

Procurement Policy

April 2017



Sodexo is a global facilities management organisation dedicated to delivering Quality of Life Services. Sustainability is at the core of what we do and we seek to maximise our positive impact through our relationships with suppliers and the local communities in which we operate.

This policy explains how Sodexo UK and Ireland will integrate environmental and social considerations into its procurement policies and practices. We recognise that improving our procurement performance is an on-going process and that our suppliers, both large and small, are important partners in our journey to become more sustainable.

Our aims and objectives are to:

- Maximise the quality and value to our clients and customers
- Minimise our environmental impact through rigorous selection and improved usage of products and services
 - Foster innovation to increase the availability and effectiveness of sustainable solutions
- Encourage our suppliers to adopt practices that minimise their environmental impact and deliver community benefits in relation to their own operations and throughout the supply chains in which they operate
 - Procure in ways that are ethical and maintain the highest standard of health and safety
 - Work in partnership with suppliers to achieve our common goals

Department structure

The team is organised to ensure that it contributes to our business in a proactive way. Our contracts are categorised as Global or Local. Global contracts are agreed with those suppliers with whom we can leverage our global spend and local contracts are managed centrally by our buyers.

Global	<ul style="list-style-type: none">• Uniforms• Soft drinks• Cleaning Chemicals
Local	<ul style="list-style-type: none">• Fresh meat• Life Maintenance• Window cleaning

We have internal policies and procedures in place which specify that any relationship with our suppliers must be agreed by the central procurement team. This is to ensure that all legal and commercial responsibilities are met by both parties. Our buyers are professionally qualified, experienced specialists in the industries we buy from. Each has a defined product group and manages supplier relationships within that group.

We operate a dedicated supply chain helpdesk system. They provide full support to unit managers on queries concerned with delivery, price lists, service/product availability and supplier complaints. The procurement team monitors this system to help identify and quickly resolve supply issues at the operational level.

Our buyers work in conjunction with the platforms and development teams to ensure our sourcing strategies are truly focused on satisfying client and customer needs. The key factors in sourcing decisions at Sodexo are value improvement, consistency and competitiveness.

Choosing suppliers for the long term

We seek wherever possible, long term relationships with our suppliers, preferring to establish business generating opportunities rather than work in an adversarial style. However, we regularly assess supply options to ensure we and our clients are best placed to benefit from market conditions.

Formal tenders are issued to pre-qualified suppliers and evaluated against a set of criteria which covers quality, consistency, service, financial stability and commercial terms. Key suppliers are monitored against an agreed set of key performance indicators.

To ensure we can act on issues at any point in the supply chain, we require suppliers to adhere to strict quality and traceability procedures. We are able to fully trace any product delivered to any site.

Sodexo contracts with suppliers who comply to relevant UK and Ireland and international legal requirements relating to the environment. We also actively work with our supplier base to minimise their impact on the environment, which includes: packaging minimisation and delivery consolidation.

We also take our environmental responsibilities including sustainability into account in all of our procurement decisions. In our selection process, we actively encourage suppliers who can demonstrate they control and reduce any negative impact on the environment caused by their processes, products and packaging.

Facilities Management (FM)

Working closely with our supply chain is key to delivering the vision through innovative sustainable solutions. Sodexo's future is a collaborative approach meaning that everyone has their role to play.

Sodexo provides facilities management, consultancy, project management and a range of specialist services which connect people, innovation and technology in order to help clients create better places to work. We work in collaboration with organisations to deliver genuine long-term value, offering a range of services, from hard FM including subcontracting, distribution and asset protection to cleaning, catering and environmental services. We manage and maintain some of the globe's biggest companies. We have a thorough list of outsourced services, with a robust supply chain to support.

Food

Our policy is to obtain the best quality food at the best price. In the UK, we source fruit and vegetables from British suppliers wherever possible, likewise in Ireland we work closely with Irish suppliers and producers. Seasonal factors affect the purchase of fruit and vegetables, however, where respective British or Irish sources can satisfy our value criteria, these are our preferred options.

Our desire to buy ethically is as strong as our dedication to obtaining best value. We recognise the Ethical Trading Initiative, which is working to improve pay and conditions for workers in farms and factories around the world. All of our loose and cubed sugar is Fairtrade certified and we encourage clients to use products purchased by us under Fairtrade agreements such as coffee, wine, confectionery, tea and bananas whenever possible. We also have a range of products certified by the Rainforest Alliance including coffee and tea.

Sodexo is certified by the Marine Stewardship Council (MSC) and has committed to sourcing sustainable fish and seafood. We do not source any lines that are listed on the IUCN Red List and endeavour to promote underutilised species. We have identified 16 species of fish which we will not source due to over exploitation.

Health and nutrition

We do not knowingly use genetically modified ingredients or food and our suppliers commit to ensuring our supply chain remains GM free. Our suppliers must conform to procedures intended to eliminate GM ingredients in meals we provide.

We also do not utilise any mechanically reclaimed meat including desinewed meat, in our food products. We aim to eliminate hydrogenated vegetable oils in our products.

Code of Conduct

We require all of our key suppliers to sign the Sodexo Supplier Code of Conduct which sets out Sodexo's desire to do business with suppliers who conduct their activities based on responsible ethical, social and environmental practices.

Highest health and safety standards

All suppliers of goods and services to Sodexo are prequalified to ensure they are capable and competent to deliver the goods or carry out the work they are being contracted to supply. Food suppliers are further audited by Sodexo's Health and Safety division, Safeguard, against our own Supplier Code of Practice.

This process gives general and detailed guidance as to the standards required. It is essential suppliers

strive to meet these standards on a continuous basis as a condition of the supply agreement. Failure to meet the expected standard results in the immediate suspension of trade. If positive action is not taken to remedy the situation, the supplier will be delisted.

Supplier diversity

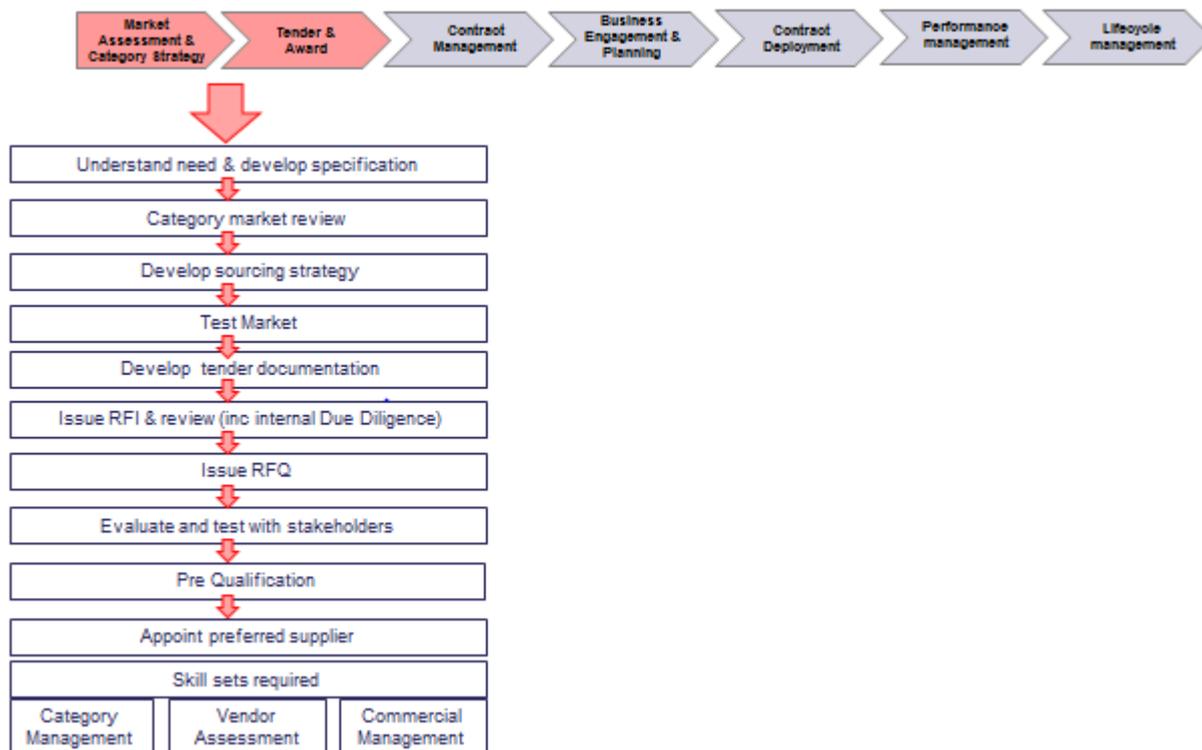
Sodexo is a world leader in diversity, and we expect our suppliers to embrace diversity within their workforce. We recognise the benefits that a diverse supply chain can bring to our organisation. Supplier diversity means that we ensure that all sectors of the community have the opportunity to compete for the supply of goods and services. By implementing a supplier diversity programme, Sodexo is working towards mutually beneficial business relationships while strengthening our position as an organisation committed to supporting local communities.

We regularly hold Meet the Buyer events where we discuss with small and medium enterprises from all backgrounds how they can work with organisations such as Sodexo. The suppliers are then given the opportunity to present their products or services to a senior member of the procurement team. As part of the prequalification process, potential suppliers are asked to disclose their diversity statistics at management and workforce level and this is monitored on a biennial basis via our supplier corporate citizenship questionnaire.

Ensuring competitiveness

We use our procurement power to influence suppliers to provide the highest quality at the best price. We have consolidated our supply chain wherever possible, which enables us to negotiate the best terms and we enter into long term contracts with suppliers to secure these terms. We forward-buy to reduce the impact of price fluctuations and increases within certain categories. Our policy is to drive compliance through nominated, core suppliers via the locking down of catalogue.

We undertake a category management approach to procurement across Food, FM and indirect spend. All categories are managed by a professional category management team aligned to CIPS (Chartered Institute of Procurement and Supply Chain) approved procurement process including:

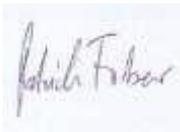


Vendor Governance

Sodexo's vendor governance team monitors and governs the contractual relationships we have with those vendors we ask to provide services or supply goods on our behalf. This team work closely with the legal, internal audit and specialist risk experts to ensure that protocols, governance procedures and contractual documents are continuously improved in line with legislative and best practice developments.

Sodexo utilises a prequalification process in order to assess vendors against our Supplier Code of Conduct and the level of initial assessment and on-going monitoring relates directly to the services/products provided to be performed and the associated risk. The structure for both the initial and on-going assessment is detailed in governance protocols for both food and non-food vendors.

Assessment of vendor suitability is carried out by professionals who are independent from the day to day operational management of the vendors they evaluate. Only those vendors that achieve a pass will be considered for supply and where a vendor fails initial assessment, a secondary assessment may be undertaken subject to further discussions with Sodexo's procurement department and internal audit team.



Patrick Forbes
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