

# Diversity and Inclusion, A Strategic Business Imperative: The Sodexo Story

October 2014  
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Global Chief Diversity Officer

## *On-Site Services*

### -> To our 8 client segments

Corporate, Defense, Justice, Remote Sites,  
Health Care, Senior Living, Education, Sports &  
Leisure.

## *Motivation Services*

### -> Available in three services categories:

Employee Benefits, Incentives and Recognition,  
Public Benefits

- 420,000 Employees
- 132 Nationalities
- 34,000 Sites
- 80 Countries
- 75 Million customers per day
- 18<sup>th</sup> Largest employer worldwide



- **Diversity and inclusion leads the branding of Sodexo in the U.S.**
- **D&I becomes a differentiator resulting in business growth; integral to business success**
- **Key component of the Quality of Life Services strategy as company reinvents business model**
- **Helps brand as more than food service provider**

# Context & Challenges

- Large: geographically dispersed
- Guests in client sites
- Image of industry
  - Male-dominated, few women in leadership
  - Industry a decade behind in progressive policies and practices for the inclusion of women and minorities
- Making a case in a business to business industry
- Small margins
- Litigation challenges
- French parent company

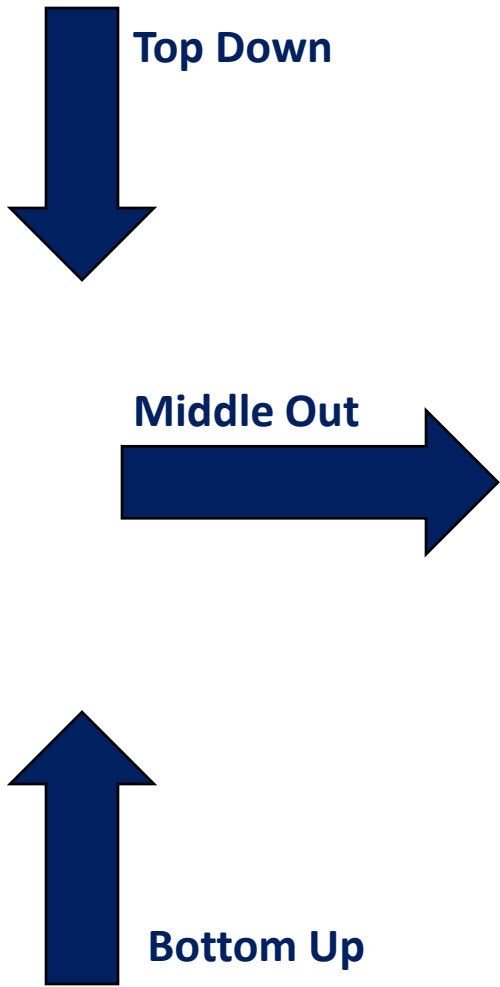
# Sodexo Organizational Diversity Maturity Model



# Sodexo Diversity & Inclusion Journey



# Sodexo's Ten Key Elements for Culture Change



*The 10 key elements integrate diversity and inclusion in Sodexo's core business. © 2011 Sodexo. All rights reserved.*

# D&I: Business Rationale Drives Strategy



## Workplace

- Attract, Develop & Retain the Best Talent to meet growth targets
- Foster an Engaged & Committed Workforce for productivity and innovation for clients
- Develop managers who are culturally competent and able to motivate diverse teams

## Marketplace

- Understand our diverse customer population to deliver Quality of Life Services to our Clients & Customers
- Leverage D&I to identify New Business Opportunities, provide access to clients and potential clients and Strength Existing Relationships for client retention
- Cultivate External Partnerships to Support Business Priorities
- Leverage D&I thought leadership to strengthen the brand



# The Business Case

# Key Workforce Trends in the U.S.

- The number of **women in the labor force will grow by 14.3 % compared to 10% for men (women 60% vs. men 40% graduating).**
- The **aging** population will lead to unprecedented labor shortages with baby boomers working longer.
- The wired, connected **millennials** are motivated differently.
- It is estimated that **10% of the workforce is gay or lesbian.**
- It is estimated that **1 in 4 people has a disability.**
- **So-called minorities**, will constitute a majority of the nation's children under 18 by 2023 and of working-age Americans by 2039. **Today 1/3 are minorities.**
- It is projected that by **2020, 81percent of the new entrants** into the workforce will be women or **minorities.**
- According to the American Community survey data used by Pew, **Hispanics comprise 16.4% of the U.S. population.**
- **Hispanics are the fastest growing ethnic segment:**
  - Overall U.S. population is graying but the **Latino population remains young & the primary feeder of workforce growth.**

# US: Causes & Effects | Changes in the Workforce

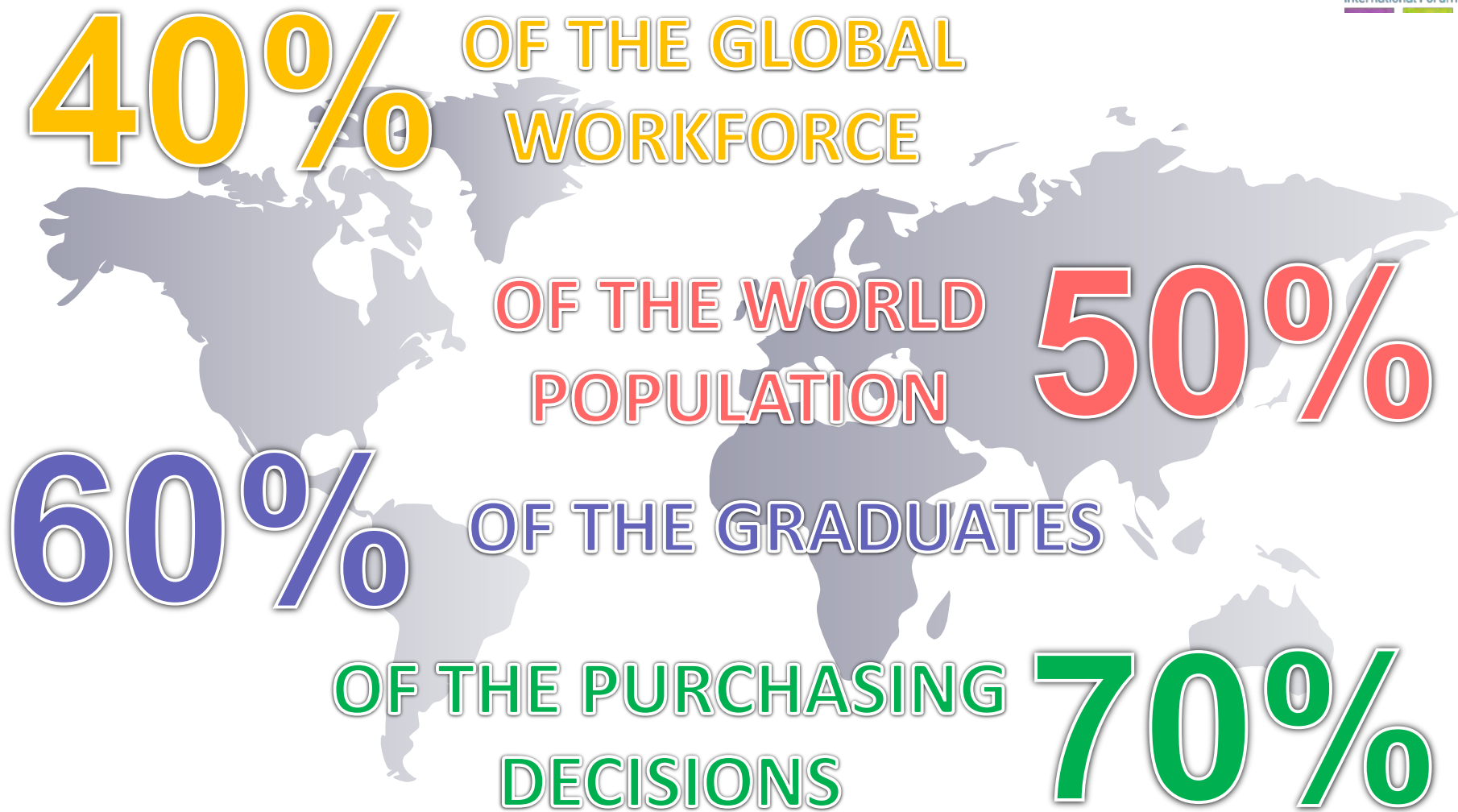
## Generational Diversity

- Declining rates of white entrants to the workforce
- Higher immigration levels
- Younger median age of the minority population
- Declining fertility rates and increasing life spans
- More millennials in the workforce
- Baby boom generation is entering retirement age; work longer
- Men are leaving the labor force at a higher rate than women
- Women's participation has reached a stable level
- Women outnumber men on campuses 60:40; majority graduating with professional & Dr. degrees are women

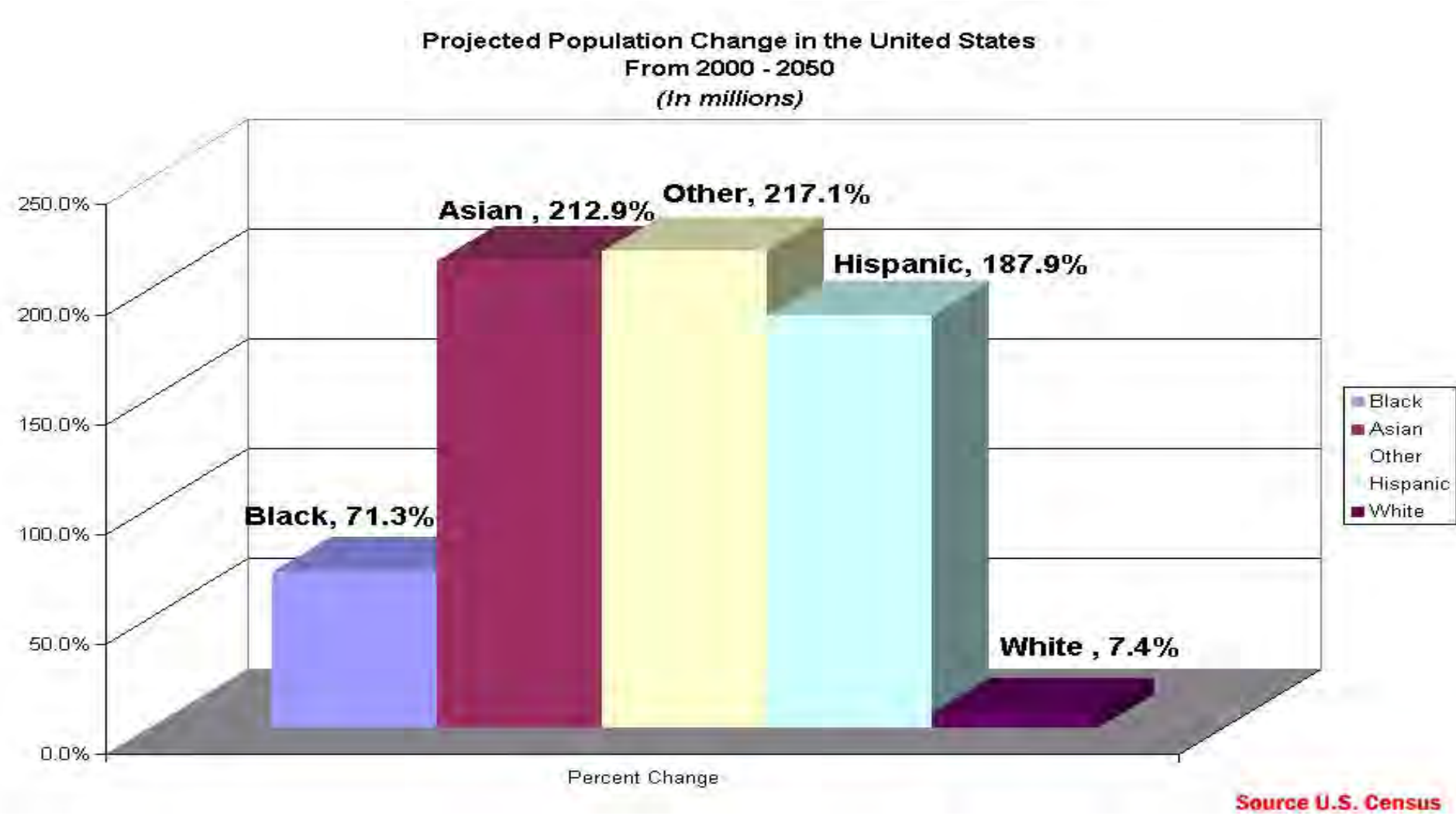
## Ethnic Diversity

## Gender Diversity

# Measurable Outcomes within our Workforce

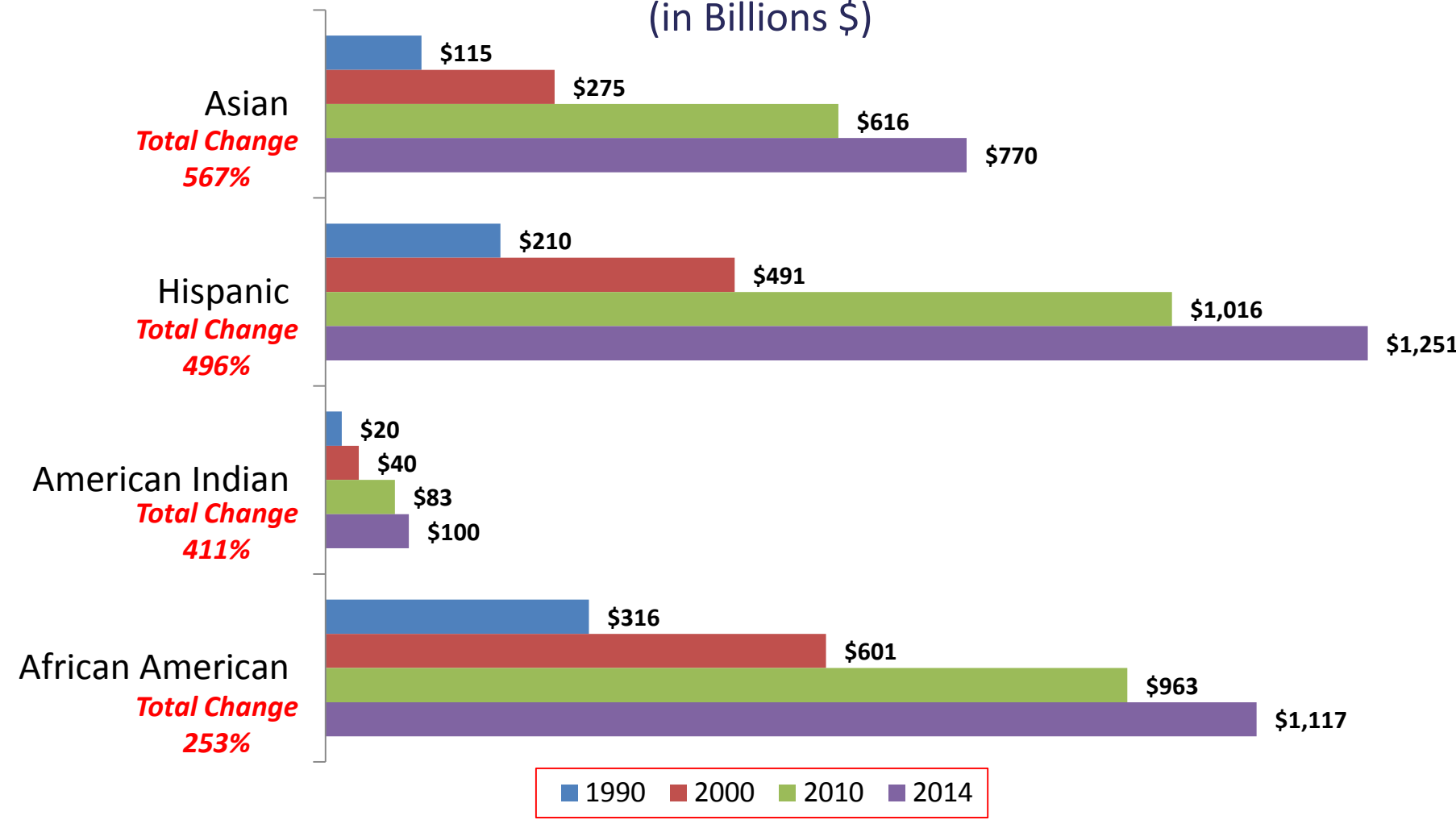


# US: PROJECTED POPULATION | 2000 - 2050



# Purchasing Power

Minority Purchasing Power 1990 – 2014  
(in Billions \$)

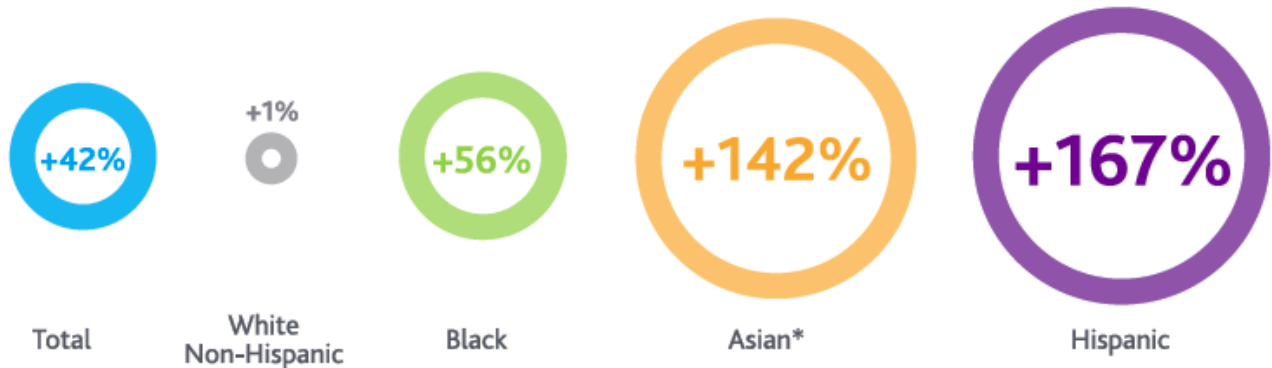


•Source: "The Multicultural Economy, 1990 - 2019, ©Copyright 2014 Selig Center for Economic Growth

“Hispanics are the fastest growing ethnic segment expected to grow 167 percent from 2010 to 2050, compared to 42 percent for the total population.”

Even though immigration is down sharply, Hispanics continue to experience dynamic growth.

Projected U.S. Population Growth From 2010 to 2050



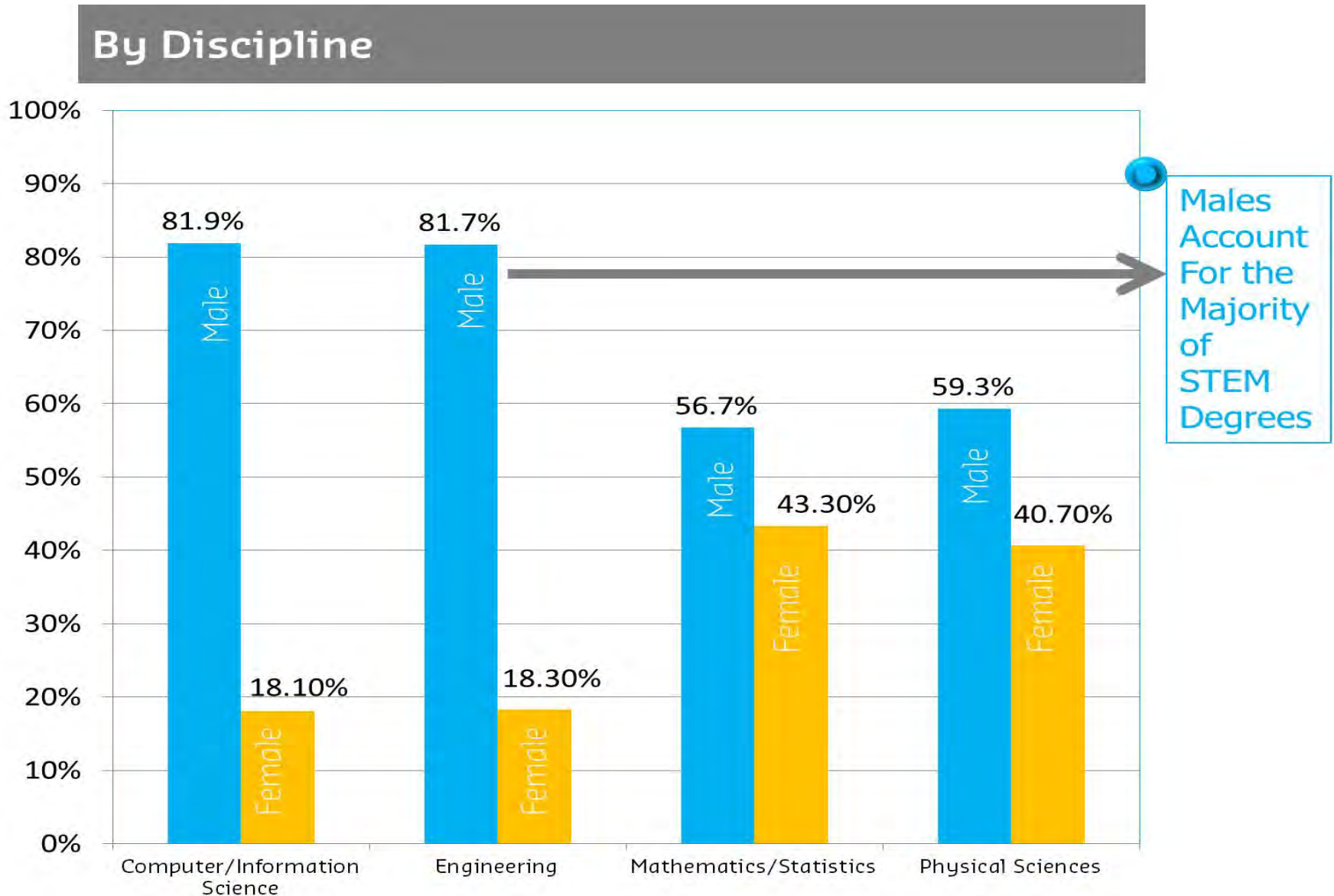
\*Excludes American Indian, Alaska Native, Hawaiian & Other Pacific Islander  
Source: U.S. Census Bureau Population Projections

# The Challenge: Attracting Students to STEM Degrees

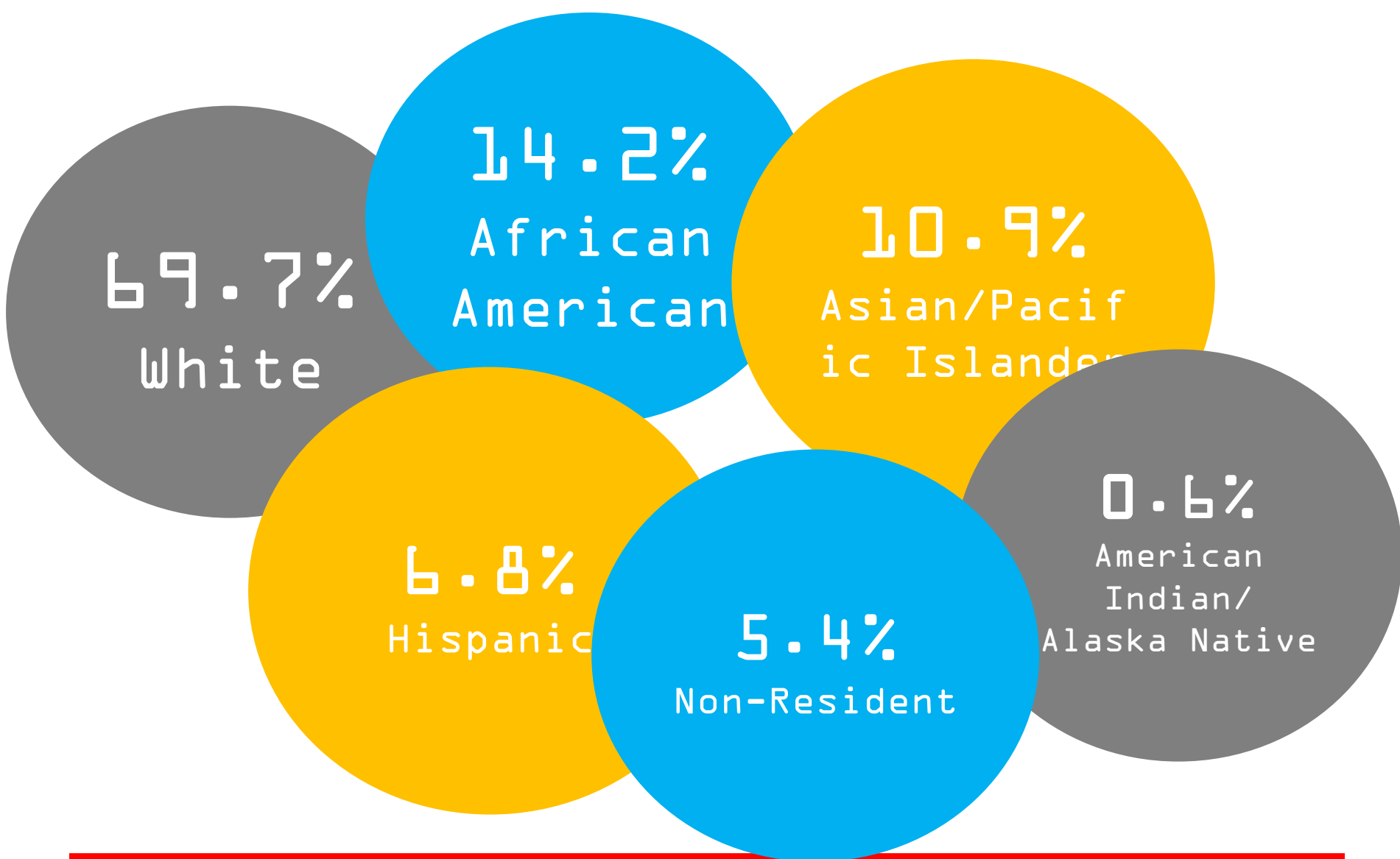
- Women will account for **57%** of all bachelor degrees awarded in 2013
- STEM will account for less than **10%** of all eligible degrees
- The President's Council of Advisors on Science and Technology has concluded that roughly **40%** of college students planning to major in engineering and science end up switching to other subjects
- Although women fill close to half of all jobs in the U.S. economy, they hold less than **25%** of STEM jobs



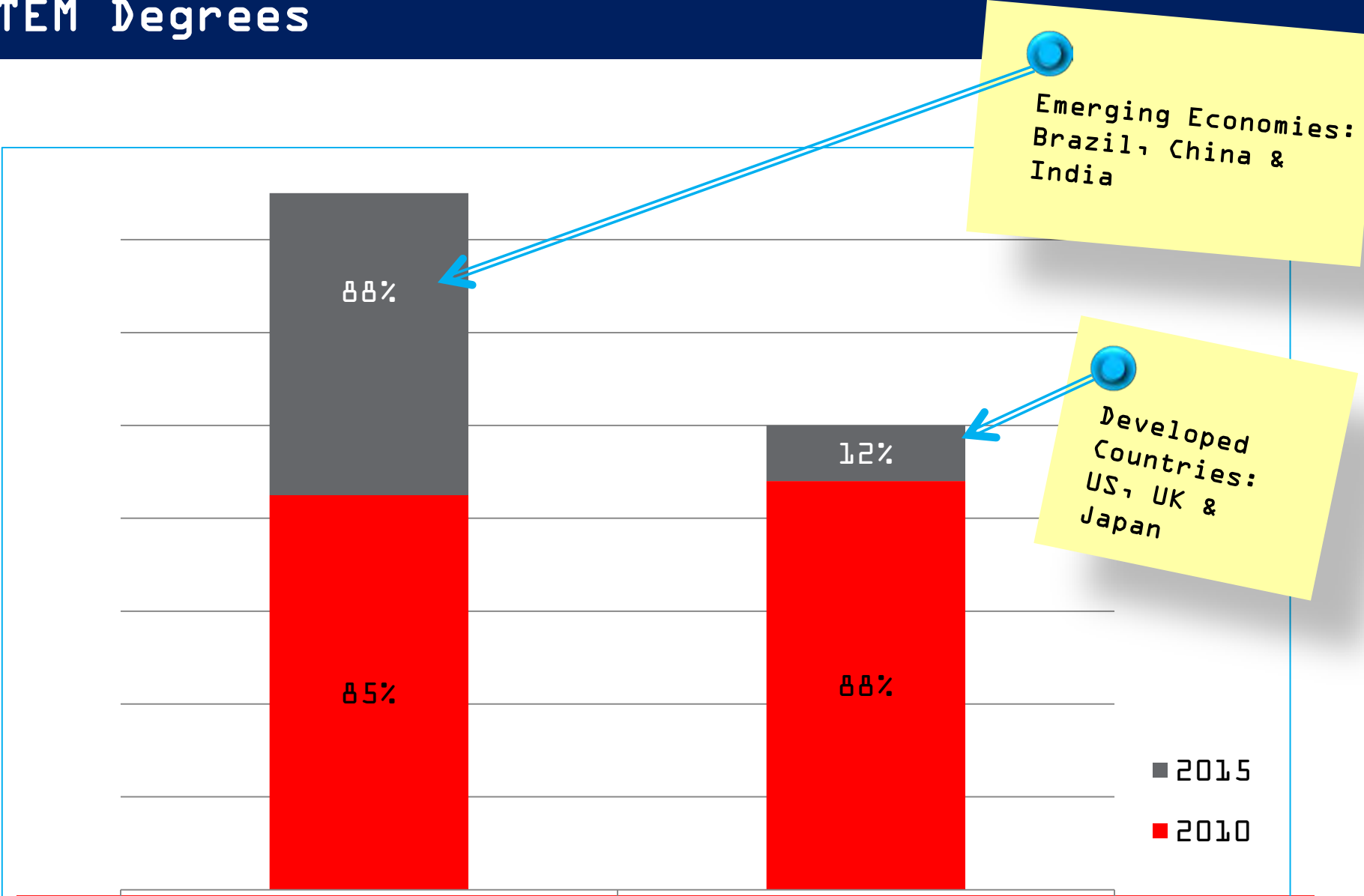
# STEM: Breaking Down Disciplines by Gender



# STEM: Race/Ethnicity



# Emerging Economies are Producing More STEM Degrees



# DIVERSITY CORRELATES POSITIVELY WITH BUSINESS SUCCESS

Over a 10-year period, the index of publicly traded companies in *DiversityInc.*'s Top 50 Companies for Diversity list outperformed the:

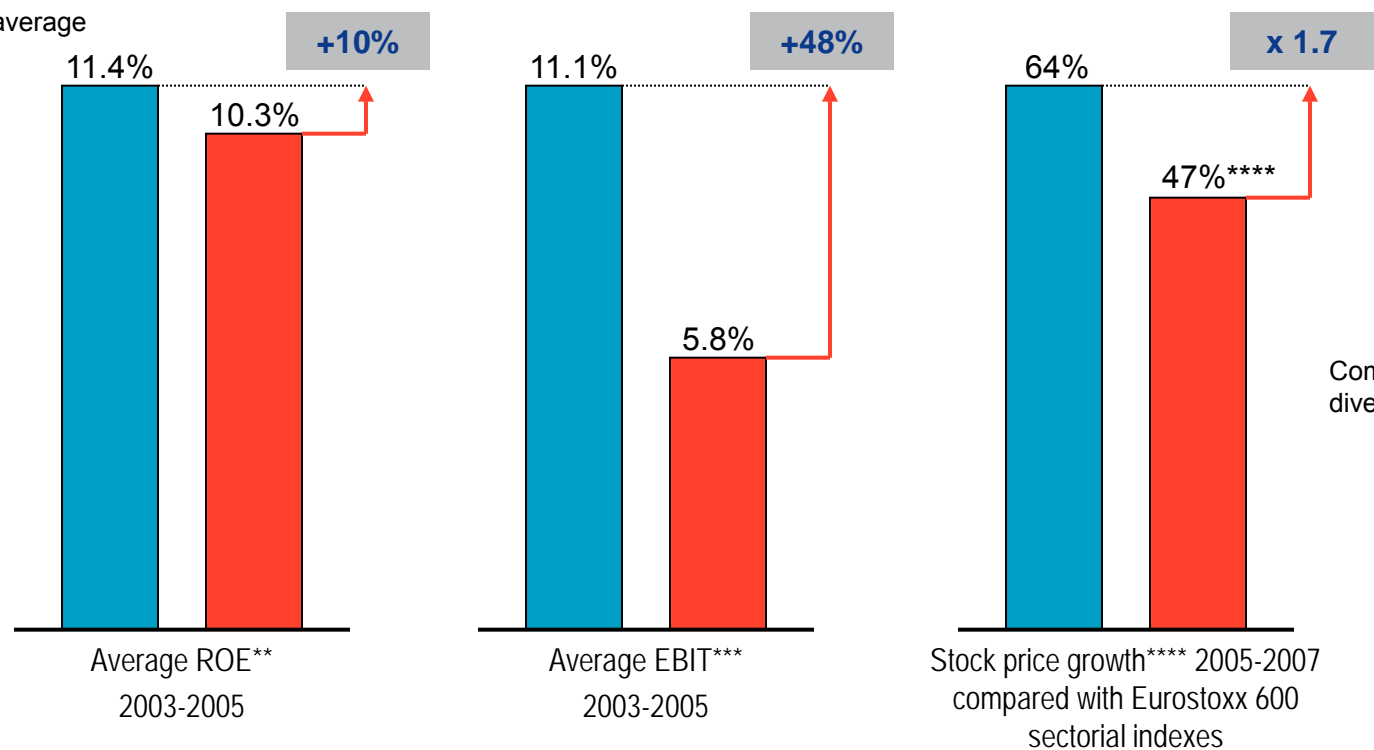
- NASDAQ by 28%
- Standard & Poor's 500 by 25%
- Dow Jones Industrial Average by 22%



Source: – DeGroat, TJ, No Way to Measure Diversity's Value? Mainstream Article Ignores the Hard Facts, *DiversityInc.com*  
<http://www.diversityinc.com/public/19452.cfm>

# COMPANIES WITH WOMEN ON SENIOR MANAGEMENT TEAMS HAVE HIGHER RETURN ON EQUITY (ROE)

Source: Amazone Eurofund database: Amadeus; Research Insight; Datastream; Bloomberg; McKinsey



Companies with most gender-diverse management teams\*

\* 88 companies identified with the scoring system developed by Amazone Euro Fund

\*\* 87 companies, data not available for two companies

\*\*\* 73 companies, financial sector not included

\*\*\*\* Of the 89 most gender-diverse companies, 44 have a market capitalization greater than 2 billion euros

# Internal Sodexo Gender Balance Business case

Is there an impact of a gender balanced management?



**Gender Balance in management  
drives Sodexo's performance**

# Changing the culture at Sodexo

# “Top Down” Commitment

## Commitment from the Top

CEO

Increasing diversity & inclusion is one of our 6 strategic imperatives

CEO chairs the Diversity Leadership Council, personally reviews diversity results and holds the ET accountable

Market segments have a Diversity VP and the corporate diversity team supports the market segments

The CDO reports to the CEO

Ongoing diversity education for the Executive Team

Executive Team involvement as Mentors, Resource Group sponsors, and community engagement

Launch of the external Diversity and Inclusion Advisory Board



# Employee Business Resource Groups & Signature Programs

Grass Roots

Creating Your Career  
i-Gentity



Communicating Across  
Asian Cultures

Navigating Crucial  
Conversations



Connecting  
Through Stories:  
Enhancing  
Engagement  
Through  
Storytelling

- An Introduction to Native American Cultures
- Harmony in Teams
- Leading through Storytelling
- Leading with Humor



Building  
Future  
Opportunities



I.D. Me:  
Building Your Brand

## Increased Interest



## Engagement

- 65% felt EBRG has increased engagement
  - 35% increase from FY10
- 3 Themes
  - Awareness
  - Networking
  - Opportunities

## Spirit of MENTORING *A World of Possibilities*

Impact

peer2peer

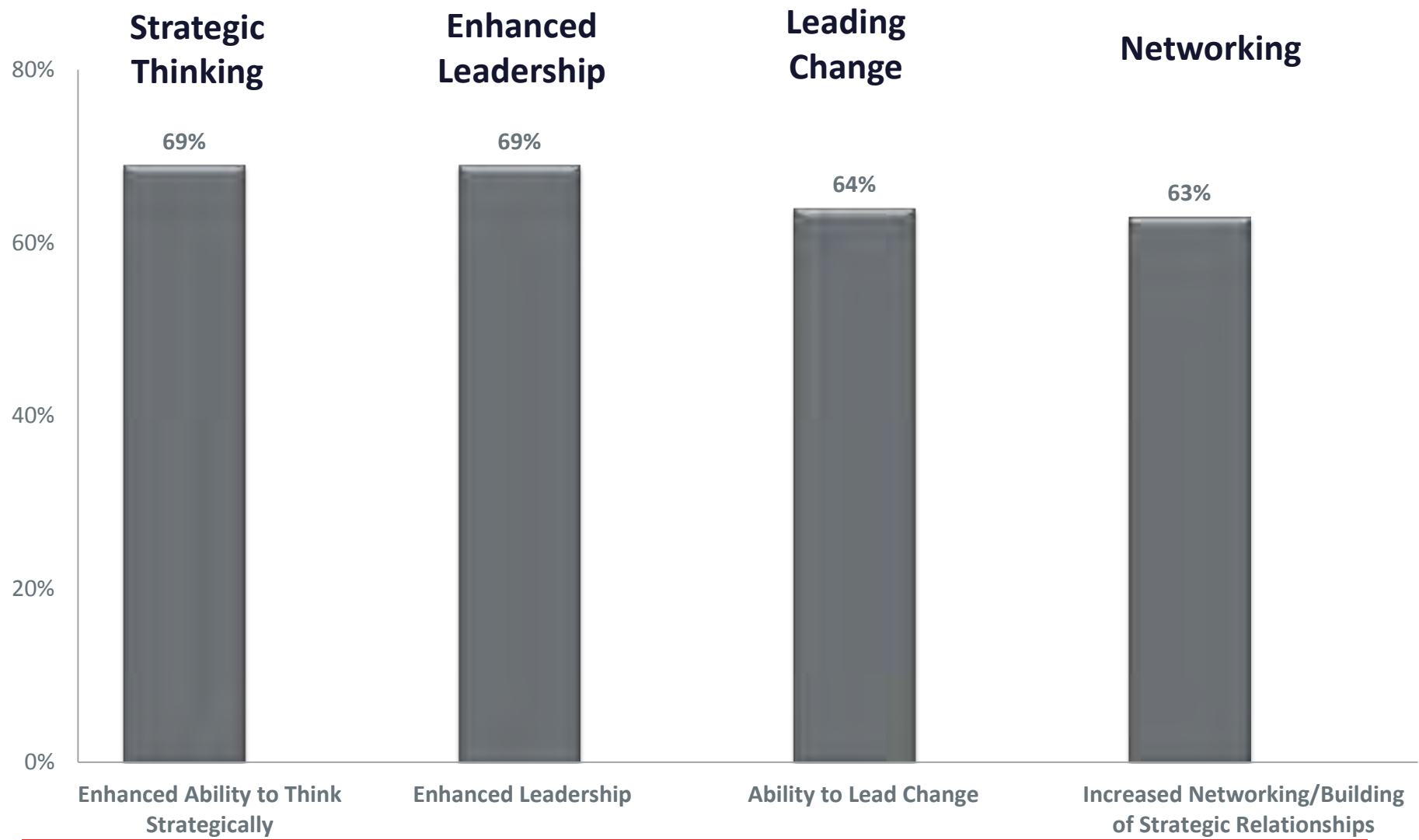
Bridge

# Spirit of Mentoring – Objectives

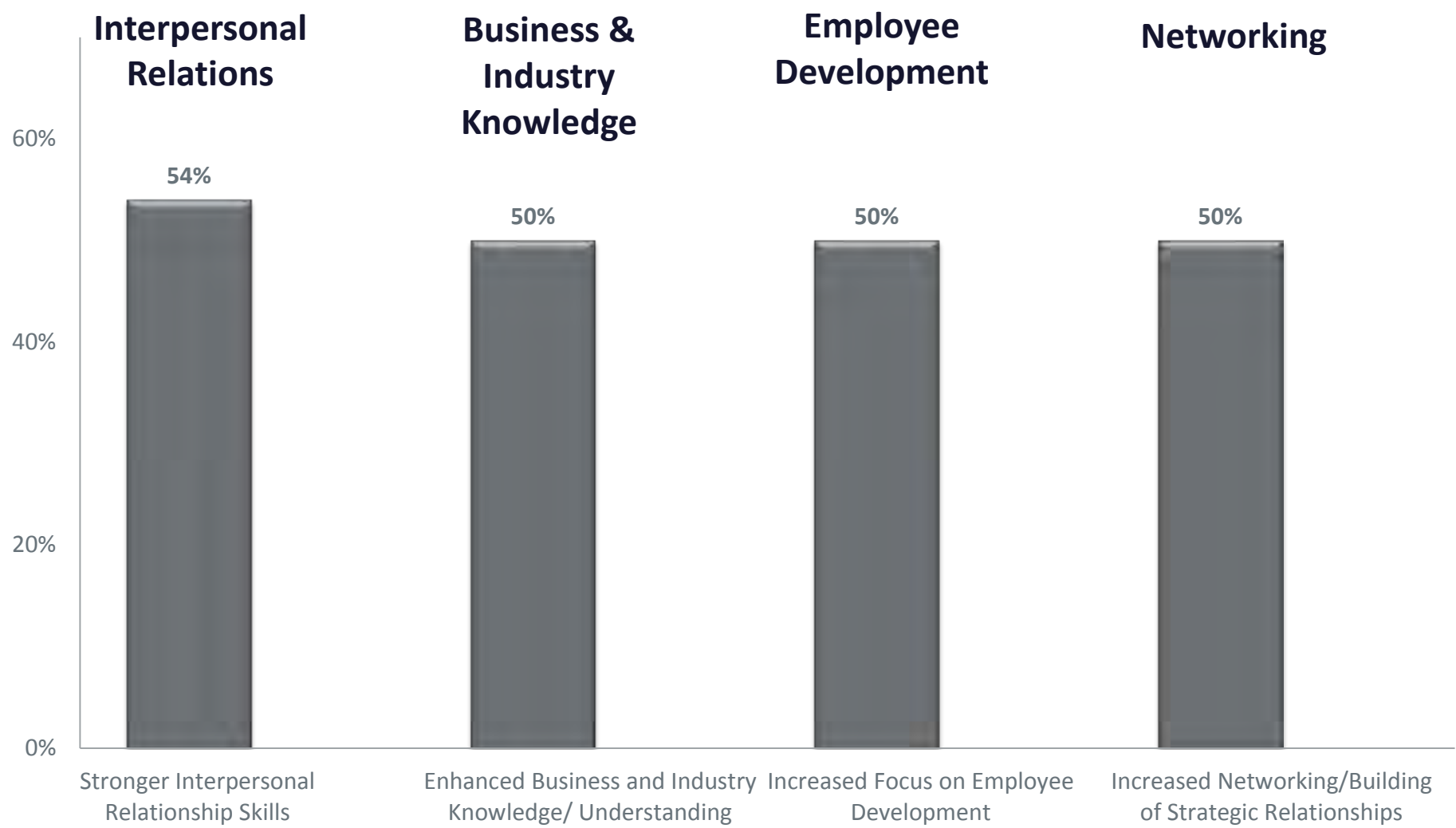
- **Cultivate talent pipeline, inclusive of minorities & women**
- **Accelerate development:**
  - Focus on leadership competencies
  - Diversity of experience & perspectives
  - Cross-divisional / cross-functional sharing
- **Engage/retain top talent**
- **Support Sodexo's business strategy**
- **Create sense of community in decentralized organization**

**Benefit to Cost Ratio:**  
**\$1 : \$1.75**

# Mentees – Intangible Top 4



# Mentors – Intangible Top 4



A woman with dark hair tied back, wearing a dark blue Sodexo uniform with a red and blue sash, is focused on cleaning a glass surface with a blue cloth. The background is a blurred indoor setting with warm lighting and architectural elements.

# GLOBAL GENDER

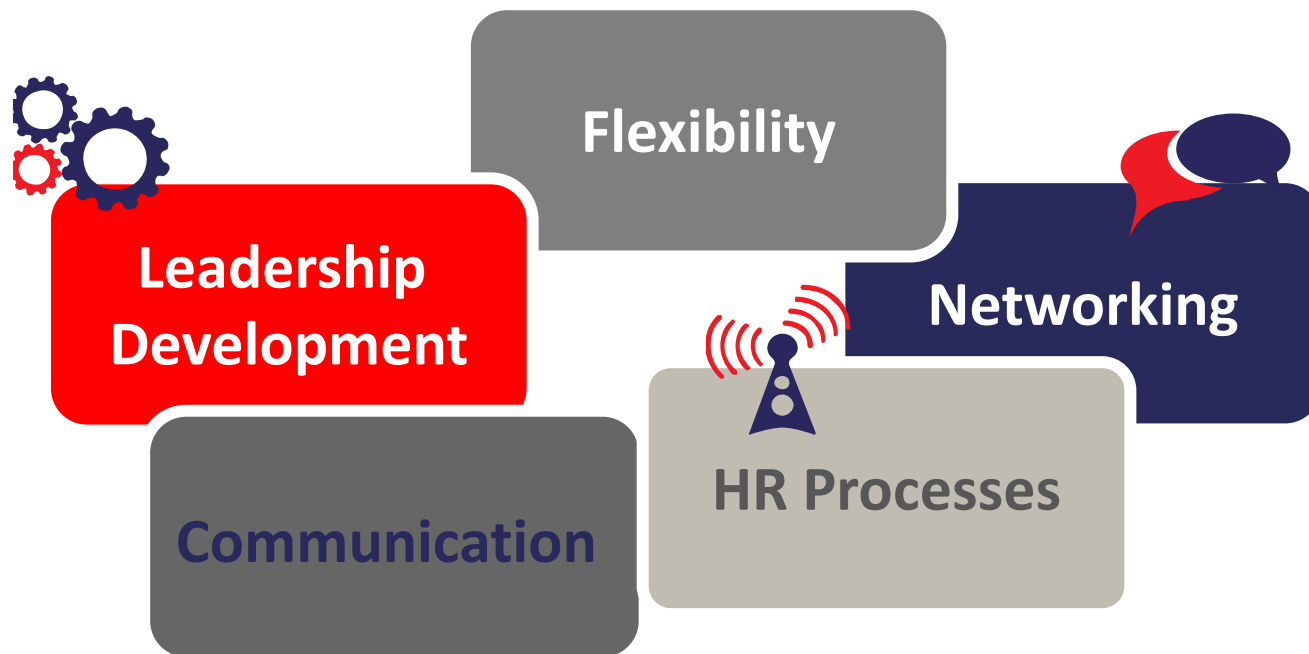
**sodexo**  
QUALITY OF LIFE SERVICES





Created in 2009  
at the initiative  
of Michel Landel

*« to accelerate the attainment  
of gender balance within Sodexo, through  
the personal drive, commitment and leadership  
of high level leaders »*



# Measurable Impact 2009-2013



	Situation in 2009	Situation in 2014
Representation of women in the Executive Committee	25%	43%
Representation of women in the GSL population <ul style="list-style-type: none"> <li>In operations</li> </ul>	17% 10%	23% 17%
Women's engagement rate <sup>(2012)</sup> (district managers)	51%	64%
Women' satisfaction in gender diversity <sup>(2012)</sup> (district managers)	52%	58%
Countries/entities where a gender network is implemented	1	13
Women involved in a Mentoring program	260	900
Countries involved in International Women's Day events	20 (in 2011)	29
Tools and guidelines developed by SWIFt	N/A	9

# Metrics for Assessing Success

# Measuring progress | Sodexo Diversity Index (SDI)

The Diversity Scorecard is divided into two Sections

➤ **Quantitative Section – The Numbers**

- Hiring
- Promotion
- Retention

➤ **Qualitative Section – The Actions**

- Employee diversity engagement and involvement
- Diversity training
- Diversity programs and initiatives (Mentoring)
- HR programs and initiatives (Diverse recruitment, High potential employees)

## Quantitative

- **Hiring** - External placement fills compared to availability
  - **Promotions** – Internal placement fills compared to availability
  - **Retention** – women/minority retention rates compared against males/non-minority
- All availabilities developed by an external vendor**



## Qualitative

- **Supplier Diversity**
- **Engagement and Involvement**
- **Diversity Training**  
including Frontline
- **Mentoring**
- **Monitoring of our minority and women high potentials**  
Promotions  
Retention

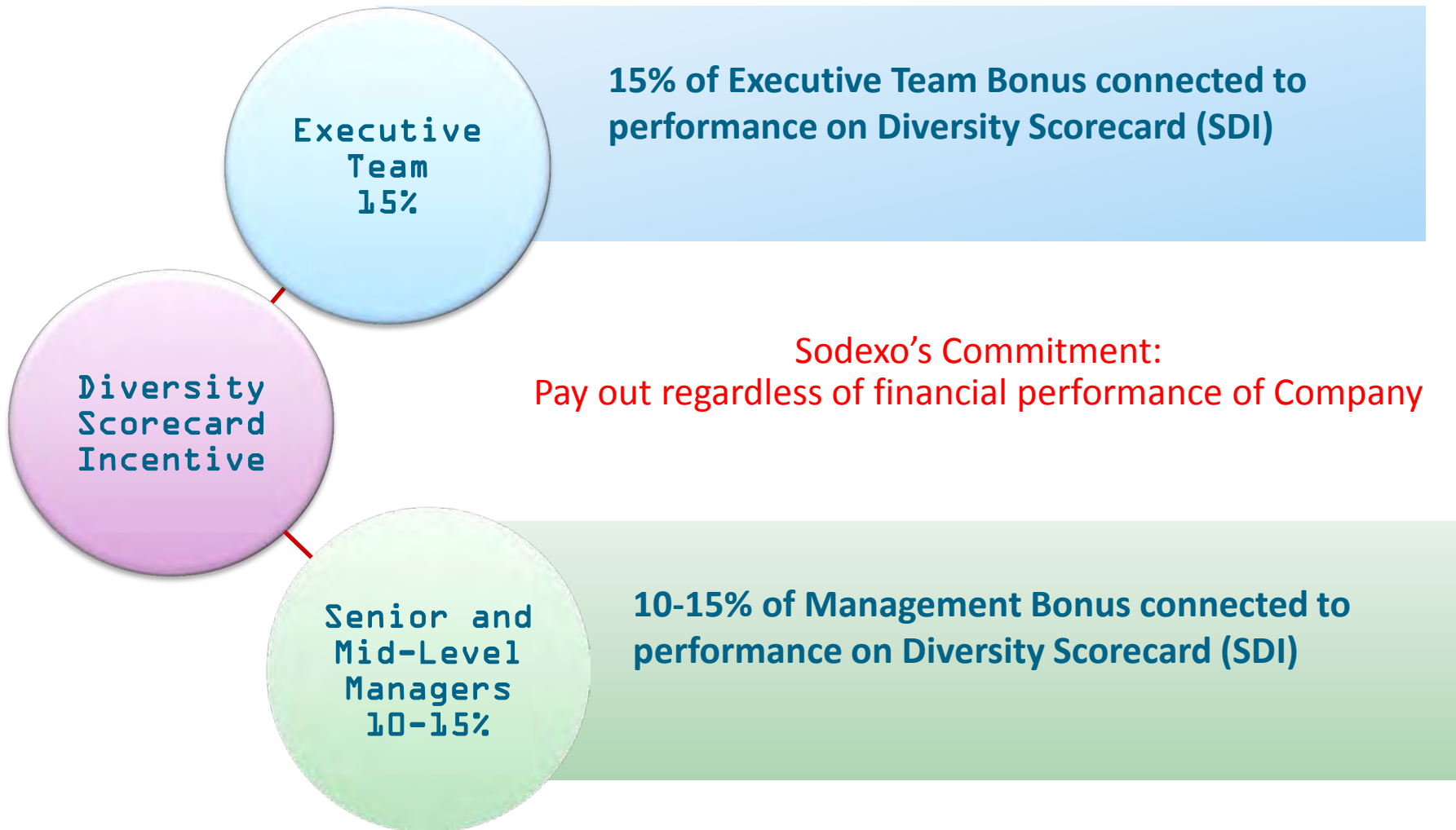


## Sodexo Diversity Index

The SDI summarizes the weighted Quantitative and Qualitative results into one overall score.

The index formula weighting is calibrated every year to ensure we are focusing our attention on the needs of the organization.

# Diversity Scorecard | Incentive Based Accountability



# OUTCOMES

# Where We Are Today



## Profiles in Diversity Journal

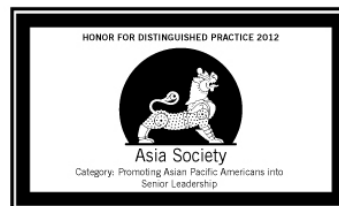
- Diversity Leader Award
- Innovations in Diversity

## DiversityInc #2

- Diversity Councils (#2)
- Mentoring (#2)
- Global Diversity (#3)
- Recruitment (#7)



Presented in partnership with the U.S. Green Building Council







**Making Everyday Count:**  
***Driving Business Success Through the Employee Experience***

**Four Key Elements:**

- **Direct Connection to the Business Strategy**
- **Leadership Commitment**
- **Top Down, Bottom Up, Middle Out**
- **Measurement & Accountability**

# Sodexo: Overall Keys to Success

- **CEO and senior leadership commitment**
  - **CEO and executive commitment drive diversity through each of our Business Units**
  - Diversity Leadership Council provides oversight of diversity strategy and progress
- **Top down, bottom up, middle out strategy**
  - Distributed leadership
  - Continuous evaluation of our demographics, programs and initiatives
  - Ongoing benchmarking with others to incorporate best practices
- **Linkage with Sodexo's business case**
  - **Diversity has been leveraged for the success of our business through retention of clients and business development; impact on clients**
  - Understanding customer needs
- **Measurement and accountability**
  - **Promotion ratios for women and minorities have consistently increased**
  - Management is held accountable to scorecard results through incentives

## 2014 Employee Engagement Survey

- 90% of managers (vs. 83% in 2012 and 73% in 2010) responded favorably when asked the question if their individual differences were valued at Sodexo
- Diversity not only was the highest rated engagement driver in 2014 (83%) for managers, it was also had the largest increase from 2012
  - +7% from 2012 (83% - 90%)

## Demographics within Sodexo

- Since the launch of the Sodexo D&I strategy, minorities and women within our workforce have grown 23% and 10% respectively
- 2008 – 2014 Executive and Senior Leader Roles
  - Women had the greatest increase of 57% - Executives
  - Minorities had the greatest increase of 52% - Senior Leaders

# Thank You!



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