

# ANNUAL SHAREHOLDERS' MEETING

January 22, 2019

## Speech by Sophie Bellon, Chairwoman of the Board

Shareholders,

Colleagues,

Board members,

Friends of Sodexo, I would like to thank you for honoring us with your presence here at our Annual Shareholders' Meeting.

And thank you for your confidence.

I'm so happy to be with you for this special event here at the Seine Musicale, a beautiful place that we're proud to be managing since it opened in 2017.

This year, our Shareholders' Meeting comes at the end of a fiscal year that witnessed some major developments at our company.

On January 23, 2018, Denis Machuel became Sodexo's third-ever Chief Executive Officer. Since he took on this role, Denis and I have worked closely together to promote effective collaboration between the Board of Directors and the Executive Committee, and to prepare for Sodexo's next chapter.

We started by taking stock of where we stand today to identify short- and medium-term priorities.

The future looks bright for Sodexo. The overall **market potential** for our business is estimated at €900 billion, nearly 45 times our current revenues. Global trends present us with new opportunities:

- **Demand for the outsourcing and integration of a wide variety of services** is still on the rise;
- **People want to improve their quality of life**, both in Western societies and emerging economies;
- **The 100 million people we serve every day** are our greatest assets for growing our business.

Sodexo is and always has been a **growth company**. Since the very beginning, we have seen Sodexo as a community made up of our clients, consumers, employees and shareholders. We want our company to develop because we believe that growth is the best way to meet the needs of all our stakeholders.

Today, our **top priority is to accelerate that growth**.

We must acknowledge that **we have not always fully lived up to our potential** over the past few years. One reason for this is the slow pace of decision-making. Our underperformance in certain segments and markets required immediate corrective action. This has been addressed, as Denis Machuel will explain in a few moments.

Furthermore, **massive social, demographic and environmental changes** intersecting with the **accelerated pace of technological advancement** have impacted **our markets** in profound, irreversible ways. These changes are forcing us to rethink our **value-creation model** due to their impact on:

- Our relations with our **B-to-B clients**;
- And our **relationships with the people who consume and benefit from** our services.

We have already taken steps to respond to these changes:

- First, we aim to further **develop our long-standing food services expertise**. This sector has been impacted by major shifts, and there is great potential in emerging consumer aspirations in the food segment;

- We also want to take the expertise we have developed in services for every segment and sub-segment of the market **to the next level**;
- Lastly, we aim to **better understand and satisfy the needs of our consumers**. In addition to becoming a major source of additional revenue, they have the power to influence the decisions of our B-to-B clients.

We will seize opportunities as they arise, **taking advantage of the fact that our activities – On-site Services, Benefits and Rewards Services, and Personal and Home Services – are gradually converging, driven by technological advancements.**

**Three actions** will be instrumental to making this a reality:

- First: by **focusing on the fundamentals**:
  - **Client loyalty**;
  - **Employee engagement**;
  - And **greater operational discipline**.

Over time, we lost sight of these factors in some sectors of our business, and we are now working to give them the attention they deserve.

- Second: by **strengthening the culture** that made us successful. First and foremost, this is about fostering an **entrepreneurial culture** where our managers are encouraged to manage the business as though it were their own company and giving them the resources they need to do so successfully.

With this entrepreneurial culture comes **empowerment**, which means taking the ego out of decision-making and always taking responsibility for the consequences of one's actions.

- Third: by **investing in our talent**. Nearly all the challenges we are facing today can be traced back to poor choices in terms of people, who sometimes stayed on too long.

We must help our employees grow their skillsets and continuously add to our talent pool. We must also update our compensation policies on an ongoing basis to ensure that they are fair and aligned with our aims. In that vein, I am pleased to announce the arrival of Cathy Desquesses, who joined us last year as Chief People Officer and who is now working on these issues.

If we keep these principles in mind, I'm confident that we will be able to seize the opportunities presented by this new world. Every day we serve some 100 million people. **We aspire to one day improve quality of life for one billion women and men each day.**

We ask our **Board of Directors to do the vital work** of supporting and challenging our strategic decisions and our ability to implement them, as well as assessing how well we have achieved what we set out to do.

Recent changes in membership have brought a new dynamic to the Board, and I am confident that it is now in a position to fully embrace its role through open, constructive dialogue.

Sodexo is a **remarkable success, propelled by our founder's innovative vision**. When he founded our company 52 years ago, Pierre Bellon was motivated by his firm belief – drawn from his real-world experiences – that companies with deeply held social values are the best equipped to weather the test of time. His legacy at Sodexo includes:

- Strong **values**: team spirit, a spirit of service and a spirit of progress;
- And a **mission** that was years ahead of its time, comprising the twin goals of improving quality of life for our employees and the people we serve, and contributing to the economic, social and environmental development of the regions and countries where we operate.

These core principles have remained unchanged since 1966. For over 50 years, in addition to growing our business, we have worked to further progress and create social value for individuals, communities and society. Succeeding in our mission means improving quality of life for an ever-growing number of people – our employees and consumers – and having an even greater impact on our communities and on the environment we all share.

Recent developments, involving unprecedented social and regional unrest in France, prove that our founding principles are as relevant as ever. Societal expectations are evolving, inviting us to rethink and perhaps expand the role we play in promoting inclusion and social and economic progress in every region where we operate.

We are able to make a real difference through our local presence, the services we offer and the jobs we create for people who may have missed out on basic job training. To further these efforts, we recently established a Division for Social Innovation.

Our **financial independence** underpins all our ambitions and responsibilities. Remaining an independent company overseen by my family is still the best way for us to:

- Maintain our **values and mission**;
- Remain **focused on our long-term vision**;
- And make the **investments we need for our future growth**.

Today, our task is twofold:

- **We must turn our performance around**;
- And **we must actively work to achieve our long-term goals**.

This will require a great deal of effort from all of us and will involve some major changes, but I know our teams have the discipline and fortitude to meet these challenges.

I would like to **thank all our Sodexo employees for the hard work alongside our clients, our consumers and their teams and communities**. It is their work, their effort and their dedication that make Sodexo the great company it is today and that it will be for years to come.