

## **16. Functioning of the administrative and management bodies**

### **16.1. Date of expiration of current term of office**

Please refer to Section 14 “Administrative and management bodies” of this Reference document.

### **16.2. Information about services agreements with affiliate members**

There are no services agreements between any Board members and Ipsos SA or any of its subsidiaries and providing for the grant of benefits upon termination of such agreement.

### **16.3. Compliance of the issuer complies with the corporate governance regime of AFEP-MEDEF**

On 17 December 2008 the Board of Directors adopted the Code of Corporate Governance for listed companies of AFEP-MEDEF as its corporate governance standards. The current version of the Code to which the Company is committed, is the one published by AFEP-MEDEF in November 2015.

Please refer to Section 16.4.1 of this Reference document "Chairman's report on the functioning of the Board, on internal control procedures and on risk management".

## **16.4. Other significant items relating to corporate governance, procedures and internal control**

### *16.4.1. Chairman's report on the functioning procedures of the Board, internal control and risk management procedures*

#### **1. Introduction**

This Report was prepared in compliance with Article L. 225-37 of the French Commercial Code in order to describe the composition of the Board of Directors, the application of the principle of a balanced representation between women and men, the conditions for preparing and organising the work of the Board of Directors and the internal control and risk management procedures implemented by Ipsos SA (“Ipsos”) within the Ipsos Group of which it is the parent company (the “Group”).

This Report was established by the Chairman of the Board of Directors with the cooperation of the finance department, legal and tax department, technology and information systems department, the corporate development department, the human resources department and the audit and quality department of the Group on the basis of the work done in 2015 by the Group on internal control and risk management.

This Report was approved by the Board of Directors held on 17 February 2016.

#### **2. Conditions for preparation and organising the work of the Board of Directors**

Ipsos SA is a *société anonyme* with a Board of Directors. In accordance with legal requirements, its Articles of association delegate to the Board of Directors the choice between the combination of the roles of Chairman and

Chief Executive Officer or the appointment of one person for each function.

At its meeting of 12 December 2001, the Board of Directors decided that Didier Truchot, Chairman of the Board, would assume the responsibility of CEO of Ipsos SA and that Jean-Marc Lech, Vice-Chairman, would assume the responsibility of Deputy CEO. This structure was chosen to allow the two Co-Chairmen to work together.

At its meetings of 23 June 2004 and 8 April 2010, the Board of Directors decided to maintain this structure until the expiration of the Director's mandate of Didier Truchot, i.e. until the end of the Ordinary General Meeting approving the accounts for the year ended 31 December 2015.

The primary responsibility of Jean-Marc Lech in his role as Vice-Chairman was to replace the Chairman in his absence, in particular to preside over Board meetings when the Chairman is unable to attend.

Since the death of Jean-Marc Lech on 2 December 2014, Didier Truchot has continued to assume his duties as Chairman and CEO, in line with the original organisational structure. No Director was appointed Vice-Chairman in place of Jean-Marc Lech.

The Board of Directors appointed four Deputy Chief Executive Officers to serve alongside Didier Truchot, whose terms of office are aligned to the CEO's:

- Laurence Stoclet, also a member of the Board of Directors;
- Carlos Harding ;
- Pierre Le Manh ;
- And Henri Wallard.

Carlos Harding, Pierre Le Manh and Henri Wallard are no longer Company Directors following the most recent General Meeting held on 24 April 2015 during which their terms of office expired.

## 2.1. The applicable rules and principles

The Board of Directors is organised in accordance with and has the functions accorded it by the applicable laws and regulations, the articles of association of Ipsos SA and its internal regulations.

The Articles of association and the internal regulations (in French) can be viewed on the Group's website at the following respective addresses:  
[http://www.ipsos.com/french/autre\\_information\\_reglem\\_nte](http://www.ipsos.com/french/autre_information_reglem_nte) and [www.ipsos.com/french/Conseil\\_Administration](http://www.ipsos.com/french/Conseil_Administration).

The internal regulations include the rules applicable to the Group's Directors concerning the management of conflicts of interest.

### 2.1.1. The internal regulations of the Board of Directors

The internal regulations of the Board of Directors as amended on 8 April 2010 have the purpose of supplementing and specifying the legal and statutory provisions governing the organisation, functioning and composition of the Board of Directors and its Committees, as well as the rights and obligations of their members.

The internal regulations of the Board of Directors specify in particular the missions and attributions of the Board of Directors, its organisation and the functioning of its meetings, the ethical rules applicable to the Board of Directors, the independence criteria for directors, and the remuneration of the members of the Board of Directors and its Committees. It also sets out a charter for Directors.

### 2.1.2 The Corporate Governance Standards

Ipsos complies with the principles defined in the Code of corporate governance of AFEP-MEDEF (hereinafter the AFEP-MEDEF Code), insofar as these principles are compatible with the functioning and professional management of market research, its organisation, size and the means of the Ipsos Group, with the exception of the following elements presented in the table below:

AFEP-MEDEF Code	Ipsos situation	Justification
<p>Article 23.2.5 Termination payments</p>	<p><u>Termination payments to Didier Truchot</u> In the event of his revocation before the end of his term of office, Truchot will be entitled to the payment of compensation equal to twice the gross remuneration he received in the year preceding the date of termination of his duties within Ipsos SA, provided he has not acted against the interests of the Company.</p> <p>The payment of this compensation is subject to the following performance criterion: revenue for one of the three years prior to the year of revocation must be higher, at constant exchange rates, than that of the preceding year. For example, if the revocation occurs in 2016, the performance criteria will be met in any of the following cases: (i) revenues in 2015 are higher than in 2014, (ii) revenues in 2014 are higher than in 2013; or (iii) revenues in 2013 are higher than in 2012.</p>	<p>The termination payment to which Didier Truchot is entitled is not expressly tied to a change of control. However, this payment is only due in the event of revocation of his mandate. Given that the Company is controlled by LT Participations, of which Didier Truchot is the Chairman &amp; Chief Executive Officer and holds, jointly with DT &amp; Partners, 50.38% of the share capital and voting rights, the revocation of Didier Truchot could only take place in the event of a change of control of the Company.</p> <p>Moreover, it is not expressly stipulated that the termination payment is excluded if Didier Truchot is entitled to retirement benefits in the near future. However, Didier Truchot has no supplementary pension scheme with Ipsos, and is entitled to no other statutory or contractual severance payment as he holds no employment contract.</p>
<p>Article 23.2.5 Termination payments</p>	<p><u>Payments to Laurence Stoclet, Carlos Harding, Henri Wallard and Pierre Le Manh in the event of a change in control</u></p> <p>In the event of termination of their duties due to a change of control as defined hereafter, compensation may be payable to Laurence Stoclet, Carlos Harding, Henri Wallard and Pierre Le Manh, of an amount equal to (i) the statutory severance pay, plus (ii) one year's remuneration. Pursuant to this clause, a change of control is defined as the occurrence of one of the following events, resulting in the modification of the duties and powers of Didier Truchot, Chairman and CEO, preventing him from setting the Company's strategy: (a) a change in the Company's shareholding structure; (b) a change in the composition of the Board of Directors; or (c) a change in the organisation of the management of the Company or of the Ipsos Group. These payments are also subject to the same following performance conditions: revenue for one of the three years prior to the year of revocation must be higher, at constant exchange rates, than that of the preceding year. For example, if the revocation occurs in 2016, the performance criteria will be met in any of the following situations: (i) revenues in 2015 are higher than in 2014, (ii) revenues in 2014 are higher than in 2013; or (iii) revenues in 2013 are higher than in 2012.</p> <p><u>Non-Compete Payments</u></p> <p>Pursuant to clauses in their employment agreements, Carlos Harding, Pierre Le Manh, Laurence Stoclet and Henri Wallard are subject to a non-compete obligation of twelve months with respect to Ipsos, in exchange for compensation equal to their remuneration for the previous civil year or the previous twelve months, paid on a monthly basis. It should be noted that the Company has the right to elect to waive the non-compete clauses, in</p>	<p>The implementation of the change in control clause and non-compete clause could result in the payment of sums totalling over two years' remunerations.</p> <p>The stipulations of the non-compete clauses are designed to protect the interests of Ipsos, in view of the specificity of the market research business and the essential nature of employee know-how and skills.</p> <p>Ipsos has the right to waive the implementation of this clause at its sole initiative, in which case no compensation shall be payable.</p> <p>Where the non-compete clause is implemented, the employee in question is banned from all gainful activity. The amount paid by Ipsos would thus compensate the lack of remuneration during the clause implementation period rather than provide additional pay.</p>

AFEP-MEDEF Code	Ipsos situation	Justification
	<p>which case no non-compete payments shall be due.</p> <p><u>Non-solicitation clause</u></p> <p>Pursuant to clauses in their employment agreements, Pierre Le Manh, Laurence Stoclet and Henri Wallard are subject to a client non-solicitation obligation of twelve months with respect to Ipsos, in exchange for compensation equal to 30% of gross average monthly remuneration over the twelve months preceding departure (excluding bonuses and the medium-term incentive plan) for Laurence Stoclet and 50% of gross average monthly remuneration over the twelve months preceding departure (excluding bonuses and the medium-term incentive plan) for Pierre Le Manh. For Henri Wallard, the above-mentioned compensation covers both the non-compete commitment and the non-solicitation commitment. The compensation is paid on a monthly basis. It should be noted that the Company has the right to elect to waive this non-solicitation clause, in which case no compensation shall be payable.</p>	
16.1 Composition of the Audit Committee	The Audit Committee consists of four members, two of whom are independent.	The independence of the Audit Committee is assured by the fact that it is chaired by an Independent Director who holds a casting vote.

### 2.1.3 Specific arrangements relating to shareholders' participation in the General Meeting

Arrangements concerning shareholders' participation in the General Meeting are stated in Articles 20 *et seq.* of Ipsos SA's articles of association.

## 2.2 Organisation and functioning of the Board of Directors

### 2.2.1 The tasks of the Board of Directors

The Board of Directors determines the guidelines of the Company's business and supervises their implementation. Subject to the powers specifically attributed to the shareholders' Annual General Meeting, and within the limit of its corporate object, it concerns itself with any issue of interest to the proper functioning of the Group and resolves any issues that may arise. It performs the controls and checks which it deems necessary.

In particular, the Board of Directors is responsible for the following matters:

- a. all decisions relating to the overall strategic, economic, social, financial and technological orientation of the Company and the Group;
- b. the subscription or conclusion of loans of a material

amount, whether in the nature of a bond issue or otherwise;

- c. the creation of joint ventures or any material acquisition of activities, assets, or shareholdings;
- d. the annual budget and the approval of the business plan of the Group;
- e. the nomination or revocation of the Statutory Auditors or any one of them;
- f. any merger or planned merger involving the Company, or more generally any operation ensuing the transfer or sale of all or almost all of the assets of the Company;
- g. exercise of any delegations of power or competence relating to the issue or purchase of shares or financial instruments giving access to the share capital of the Company or any transaction leading to a capital increase or reduction, including the issue of financial instruments giving access to the share capital or preference shares;
- h. the creation of any double voting rights or any modification of the voting rights attached to the shares of the Company;
- i. any changes to the corporate governance, including any changes to the rules of corporate governance applicable within the Company;
- j. any proposal to amend the Articles of association of the Company;
- k. any new admission for trading of the Company's shares

on a regulated market other than Eurolist of NYSE Euronext;

- l. the voluntary dissolution or amicable liquidation of the Company, any decision having as a consequence the commencement of a collective procedure or the nomination of an ad hoc administrator against the Company;
- m. in case of litigation, the entering into of any agreements or settlements, or the acceptance of any compromise if the relevant amounts are material;
- n. upon proposal by the Nomination and Remuneration Committee, draft stock option or free shares plans and more generally the policy of associating employees and Directors with the results of the Group;
- o. the quality of the information provided to the shareholders and to the market, through the accounts or during an important transaction.

Any material transaction which is outside of the strategy of the undertaking must receive the prior approval of the Board of Directors. Once per year, in September, the Board of Directors will meet to examine the strategy of the Group. With the exception of the limitations imposed by laws, regulations and the provisions of the above-mentioned internal regulations, no limitations have been imposed by the Board of Directors on the powers of the CEO.

Moreover, the Deputy CEOs are in charge of the business units, finance and the support functions.

### 2.2.2 The information of the Board of Directors

The Board of Directors meets when summoned. Notices may be sent by the Board’s secretary, either by letter, fax or email, or in case of urgency, transmitted verbally. Subject to applicable laws and regulations, the Board of Directors’ meetings may be held by video or telephone conference or teletransmission in the manner specified in the internal regulations of the Board of Directors. At the end of each year, a preliminary schedule of Board meetings for the following year is established.

Information on those points of the agenda requiring specific analysis and reflection is sent to the members in due time prior to the meeting. A Director may request communication of any additional documents that he or she deems necessary to prepare for a meeting provided that the request is made with reasonable prior notice. When confidentiality is an issue, particularly as regards sensitive financial information, the information may be communicated during the meeting.

The Board of Directors is regularly informed about the Company’s financial position, cash position and commitments.

Directors are entitled to meet with the Company’s principal senior managers, even in the absence of the Chairman and CEO. In the latter case, the Co-Chairmen must be given prior notice.

The members of the Board of Directors are entitled to training to gain a better understanding of the research industry and Group operations.

### 2.2.3. Composition of the Board of Directors

Changes in the composition of the Board of Directors during 2015	
<p><b>Until 24 April 2015:</b>                      Patrick Artus                      Xavier Coirbay                      Yann Duchesne                      Mary Dupont-Madinier                      Marina Eloy-Jacquillat                        Florence von Erb                        FFP Invest (rep: Sébastien Coquard)                      Brian Gosschalk (until 24 April 2015)                      Carlos Harding (until 24 April 2015)                      Pierre Le Manh (until 24 April 2015)                      Henry Letulle                      LT Participations (rep: Pascal Cromback)                      Laurence Stoclet                      Didier Truchot                      Hubert Védrine (until 24 April 2015)                      Henri Wallard (until 24 April 2015)</p>	<p><b>Starting on 24 April 2015:</b>                      Patrick Artus                      Xavier Coirbay                      Yann Duchesne                      Mary Dupont-Madinier                      Florence von Erb                      FFP Invest (rep: Sébastien Coquard)                      Neil Janin (starting on 24 April 2015)                        Henry Letulle                      LT Participations (rep: Pascal Cromback)                        Laurence Stoclet                        Didier Truchot</p>

The evaluation of the functioning of the Board performed in 2015 brought to light a desire for a change in the composition of the Board through the reduction of the number of its members and, more specifically, of the percentage of members also holding executive positions.

During the General Meeting of 24 April 2015, the Board of Directors went from 16 to 11 members which represent 27% of the Board’s composition.

Four Executive Officers exited the Board of Directors. The term of office of Marina Eloy-Jacquillat, Independent Director, also expired during this General Meeting.

Neil Janin was appointed as a new Director.

The Board of Directors currently includes three women, out of a total of 11 members.

It is the intention of Ipsos to favour the nomination of women to the Board of Directors and to achieve the gender representation requirements dictated by law within the mandatory time frames, at the latest during the Ordinary General Meeting to be held in 2017. A selection process for Director candidates is currently under way.

#### *The independent members of the Board of Directors*

The internal regulations adopted by the Board of Directors specify the criteria of independence. These criteria include all the criteria of the AFEP-MEDEF Code. Thus, an independent Director may not be any of the following:

- an employee or Director of Ipsos or another company in the Group, an employee or Director of a shareholder with sole or joint control over Ipsos as defined in Article L. 233-3 of the French Commercial Code, or have been any of the foregoing at any time during the past five years;
- a Director of a company in which Ipsos holds a directorship, directly or indirectly, or in which an employee appointed as such by Ipsos, or a Director of Ipsos (or someone who had been a Director within the previous five years) is a Director;
- a customer, supplier, investment banker or commercial banker (or someone who has direct or indirect ties with any of the foregoing):
  - that is material for Ipsos or the Group,
  - or for which Ipsos or the Group accounts for a material share of business;
- closely related to a Director of Ipsos or the Group;
- an auditor of the Company or a Group company or having been any of the foregoing within the past five years;
- a Director of Ipsos for more than twelve years.

Therefore, any Director who does not have a relationship of any nature whatsoever with Ipsos or its management which might compromise the exercise of his freedom of judgement or be of a nature to put him in a situation of conflict of interest with the management, Ipsos or the Group, is deemed to be independent.

Directors representing major direct or indirect shareholders of Ipsos may be considered independent provided these shareholders do not control Ipsos as defined by Article L. 233-3 of the French Commercial Code. However, the qualification as independent of any Director representing

an Ipsos shareholder that directly or indirectly owns over 10% of the share capital or voting rights of Ipsos requires that the Board, upon a report from the Nomination and Remuneration Committee, systematically reviews the qualification of the Director as an independent Director taking into account Ipsos' capital structure and the existence of any potential conflicts of interest.

The independence of Directors is discussed each year by the Nomination and Remuneration Committee which prepares a report on this subject. Each year, the Board of Directors examines, on the basis of this report, the independence of each Director.

This examination, performed during the Board of Directors' meeting of 17 February 2016, established that since the last General Meeting of 24 April 2015 and as at 31 December 2015, four Directors are considered independent: Patrick Artus, Neil Janin, Mary Dupont-Madinier and Florence von Erb, representing 36% of the total Board members.

With specific regard to the business relations criterion, it is noted that none of the independent Directors named above had any business relationships of any type with Ipsos in 2015, thus entirely ruling out any conflict of interest situations. As for Patrick Artus, it should be noted that although Natixis, where he holds the position of Chief Economist, is one of Ipsos' banking partners, business activities with this partner represent barely 5% of total business activities with banking partners, in other words a very low volume when compared to other volumes generated with several other financial institutions, and is therefore considered of no significance. Furthermore, Natixis naturally uses an internal "Chinese wall", which means that Patrick Artus would never be involved in any business dealings with Ipsos.

#### *Other provisions applicable to the members of the Board of Directors*

Duration and progressive renewal of terms of office - Article 12 of the articles of association states that the term of office of the directors shall be four years.

The progressive renewal of the terms of office was established by the Shareholders' General Meeting of 24 April 2015. In order to permit the implementation of a progressive renewal of the terms of office of directors, this Meeting made it possible to elect Directors for a one or two year term of office until the General Meeting called to approved the 2016 financial statements.

Age limit and re-eligibility - No more than a third of the individual Directors or permanent representatives of companies on the Board of Directors may be over 75 years of age. If this proportion is exceeded, the oldest member will be deemed to have resigned automatically.

Share ownership - Pursuant to Article 13 of the articles of association and the internal regulations of the Board of Directors, Directors must hold at least four Ipsos shares throughout their term of office. The number of Ipsos shares held by each Director is set out in Appendix 2 to the management report for the year ended 31 December 2015.

No criminal record - To Ipsos' knowledge, no Board members or main executives of the Group have been convicted of fraud in the last five years. None of the Directors has participated, while being a board member or officer, in a bankruptcy, an attachment procedure or liquidation during the last five years and none of them has been publicly incriminated or officially sanctioned by a governmental or quasi-governmental authority. None of the Directors has been prohibited by a court from acting as member of a board of Directors, a directorate or a supervisory board in the management or the supervision of the affairs of an issuer during the last five years.

Management of conflicts of interest - To prevent conflict of interest situations, the internal regulations of Ipsos' Board of Directors specify that a Director has a duty to be loyal, and that accordingly, a Director commits to informing the Board of any conflicts of interest, even if only potential, and to abstain from taking part in discussions and votes during the corresponding deliberations, and to not making any personal commitments involving competitors of Ipsos and the Group without informing the Board and obtaining its consent.

*Information on the members of the Board of Directors (2015)*

#### Executive Officers

The Board of Directors included two Group Executive Officers at 31 December 2015:

**Didier Truchot**, 69, French, Chairman and Chief Executive Officer of Ipsos since its creation in 1975.

**Laurence Stoclet**, 49, French, Deputy Chief Executive Officer, Group CFO and Support Functions Director.

Laurence Stoclet was Manager in a leading international audit firm before holding financial management posts in

European corporations. She joined Ipsos as Chief Financial Officer in 1998 and has been responsible for support functions (legal & IT) since 2010.

#### External Directors who are not independent of Ipsos SA, Ipsos Group, or its management

**Xavier Coirbay**, 50, Belgian, member of the Executive Committee of Sofina and in charge of the Sofina Group's investments within the field of alternative funds and growth co-investments.

Before joining Sofina in 1992, he started his career as financial analyst in the assets management department of the *Générale de banque*, now part of the BNP Paribas Fortis Group.

**Sébastien Coquard**, 40, French, Investment Director of FFP since 2006.

Sébastien Coquard began his career in Paribas before joining Oddo Corporate Finance. He worked for 5 years in the Direction of Investments of AGF. In 2006 he joined FFP where he was appointed Investment Director. As part of his functions, he held various terms of office as a representative of FFP.

**Yann Duchesne**, 59, French, Chief Executive Officer of Doughty Hanson.

Yann Duchesne is Chairman and CEO of IBL Group. Previously, beginning in 2003, he was CEO of the Doughty Hanson investment fund, following his tenure as CEO France at McKinsey.

**Henry Letulle**, 40, French, Notary.

Before joining the Letulle-Joly Deloison Notarial practice, Henry Letulle worked as a lawyer for three years at the Beijing office of Gide Loyrette Nouel, and then as Deputy Director and Group Secretary at Ipsos SA until 31 December 2006.

**LT Participations**, represented by Pascal Cromback.

Pascal Cromback, 66, French, CEO of the professional information agency Sofetec.

**Pascal Cromback** began his career in advertising in the Ogilvy & Mather agency, and then joined Publicis in 1975. From 1984 to 2001, he was Chairman and CEO of the book publishing and editing company ETAI. Following the acquisition of ETAI by Infopro, he took on new

responsibilities in finance and strategy until 2003. Subsequently, and until 2007, he was a consultant at the investment management firm Tower Brooks.

#### Independent Directors

**Patrick Artus**, 64, French, Chief Economist at Natixis.

Patrick Artus is the Chief Economist at Natixis, Professor at the Ecole Polytechnique and Associate Professor at the Université de Paris I-Sorbonne. Prior to this, he was Director of Research at ENSAE (1982-1985) and Scientific Advisor for the General Research Department of the Bank of France (1985-1988). He was named Economist of the Year in 1996 by the French magazine *Nouvel Economiste*.

**Mary Dupont-Madinier**, 60, French/American, Senior Vice President and Partner at VALTUS

She obtained a Bachelor of Arts from Rutgers University in the US, and a Master Programme at George Washington University. Mary Dupont-Madinier is currently Senior Vice President and Partner at VALTUS. She began her career with Thalès in New York as Director of Administration, then became Sales Director in Paris. She moved to London and joined Cable & Wireless as Vice President Desktop & Intranet Services. In 2002, she joined EDS (in Chicago as Vice President Client Executive). She returned to Thalès Raytheon Systems as Vice President Business Development in 2007. In 2011, she was Advisor and "business angel" for two start-ups and joined VALTUS in January 2012.

**Florence von Erb**, 56, French national, active member of several committees at the United Nations.

Florence von Erb started her career in finance at JP Morgan. After working with Bankers Trust (1991-1996), she returned to JP Morgan as Vice President, Equity Derivatives Sales and Trading. In 2008, she was appointed President of MMMI, following her decision to devote herself to humanitarian causes in 2004. In 2006, she co-founded the NGO "Sure we can" dedicated to helping those who make a living by redeeming returnable bottles and cans they find in the streets. Since 2014, she has been an active member of various UN committees (committee on non-governmental organisations for social development, committee on the status of women and family committee).

**Neil Janin**, 60, Canadian, is Director Emeritus at McKinsey & Company.

Neil Janin is a consultant in strategy and leadership programmes for top management in commercial and charity areas. Since 2010, he holds the position of Chairman of the Supervisory board of Bank of Georgie (Tbilisi and London), and member of the Board of Directors of HD (Center for Humanitarian Dialogue) (Geneva). From 1982 to 2010, Neil Janin contributed to the development of the departments "Organisation" "Leadership" of McKinsey & Company in the area of organisation consulting and change management. He worked as a consultant in strategy in various areas, including, but not limited to, bank activities, retail activities in all continents. Before he joined McKinsey & Company, Neil Janin worked for Chase Manhattan in New-York and Paris and for Procter & Gamble in Toronto. He also performed teaching and research functions at INSEAD (Institut européen d'administration des affaires) and HEC (Ecole des Hautes Etudes Commerciales).

A list of directorships and other functions held in any company by the directors of Ipsos in 2015 and over the past five years (along with the dates on which their terms of office start and end, their age, and the number of Ipsos shares they hold) is presented in Section 14.1. of the Reference document.

#### *2.2.4 Evaluation and composition of the Board of Directors in 2015*

In accordance with its internal regulations, at its meeting of 17 February 2016, the Board of Directors dedicated an item on the agenda to a discussion of its organisation and means of operation.

This year, the evaluation was not conducted in a formal manner, unlike the previous evaluation performed in 2015 using a questionnaire addressed to Directors via an online platform permitting anonymous answers.

It should be noted that the questionnaire used in 2015 incorporated various questions grouped around four main subjects, namely: the Board's operating procedures; preparation and conduct of meetings; effective contribution of each member to the Board's work and specialised committees; Board members' proposals to improve the Board's organisation, work and overall effectiveness. The list of these proposals is included at the end of the presentation summary.

The summary of the results of this formal investigation is featured in the Chairman's report for the previous year (see Section 16.4.1 of the 2014 Reference document, page 150).

In 2016, the Directors once again debated, based on the results of the previous year's evaluation and on the report presented to them regarding, for the 2015 financial year, the changes in the composition of the Board, the work of the Board and the Committees and the frequency of meetings, the attendance record of Directors established through the presentation of overall and individual attendance statistics, thereby helping to assess the contribution made by each member to the work of the Board and showing overall a high level of satisfaction.

### 2.2.5 The specialised Committees of the Board of Directors

To effectively perform its tasks and to facilitate its deliberations and decisions, the Board of Directors has set up three specialised Committees tasked with giving their views, making proposals and giving recommendations to the Board of Directors within their respective areas of responsibility: an Audit Committee, a Nomination and Remuneration Committee, and the CSR Committee created on 23 July 2014.

The Committees only have a consultative role and exercise their attributions under the responsibility of the Board of Directors. The Committees regularly report to the Board of Directors as to the performance of their tasks and inform it of any problems they encounter.

Each Committee has adopted internal regulations approved by the Board of Directors, the main provisions of which relating to its functioning are described hereafter.

No Executive Director may be a member of the Audit Committee or Nomination and Remuneration Committee.

The Committees meet as often as necessary. The Chairman and CEO can call a Committee meeting if he/she notes that a Committee has not met as many times as specified in the Committee's internal regulations. He may also call a meeting whenever he feels it is necessary for a Committee to present the Board with an opinion or recommendation on a specific subject.

#### **Audit Committee**

The Audit Committee was set up by the Board of Directors on 1 October 1999 and, in 2015, comprised four members, two of whom are independent (being specified that in case of an equality of votes, the President, who is an independent Director, has a casting vote):

- Patrick Artus (Chairman and independent)
- Florence von Erb (independent)
- Xavier Coirbay

- Yann Duchesne

This composition of the Board of Directors remains unchanged as of the date of this report. Information concerning the Audit Committee members' financial and accounting credentials is presented in Section 2.2.3 above.

As provided by the law and internal regulations, and without prejudice to the powers of the Board of Directors, the Audit Committee is responsible for monitoring the compilation of financial information, the effectiveness of internal control and risk management systems, the legal audit of annual and consolidated financial statements by the Statutory Auditors and the independence of the Statutory Auditors. The Committee issues a recommendation on the selection of Statutory Auditors to be submitted to the General Meeting.

Ipsos refers to the recommendations of the working group regarding the Audit Committee dated July 2010 for the definition and conduct of the work of the Audit Committee.

On this basis, the Committee has the following principal tasks: (i) review the annual and interim parent company and consolidated financial statements in order to verify the conditions under which they were established, and ensure the relevance and the consistency of the accounting rules and principles adopted; (ii) examine the account consolidation methods and the scope of consolidation; (iii) ensure the proper treatment of material transactions at Group level; (iv) be regularly informed about the financial position, cash position and material commitments of the Company and the Group; (v) ensure the relevance and quality of the Company's financial communications; (vi) examine material off-balance sheet commitments and risks; (vii) assess the efficiency and quality of the Group's internal control and risk management systems; (viii) hear the head of internal audit and be informed of his work programme; (ix) manage the Statutory Auditor selection process and review issues relating to the appointment, renewal or revocation of the Company's Statutory Auditors; (x) examine the total amount and the make-up of the compensation paid by the Group to its Statutory Auditors; (xi) examine the measures taken to mitigate threats to the independence of the Statutory Auditors; and (xii) ensure the follow-up of questions relating to the preparation and control of accounting and financial information. The Committee may ask the Board of Directors to provide it with external assistance for the fulfilment of its mission if it deems it necessary. The Committee may also ask, at any time, for a report to be produced by the Company's executive management, Statutory Auditors or CFO concerning a specific point in the financial statements.

The Audit Committee met four times in 2015: two meetings took place prior to the Board meetings held to examine the annual and interim financial statements; one meeting took place prior to the Board meeting held to approve the budget, during which the conclusions of the internal audit, the auditing methods and related risks were reviewed; the

other meeting concerned the 2015 audit plan. The Committee reported the content of its meetings to the Board of Directors. The Group CFO and Support Function Director, the Deputy CFO, the Director of Accounting, Consolidation and Reporting and the Statutory Auditors took part in each of these meetings. Whenever necessary, the head of internal audit also takes part in the Audit Committee meetings.

During the year ended 31 December 2015, the work of the Audit Committee mainly concerned (i) the review of the annual accounts as at 31 December 2014 and the interim accounts as at 30 June 2015, (ii) the review of the proper implementation of the accounting principles, (iii) the review of the work of the internal audit team, (iv) the review of the conclusions of the Statutory Auditors' internal control review.

Insofar as possible, the Audit Committee conducts its review of the accounts at least two days before the Board meeting convened to approve those accounts.

The Statutory Auditors presented their conclusions within their review of the annual accounts for the financial year ended 31 December 2014 and their review of the half-year financial statements as at 30 June 2015.

In 2015, the attendance rate at Audit Committee meetings was 90%.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was set up by the Board of Directors on 1 October 1999 is made up of three members since 24 April 2015:

- Neil Janin (Chairman and independent)
- Mary Dupont-Madinier (independent member)
- Sébastien Coquard

The Chairman and CEO of Ipsos, the Group's Human Resource Director, the Group's Remuneration Director, and the Corporate Secretary also attend the meetings of the Nomination and Remuneration Committee.

In accordance with its internal regulations and without prejudice to the powers of the Board of Directors, the Nomination and Remuneration Committee has the following main tasks: (i) prepare the decisions of the Board of Directors concerning the remuneration of the Company's Directors and Executive Officers and that of the members of the Group's Management Board Executive Committee (MBEC), as well as the components of such remuneration (in particular the definition and application of the rules for establishing the variable compensation and benefits of all types), (ii) make recommendations as regards the Group's compensation, (iii) state its view on the policy for granting free shares and stock options and make recommendations regarding the timing of such grants and the allocation conditions, (iv) make recommendations regarding the

nomination of Ipsos Board members and officers, particularly as regards the independence of the candidates, and (v) analyse the independence of the Directors. This year, the Committee carried out a detailed analysis of the independence of each Director based on the criteria of the AFED-MEDEF Code.

The Committee also meets each year to examine questions relating to the succession to the functions of Chairman, CEO and membership of the Executive Committee. For this purpose, the Nomination and Remuneration Committee is assisted by an external advisor.

The Committee met three times in 2015 to examine (i) the overall remuneration policy of Ipsos, (ii) the proposals for fixed and variable compensation of the Chairman and CEO and other members of the Management Board Executive Committee (MBEC), (iii) the achievement of the required performance criteria for the award of the free shares (iv) Directors' fees, (v) proposals for the grant of free shares and the performance criteria associated with the grant of free shares to Company Directors and Executive Officers, (vi) the composition of the Board of Directors and specialised committees and (vii) the succession of the Chairman and CEO and MBEC members. It has also prepared its report on the independent status of Directors for the attention of the Board of Directors.

In 2015, the attendance rate at the Nomination and Remuneration Committee meetings was 100%.

#### **Corporate Social Responsibility Committee (CSR Committee)**

The CSR Committee was created by the Board of Directors on 23 July 2014. The Committee is made up of three members, two of whom are independent since 24 April 2015:

- Florence von Erb (Chairperson and independent member)
- Mary Dupont-Madinier (independent member)
- Didier Truchot

The Deputy CFO, the CSR Officer and the Corporate Secretary attend the Committee meetings.

In accordance with its internal regulations and without prejudice to the powers of the Board of Directors, the CSR Committee's main task is the supervision of the Group's social projects, including the projects conducted by the Ipsos Foundation. Its scope of action covers all aspects of the Company's corporate social responsibility, in connection with the Group's mission and activities, particularly its social, environmental, ethics and governance policies.

The work of the CSR Committee notably concerns the following three areas:

- The review of the CSR Report, including the CSR policies, the reporting tools, the monitoring of CSR criteria, and the review of the non-financial information contained in the CSR Report.
- Supervision of the activities of the Ipsos Foundation, the purpose of which is to provide assistance and develop and implement educational actions for children and young people worldwide.

The CSR Committee met on 8 January 2015. At this meeting, the CSR Committee examined (i) the Group's CSR policy and its expected development, (ii) the organisation of the work for the preparation of the CSR Report and the review of this report by an independent expert (iii) the progress made in the set-up of the Ipsos Foundation.

In 2015, the attendance rate at CSR Committee meetings was 100%.

### 2.3 Report on the Board of Directors' activities in 2015

During the year ending 31 December 2015, the Board of Directors met seven times at Ipsos SA's registered office upon convocation made in accordance with the Company articles of association and internal regulations, amounting to two additional meetings over the previous year.

The rate of attendance at the Board of Directors' meetings was 91%, with the following individual attendance rates for each of the Directors:

- Didier Truchot = 100%
- Patrick Artus = 91%
- Xavier Coirbay = 100%
- Sébastien Coquard = 100%
- Pascal Cromback = 91%
- Yann Duchesne = 100%
- Neil Janin = 80%
- Henry Letulle = 71%
- Florence von Erb = 90.9%
- Laurence Stoclet = 100%

The Board of Directors examines any transactions of strategic importance, particularly as regards external growth, divestments, important investments in internal growth and internal restructuring. The Board of Directors is informed in due time of the liquidity situation of the Company and the Group in a manner allowing it to take such decisions relating to financing or indebtedness as may be required.

During the year ending on 31 December 2015, the Board of Directors reviewed and made decisions on the following:

- Review of the Group's business;
- approval of the Company and consolidated full-year financial statements for the year ended 31 December 2014;
- review of the half-year financial statements as at 30 June 2015;
- preparation of the Shareholders' General Meeting of 24 April 2015;
- review of the activity of the Board of Directors' specialised Committees;
- review of governance issues;
- evaluation of the works and functioning of the Board of Directors;
- planned and ongoing operations for external development;
- review of the budget;
- compensation of the Co-Chairmen and other members of the Executive Committee;
- directors fees;
- granting of free shares and implementation of the share buyback programme;
- authorisation of related-party agreements, surety bonds, endorsements and guarantees;
- "Game Changers", the new Ipsos signature
- presentation of activities and review of the New Way programme
- refinancing of the syndicated loan maturing in 2016

The Board of Directors was, in addition, informed of the state of the principal projects pursued by the subsidiaries of the Group.

The Statutory Auditors were present at the meetings of the Board of Directors of 24 February and 22 July 2015.

## 3. Remuneration of the Directors

### 3.1 Remuneration of the members of the Board of Directors exercising no executive function within the Group

The remuneration policy for external Directors and the amounts allocated are set out in Section 15 of this Reference document.

### 3.2 Remuneration of Executive Officers

The remuneration policy for Executive Officers and the amounts allocated are set out in Section 15 of this Reference document.

Didier Truchot does not have an employment contract.

### 3.3 Share subscription and/or share purchase options and free shares

The share subscription options and free share plans allocated to some Directors are described in the Special report of the Board of Directors on share options and free shares.

To the Company's knowledge, no hedging instruments were set up to cover those plans.

## 4. Internal control and risk management procedures

### 4.1 Introduction

#### 4.1.1 Reference framework for internal control

The methodology adopted by the Ipsos Group uses the reference framework of the French Financial Markets Authority (*Autorité des Marchés Financiers, AMF*) concerning risk management and internal control systems published on 22 July 2010 and the risk management and internal control procedures published on 4 November 2013.

This defines internal control as the system developed by or on behalf of Senior Management and implemented under its responsibility by all Group employees. It is made up of a body of means, behaviours, procedures and actions adapted to the characteristics of each Group company and which contributes to the management of the Company business, the efficiency of its operations and resources with the purpose of allowing the Company to take into account in an appropriate manner all material risks, whether of an operational, financial, compliance or reputational nature.

The purpose of the framework is more particularly to ensure the:

- compliance with applicable laws and regulations;
- implementation of instructions and orientations set by Senior Management;
- effectiveness of the Group's internal procedures, in particular as regards safeguarding corporate assets; and
- reliability of accounting and financial information.

#### 4.1.2 Scope and purpose of internal control at Ipsos

The overall objective of the internal control system is to anticipate and control risks arising from Ipsos SA's activities, as well as risks of error or fraud, particularly in financial and accounting matters. To achieve this objective, a risk management policy has been set up (see Section 4.4 of this Reference document) to identify and measure these risks. Like any control system, however, it cannot absolutely guarantee the elimination of these risks, and depends largely on individual respect of the procedures put in place.

The Ipsos Group attempts to control these risks by

implementing measures to ensure that management and operational actions and employee behaviour comply with applicable laws and regulations, the guidelines provided by general management, and the Company's internal regulations.

These procedures also aim to ensure that the accounting, financial and management information communicated to the management bodies gives a true and fair picture of the business activity and financial position of Ipsos and its Group.

Ipsos also takes measures to ensure that these measures are applied by its subsidiaries. Devices are in place at the country level to meet their specific needs and are subject to regular monitoring by the Group (please refer to Section 4.3.4 of this Reference document).

### 4.2 People and structures exercising internal control procedures within the Ipsos Group

At the central level, in addition to the Board of Directors and the specialised committees whose duties and operations are described above, the Group's Senior Management relies on the Management Board Executive Committee (MBEC). This committee supervises all areas of Ipsos' organisational structure, namely the regions, business lines and support functions. One of its duties is to specify and supervise policies and procedures allowing the Ipsos Group to achieve its goals.

The following departments are more specifically involved in internal control: the finance department; the legal and tax department; the technology and information systems department; the human resources department; the corporate development department; and the audit and quality department. These departments report to MBEC members.

With the exception of the corporate development department and the audit and quality department, similar structures are generally set up at regional and national levels.

#### 4.2.1 The finance department

The finance department encompasses the functions of management controls, accounting & consolidation, cash management and management of financial information systems. It is supported by local financial teams working at the regional and national level.

Management control is responsible for monitoring the quality of financial information including supervising the quality of account closing and reporting. It also monitors the performance of business units based on budget forecasts, and may suggest corrective actions when necessary. The finance department objectively evaluates the quality of internal financial controls at all levels of the organisation.

The heads of Group accounting and consolidation supervise the work of the central and local accounting teams and ensure the quality of the accounting information produced.

The Chief Financial Officer of the Ipsos Group is also responsible for implementing the Group's financing policy and supervises its application in subsidiaries.

The Finance Directors responsible for subsidiaries and national or regional operations ensure the quality of the accounting and financial information reported to the Group's central bodies by the entities that they supervise. Since 1 January 2007, they report to the next level of hierarchy of the finance department and operationally to the operational managers. The Finance Directors of the subsidiaries in which anomalies were detected (see details in Section 4.3 hereunder), leading to the rectifications set out in Note 1.3 to the Group's consolidated financial statements, were replaced where necessary.

Finance Directors occupy a key role at the national and regional level and appointments to these functions are carefully examined by the Group's finance department to ensure that appointees have the required level of expertise. These people always benefit from an integration programme at the Group's headquarters.

#### *4.2.2 The legal and tax department*

The main tasks of the Group's legal and tax department are to (i) contribute to the defence and protection of the Group's interests; (ii) define, implement and direct the corporate governance of the Group in particular by implementing procedures and controls; and (iii) give advice to the general management and the functional and operational management of the Group on a wide variety of issues.

The Group's legal and tax department is organised in four zones: (a) France, Middle East and North Africa, (b) the Americas, (c) Europe and Sub-Saharan Africa and (d) Asia-Pacific. In addition, it has a centralised corporate division. The regions' Legal Affairs Directors, the Director of the corporate division and the Tax Manager report directly to the Group General Counsel. Local lawyers report to their region's Legal Affairs Director. In countries where there is no lawyer, legal and fiscal matters are the responsibility of the Finance Directors or the Country Managers, as the case may be, assisted by outside counsels placed under the supervision of the legal department of the region concerned. The legal and tax department ensures that each country's laws and regulations are complied with.

#### *4.2.3 The technology and information systems department*

The technology and information systems department, called "Ipsos Tech" makes an active contribution to controlling risks by (i) supervising investments in technology infrastructures and solutions; (ii) drawing up

and ensuring the implementation of Group-wide rules, standards and policies with respect to selecting and managing information technologies, systems and data; (iii) approving and overseeing the implementation of multinational projects and large-scale regional projects; (iv) setting up the necessary procedures for ensuring the reliability and security of the Group's technology operations. The technology and information systems department, in collaboration with the Group legal department, and the Group audit and quality department, establishes risk management procedures relating to information security and data protection and monitors their implementation and proper application.

#### *4.2.4 The human resources department*

The mission of the human resources department includes (i) developing methods and rules for human resources management (ii) overseeing the various performance-related remuneration schemes set up within the Ipsos Group; (iii) supervising the implementation of a consistent human resources policy throughout the different Group companies.

Apart from establishing the various human resources systems and policies, the human resources department is directly involved in the supervision of all senior executives of the Ipsos Group.

#### *4.2.5 The corporate development department*

Working in conjunction with the finance and legal departments, the corporate development department is responsible for identifying and securing potential acquisition targets.

For each acquisition, a detailed review of the target company is undertaken with the assistance of relevant country and regional departments, the legal department, the finance department as well as external advisors, notably to ensure the accuracy and reliability of the financial data and financial information system and audit risks of all types. Every acquisition project is reviewed and validated by the dedicated Review Committee and is discussed within Ipsos' Board of Directors. Newly consolidated companies are very closely monitored during the first few years to ensure that the various internal policies and procedures are correctly implemented. Acquisition due diligence is performed systematically by outside auditors or internally as regards acquisitions of lesser importance.

#### *4.2.6 The audit and quality department*

The internal audit department was created in 2007 to help strengthen internal control within the Ipsos Group. In April

2011, the quality function was integrated in this department, which thus became the audit and quality department, under the supervision of the Director of the Office of the Chairman, member of the MBEC.

Audit plans are established each year, taking into account the specific risks of the Ipsos Group. These plans are approved by the Chairman and CEO and the finance department, then presented to the MBEC and Audit Committee.

The audit plans include subsidiary reviews as well as aspects covering several countries.

The audit & quality department contributes, through the performance of its tasks, to the respect and improvement of the efficiency of the internal control procedures implemented within the Group. It contributed to the detection of some of the anomalies described hereunder in Section 4.3 which led to the rectifications set out in Note 1.3 of the Group's consolidated financial statements.

A summary of the internal audit activities is presented to the Audit Committee in January of each year. The internal audit plan is presented to the Audit Committee in April.

#### *4.2.7 Values, rules and general procedures applicable to all employees*

The Group adopted a Green Book - the Ipsos Code of Conduct, which was modified in September 2014. It sets out the Group's organisation, structures, values and procedures. It also describes the professional obligations, rules and principles that must be observed, notably codes of practice and ethics. This book is available to all Group employees via the Ipsos intranet.

The duties and responsibilities of the different levels and the different players in the Group's organisation are detailed in a document entitled "Ipsos Organisation", and a document on the organisation of the finance (Finance Accounting and Administration), a key player in this organisation, setting out the rules applicable in terms of the separation of powers and corporate governance.

The Ipsos Book of Policies and Procedures contains all general procedures relating to financial matters, legal questions, the management of human resources, communications, IT and the conduct of surveys, thereby contributing to internal control. In particular the book includes specific procedures concerning acquisitions, banking powers, the delegation and limitation of powers, cash flow management, litigation monitoring, the review and approval of investments, the preparation and implementation of budgets, accounting rules and methods, the corporate calendar and consolidation tools.

The Group regularly updates these procedures. All of these

documents are available to all Group employees on the Ipsos intranet.

Since April 2013, a whistle-blowing system enables all Ipsos employees to express their concerns or preoccupations concerning detected or suspected fraud, conflicts of interest or ethical problems, through various means of communication (post, email or telephone). This system will also allow for investigations to be monitored using an integrated alert management system. Every year, the cases reported and investigated are presented to the Audit Committee at its January meeting.

### **4.3 Significant control measures put in place**

Ipsos has implemented a series of organisational rules, policies, procedures and systems that contribute to the effectiveness of internal controls.

#### *4.3.1 Internal control procedures relating to the preparation and treatment of accounting and financial information for the parent company and consolidated financial statements*

The subsidiaries prepare detailed monthly financial reports, used to prepare the monthly consolidated financial statements of the Group. Reviews of results and forecasts are carried out very regularly to ensure that targets will be achieved and, if this is not the case, to take any corrective action that might be necessary.

Accounting rules are defined in the Ipsos Group manual. Explanatory notes are issued for each account closing, emphasising subjects to be given particular attention in light of changes in accounting rules or problems that may have been identified in previous years.

The consolidation of accounting data is performed through a well-known software system which is used by a number of listed companies.

A timetable for reporting information is disseminated within the Group to allow the different accounting teams to organise their work and identify any potential delays or difficulties as soon as possible.

The information reported by the different subsidiaries complies with International Financial Reporting Standards (IFRS). The consolidation files are controlled by a central team, which verifies the accounting options used throughout the year and carries out elimination and consolidation operations. It also verifies the items that present the highest risk.

All material subsidiaries are subject to an audit or a limited review at least once per year by an external accounting firm.

Each subsidiary monitors its internal controls and may set up specific control procedures when necessary, depending on the type of business it conducts and the risks involved.

Lastly, based on information correlated with the current

book of procedures, automated monthly indicators have been established to ensure the quality of financial reporting and the effectiveness of our customer collection cycle. These indicators are followed at all levels of the organisation (countries, regions, and Group) and are led by the Group Control department. Some of the indicators are part of the quarterly business reviews.

#### 4.3.2 *Symphony management information system*

In addition to office computers used by employees, the Group has a comprehensive information and management system that is used in most of the countries where Ipsos operates.

The system is made up of a series of tools to help control operations in each line of business. It comprises a secure Business Intelligence tool used by all Group entities. It has an access management system that ensures that the roles of different types of users are defined according to best practices in terms of the separation of tasks.

In 2014 and on the closing of accounts, given the stiffening of controls for the valuation of surveys in all countries where the Group operates and following the final deployment of its global ERP ("Symphony"), it was noted that the information available for prior account closing operations had not been taken into consideration in the estimation of certain countries' revenue, estimated costs or survey progress.

The Synovate entities' migration to the Ipsos ERP gradually made it possible to identify anomalies on certain projects created in the past, yet without being able to pinpoint which years were involved prior to 2013 as the list of projects under way did not necessarily comprise the required information concerning their creation date at the time of the migration, which took place between 2012 and 2014 depending on the countries. These anomalies have given rise to corrections of errors in previous financial years, which are presented in Note 1.3 to the Group's consolidated financial statements at 31 December 2014.

Given the new system set up in 2014 to monitor studies under way, the Group deems that such errors should not recur in the future. In particular, the Group has set up a system which automatically detects projects which may present anomalies (Jobs Under Review). This system is used for each closing and nearly all countries currently use Symphony. The subsidiaries' Finance Directors confirmed to the Group's finance department that, since the year-end closing at 31 December 2014, they have been performing a review of ongoing surveys, as well as the year's revenue and gross margin.

## 4.4 Risk management

### 4.4.1 *Objectives and scope of risk management*

Risk management is a management tool designed to help (i) create and preserve the value, assets and reputation of the

Company; (ii) secure the decision-making and processes of the Company to increase the attainment of objectives; (iii) enhance the coherence of actions with the values of the Company; and (iv) federate employees around a common vision of the principal risks, and make them aware of the risks inherent in our activities.

The risk management policy applies to all Group assets.

### 4.4.2 *General organisation of risk management*

Since 2007, Ipsos has set up a risk management procedure supervised and managed by the internal audit department.

#### 4.4.3. *Risk management*

Risk assessments should identify the events that may affect the ability of the organisation to achieve its objectives, assess its risks and determine the appropriate responses. A first risk analysis was conducted in 2007 based on interviews with members of the Executive Committee and other senior managers of the Group and an update was carried out in 2010 using a questionnaire sent to key managers of the Group to evaluate previously identified risks and detect the emergence of new risks.

In 2013, a new risk analysis was conducted via a questionnaire relating to the Group's main key domains. Ipsos' key managers were invited to participate in this survey. The risks identified were classified according to the probability of their occurrence and their impact on the Group's business.

This analysis has been presented by the head of the internal audit department and the Audit Committee of 9 January 2014. It formed part of the basis used to establish the 2014 internal audit plan. For each risk identified, a specific action plan was drawn up in order to limit this risk throughout the Group and take appropriate measures to prevent similar risks from occurring in our future operations. This approach also led to the development of new tools and procedures adapted to better monitor these risks (see Section 4.3 of the Chairman's report).

The risk analysis is also taken into account in evaluating the main risks mentioned in the Section 4 of Reference document.

This risk analysis is regularly followed up to allow for an update of previously identified risks (their evolution or disappearance) and to add any new risks that might be identified.

A new analysis is performed every three years. New risk mapping will therefore be completed and is part of the 2016 internal audit plan.

### 4.4.4 *Monitoring the internal control system*

The self-evaluation of the quality of the internal control system, performed in each country through an online questionnaire in 2013, was monitored in order to challenge

the evaluations, assess the progress made, and identify the actions that may need to be set up in the countries where the Group operates.

Likewise, local external auditors appraised the processes during their interim or annual certification missions by entering their own evaluations in the analysis grid.

The results thus obtained by country allow closer monitoring and a more precise analysis of weaknesses and of the actions to be set up to improve the quality of internal control.

Reviews of specific processes are also performed by the external auditors at each interim (for entities in full audit scope).

In addition, the internal audits carried out during the country audits assess the risks and weaknesses and set up the required corrective measures to ensure data reliability and compliance with Group requirements.

Each country audit gives rise to customised monitoring throughout the implementation of the recommendations set out in the audit report. As required, the internal audit teams call on the appropriate internal or external resources to perform the missions entrusted to them.