITY

Belgium

- The Eco Star prize received at the annual Sodexho Stars event for our water consumption management.

Canada

- The Energy Innovators Initiative Award given by the Federal Government Ministry, Natural Resources Canada (NRCan) in recognition of the commitment of Bill Player and his team at Strathroy Hospital (Middlesex) in reducing greenhouse gas emissions.

France

- Environmentally Responsible Company label awarded by the *Provence-Alpes-Côtes d'Azur* Regional Environment Department during Sustainable Development Week in 2005, sponsored by the Secretary of State for Sustainable Development.

Northern Ireland

- Ranked among the top quintile of the annual Arena survey on environmental performance.

United Kingdom

2006

- Tillery Valley Foods, our meal production unit for the Healthcare segment in Wales, achieved Green Dragon Accreditation (level 2) for its environmental management system. The auditor was particularly impressed with the monitoring and control of all outputs from the site.

United States

2006

- Portland State University has received a BEST award for the inclusion of sustainability criteria in its food service contract with Sodexho and for educating students about sustainable food choices.
- David Roberson, VP Environmental Services won the 2006 ASHES Innovator of the Year Award from the American society of Healthcare Environmental Services.
- The 2005 Keeper of the Vision for a Sustainable Future Prize awarded by the Food Alliance association for the partnership developed between Sodexho USA and Midwestern farmers based on rational farming principles.

EMPLOYER OF CHOICE

Brazil

- Sodexho was chosen by human resources professionals in the country as the most remembered company, for the Top of Mind Prize 2006 – in the Food Service category.

Germany

- 2005 Caterer of the Year prize in the "Strategy and Management" category.

Ireland

- Ranked among the Best 50 Companies to Work For in the country by The Great Place To Work Institute.

United Kingdom

- Since 1996, Investors in People certification in recognition of our performance in the management and personal development of our employees. Sodexho received National Training Award for its Sodexho Way team training program.

United States

- Named first place winner of the Most Innovative Recruiting and Staffing Program/Initiative award, given by the International Quality and Productivity Center (IQPC). Recognized in four categories of excellence: creative problem solving, innovation, employment brand strength and return on investment.
- Patriotic Employer Award by the Defense Department for maintaining the jobs of employees who volunteer for duty in the armed forces.

Poland

2005

- The Investor in Human Capital emblem received within the scope of the national program to promote human resources.

Russia

- In 2005, Universal Sodexho was named Employer of the Year by the Sakhalin Region Labor Authorities for giving priority to hiring members of the local population.

FINANCIAL TRANSPARENCY

France

- Corporate Strategies Award, Corporate Publications 2003, for the 2002 annual report.
- Prizes for the annual report: Top Com Bronze awards (2000 and 2001), Top Com Gold awards (2002 and 2004) and Top Com Silver award (2005), in the "Annual Reports for Listed Companies" category, awarded by a panel of French communication specialists.

Appended
Focus on our Corporate Governance with the GRI

MAIN TOPICS		GRI3	WHERE TO FIND IT*
BOARD OF DIRECTORS			*REF Reference Document 2005-2006
ORGANISATION	Corporate governance policy	4.1	REF p.39
	Application of national or international corporate governance standards		(contents)
	Description of the Board of Directors' role	4.1	REF p.41
	Number of Board meetings per year	4.1	REF p.42
	Attendance rate at Board meetings	4.1	REF p.42
	Information about the matters discussed during Board meetings held in the past year	4.1	REF p.43,44
	Technical support for the Board from in-house experts	4.1	REF p.43
	Corporate governance organization structure	4.1	Page 59
MEMBERS OF THE BOARD	List of directors and their roles	4.1	REF p.41
	Directors' biographical details	4.1	REF p.45 to 50
	Separation or combination of the functions of Chairman and Chief Executive Officer	4.2	REF p.39
	Requirement for directors to hold shares in the Company		REF p.42
	Process for selecting and electing candidates for seats on the Board	4.7	REF p.43
	Directors' Independence	4.3	REF p.62
	Directors' multiculturalism	4.7	REF p.40
	Gender	4.7	REF p.40
	Conflicts of interest and means to avoid them	4.6	REF p.42
	Mandate's duration	4.6	REF p.62

ANSWERS BY SODEXHO

Sodexho respects the principles of good corporate governance and is particularly vigilant as to the accuracy, relevance and regularity of its financial communications, with an objective : Ensuring all shareholders receive the same information at the same time.
Respects the principles of the Vienot Report.

Comparison of the Group policy with the 10 principles of the Global Compact and with the GRI.

The Board of Directors establishes corporate strategy, appoints corporate officers to run the business, supervises the management of the business, assesses internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions.

6 meetings in 2005-2006, at least 4 meetings per year according to the internal rules.

87% in 2005-2006.

Available in our Reference Document.

The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended as necessary by members of the Group's operational and financial management teams and by the internal and external auditors.

See the Organization chart of our Corporate government present in this document.

Directors are individually introduced in this document.

Available in our Reference Document.

On September 1, 2004, following discussions with the Nominating Committee and the Board of Directors, we decided that the position of Chairman and Chief Executive Officer, which I had held since founding Sodexho, would be separated into two positions – Chairman of the Board of Directors and Chief Executive Officer – and that Michel Landel would be appointed Chief Executive Officer of Sodexho Alliance, effective September 1, 2005.

Each Director must personally own at least 400 Sodexho Alliance shares, including independent administrators.

The Committee reviews nominees prior to their election as Directors, and where it sees fit assesses the position of Directors by reference to the criteria related to the composition of the Board specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of Directors qualifying as independent.

The *Bouton* report on corporate governance offers the following definition of director independence: *"A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to color his or her judgment."*
Based on this definition, the Board regards all Sodexho Alliance directors as independent.
This is because the Board of Directors is a collegiate body that collectively represents all the shareholders. Each Board member has a duty to act at all times in the interest of all shareholders and in the corporate interest of Sodexho Alliance.
However, to comply with different concepts of director independence, the Nominating Committee provides the Board of Directors from time to time with a list of Directors qualifying as independent.
During Fiscal 2006, six Board members qualified as independent directors.

The Board of Directors has fourteen members and ten are French nationals, two are American, one is Canadian and one is British.

The Board of Directors has fourteen members including four women, who represent 30% of the Board.

Directors are required to disclose to the Board all actual or potential conflicts of interest and must abstain from voting on those matters
There are no potential conflicts of interests between any duties to Sodexho Alliance of the members of the Board of Directors and senior management and their private interests.

Directors hold office for a term of three years.

MAIN TOPICS		GRI3	WHERE TO FIND IT*
MEMBERS OF THE BOARD			*REF Reference Document 2005-2006
COMMITTEES	Creation and role of a Nominations Committee	4.1	REF p.43
	Creation and role of a Compensation Committee	4.1	REF p.44
	Creation and role of a Audit Committee	4.1	REF p.42
	Number of meetings per year for each committee	4.1	REF p.43,44
	Attendance rate to committees	4.1	REF p.43,44
	Creation of a charter	4.1	REF p.42
PERFORMANCE	Evaluation of the Board of Directors' performance	4.7	REF p.39,40
COMPENSATION			
Implementation of a compensation policy for the CEO		4.5	REF p.53
Publication of CEO and executives' compensation		4.5	REF p.53
Implementation of a compensation policy for executives		4.5	REF p.53
Performance bonus linked to the financial performance of annual results of the company		4.5	REF p.55,56
Definition of performance objectives for executives		4.5	REF p.53
Stock-options plans		4.5	REF p.54 to 56
Directors' compensation		4.5	REF p.50

ANSWERS BY SODEXHO

The Committee reviews nominees prior to their election as Directors, and where it sees fit assesses the position of Directors by reference to the criteria related to the composition of the Board specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of Directors qualifying as independent.

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives (including stock option plans), and employee stock ownership plans.

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied and that effective internal controls are in place. The Committee periodically reviews Senior Management reports on risk exposure and prevention. The Committee assesses proposals from auditing firms and submits candidate firms for approval by the general shareholders' meeting. It also performs an annual review of the fees paid to the auditors of Sodexho Alliance and its subsidiaries, and assesses auditor independence.

In 2005-2006 : the Audit Committee met four times, The Nominating Committee met formally twice,
The Compensation Committee met three times.

In 2005-2006 – average attendance rate:
Audit Committee = 83%.
Nominating Committee = 80%.
Compensation Committee = 75%.

A Directors' Charter has been defined by the Board of Directors. Each committe also has its own charter.

An assessment of Board operating procedures was conducted by one of its members in Fiscal 2004, a number of suggestions were made. Directors wanted to modify the Board's membership to more accurately reflect the Group's international scope and to integrate new skills and expertise.We will be conducting another assessment of Board operating procedures. Already for this year, we intend to increase the number of exchanges between Board members and senior executives.

The amount of compensation and other benefits (fixed salary, variable bonuses, benefits in kind, and Supplementary retirement benefit) paid to the Chief Executive Officer are presented.

We publish Michel Landel's compensation for his mission as Chief Executive Officer, which is of 1 516 065 euro. The total amount of compensation for Fiscal 2006 paid to the eleven members of the Executive Committee in post as of August 31, 2006 was 7,953,579 euro.

Compensation paid to Executive Committee members comprises base salary, annual performance bonus and medium-term plans, benefits in kind, and supplementary retirement benefits paid by Sodexho Alliance and other Group companies.
The total amount paid to the eleven members is detailed.

Up to 70% of the performance bonus is based on the financial performance of the Group, or of the business unit for which the executive is responsible, during the previous Fiscal year. The rest is linked to the attainment of personal objectives set at the start of the Fiscal year, including targets related to indicators such as client retention, diversity or human resources management for the business unit for which the executive is responsible.
Bonuses are calculated and paid after the year-end accounts have been finalized and audited.

The annual performance bonus, which is a variable component of executive compensation, amounts to between 50% and 80% of base salary if the performance targets set in the previous Fiscal year are met.

The Group's executive stock option policy has two objectives:
- linking the financial interests of executives to those of our shareholders;
- attracting and retaining the entrepreneurs we need to expand and strengthen our market leadership.
  Stock options are not granted to members of the Board of Directors.

Directors' fees were calculated and paid in accordance with the Board's Internal Rules, based on the following criteria:
- 15,000 euro fixed fee to each Director;
- 1,500 euro per attendance at Board meetings;
- 5,000 euro fixed fee to each member of a Board Committee;
- 600 euro per attendance at Committee meetings.

The total amount of directors' fees paid for Fiscal 2006 was 400,500 euro, out of the maximum of 450,000 euro authorized by the general shareholders' meeting of January 31, 2006.

MAIN TOPICS	GRI3	WHERE TO FIND IT*
SHAREHOLDERS/GENERAL ASSEMBLY		*REF Reference Document 2005-2006
Compulsory attendance of Directors to the General Assembly	4.4	REF p.42
Shareholder retention policy	4.4	REF p.58
Publication of discussions of the General Assembly and the voting of resolutions	4.4	REF p.196
Support of employee stock ownership plans	4.4	REF p.194
INTERNAL CONTROL AND RISK MANAGEMENT		
Description of the internal control policy	1.2	REF p.62 to 68
Implementation of internal control procedures	1.2	REF p.67 to 68
Separation of counsel/audit/control roles	1.2	REF p.62 to 68
Independence of auditors	1.2	REF p.57
Rotation of auditors	1.2	REF p.57
Publication of auditors' compensation	1.2	REF p.57

ANSWERS BY SODEXHO

Except in cases of force majeure, all Directors of Sodexho Alliance must attend shareholders' meetings.

The company's bylaws confer double voting rights on registered shares held by the same shareholder for at least four years.

Shareholders' Meetings are broadcast live on the Internet, enabling shareholders who cannot be present to ask questions, follow the discussions and the voting of resolutions.

Employee Stock Ownership plans: the Extraordinary Shareholders' Meeting of February 3, 2004 renewed the authorizations granted to the Board of Directors by the Extraordinary Shareholders' Meetings of February 23, 1993, February 13, 1996, February 21, 2000 and February 4, 2003 to carry out share issues reserved for Group employees under employee stock ownership plans.
International Stock Ownership plans: under the authorization granted by the Extraordinary Shareholders' Meeting of December 18, 2000, the Board of Directors implemented an international employee stock ownership plan (ESOP) covering 150,000 Group employees in 22 countries. On October 18, 2001, the Board of Directors placed on record that a total of 1,385,848 4 euro shares had been subscribed for by 18,726 employees. The subscription price was 44.10 euro in the United States and 41.51 euro per share elsewhere. The international ESOP is described on page 78 of the Financial Review in the Sodexho Reference Document for Fiscal 2001, filed with the *Commission des Opérations de Bourse* (COB) as no. R.01.488.
The employee profit sharing payments made by certain French companies to the ESOP allowed for the following: for Fiscal 2005, to purchase 45,000 shares on January 25, 2006.

The Group's principal internal control objectives are:
- To ensure that management decisions, the way in which the Group conducts business, and the behaviour of its employees are consistent with the strategies and policies decided by the Board of Directors, with applicable laws and regulations, and with the Group's internal policies and procedures.
- To ensure that financial information provided to the Board of Directors and to the financial markets fairly reflects the Group's financial position and gives a reasonable assessment of any risks or potential risks incurred by the Group.

The internal control system is based on the Group's values and policies as defined by Sodexho Alliance senior management and implemented by each subsidiary taking account of local factors.

In Fiscal 2004, Sodexho demonstrated its commitment to strengthening internal control by rolling out an ambitious Group-wide initiative known internally as CLEAR (Controls for Legal requirements and to Enhance Accountability and Reporting).
This initiative, strongly endorsed by the Chief Executive Officer and Group Chief Financial Officer, was approved by the Board of Directors and the Audit Committee, and also received the backing of the Group's Executive and Operational Committees. Since its start, CLEAR has mobilized more than 700 people within the different subsidiaries and departments of the Group.

The Internal Audit Department conducts regular follow-ups to ensure that its action plans are being implemented by auditors.
An overall progress report is updated regularly and submitted to the Executive Committee, and then to the Operating Committee.
The report is also presented to the Audit Committee.

In order to conform to applicable US regulations, the Audit Committee approved in advance all services performed by the auditors during Fiscal 2006. The Audit Committee has established and implemented a policy to approve all audit missions and fees and to pre-approve other services provided by the external auditors. Two auditors were appointed: KPMG Audit and PriceWaterCoopers Audit.

The Audit Committee has drawn up a plan whereby one or the other of the international firms retained as auditors by Sodexho Alliance will be appointed to act as auditor to virtually all Group subsidiaries. This plan will be progressively rolled out until 2008, reflecting the fixed-term audit mandates that exist in some countries.

Available in our Reference Document.

MAIN TOPICS	GRI3	WHERE TO FIND IT*
INTERNAL CONTROL AND RISK MANAGEMENT		*REF = Document de référence 2005-2006
Risk prevention policy	1.2	REF p.71
Identification of major risks	1.2	REF p.70, 71
Description of risk management policy	1.2	REF p.71
Class actions		REF p.140
ETHICS		
Implementation of a code of conduct/ethical code	4.8	REF p.10
Diffusion of the code	4.8	Page 11
Implementation of a corruption prevention system	4.8	REF p.10
Employee satisfaction survey to assess their opinion on the company, its values, its organisation and its strategy	4.16	REF p.157, 158

ANSWERS BY SODEXHO

Specific policies are in place designed to ensure that risks are properly evaluated and managed at the appropriate level within the organization. A risk-mapping exercise is conducted each year by the Executive Committee, and presented to the Audit Committee.

We identify the major risks as: business risks, employment risk, environmental risk, regulatory risk and interest rate and foreign exchange risk.

Sodexho's policy on risk management and insurance involves working closely with subsidiaries to:
- identify and evaluate the key risk exposures faced by Sodexho, with particular attention focused on the emergence of new risk factors associated with changes in our activities, especially in Facilities Management;
- reduce contractual risk, in particular by using limitation of liability clauses or hold-harmless agreements;
- achieve the right balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexho's risk exposure.

On April 27, 2005, Sodexho, Inc. agreed to settle a class action lawsuit brought in the United States in order to avoid protracted legal proceedings and without admitting any liability. The judge approved the settlement on August 10, 2005.
Under the terms of the settlement, Sodexho, Inc. committed to make monetary payments to eligible class members and to the class attorneys for a total amount of up to 80 million US dollars, as well as to continue to promote its diversity programs.
As of August 31, 2006 all amounts had been paid to the class members and to the class' lawyers.

To underscore Sodexho's commitment to transparency and regulatory compliance, the Group has implemented a Code of Conduct for Senior Managers which has been signed by the Executive Committee members and key finance executives of the Sodexho Group. All Executive Committee and Operational Committee members have signed the Sodexho Alliance Ethical Principles and Sustainable Development Contract, edited in 2003.

The Contract has been translated into 14 languages and electronic and paper versions were distributed to 16.5% of the Group.

We do not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where we do business. We clearly communicate our position on this issue to our clients, suppliers, and employees, and expect them to share our rejection of corrupt and unfair practices.

During fiscal year 2006, Sodexho launched its first Employee Engagement Survey throughout the Group. The global engagement rate of Sodexho is 50%.

Contact

Dolores Larroque, Worldwide Coordinator for Sustainable Development
dolores.larroque@sodexhoalliance.com
+33 (0)1 30 85 74 87

For more information on

SODEXHO AND ITS COMMITMENTS:
www.sodexho.com

STOP HUNGER:
http://stophunger.sodexho.com

Express your opinion

Your comments, observations and questions are welcome.

Please write to us by e-mail
at **dolores.larroque@sodexhoalliance.com**.

Or at the following address:
Sodexho Alliance Corporate Communications and Sustainable Development
B.P. 100 – 78883 Saint-Quentin-en-Yvelines Cedex – France

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Published by Sodexho Alliance Communications and Sustainable Development Department.

Design, Creation, Editing and Production: TERRE DE SIENNE *Paris*

Photo credits: Michel Labelle, Sodexho group media library, X.

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