Who is Sodexho?

A research report prepared by Tom Walker for the

Hospital Employees’ Union,

The B.C. Health Services Division of the

Canadian Union of Public Employees

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Introduction

Along with hospital closures and deep cuts in health care services, privatization is a key element of the Campbell Liberals’ attack on public Medicare. As part of their ideological agenda, the Liberals have earmarked $700 million in health care services to be turned over to the private sector. It’s a move that even the government’s own documents admit won’t save money.

And with huge chunks of our health care system for sale, corporate interests are circling like vultures trying to cash in. One of those companies is a French multinational called Sodexho Inc.

The passage of Bill 29 – the Campbell government’s contract-breaking legislation that ripped up freely negotiated contracts with B.C. health care workers – cleared the path for predators like Sodexho to descend upon our province. That’s because those contracts contained protections for health care workers’ jobs and prevented wholesale contracting out of the services they provide.

Sodexho has a dismal record in Europe and the United States, where it has been called on the carpet for many safety and cleanliness violations as well as cost overruns. In Canada the company has also come under fire for the quality of their service.

The Northern Health Authority recently hired this multinational predator to advise them on cost-cutting measures, but the evidence contained in this HEU-commissioned report shows Sodexho is not only guilty of neglect when it comes to safety and cleanliness, but their own record on holding down health care costs is abysmal.

The report makes it clear: Sodexho is bad news for British Columbians.
Who is Sodexho?

by Tom Walker

Sodexho Inc. is one of the three largest corporations in North America offering “outsourced” support services – including food, housekeeping and laundry services – to public institutions and businesses. In 2001, the company had annual sales in the U.S. and Canada totalling US$4.9 billion, with a workforce of 130,000.

The company took the name Sodexho Marriott Services in 1998 after Marriott International spun off its food services division into a separate component and entered a partnership with Sodexho Alliance, a major French food services corporation.

In June 2001, Sodexho Alliance acquired the outstanding shares of Sodexho Marriott. The Marriott name has been dropped and the North American unit is now Sodexho Inc., a wholly-owned subsidiary of Sodexho Alliance.

Headquarters for Sodexho Canada is in Burlington, Ontario. In 2000, Sodexho Canada reported sales of US $158 million. Prior to the partnership with Sodexho, the Marriott Corporation operated its Canadian subsidiary since the 1960s, providing a similar range of services as its U.S. parent.

In the four years since the Sodexho Marriott merger, the company has been the subject of considerable controversy. Controversy has revolved around sanitation and food safety failures, the corporation’s aggressively anti-union labour relations practices and its now terminated association, through its parent corporation with private prison contractor, Corrections Corporation of America. Formerly, the Marriott Corporation had a reputation for its unrelenting and ideological opposition to unions.

Further controversy has arisen in the areas of race relations, anti-competitive practices and profiteering from a voucher system for asylum seekers in the U.K. In the U.S., the Hotel Employees and Restaurant Employees International Union maintains a website, Eye on Sodexho, dedicated to documenting the corporation’s questionable practices.

From 1997 through fall 2001 Sodexho – and its predecessor, the Marriott Corporation – managed food services departments at four Vancouver hospitals. During that time there were numerous complaints about poor food quality, administrative waste, inadequate coordination and oversight and low staff morale. Finally the hospitals acknowledged problems with the contractor and brought management of food services back in house. Recently, B.C.’s Northern Health Authority hired Sodexho to consult on ways to cut costs.

Sodexho Inc.:
Press releases

Eye on Sodexho:
Index
http://www.eyeonsodexho.org/index.html
Unacceptable Hospital Cleaning

In January 2002, Sodexho’s healthcare subsidiary in the U.K. gained notoriety in Scotland after a joint union-management inspection team found filthy conditions at the Glasgow Royal Infirmary, Glasgow’s largest hospital. According to reports in the Glasgow Evening Times, bloody surgical scrubs were found dumped in an elevator used to transport patients’ meals. Piles of waste were stored in tunnels under the hospital making it a fire hazard. Patients complained of dirty wards and staff members were reassigned directly from cleaning toilets to bringing patients meals.

Hospital staff and their union, Unison, attributed the problems to staff shortages brought about by the private contractor’s “milking” of profits from an under-funded system. In articles published previously, the Evening Times reported on the deaths of two patients at the hospital from “superbugs” believed to have been contracted at the hospital.

Calls for revoking Sodexho’s contract with the North Glasgow hospital trust have so far gone unheeded. Carolyn Leckie, a Unison shop steward at the Royal Infirmary blames a lack of monitoring of contract performance by the hospital trust. Without that documentation, “penalty clauses cannot be exercised.”

Furthermore, Sodexho still has seven years left in a contract under which it also provides catering service. The arrangement – which Leckie refers to as a “mini private finance initiative” – makes contract enforcement difficult, costly and politically embarrassing for public officials.

Under the contract, Sodexho financed £1.5 million in capital equipment to accommodate a system for storing and re-heating frozen meals. The individual frozen portions are prepared 400 miles away at Sodexho’s Tillery Valley Foods subsidiary in Wales and shipped to the hospital, where they are re-heated in mobile oven serving carts.

The problems at Glasgow’s hospitals culminated two years of bad publicity in the U.K. for Sodexho and private contract hospital cleaning. In a report issued in April 2001, Sodexho was identified as the cleaning sub-contractor at Broadgreen University Hospital in Liverpool, cited as one of the “ten filthiest hospitals” in the U.K. National Health Service (NHS).

Q & A: HOSPITAL CLEANLINESS

Patrick Butler
Tuesday April 10, 2001

Why is cleanliness such a big issue?
The filthy state of many hospitals is perennially high on the list of public complaints about the NHS. It is also a health hazard – dirty wards and poor standards of hygiene are believed to be linked to sharp rises in the number of patients who get hospital-acquired infections, which kill 5,000 people a year and cost the NHS £1bn.

What do you mean by filthy hospitals, exactly?
Dirty linen, cigarette butts in the corridors, uncollected litter, food trays not removed for days, dust under the beds, overflowing toilets, and – in one survey – pigeons flapping around a canteen. Hospital inspection teams assessed hygiene and cleanliness in 14 categories, including ward furniture, linen, car parks, toilets, smells and the state of public areas such as accident and emergency departments.

How did the NHS get so dirty?
One explanation is the decision to contract out health service cleaning and catering services to the private sector in the 1980s through the competitive tendering process. Unions claim that contractors frequently cut corners in order to come up with the lowest bid, and that quality suffered as a result. The cleaners were no longer accountable to ward sisters and other NHS staff, who found it difficult to order improvements.

What has the government done about it?
Last summer it launched the NHS
The NHS study found that four out of five hospital trusts operating the dirty hospitals subcontracted their cleaning to private firms. The fifth hospital trust had been experiencing labour disruptions related to plans to transfer its cleaning staff to private contractors.

Again in August, the Commission for Health Improvement cited a Sodexho-serviced hospital in “their fiercest criticisms yet of a hospital trust.” The “damning” report, according to the Guardian newspaper, noted “significant cause for concern’ about services at the Epsom and St Helier NHS Trust in South London. Patients complained of filthy wards, and in some there was a strong smell of urine.”

In October, the report accused Sodexho of “seriously failing these hospitals” and noted that their cleaning standards were “particularly weak.” The report also noted that Sodexho had been “slow to respond” to complaints about the cleaning services at the Epsom and St Helier hospitals.

What did the inspections find?
In autumn 2000, some 253 of 700 hospitals in England received “poor” ratings for cleanliness. By the end of the second round of inspections in February 2001, that figure had dropped to 40, with 10 of those hospitals put on “special measures” as a result of the poor cleanliness standards. Of the five trusts that ran these hospitals, four had employed private contractors.

How will standards be maintained?
The government has launched national cleaning standards for all NHS hospitals. These have five key objectives: taking cleanliness seriously; listening to patient feedback; ensuring hospital- acquired infections are controlled; ensuring staff are properly trained; and that cleanliness is monitored. Ministers have promised that by the autumn no hospital will have “poor” standards of cleanliness.

The Guardian ©

http://society.guardian.co.uk/nhsperformance/story/0,8150,471446,00.html
what doesn’t. In practice that means Sodexho cleaners are “directed away from cleaning corridors, stairways and doctors offices, because they are not a priority.”

“The work doesn’t get done properly,” says Walters. “Sometimes public employees are called in to clean up areas the private contractor has left behind. It’s disgusting. They’ve found blood and urine left on the walls in areas that Sodexho was supposed to have cleaned.”

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**Glasgow Evening Times:**
Infirmary’s bloody disgrace
http://update.eveningtimes.co.uk/cgi-bin/page?t=news&id=5000795

**Guardian Unlimited:**
‘Filthiest’ NHS hospitals cleaned by private contractors
http://society.guardian.co.uk/nhspereformance/story/0,8150,471423,00.html

Dirty hospitals spark alarm
http://society.guardian.co.uk/nhspereformance/story/0,8150,540150,00.html

Private contractors ‘cut jobs to save cash’
http://politics.guardian.co.uk/publicservices/story/0,11032,663871,00.html

**SFWeekly:**
Dirty Laundry
http://www.sfweekly.com/issues/1999-09-08/bayview.html

Inside the big flop

Giving way the hospital
http://www.sfweekly.com/issues/1997-09-10/feature2.html

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**Food Safety Problems**

The Eye on Sodexho site reports on several high profile food safety incidents involving Sodexho. In Chicago, hundreds of school children at cafeterias run by the company became ill after eating burritos from a supplier who had been cited frequently for health violations. According to a report in the *Chicago Tribune*, “none of these enforcement actions were communicated to Chicago school officials by Sodexho.” A Sodexho spokesperson denied knowledge of the food safety violations.

In Massachusetts, the U.S. Occupational Safety and Health Agency fined the company after an incident where a student found a piece of a food service worker’s thumb in a turkey sandwich. The slicer had not been disassembled after an accident. In Wisconsin, four children were hospitalized with E. coli poisoning after eating at a Sodexho Marriott cafeteria.
At Johns Hopkins University, a cafeteria run by the company was closed following several violations, including the presence of mouse droppings. At St. Joseph Medical Center in Baltimore, Maryland, 24 cases of salmonella poisoning were linked by epidemiologists to exposure to food prepared at a hospital kitchen operated by Sodexho.

According to a profile by Microsoft Windows, Sodexho monitors accident and food safety compliance at the over 5,000 locations it operates by conducting random audits on approximately 400 locations per year. That indicates that a location may expect to be audited approximately once every 12.5 years. The case study refers to the level of monitoring as “keeping close tabs” on the “physical and food safety compliance in a workforce of more than 103,000 people, which includes a large number of minimum wage employees.”

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**Chicago Tribune:**
School lunches: illness on menu

**Cape Cod Times:**
Food service fined after thumb incident

**The Johns Hopkins News-Letter:**
City closes Terrace Court after 18 health violations, including mice
http://www.jhu.edu/%7enewslett/04-6-00/News/2.html

**Microsoft.com:**
Enterprise Case Studies: Sodexho Marriott

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**Unfair Labour Practices**

The Eye on Sodexho website claims that fewer than 12 per cent of the Sodexho workforce is unionized, less than the rates at either of its main competitors, Compass Group and Aramark. According to Sodexho’s own count, 13.75 per cent of its eligible workforce (that is, excluding personnel designated as managers) is unionized. Non-unionized Sodexho workers in the U.S. typically earn close to minimum wage – between $6 and $8 per hour. Most lack health care benefits.

In 1999 Sodexho Alliance Chairman and CEO Pierre Bellon was paid $25 million dollars, more than one thousand times the annual earnings for a non-unionized, minimum-wage worker. Bellon ranked number 363 in 2001 on Forbes Magazine’s list of the wealthiest people in the world with a net worth of U.S. $1.4 billion.
Sodexho tries hard to keep it that way, even if that means sometimes violating labour law. In December of 1999, the U.S. National Labor Relations Board notified the company that it was planning to launch a civil prosecution for unfair labour practices unless the company dropped its illegal work rules, which became revealed in the course a labour dispute at a Sodexho operated cafeteria at the State University of New York in Albany.

According to a report in Hotel Online, those work rules “prohibited employees from talking to outsiders about their pay and working conditions or talking to each other at the work site before or after their shifts.” Following the notification, Sodexho negotiated a settlement with the NLRB to drop its illegal work rules and to post notices informing employees of their right to join unions and to talk about their working conditions. In February 2001, the NLRB ordered the company to post those notices again for 60 days at certain locations.

An even more outrageous incident of harassment and intimidation by Sodexho was documented in a decision the NLRB issued on August 27, 2001. On January 1, 1998, Sodexho commenced a contract for cleaning at the Botsford Hospital in Farmington Hills, Michigan. It brought in its own management team but rehired the existing employees at Botsford.

In anticipation of the Sodexho contract, Local 79 of the SEIU had begun a union organizing drive in December 1997, leading toward a certification vote on March 12 and 13, 1998. However in the weeks after Sodexho took over, Sodexho managers engaged in a systematic campaign of harassment and intimidation, including the dismissal of six union supporters and lowering the performance evaluation of another in an effort to defeat the union drive.

The NLRB found that Sodexho had violated the National Labor Relations Act by:

• interrogating employees concerning their union sentiments,
• disparately enforcing its no-distribution/no-solicitation policy against supporters of the Union,
• threatening employees with loss of wages and benefits,
• giving employees the impression that their activities on behalf of the Union were under surveillance,
• promising a raise and promotion to an employee if the employee abandoned support for the Union, and
• threatening employees about wearing buttons in support of the Union.

The Board also found Sodexho in violation of the NLRA for discharging employees the six employees and lowering the performance evaluation of a seventh. It ordered Sodexho to cease and desist from its unfair labour practices and to reinstate the fired and disciplined employees and “make good for any loss of earnings and other benefits suffered as a result of the discrimination against them.”
Just two months before the NLRB decision, Sodexho once again demonstrated its unrelenting hostility toward unions after taking over food services at the University of Wisconsin-Oshkosh. In June 2001, the company informed cafeteria workers that it would not honour their current collective agreement or recognize their seniority with their former employer. Sodexho indicated that it intended to circumvent union successorship rights by rehiring fewer than half of the current bargaining unit members.

A total of nearly 50 employment-related lawsuits involving Sodexho have been filed in U.S federal court between April 22, 1998 April 12, 2001. Ten current and former Sodexho employees filed a class action complaint on grounds of racial discrimination in March 2001.

In Glasgow, Scotland, where the Unison union has played a leading role in exposing unsanitary hospital conditions, the company has retaliated with a “climate of fear,” according to shop steward Leckie. Sodexho managers have filed complaints against union activists and have approached staff members one-to-one at night try to intimidate them from taking part in union activities.

In 1999 the Hotel Employees and Restaurant Employees International Union obtained a copy of a “Union Avoidance Manual” used by Sodexho managers and bearing the Sodexho logo. That manual gives managers advice on anti-union strategies including how to prevent workers from distributing union literature, how to hold captive meetings where managers denounce unions and how to prevent union organizers from gaining access to the workers. A copy of the manual has been posted on the Eye on Sodexho website.

According to a prominently displayed statement in the manual: Sodexho Marriott will oppose any outside interference in the direct relationship with its employees and will use every reasonable legal and ethical means available when that relationship is challenged by any outside organization.

In light of the NLRB decisions regarding Sodexho and its actions, though, it is clear the company doesn’t draw the line at using unreasonable, illegal and unethical means to oppose unionization.

**Eye on Sodexho:**
Employment practices
http://www.eyeonsodexho.org/employment.html

**Hotel Online:**
National Labor Relations Board negotiates settlement with Sodexho-Marriott Services concerning its work rules
http://www.hotel-online.com/Neo/News/PressReleases2000_1st/Feb00_HERESSodexho.html
Private Prison Operations

Sodexho’s connection to the for-profit prison industry came to light in the wake of a complaint filed by the American Civil Liberties Union in July 1998. The ACLU cited “a long line of mishaps” at Correctional Corporation of America’s (CCA) North East Ohio Correctional Center culminating in a prison escape involving six prisoners.

At the time, Sodexho Alliance owned a minority interest – variously reported at between 8 per cent and 17 per cent – in the prison company. CCA staffed its for-profit prison with inexperienced guards. It then proceeded to fill what was supposed to be a medium security facility with “1,700 of the most violent prisoners from Washington, D.C.,” as Mother Jones magazine explained in a May/June 2000 exposé. “During the first year alone,” the article explained, “20 prisoners were stabbed and 2 were murdered. The inexperienced staff resorted to tear gas and humiliation to keep order.”

Even as mounting incidents at the prison were revealing CCA’s mismanagement, the company announced plans to build facilities nearby for 5,000 more prisoners. Already the company was the largest private prison operator, managing “82 prisons with 73,000 beds in 26 states, Puerto Rico, Great Britain and Australia,” according to the Mother Jones article. In size of its prison population CCA trailed only the states of California, Texas, New York and Florida and the U.S. Bureau of Prisons. Its escape rate between 1995 and 1998 was more than 17 times as high as California’s.

The Prison Moratorium Project launched a national student campaign, Not With Our Money, in April 2000. The campaign highlighted the connection between Corrections Corporation of America and Sodexho, which runs cafeterias on many college campuses. Campaigns against Sodexho took place at more than 60 North American campuses. In response to student action, contracts with Sodexho were terminated or not renewed at six universities.

In May 2001, Sodexho Alliance announced the company had reached an agreement to sell all its remaining shares in CCA. However, according to Kevin Pranis of the Prison Moratorium Project, Sodexho Alliance retained ownership of private prison companies in the United Kingdom and Australia. The company vehemently defends its continued involvement in the corrections industry as motivated by a desire to “contribute to a more pleasant way of life” for inmates.

Sodexho’s U.K. subsidiary, the United Kingdom Detention Services (UKDS) opened the Harmondsworth Detention Centre in September 2001. The company received a £180m contract from the Home Secretary to build the detention centre for asylum-seekers and operate it for eight years.
The detention centre again made the headlines in February 2002 when nine asylum-seekers fled the centre. The escape occurred just eight days after a fire at another privately operated detention centre, run by the security company Group 4. As of March 3, 21 asylum-seekers were still at large in the wake of that fire. Police and fire fighters claimed that staff from Group 4 barred them from the site for at least an hour on the night of the fire, a delay that fire brigade representatives described as “potentially catastrophic.”

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**American Civil Liberties Union:**
ACLU of Ohio calls for closure of privately run prison
http://www.aclu.org/news/n072898d.html

**Mother Jones Magazine:**
Steel town lockdown
http://www.motherjones.com/mother_jones/MJ00/steeltown.html

**Prison Moratorium Project:**
Not with our money campaign
http://www.nomoreprisons.org/nwom.htm

**Guardian:**
Nine asylum seekers flee detention centre
http://www.guardian.co.uk/Archive/Article/0,4273,4360775,00.html

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**Sodexho’s Aggressive Corporate Style**

Sodexho’s performance on sanitation and food safety, labour relations and prisons for profit are symptoms of an aggressive corporate style, where the “bottom line” is more than just a number – it is a cult. Perhaps it was fitting that Sodexho Marriott ran the Deli Market Emporium – a “1,000 square-foot money-maker” at Enron’s Houston headquarters, “a food-focused space to meet the rising demands of employee work life.”

Besides feeding Enron, Sodexho Marriott was eager to feed the US Marines, so eager that questions have been raised about the appropriateness of an $850 million contract awarded to the company to operate USMC mess halls. In August 2001, the U.S. General Accounting Office upheld a protest by the Compass Group about the awarding of the contract and recommended that the Marine Corps reopen negotiations with Sodexho and its two competitors.

Yet another controversy arose in Great Britain surrounding the operation of a voucher system for asylum-seekers. The British Home Office entered into a contract with Sodexho-Pass to print and distribute food and shelter vouchers for asylum seekers for three years. It receives an annual commission of 1.5 million for issuing 50 million worth of vouchers.

Refugee claimants say use of the vouchers stigmatizes them. As well, merchants are instructed to “keep the change” on purchases that total less than the amount of the voucher.
Meanwhile, back in France, in June 2001 the French Competition Council fined Sodexho Cheques, the French subsidiary of Sodexho Alliance, for forming an anti-competitive alliance with two other companies, Accor and Cheque Dejeuner. Together the three companies control 94 per cent of the food services market in France. The Competition Council ruled that the three companies attempted to maintain their respective market shares by “responding to calls for tenders in an irregular or incomplete fashion.”

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**Social Responsibility or ‘Corporate Camouflage’?**

On January 23, 2002, Sodexho USA announced its endorsement of the “Global Sullivan Principles,” a corporate code of conduct developed by the late Reverend Leon H. Sullivan. According to the release, Sodexho is the first company in the food and facilities management industry to endorse the principles.

“We are on a journey to become a benchmark company in the area of social responsibility,” the press release quoted Michel Landel, president and CEO of Sodexho USA, “The Global Sullivan Principles represent a significant step in our journey.”

On paper, the Global Sullivan Principles look impressive. Signatories agree to:

“Support economic, social and political justice in the places where they do business.

- Show support for human rights and to encourage equal opportunity at all levels of the company, ensuring racial and gender diversity on committees and boards where key decisions are made.
- Train and promote disadvantaged workers for technical, supervisory and management opportunities.
- Seek to promote greater tolerance and understanding among people of every background.
- Help improve the quality of life for communities, workers and children, treating all people with dignity and equality.”
Sodexho’s press release went on to outline the specific initiatives dealing with the use of recycled materials, “studying of issues surrounding bioterrorism and organic foods”, displaying respect for “our people” (employees) and making charitable grants to food banks and job training programs.

The Global Sullivan Principles are based on codes of corporate conduct first developed during the struggle against apartheid in South Africa. However, critics of the codes argued that they “could do little to improve the conditions of blacks given the overarching restrictions of apartheid” and that they would be used as a “façade of respectability” to allow corporations to continue to do business with the apartheid regime. As one activist commented:

“The Sullivan Principles were a joke, and one in poor taste, but they played well in print. Dozens of corporations signed documents saying that they supported the principles (the implication being that they therefore had every right to do business with South Africa)... By 1986, the Reverend Sullivan himself finally got the joke. He stated that he could no longer in good conscience endorse his own principles, and urged total disinvestment.”

While it may be presumptuous to assume in advance that Sodexho’s self-proclaimed adherence to the Global Sullivan Principals is a cynical exercise in what historian Elizabeth Schmidt called “corporate camouflage”, the precedent cannot be ignored.

Sodexho Inc.: The Global Sullivan Principles
http://www.sodexhousa.com/global_sullivan.html