

➤ 7.1.2 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

Sodexo faces a number of internal and external risks and uncertainties in the conduct of its business and in the implementation of its strategy. To confront these risks and uncertainties, it has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

Internal control procedures are established by the Company and implemented under its responsibility, which is intended to ensure:

- compliance with laws and regulations;
- the application of Group policies;
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability of financial information.

Internal control procedures play a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

7.1.2.1 STRATEGY, LONG-TERM OBJECTIVES AND OVERALL POLICIES OF THE GROUP

The Group's strategy, long-term objectives and overall policies, as defined at the outset by Pierre Bellon and subsequently adjusted over the years by the Board of Directors, the Chief Executive Officer and the Executive Committee, are presented at the start of each Annual Shareholders' Meeting. They are described in section 1.1 of this Registration Document.

The Group's internal control procedures rely on these principles and on the related policies.

7.1.2.2 OVERALL POLICIES OF THE GROUP

Group policies support the strategic objectives mentioned in section 7.1.3.1 of this report and cover such areas as strategic planning, human resources development, finance, supply chain, customer focus, offer marketing, food safety and hygiene policy, sustainable development, internal audit and delegations of authority. They encompass five main themes: goals, policies, procedures, improvement metrics, and research and innovation.

In light of the Group's changing environment and its expanding portfolio of services and solutions, these policies are regularly updated and approved by the Board of Directors.

Strategic planning process

During Fiscal 2013, the Board of Directors and senior management continued to work on improving the strategic planning process and promoting buy-in at all levels of the organization.

In the Chairman's message, presented at the beginning of the Registration Document, seven fundamental principles are described, demonstrating how Sodexo was able to start from nothing in 1966 and then become a major international group with 428,000 employees, in 80 different countries, and the world leader in Quality of Life services. In a profoundly changing world, Sodexo has defined five priorities to enable it to continue to grow in the future.

Periodically, and particularly during the September Board meeting, the Group Chief Executive Officer, the Group Executive Vice Presidents in charge of the corporate functions and the Chief Executive Officers of the main entities present their three year plans, which are then discussed by the Board. For the last three years, Board members have given their opinion on the plans using a questionnaire prepared by the Strategic Planning team. The Chairman and the Secretary of the Board prepare a blind summary of the questionnaire results that is distributed to all directors. The head of each entity receives the directors' assessment of the entity's plan. Through this process, directors and senior executives all contribute to evolving the strategy and policies of the Group.

Once adopted, the consolidated plan and associated action plans are used to prepare a 10-year consolidated financing plan, a three-year consolidated plan and a consolidated budget that are submitted to the Board of Directors for approval.