GROUPE SEB

2016

FINANCIAL REPORT AND REGISTRATION DOCUMENT

Contents

Items in the Annual Financial Report are identified in the contents with the help of the symbol AFR

Registration Document 2016
and Annual Financial Report

8

PRODUCT SOLD
PER SECOND
AROUND THE WORLD

250

MILLION PRODUCTS
MARKETED PER YEAR

€5,000m

IN REVENUE
IN 2016

32,900

EMPLOYEES WORLDWIDE
AT 31/12/2016*

* *After acquisitions.*

The world reference in Small Domestic Equipment,

Groupe SEB pursues a **multi-specialist** strategy with top-ranking positions in small electrical appliances and a strong global leadership in cookware. Its mission is making consumers' everyday **lives easier and more enjoyable and contributing to better living all around the world**.

Operating in nearly 150 countries, Groupe SEB has built strong positions across continents through a product offering, both global and local, addressing consumer expectations throughout the world.

This offering is enhanced **by an exceptional brand portfolio**.

The Group's success is rooted in its **long-term vision** committed to achieving the **right balance between growth and competitiveness** in order to create value for all its stakeholders.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers or AMF) on 20 April 2017, in accordance with Article 212-13 of the AMF's general regulations. It may be used as a basis for financial transactions if it is accompanied by an AMF information memorandum. This document was drawn up by and is the responsibility of the issuer and its Chairman and CEO.

This Registration Document is available on the Groupe SEB website, **www.groupeseb.com** and on the AMF website, **www.amf-france.org**.

Editorial from the Chairman and CEO

Thierry de La Tour d'Artaise

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

"WE REMAIN FIRMLY CONVINCED THAT OUR WELL-BALANCED BUSINESS MODEL, COMBINING PROFITABLE GROWTH AND A RESOLUTELY RESPONSIBLE APPROACH, CREATES VALUE FOR EVERYONE AND IS FULLY CONSISTENT WITH OUR CONTRIBUTION TO BETTER LIVING IN HOUSEHOLDS AROUND THE WORLD."

2016: a great year for the Group!

The Group achieved record performances in 2016. We reached the threshold of **€5 billion in sales**, exceeded the mark of **€500m** in Operating Result from Activity, and generated **26%** growth in net income and **over €450m** in operating cash flow. We owe these excellent results to highly robust business activity, driven by strong innovation momentum, by the power of our brands, firmly rooted in the everyday lives of consumers, by new inroads in several major markets, and by increased investments in advertising (digital in particular) and operational marketing. These results were also fuelled by rapid and continuous development in e-commerce, which today accounts for around **20% of our sales**. They can also be attributed to our industrial performance and ongoing improvement in our competitiveness. And once again, they reflect the solidity of our business model, which enables us to stay our course regardless of shifts in the economic environment.

A year of strategic and structuring acquisitions

In addition to the progress made by the Group in its business activity and its increased ownership in Supor, the acquisitions of WMF and EMSA give the Group a **new dimension**. WMF makes us the **world leader** in the high-potential and profitable market of professional coffee machines, significantly strengthens our position in the consumer business in Germany – which becomes our **number-three sales country** – and reinforces our **global leadership in small domestic equipment**, particularly in **cookware**, with a premium positioning. EMSA brings us its special know-how and high-profile presence in Germany in thermoware and food storage containers, underpinned by excellent brand awareness. Together, WMF and EMSA open up new distribution networks to the Group and bring it considerable weight in the global market of kitchen tools and accessories. In its new configuration, Groupe SEB represents **more than €6bn in sales and €600m in Operating Result from Activity.**

I would like to thank all those who in 2016 worked to achieve these record Group performances and to succeed in the acquisitions and in their rapid financing at highly attractive conditions. Their professionalism and full-supportive commitment were crucial to our success. I would also like to warmly welcome the employees of EMSA and WMF who joined the Group in 2016.

Ambitious objectives for 2017

Enthusiastic and confident in the potential of the "new" Groupe SEB, we are approaching 2017 as a **year of transformation**, with the integration of WMF starting on 1 January. We need to swiftly bring WMF on board in the Group and start unlocking synergies. I know that I can count on the support and commitment of all the teams in this exciting project.

In 2017, the Group will also continue to fuel its growth momentum through innovation, continued development in the markets, heightened digitization of its business and improved competitiveness. Hence, the Group is aiming for **further organic sales growth and an increase in Operating Result from Activity**, both in its 2016 scope and its new configuration.

Profile
Groupe SEB

THE WORLD REFERENCE IN SMALL DOMESTIC EQUIPMENT

An extensive and diversified product portfolio

Cookware:

- Frying pans, saucepans, pressure cookers, kitchen tools and utensils, baking trays, food storage containers

Small electrical appliances:

KITCHEN ELECTRICS:

- Electrical cooking: deep fryers, rice cookers, electric pressure cookers, informal meal appliances, waffle makers, meat grills, toasters, multicookers
- Beverage making: coffee makers (filter and pod), espresso machines, electric kettles, home beer-tapping machines, soya milk makers
- Food Preparation: food processors, mixers, beaters, blenders, cooking food processors

HOME AND PERSONAL CARE:

- Linen care: steam irons and generators, garment steamers
- Personal care: hair care equipment, epilators, bathroom scales
- Home care: cylinder vacuum cleaners with or without dust bag, upright vacuum cleaners
- Home comfort: fans, heaters, air treatment

An innovation-driven growth dynamic

MORE THAN

€150 Million

INVESTED IN INNOVATION EVERY YEAR

AN INNOVATION COMMUNITY OF MORE THAN

1,300 people

OVER

1,000

ACTIVE PATENTS

Presence across the entire value chain, from production to distribution

- **29 manufacturing sites producing 71%** of products sold (40 sites counting the 2016 acquisitions)
- **A multichannel distribution:** mass retail, specialist retailers, traditional stores, proprietary stores (Group retail) and e-commerce
- Top ranking positions in over **25 countries**
- **32,000 employees in 150 countries** (31 December 2016, post acquisitions)
- **A strategy focusing on ethical, socially fair and ecologically responsible long-term development**

Major acquisitions in 2016

WMF

3 businesses
PROFESSIONAL COFFEE MACHINES, SMALL DOMESTIC EQUIPMENT, HOTEL EQUIPMENT

World leader
FOR PROFESSIONAL AUTOMATIC COFFEE MACHINES

German leader
FOR COOKWARE

5 brands
WMF, SILIT, KAISER, SCHAERER, HEPP

REVENUE OF
€1.1 Billion
IN 2016 (PROFORMA)

5,700
EMPLOYEES

8
MANUFACTURING SITES: GERMANY (4), SWITZERLAND, CZECH REPUBLIC, CHINA, INDIA

emsa*

The German leader
IN FOOD STORAGE CONTAINERS AND THERMOWARE

81%
BRAND NAME RECOGNITION IN GERMANY

REVENUE OF
€85 Million
IN 2016

800
EMPLOYEES

3
MANUFACTURING SITES: GERMANY, CHINA, VIETNAM

**Consolidated for six months in 2016.*

An unrivalled brand portfolio

- AIR BAKE
- ALL-CLAD
- ARNO
- ASIAVINA
- CALOR
- CLOCK
- EMSA
- HEPP
- IMUSA
- KAISER
- KRUPS
- LAGOSTINA
- MAHARAJA WHITELINE
- MIRRO
- MOULINEX
- OBH NORDICA
- PANEX
- ROCHEDO
- ROWENTA
- SAMURAI
- SCHAERER
- SEB
- SILIT
- SUPOR
- TEFAL
- T-FAL
- UMCO
- WEAREVER
- WMF

The Executive Committee, the Group's corporate governance body

Thierry de La Tour d'Artaise,
Chairman and Chief Executive Officer

Harry Touret
Senior Executive Vice-president, Human Resources

Cyril Buxtorf,
Executive Vice-president, EMEA

Bertrand Neuschwander,
Chief Operating Officer

Stéphane Laflèche,
Executive Vice-president, Industrial Operations

Luc Gaudemard,
Executive Vice-president, Americas

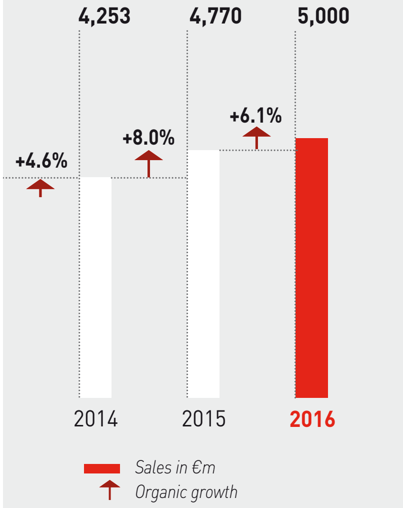
Vincent Léonard,
Senior Executive Vice-president, Finance

Philippe Crevoisier,
Executive Vice-president, Products and Innovation

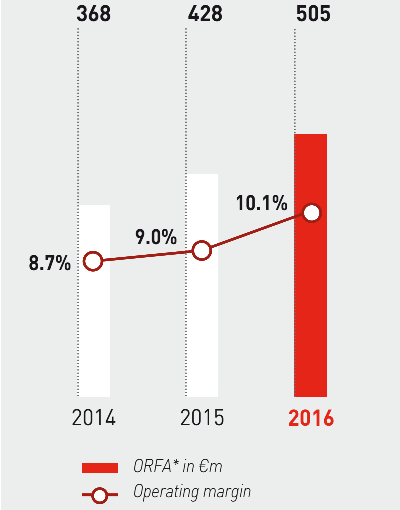
Frédéric Verwaerde,
Executive Vice-president, Asia

2016 Key figures

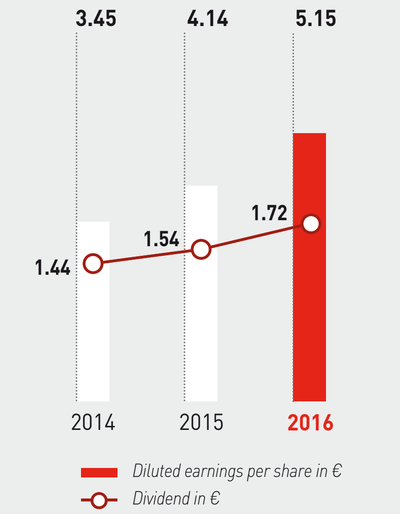
SALES AND ORGANIC GROWTH



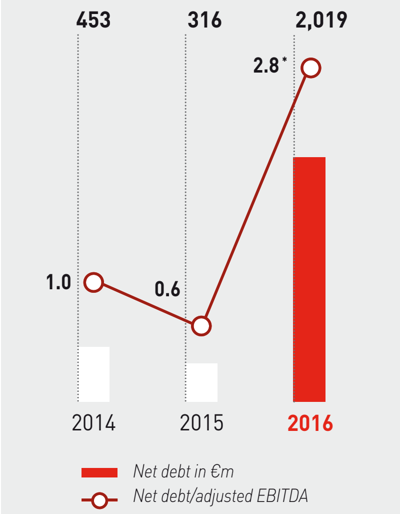
OPERATING RESULT FROM ACTIVITY AND OPERATING MARGIN



DILUTED EARNINGS PER SHARE AND DIVIDEND



NET DEBT AND LEVERAGE RATIO, AT 31 DECEMBER



* Net debt/Proforma adjusted EBITBA (with WMF)

Other 2016 non-financial indicators

32,900
EMPLOYEES

+1,200
PROPRIETARY STORES, HALF OF WHICH ARE IN CHINA

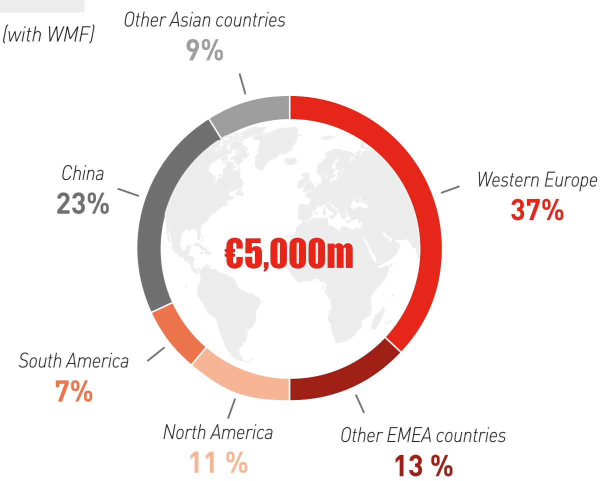
+153
ETHICAL, SOCIAL AND ENVIRONMENTAL AUDITS OF OUR SUPPLIERS

95%
OF SMALL ELECTRICAL APPLIANCES SOLD ARE LARGELY REPAIRABLE

Breakdown of sales by region

54% MATURE MARKETS

46% EMERGING MARKETS



Shareholders & and stock market information

Data sheet

PLACE OF LISTING
Euronext Paris, Compartment A

ISIN CODE
FR0000121709

LEI CODE
969500WP61NBK098AC47

LISTING DATE
27 May 1975

STOCK MARKET INDICES
CAC® Mid 60, SBF® 120,
CAC® Mid & Small,
CAC® All-Tradable,
STOXX® Europe 600,
Vigeo Europe 120,
MSCI Global,
FTSE4Good

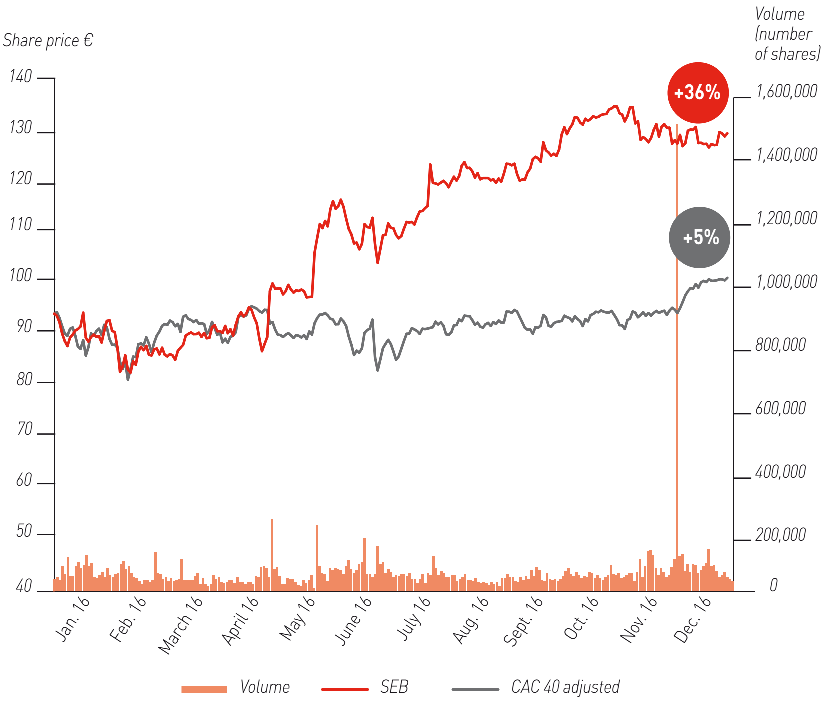
OTHER INFORMATION
IAS index – Eligible for DSS

NUMBER OF SHARES
50,169,049 shares with a par value of €1

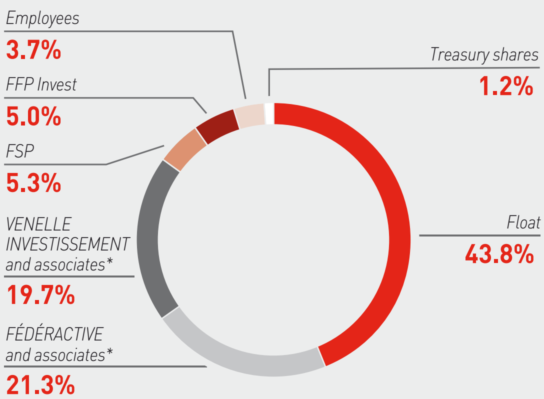
TICKERS
Reuters: SEBF.PA
Bloomberg : SKFP

MARKET CAPITALIZATION
AT 31/12/2016
€6.46 billion

2016 SHARE PRICE PERFORMANCE

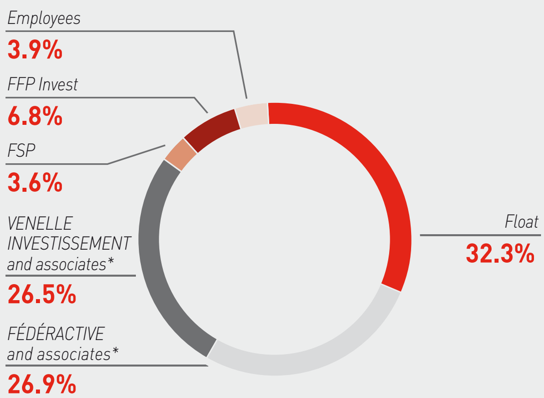


SHAREHOLDER STRUCTURE :
At 31/12/2016 as a % of share capital (EGM)



* Founder Group **41.0%**

BREAKDOWN OF VOTING RIGHTS:
At 31/12/2016, as a % of effective votes (EGM)



* Founder Group **53.4%**

1

Introduction to the Group

1.1. History

● Acquisitions ● Organic growth ● Innovations

● Organic growth	1857	Creation of a tin-plating workshop in Selongey in the Burgundy region, France
● Innovations	1932	First hand-crank food mill by Moulinex
	1944	The company takes the name SEB. (*Société d'Emboutissage de Bourgogne*)
● Innovations	1953	Launch of the Super Cocotte pressure cooker, which was to give rise to the Seb brand
● Innovations	1954	The first Tefal non-stick pan and the first Calor steam iron
● Innovations	1967	Seb invents the odourless electric fryer
● Acquisitions	1968	Acquisition of Tefal and its European subsidiaries (Germany, Belgium, Denmark, Netherlands, Italy)
● Acquisitions	1972	Acquisition of Calor
● Organic growth	1972	Opening of subsidiaries in England and the US
	1973	Creation of Groupe SEB
	1975	Initial public offering of SEB S.A.
● Organic growth	1975	Opening of a subsidiary in Japan
● Innovations	1978	First Tefal *raclette* grill
● Innovations	1981	First Calor electronic iron
● Acquisitions	1988	Acquisition of the German company, Rowenta
● Organic growth	1991-93	Opening of subsidiaries: Mexico, Poland, the Czech Republic, Slovakia, Hungary, Turkey, Canada and Portugal
● Innovations	1994	Seb Clipso pressure cooker with innovative opening mechanism
● Innovations	1994	Dymbo vacuum cleaner by Rowenta
● Organic growth	1994-96	Further international expansion (Russia, United Arab Emirates, Brazil, Argentina)
● Innovations	1995	Pots and pans with Ingenio removable handles by Tefal
● Organic growth	1997-98	Opening of subsidiaries in Australia and South Korea
● Acquisitions	1997-98	Acquisitions of the Brazilian company, Arno, and the Colombian company, Volmo (Samurai brand)
● Innovations	2000	Thermospot by Tefal (heat indicator integrated in the nonstick surface)
● Acquisitions	2001	Moulinex-Krups takeover
● Organic growth	2003-04	Further development in Asia (Thailand and Malaysia)
● Acquisitions	2004	Acquisition of All-Clad, high-end cookware specialist in the United States
● Innovations	2006	Repelente anti-mosquito fan by Arno
● Acquisitions	2005	Acquisitions of the Brazilian company, Panex and the Italian company, Lagostina
● Innovations	2006	Actifry, "low-fat" fryer with only a spoonful of oil
● Acquisitions	2007	Acquisition of a majority shareholding in the Chinese company, Supor
● Innovations	2007	Silence Force vacuum cleaner by Rowenta
● Acquisitions	2011	Acquisitions of Imusa in Colombia and Asia Fan in Vietnam
● Acquisitions	2011	Majority shareholding in the Indian company, Maharaja Whiteline
● Acquisitions	2011	Creation of the SEB Alliance investment fund
● Acquisitions	2011	Acquisition of an additional 20% capital interest in Supor
● Innovations	2012	Cookeo multicooker by Moulinex, Freemove cordless iron, and Steampod, the professional hair-straightening solution in partnership with L'Oréal
● Innovations	2013	Cuisine Companion, the first cooking food processor by Moulinex and Optigrill, the intelligent grill
● Innovations	2014	Cookeo Connect, the connected version of Cookeo
● Acquisitions	2015	Acquisition of the Scandinavian company, OBH Nordica
● Acquisitions	2016	Capital stake in Supor increased to 81%
● Acquisitions	2016	Acquisition in Germany of EMSA, the kitchen utensil and accessory specialist
● Acquisitions	2016	Acquisition of WMF, the world leader in professional automatic coffee machines and leader in cookware in Germany

1.2. Business sector

THE SMALL DOMESTIC EQUIPMENT MARKET

Groupe SEB has forged over the years **a leadership position as the world reference in Small Domestic Equipment**. This sector covers **cookware** and **small electrical appliances**, accounting respectively for approximately 30% and 70% of its sales.

The global Small Domestic Equipment market is by nature highly diverse, reflecting the multitude of local consumer cooking, eating and product utilization habits. This means that the global market lacks genuine homogeneity and is divided into many distinct national and regional markets. As a result, it does not benefit from a comprehensive coverage by research panels (primarily GFK) or other market research bodies. This at times makes it difficult to reconcile industry figures (inclusion of new categories or geographic segments for example) in order to produce a global picture. Accordingly, based on the latest available statistics and Group estimates (including certain changes in scope resulting from the addition of new categories and countries), the size of the market addressed by Groupe SEB has been updated. The market is now currently estimated at around **€38 billion for small electrical appliances** (revised upwards from the figure of €34 billion published in the 2015 Registration Document) and **€22 billion for cookware and kitchen utensils** (compared to €14 billion in 2015).

- **The small electrical appliance market addressed by Groupe SEB** includes several segments varying considerably in size, and ranked below according to their global weight:
  - **home comfort**: fans, heaters, air treatment appliances;
  - **home care**: vacuum cleaners;
  - **food preparation**: blenders, kitchen machines, heating/cooking food processors, beaters, mixers, citrus squeezer and juicers, etc.;
  - **electrical cooking**: rice cookers, electrical pressure cookers, multicookers, toasters, deep fryers, grills and barbecues, sandwich-makers, table-top ovens, induction hobs, etc.;
  - **beverage preparation**: kettles, coffee makers (filter and pod, espresso machines);
  - **personal care**: hair care appliances (hairdryers, blow-drying hairstylers, hair straighteners), hair trimmers, epilators, bathroom scales. The Group does not operate in the dental care or men's shaving segments which are accordingly excluded from its target market;
  - **linen care**: ironing (dry and steam irons, steam generators and garment steamers), semi-automatic washing machines, etc.

  Groupe SEB has built **a global reference position in the small electrical appliance** market that it addresses. This position is based on number one rankings in several categories, top-tier positions in others and a reinforced presence in new product families.
- **The cookware and kitchen tool and utensil market** breaks down more or less evenly between the two segments. For cookware (mainly frying pans, saucepans, pressure cookers, bakeware and oven dishes) Groupe SEB is **the undisputed leader** and is continuing to expand its product offering by regularly introducing new materials. The kitchen utensils and accessories market is in contrast highly fragmented yet extremely promising. It is estimated to be comparable in size to the cookware market. Currently, Groupe SEB's position on the kitchen tool market remains relatively small. This market includes, for example, spatulas, ladles, skimmers, kitchen knives, gadgets, vacuum flasks and mugs, food storage boxes and containers, etc. By combining sustained organic growth and a strategy of industry consolidation exemplified by the recent acquisitions of EMSA and WMF, Groupe SEB now ranks among the top five global players in this segment.

At worldwide level and from a long-term perspective, the Small Domestic Equipment sector has demonstrated **its resilience during periods of crisis and solid development within a neutral or positive economic environment**. This performance reflects the combined impact of several different factors:

- moderate but steady growth in most mature markets, with a high installed base though unevenly spread across product families, responsiveness to innovation, a robust replacement market and a trading up trend reflecting demand for higher status products. At the same time, the entry-level segment, driven by demand for basic, low-priced products, has remained steady;
- overall solid but more volatile growth in emerging markets, according to general environment and events. These markets are experiencing strong demand from first-time buyers and their buoyant growth is fuelled by rising consumption stemming from the greater purchasing power of a booming middle class, increasing urbanization and the development of modern retail channels, particularly e-commerce, etc.;
- the coexistence of "global" products addressing universal needs or easy to adapt on a country scale with a product offering adapted to the specific lifestyles and consumption habits (in particular, as for food) in local markets;
- an average sale price of around €50 for a small electrical appliance in Europe for example, largely affordable by the general public and requiring no or a limited use of credit. Sales are further boosted by in-store or online traffic driven by promotional campaigns within a very competitive market environment;
- strong seasonality, shared by all market players, largely linked to the high percentage of products, and in particular small electrical appliances, sold as gift items during the holiday periods (the fourth quarter for most markets in Western countries, January/February for China around the Chinese New Year, etc.);

- strong contributions for many years from products and solutions developed in partnership with major consumer goods players, as for example in the case of single-serve coffee making;
- the emergence of new consumer trends worldwide: more Western in Asian or South American countries, more ethnic in Western countries, the rediscovery of "home-made" products and increasing attention paid to food ingredients in Europe, heightened environmental awareness, etc.

On top of these specific moves, changes in distribution are having a crucial role in the emergence of new consumer purchasing behavior: rapid development in many countries – mature and emerging – of alternative distribution networks, in particular e-commerce, has profoundly transformed the market, boosting online sales (particularly for small electrical appliances). As a result, growth in this market is currently being broadly driven by e-commerce: major online specialists (pure players like Amazon, Tmall, Nova Pontocom, etc.) as well as the internet sites and platforms of initially "physical" retailers ("brick-and-mortar" retailers).

MULTIPLE FORMS OF COMPETITION

In the frame of a worldwide approach, the specificities of the Small Domestic Equipment market require **a strategy that is both global and local** in order to effectively address the expectations of consumers around the globe. The expansion of international brands, which can in some cases be marketed under strong local/regional brands in their domestic market, falls in line with this two-pronged approach and combines the benefits of both economies of scale with solid positions in local markets. On this basis, Groupe SEB is the only player boasting such **broad international reach,** supported by six global brands and a very strong portfolio of brands with local leadership positions. This gives it a strategic advantage versus a very disparate range of competitors consisting of:

- large international groups that include operations in the small electrical appliance sector: Philips and Electrolux, with a wide product offering and a global presence; Bosch-Siemens and Conair, with an extremely comprehensive product range distributed primarily in Europe and the United States; Newell, operating mainly in North America; De Longhi is to be added to these international players as a major operator in coffee making and food preparation appliances that is expanding its segment-focused and international presence;
- major cookware manufacturers marketing a broad product range internationally like the US group Meyer, the German companies Fissler or Zwilling-Staub;
- groups or companies operating primarily in their domestic market or a small number of reference markets: Magimix, Taurus, Imetec, Severin, in particular, in several European countries; Arcelik in Turkey; Bork and Redmond in Russia; Spectrum Brands and NACCO in North America; Mallory, Mondial, Britania or Tramontina (cookware) in South America; Panasonic in Asia;
- high-end specialists concentrating on one or two product segments (Dyson, Vorwerk, Jura and Laurastar in small electrical appliances) achieving differentiation through an innovative product offering – or on a specific area of expertise, like the French company Le Creuset, which specializes in cast iron cookware;
- local competitors, notably in booming Asian emerging markets (China, India and Indonesia), driven by buoyant domestic markets and, in the case of China, by growth in exports, both regionally (particularly South-East Asia) and worldwide. In China, the Group's main competitors are Midea and Joyoung for small kitchen electrics and ASD for cookware;
- private labels or white label goods in large part focused on aggressively priced entry-level products. In small electrical appliances, their presence is often linked to promotional campaigns based on products manufactured under one-off contracts with Chinese subcontractors specifically and mainly designed to generate traffic at points of sale. Nevertheless, their overall market share remains low. Conversely, in cookware, the Group's main competitors internationally are often private labels;
- finally, certain companies' activities and brands cover both B2B and consumer or end-user segments, as in the cases of Kitchen Aid (Conair), Magimix (Robot-Coupe) and Vorwerk for example.

In general, competition has become fierce in recent years, in both small electrical appliances and cookware. This trend has been reinforced by additional pressure on prices exerted by retailers in order to maintain or boost traffic in stores in response to strong momentum in on-line sales.

In this competitive discount-driven market, sales continue to be largely fuelled by European groups such as Groupe SEB, Philips, Bosch Siemens or De Longhi which have been developing new products and concepts, opening up new categories and expanding into new territories.

1.3. A profitable growth strategy

On the one hand, Groupe SEB's expansion is based on a strategy of steady growth, driven by a strong product innovation policy, a global presence, an unrivalled brand portfolio within the industry and a capacity to work with all distribution channels. On the other hand, it relies on an unswerving commitment to competitiveness which is achieved via a balanced manufacturing base and on a rigorous and responsible purchasing policy.

STRONG PRODUCT INNOVATION DYNAMIC

Firmly rooted in the Group's values, innovation is one of its most powerful development and differentiation drivers. It gives the Group the head start it requires to stay ahead of the competition and to fight commoditization. The Group uses innovation to offer new products, designs, or differentiated marketing approaches. This provides real added value for consumers, allowing Groupe SEB to stand out in an effective way and thus strengthen its positioning and conquer new markets.

A LONG-TIME COMMITMENT

The Group's history is one of continual innovations and breakthroughs incorporating unique concepts, new features and ingenious discoveries. These innovations have been reflected in tangible advances in the everyday life of consumers. Iconic products such as the SEB pressure cooker or the Moulinex hand-crank food mill paved the way for the first electrical appliances in the 1950s and 1960s: irons, coffee grinders, the Charlotte and Marie multi-purpose food processors, etc. The design of products making everyday life easier and eliminating tedious tasks continued to develop at a faster pace in the 1960s and 1970s with new steam irons, vacuum cleaners, kitchen machines and the launch by Seb of odorless deep fryers. The 1970s and 1980s marked the arrival of more sophisticated functions with the introduction of electronically enhanced products: bathroom scales, programmable coffee machines, etc. This era also saw the emergence of new lifestyles, reflected in the launch of informal meal appliances such as the *raclette* grill and home espresso coffee makers. In the decade from 1990 to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of small electrical appliances, including pressure cookers with simplified closing mechanisms, removable handles for frying pans and saucepans, compact vacuum cleaners with triangular-shaped heads, coffee makers incorporating doser-grinders, frying pans with a visual heat indicator, food processors including storage systems, etc.

The 2000s marked a new acceleration in the product offering renewal process through:

- the Group's first partnerships, developed from 2006 onwards with leading food industry operators, which gave it access to new product categories such as pod coffee makers and home beer-tapping machines;
- the introduction of several innovative concepts, in response to new consumer expectations (nutrition and health, home-made, convenience, well-being, etc.), often leading to major commercial success: the Actifry fryer with only a spoonful of oil; the Silence Force 4A and Silence Force Extreme vacuum cleaners, which combine power with very low noise levels; silent and anti-mosquito fans, smart and/or connected appliances (Cookeo and Optigrill), and the Cuisine Companion cooking food processor; anti-calc iron and high pressure steam generator irons, etc.;
- the introduction of new features such as a self-cleaning iron sole-plate and fast-heating steam generators in linen care; heating and cooking blenders in the food preparation segment; anti-mosquito fans in home comfort, etc.

A VIRTUOUS STRATEGY

Groupe SEB's innovation strategy is consistent with a pragmatic approach to product creation that involves both business unit teams and head office departments in research and development, industry, purchasing, logistics and strategic marketing, design and quality. New products are the result of the in-depth analysis of consumer needs (which include both expressed and latent needs), the invention of breakthrough concepts, the use and evaluation of new technologies and the creation of differentiating or one-of-a-kind designs. For Groupe SEB, innovation is part of a virtuous circle: as a creator of value for customers/retailers and a source of progress and satisfaction for consumers, it generates profitable growth which makes it possible to reinvest in innovation to restart the cycle.

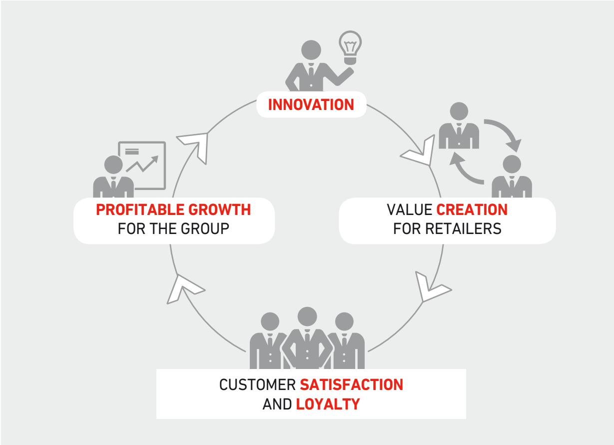
This approach to innovation relies on a shared, collaborative basis internally and is also open to external partners. The Group has, therefore, structured relations within its innovation community, comprising 1,300 employees, using collaborative tools that make it possible to enrich the collective vision on strategic issues and to promote the sharing of knowledge and best practices.

At the same time, the Group has developed partnerships with universities, schools, engineering firms, testing laboratories, research institutes and other companies with which it collaborates on major projects. Reinforcing and effectively exploiting these research networks allow it to accelerate its innovation process, expand its scope of intervention and receive the benefits of additional expertise in a broad range of fields (materials, information and communications technologies, electrical engineering, food sciences and technologies, etc.). Examples include projects in the field of health and nutrition as for Nutrition-Santé-Longévité, Vitagora and Q@limed. The Group also contributes to better living and general health as an EIT Knowledge Innovation Community member and is a major stakeholder in France and international markets within the FoodTech ecosystem that seeks to anticipate new food related trends. In association with other companies specialized in different sectors (food industry, consumer goods, digital transition, etc.), the Group takes part to these projects by designing and marketing connected objects, developing a culinary platform with Orange, launching an online cooking platform (www.foodle.fr) and developing partnerships with both large groups and startups.

In 2014, the Group launched an open site for innovators, “Innovate with Groupe SEB”, targeting inventors, scientists, researchers and designers who want to propose an innovation to the Group. The site offers three ways of working together: propose an invention, join the Groupe SEB innovation network or take part in challenges based around themes set by the Group.

In May 2011, the Group created an investment company, SEB Alliance, to improve its technology monitoring system by investing in innovative, technology-focused companies in areas such as connected home and digital applications, robotics, well-being and population aging, and sustainable development. These companies provide the Group with technological bricks it can use to develop its products. Since its creation, SEB Alliance has directly invested in 10 companies operating in fields that are aligned with the Group’s priorities for strategic innovation: big data, air treatment, water filtration, health and beauty, connected devices, robotics… which may lead to consumer applications in the future. It has also invested in two venture capital funds, Cathay Innovation and Innovacom Technocom 2.

A VIRTUOUS STRATEGY



AN INNOVATION POLICY SUSTAINED BY MAJOR INVESTMENTS

The Group invests every year significant amounts in R&D, product design, strategic marketing, or range optimization in order to better target consumer expectations, enabling it to stand out as one of the most innovative players in its industry. In 2016, gross investments in R&D before CIR (research tax credit) and capitalization amounted to €104 million (€100 million in 2015). Investments in strategic marketing stood at €75 million in 2016 (€68 million in 2015). The R&D teams have been significantly strengthened over the last few years, in terms of both employee numbers and employee qualifications, with the hiring of highly specialized engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, connected products, batteries, motors, food processing, sensors, etc.

AN UNRIVALLED BRAND PORTFOLIO

For many years the Group has boasted the largest brand portfolio in the industry, providing strong growth pillars for its strategy of profitable growth. This portfolio includes international brands such as Tefal, Moulinex, Rowenta, Krups, Lagostina and All-Clad and regional brands/local leaders or reference players in their domestic markets such as Air Bake, Arno, AsiaVina, Calor, Clock, Imusa, Maharaja Whiteline, Mirro, OBH Nordica, Panex, Rochedo, Samurai, Seb, Supor, T-fal, Umco, WearEver. Following the acquisitions in 2016, the WMF, Silit, Kaiser, Schaerer, HEPP and EMSA brands have been added to the Group's portfolio.

This multi-brand strategy makes it possible for the Group to:

- better address the various needs of consumers throughout the world, with each brand responding to specific consumer behaviors;
- offer relevant and complementary responses to retailer strategies.

Each brand has a clearly defined identity with specific values that are expressed through the assortment, features and design of the products as well as brand-specific marketing and communication.

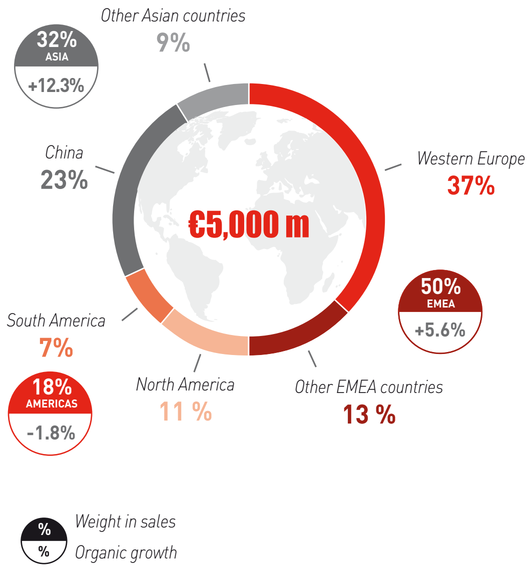
In addition to the management of its brand portfolio the Group pursues a strategy of partnerships to develop new concepts and step up its sales. Accounting for almost 10% of sales, these partnerships are major drivers of growth and innovation for the Group. Joint development agreements have also been signed with major names in the food industry, such as Nestle for Nespresso and Dolce Gusto, and Heineken for BeerTender and The Sub, and in the cosmetics industry, such as L'Oréal for Steampod. Some partnerships also impart image, associating our products with other brands or organizations (WWF, etc.), with licensing agreements with brands such as Elite, or with endorsement contracts where, for example, cookware lines are developed in collaboration with renowned chefs such as Jamie Oliver or Thomas Keller.

A GLOBAL AND DIVERSIFIED PRESENCE

Over the last 40 years, the Group has successfully developed strong positions across all continents with a commercial presence in nearly 150 countries as a result of an expansion strategy combining internal growth with acquisitions. It has leading positions in Europe, China, Russia, Brazil, Colombia, Turkey, etc.

The Group's strong local presence is due to the relevance of its offering and its capacity to adapt to the needs of different markets. Its global presence enables it to seize opportunities for profitable growth in the various countries in which it has a presence and to diversify its exposure to different economies. In 2016, 54% of its sales were made in mature countries and 46% in emerging countries.

SALES BY REGION IN 2016



A MULTI-CHANNEL DISTRIBUTION STRATEGY

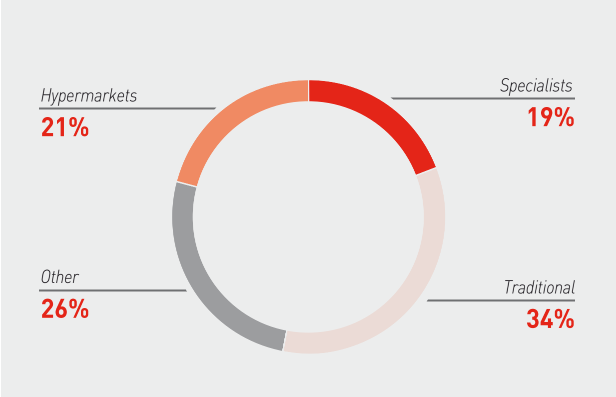
The Group works with an extremely large and diverse network of distributors, giving it a decisive competitive edge. It develops constructive long-term relationships with customers on the basis of the most extensive product offering on the market and with strong brands, which are vectors of growth and profitability for each of the parties.

The network mainly comprises mass food retailers, specialist retailers as well as convenience stores or groups of independents, of which there are still a high percentage in emerging markets. The percentage of online sales continues to grow rapidly driven by both e-commerce specialists (pure players) and specialist brick-and-mortar retailers as they do ramp up their online presence (click-and-mortar). In 2016, online sales represented some 20% of Group sales. The Group has also developed a network of proprietary stores (Home & Cook, Tefal shops, Supor Lifestores, etc.) giving it direct access to consumers in certain emerging countries where retail coverage is inadequate while providing an outlet for discontinued products in mature countries.

Customer relations is one of the Group's core concerns and it seeks operational excellence both in the supply chain, to guarantee the best levels of service, and in the in-store execution, to ensure that its products are promoted on its customers' shelves and websites. This approach is supported by marketing and advertising investments that have been significantly strengthened in recent years (€435 million in 2016 up from €390 million in 2015) for the purpose of:

- further strengthening brand and product recognition through advertising;
- ongoing roll out of best in-store execution through category management, effective merchandising, the creation of dedicated shop-in-shops or promotional events;
- guiding and supporting the Group's new product launches;
- accelerating digital marketing (brand websites, digital campaigns, etc.) and supporting the ramp up of e-commerce.

SALES BY DISTRIBUTION CHANNEL



AN ACTIVE ACQUISITION POLICY

Acquisitions are another pillar of the Group's growth strategy. As an operator in the Small Domestic Equipment market, which is still highly fragmented, the Group is positioning itself as the industry consolidator. The Group's history is one of numerous transactions which have enabled it to take leading positions in many countries and product categories.

In addition to having the necessary financial capacity, external growth requires an ability to integrate new acquisitions effectively and to generate synergies. Groupe SEB has built up considerable experience over the years in integrating new acquisitions. Following Moulinex-Krups in 2001-2002, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005, Mirro WearEver in the United States in 2006, and acquired a controlling interest in China-based Supor in late 2007. The latter stood out because of the major challenges it presented (geographical and cultural remoteness, language barrier, more complex integration, coordination of communications between two listed companies, etc.). The Group's stake was increased in several stages (20% in December 2011, 1.6% in January 2015 and 7.91% in June 2016…) leading to its current holding of 81.17%.

Furthermore, in February 2011, the Group acquired Imusa, a Colombian cookware company. In May 2011, the Group took control of a Vietnamese company – Asia Fan – specializing in the production and sale of fans, and in December, it acquired a 55% stake in an Indian company – Maharaja Whiteline – specializing in small electrical appliances. In early 2013, the Group partnered with its long-standing distributor in Egypt (Zahran) to form a joint venture (Groupe SEB Egypt for Domestic Appliances), in which it has a 75% interest. At the end of the financial year 2013, the Group acquired the Canadian company Coranco to take direct control over the marketing of Lagostina products in Canada. In 2014, it announced the acquisition of the remaining shares of Maharaja Whiteline and Asia Fan. In 2015, it acquired OBH Nordica, a major operator in small electrical appliances in the Scandinavian markets.

2016 marked a new stage for the Group with two strategic acquisitions in Germany in May.

The Group first acquired EMSA, specialized in the design, manufacturing and distribution of kitchen utensils and accessories. A well-known brand in German-speaking countries, EMSA boasts strong positions in Germany in thermoware and food storage containers, where it is the market leader. EMSA also operates in the rest of Europe and the Middle-East. It reported €85 million in sales in 2016.

This was followed by the acquisition of WMF, a German industrial flagship with three major business lines: professional automatic coffee machines, Small Domestic Equipment (cookware and small electrical appliances) and hotel equipment. Through this strategic acquisition, Groupe SEB:

- acquires a solid worldwide leadership in the very attractive professional coffee machine market characterized by strong growth, high profitability and significant recurring revenue given the existence of after-sales service activities;
- considerably strengthens its position in cookware by becoming the number one in Germany, notably through its high-end stainless steel product range;
- accelerates its development, following EMSA's acquisition, in the key kitchen utensils and accessories market;
- consolidates its portfolio by adding strong new brands including iconic WMF as well as Schaerer, Silit, Kaiser and HEPP;
- accesses a network of 200 proprietary retail outlets in Germany providing a powerful vehicle for promoting its image and sales.

In 2016, the WMF Group achieved €1,100 million in revenue (€1.062 billion in 2015) with annual growth of 4.2%. The breakdown by business line is 55% for Small Domestic Equipment (2015: 56%), 38% for professional coffee machines (2015: 37%) and 7% for hotel equipment (2015: 7%). By region, Europe accounts for three quarters of revenue (with Germany approximately one half) with the other main markets being the United States, China, Japan and South Korea and representing roughly equivalent amounts for the remainder. WMF's 2016 EBITDA amounted to €128 million (up 8.5% compared with €118 million in 2015).

COMPETITIVENESS

This is one of Groupe SEB's major strategic pillars. In addition to innovation, commercial excellence and exemplary in-store execution, which are all crucial factors, the Group's competitiveness is based on a balanced manufacturing base, long-term optimization of industrial productivity and a rigorous and responsible purchasing policy.

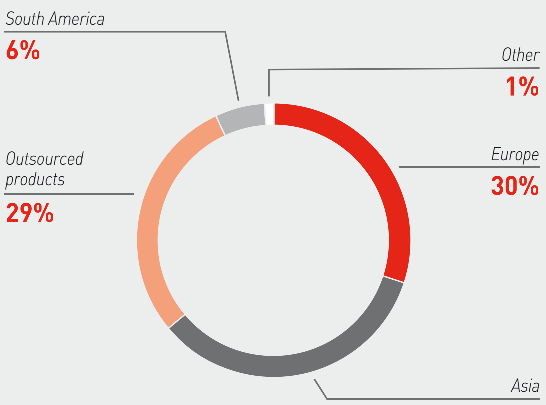
A BALANCED MANUFACTURING BASE

Throughout the world, the Group's manufacturing base is set to respond to market characteristics:

- European manufacturing targets mainly mature markets. French and European plants are dedicated to products for which the Group is a market leader. To this end, the Group takes advantage of technological barriers in relation to product concepts or processes;
- manufacturing in emerging markets focuses on the needs of these markets, and for mature markets, on products for which the Group wishes to retain control of its specific technologies (concerning products and processes);
- outsourcing production for basic products or those for which the Group lacks a strong leadership position or as part of partnership arrangements.

It has 29 manufacturing sites which produce 71% of the products sold by the Group throughout the world. The other 29% are outsourced, in particular in China. Following the acquisition of EMSA and WMF, the Group's industrial tool has been reinforced by an additional 11 plants: 3 for EMSA (Germany, China, Vietnam) and 8 for WMF (Germany, Switzerland, Czech Republic, China, India).

SALES BY ORIGIN OF PRODUCTION



Excluding EMSA and WMF.

The Group's industrial strategy aims to best serve markets by continuously improving competitive performance and quality over the long-term.

The Group's industrial competitiveness comes from its edge as a designer of products, especially through its centers of expertise and technological poles:

- centers of product expertise bring together the specific expertise in research and development, industrialization and production for a given product category;
- technological poles reinforce the centers of product expertise through their knowledge of key technologies in relation to materials, plastics, and electronics.

At relevant sites, project platforms foster collaboration between marketing teams and centers of industrial expertise in the development of product offering. This allows the concept of the "technical basis" to be promoted so as to standardize sub-assemblies and components, in order to be more responsive to customer demand.

To ensure and optimize the competitiveness of its manufacturing base, the Group continues to adapt its factories, taking account of economic market realities by adjusting production volumes or rescaling sites, transferring operations from one entity to another, refitting sites, strict control of manufacturing costs, refocusing production and outsourcing according to need.

In 2016, the Group's factories continued to operate against the backdrop of a relatively buoyant global demand for Small Domestic Equipment with, however, some extremely difficult markets. By way of example, in Colombia the total cookware production was transferred from Copacabana to Rionegro; in Omegna, Italy, the Lagostina site was also refitted; and in Egypt, a new production site was commissioned to better serve Middle Eastern markets. In addition, the Group continued to reorganize its manufacturing base in Brazil to improve its competitiveness in a difficult market and currency environment: the transfer of operations for small electrical appliances from Mooca/São Paulo to a newly built site in Itatiaia in the state of Rio de Janeiro is in progress. The Chinese sites benefited from sustained local demand and the continued re-integration of production that had previously been outsourced. The Group's largest site in China for small electrical appliances in Shaoxing continued to ramp up production in 2016, exceeding the mark of 28 million manufactured units.

CONTINUAL OPTIMIZATION OF INDUSTRIAL PRODUCTIVITY

Launched in 2011, our global industrial and operational excellence program, OPS (*Opération Performance SEB*) continued to roll out "fundamentals" (5S, TPM, etc.) to achieve further improvements in the productivity of our sites. This practical program of continuous performance improvement:

- links health and performance in all Group improvement projects;
- involves all hierarchical levels (managers, technicians and operators) and all departments;

- aims to share best practices so as to build a real Group manufacturing culture;
- results in a common language with the aim of promoting a Group spirit;
- is reflected in a single, scalable framework resulting from a fully collaborative approach.

While now in a mature stage the OPS projects and workshops this year made it possible to achieve further savings. In addition, the success of the OPS for manufacturing operations inspired other functions like accounting or marketing to improve methodology guidelines and common tools. Thanks to OPS, the Group is able to guarantee a high level of quality both in its processes and products and look ahead with confidence to the new challenges of tomorrow.

In early 2013, the Group also introduced the PCO (Product Cost Optimization) project which aims to reduce the cost price of present products, to optimize the future product offering and to increase perceived value. The approach consists in applying a method for analyzing products and taking into account customer concerns by involving experts (R&D, marketing, design, manufacturing, etc.) as part of multidisciplinary group workshops, to challenge existing solutions and invent new ones.

These improvement plans are systematically supported by the Group's approach to health and safety as safety of personnel in the workplace is a key priority for the Group. A three-year plan has been launched in this regard, with the objective of a steady decrease in the number of workplace accidents. This plan must enable the Group to cut by half the number of accidents at the end of this period. For further details refer to Chapter 3 on Corporate social responsibility on pages 111 to 114.

Lastly, another key component of the Group's competitiveness, the supply chain is managed on a global level with the aim of rationalizing finished product inventory, optimizing the quality of this inventory and implementing a process to improve customer service and ensure customer satisfaction. To deliver these results, the Group focuses on a series of common and shared processes, supported by the roll-out of plans to optimize the global logistics chain, from marketing company sales forecasts to planning capacities and production. At the same time, the creation of a Supply Chain School makes possible the development of the aptitudes and skills of our specialist teams.

A RIGOROUS AND RESPONSIBLE PURCHASING POLICY

Purchasing combines both production procurement, which covers requirements for materials (metals, plastics, paper/cardboard packaging, etc.) and components (parts, sub-assemblies, etc.) for manufacturing, non-production purchasing (transport and logistics, services, information systems, travel, etc.) and purchases of sourced finished products. Generally speaking, and for a number of years, purchases have increasingly been managed at Group level, through a panel of approved suppliers and the use of shared global product family platforms making it possible to consolidate volumes and standardize materials and components. This approach makes it possible to optimize negotiations (on price, quality, on-time delivery, etc.) and to develop pooled procurement offering greater flexibility between manufacturing sites and increased synergies within the Group.

The Group's direct spend policy is based on reducing costs by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. In 2016, the Group continued to consolidate its panel of direct suppliers (475) for manufacturing supplies, with a global purchasing coverage of 85%.

Non-production purchases continue to follow the same process aimed at better qualifying approved suppliers and building an across-the-board Group purchasing methodology with a panel of approved suppliers representing 42% of non-production purchases. The purchasing office team undertakes to cover a very broad range of expenditures and an increasingly large international scope for sourcing. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimize purchasing in new fields.

For sourced finished products, the organizational set-up strengthens purchasing quality processes by ensuring technical and methodological assistance from Group teams for suppliers. At the same time, it demonstrates the Group's desire for upstream integration of suppliers in the product development processes in order to foster greater fluidity in creating the product offering. With this approach the Group has concentrated its panel of approved finished product suppliers, which, at the end of 2016, comprised some 50 companies representing 91% of purchases made. The Group's approved supplier panels consist of carefully selected and tested companies in terms of both performance (lead times, quality, cost, etc.) and social and environmental responsibilities (environmental impact, compliance with Human Rights, etc.).

1.4. Risk factors

The nature of Groupe SEB's business and its large international presence opens up significant development opportunities but also exposure to different types of internal and external risks: exogenous, operational, industrial and environmental, legal, financial and market risks. These risks may adversely affect the Group's results, financial position or assets or have consequences for its different stakeholders - consumers, employees, customers, suppliers, partners or its environment.

Groupe SEB is aware of these issues and pursues a policy of active and prudent management of the risks with the objective of limiting the effects on its operating performances and protecting its assets and/or the interests of all its stakeholders. This approach is based on a detailed mapping and analysis of the main risks faced by the company, which make it possible to rank them according to their potential impact as well as their probability of occurrence.

Based on this mapping established by the Audit and Internal Control department, a comprehensive review of all these risks is conducted annually by the Group's Executive Committee and the Audit Committee.

The main risks to which the Group is exposed on the date of this Registration Document are described below. However, it should be noted that this description is not exhaustive and despite the procedures adopted, the Group cannot assert in all certainty that the risks which could adversely affect its economic and financial performances and its assets have been fully eliminated. The Group may also be impacted by other risks not yet known or considered to be insignificant at the present time.

If the risks described in this section have measurable financial consequences and/or result in a potentially significant liability, these financial consequences and/or contingent liabilities are reflected in the Group's consolidated financial statements as prepared according to applicable IFRS.

Summary of the main risk factors to which Groupe SEB is exposed on the date of this Registration Document:

Exogenous risks	Operational risks	Industrial and environmental risks	Legal risks	Financial and market risks
• Country-specific and economic situation risks • Risks relating to competition • Commodity risks	• Product liability and related risks • Business seasonality risks • Risks related to acquisitions • Customer risks • Risks relating to human resources management • Risks concerning information systems • Fraud and corruption risks • Image and reputational risks • Dependence on suppliers	• Production and supply chain risks • Risks relating to employee health and safety • Climate change-related risks	• Intellectual and industrial property risks • Risks associated with changes in tax regulations	• Risks relating to the impairment of intangible assets • Liquidity and counterparty risks • Currency risks • Interest rate risk • Risks relating to shares

EXOGENOUS RISKS

COUNTRY-SPECIFIC AND ECONOMIC SITUATION RISKS

The international nature of the Group's business exposes it not only to currency risks (covered in Note 26.2.1 to the Consolidated Financial Statements) but also to risks of political, economic, monetary or social instability risks, especially in emerging countries where the Group conducts a significant percentage of its business. This was the case for example in Turkey or in Brazil in 2016. The Group has a significant exposure to China which, after strong economic growth over the last years and solid expansion for Supor's operations, has become the Group's largest country. In addition to these risks, certain countries have legal environments that are less developed or which offer limited protections (particularly in the area of intellectual property) or may apply import duties (as in the case of Turkey for certain electrical appliances), import restrictions (as in Argentina and Ecuador for electrical devices and cookware) and exchange controls (Egypt), etc. These factors may interfere with the Group's business and have an impact on its financial position. At the same time, the international presence also represents a factor of risk diversification, contributing to a balanced global revenue mix by offsetting country and regional impacts.

Given the limited amount the purchase of a product or small domestic appliance represents, this industry tends to be more resilient than others during periods of crisis. In the past, the Group's business has sometimes bucked the trend in challenging economic climates.

Nonetheless, the Group's business is dependent on the economic context and changes in consumer habits in each of the countries where it operates. This in turn is tied to consumer purchasing power and the financial and economic health of the Group's distribution networks.

RISKS RELATING TO COMPETITION

The Group operates in a fierce competitive environment organized around large international groups with global brands, regional and national players, specialists and retailers' private labels whose development may be achieved at the expense of established traditional brands. In this environment, maintaining or gaining market share is dependent on brand reputation and the relevance of the product offer that must be boosted by innovation and by an accurate and agile marketing, advertising and pricing policy.

For this reason, the capacity to develop and launch genuinely differentiating, added-value innovations is crucial. The launch of a new concept well received by consumers may significantly and lastingly impact an entire product family and have a material effect on results: highly positive for the holder of the breakout product in question, very negative for its competitors.

Advertising and promotional investments as well as execution at points of sale or commercial websites constitute decisive levers, supplementing an agile pricing policy, indispensable for succeeding in volatile markets.

In addition to the competition within the sector, the development of e-commerce drives significant changes in every dimension of the commercial and marketing approach (customer relationship, dedicated offerings, price, logistics, targeted consumer approach, etc.).

Groupe SEB therefore strives to limit these risks by intensifying its R&D efforts (with namely enhanced resources in recent years both in terms of skills and investments), increasing its marketing and advertising expenditures and applying a pricing policy that is agile and adapted to market conditions.

Because of market consolidation, the Group is also led to respond on a regular basis to industry surveys or surveys on anti-competitive practices conducted by the French or European competition authorities. These types of surveys may result in sanctions or compliance undertakings. As a major player within its business sector, the Group is also called upon to cooperate with competition authorities by contributing to the ongoing development of their doctrine or recommendations on certain topics by completing questionnaires (e-commerce in 2012, concentration of food retailers in France in 2015).

COMMODITY RISKS

Groupe SEB uses un certain number of raw materials in its manufacturing processes: aluminum (for cookware), nickel (for certain steel alloys), copper (mainly wire for motors and electric cables), plastic (a key material in small electrical appliances) and paper products for printed documents and packaging. These materials vary as a percentage of spend for the Group: aluminum accounted for approximately 15% of direct spend in 2016 (14% in 2015), steel/metallic parts for 12% (13% in 2015) and plastics/plastic parts for 18% (20% in 2015).

The Group is therefore exposed to risks concerning the availability of commodities and fluctuations in their prices. These include, on the one hand a risk of shortages and, on the other hand, of being forced to pass all or part of price increases on to consumers with a potential impact on sales.

To deal with this intrinsic exposure related to its manufacturing operations, Groupe SEB has implemented a partial hedging policy intended to protect it against the effects of abrupt changes in the prices of metals and to enable it to forecast or limit any price hikes that it may have to pass on to its customers. This policy has no speculative purposes but, for any given year and in relation to actual market prices, may produce:

- positive impacts when raw material prices are rising;
- negative impacts when raw material prices are dropping.

In addition, the Group constantly endeavors to improve its manufacturing productivity and to reduce its purchasing costs, which helps to compensate for market volatility.

Commodity risks are dealt with in Note 26.2.3 to the Financial Statements.

OPERATIONAL RISKS

PRODUCT LIABILITY AND RELATED RISKS

Groupe SEB considers consumer safety an absolute priority. In this respect, it affords maximum attention to safety precautions in terms of raw materials, components and finished products. It may, however, have to accept liability or witness its image, or that of its brands, being tarnished as a result of a product malfunction. Instances of users being hurt when a product malfunctions or is used inappropriately cannot be ruled out. The Group is, therefore, exposed to risks of warranty or liability claims from customers and consumers. Product recalls may prove necessary in some cases, incurring significant costs and impacting the Group's profitability.

To manage such risks, the Group carries out numerous quality controls on the products that it markets. It also endeavors to include user information sheets with its products to warn of potentially hazardous uses. Lastly, the Group has recorded a provision for product warranty costs based on historical statistics and has obtained insurance coverage for civil liability (see paragraph on Insurance on page 27).

BUSINESS SEASONALITY RISKS

A significant proportion of the Group's products are purchased to be offered as gifts. For that reason, a large percentage of sales are concentrated at year-end in many markets, before Christmas in Europe, before the Chinese New Year in China and, more generally, during festive periods. As a result, both sales and earnings are traditionally heavily weighted towards the fourth quarter. Any disruptions affecting the economic environment during these periods could, in consequence have an adverse effect on Group results.

Some products are also dependent on weather conditions such as, for example, fans in Latin America and Southeast Asia.

The Group limits this risk, on the one hand, by virtue of its global exposure, which tends to smooth out the seasonal effects mentioned above. On the other hand, it also strives to boost its business outside these periods by launching new products or by implementing marketing initiatives.

RISKS RELATED TO ACQUISITIONS

Pursuing its leadership strategy has led Groupe SEB to combine, for more than 40 years, organic growth and acquisitions. Today, it plays a key role in consolidating the still-fragmented Small Domestic Equipment sector.

Despite the resources deployed and the disciplined approach adopted both during the due diligence and post-acquisition phases, the Group may encounter difficulties in integrating the operations, personnel, products or technologies of the companies acquired. The Group cannot be absolutely certain that the businesses or companies acquired do not include liabilities that were not identified at the time of the acquisition and against which the Group may not be protected or may be only partially protected by the transferor or partner.

An Integration Committee regularly monitors the progress of each project and the synergies implemented in order to promote success, limit the risk of failure and refocus action as necessary.

In 2016, the Group acquired the German kitchen utensil and accessories specialist, EMSA. The company was consolidated as of 1 July 2016 and the integration process is already well advanced.

On 30 November 2016, the Group completed the acquisition of WMF, the German specialist for professional coffee machines and cookware. With this acquisition representing 20% of Group revenue and its integration a major priority, a dedicated team has been set up for this purpose.

CUSTOMER RISKS

The Group sells its products to a large number of distributors and is therefore exposed to the risk of non-recovery of receivables as a result of cash flow issues or bankruptcies.

The Group's broad geographical distribution, as well as the variety and number of its retail distribution networks, limit risk and, therefore, the probability of a major impact at a consolidated level. In addition, the Group's position in both cookware and small electrical appliance markets contributes to a diversified customer base. The retail sale of cookware occurs, in large part, in mass food retail, while specialized distributors play an important role in the sale of small electrical appliances. In 2016, the Group's ten largest customers accounted for slightly under 34% of consolidated sales, bearing in mind that no single customer exceeds 5% of sales. On a country level, however, a customer default may have significant consequences for the trading activity of the subsidiary in question.

In addition to ensuring a diversified customer base, the Group has obtained insurance cover which considerably limits the risk of claims. In 2016, these policies covered over 90% of consolidated revenue (excluding China), despite a reduction in coverage in Brazil and Turkey. At the same time, the Group maintains an internal risk-taking policy allowing it to manage its relations with retailers on a long-term basis. Such risk-taking is strictly controlled and so the risk of any customer failure having a major impact on the Group's results is very limited.

Supplementary information is provided in Notes 16 and 26.4 to the Consolidated Financial Statements.

RISKS RELATING TO HUMAN RESOURCES MANAGEMENT

The Group is built on the skills of its employees, particularly those with key roles, and on its ability to attract talented individuals to enhance its growth. Should the Group fail to attract or retain these key personnel, it may find it difficult to implement its strategy, with an accompanying negative impact on its business and its results. This is why it strives to provide a motivational working environment and to retain talented individuals. It also implements succession plans to remedy possible employee departures.

In the frame of acquisitions, as most recently with WMF and EMSA, Group human resources play a decisive role and they are associated early on in the process for the purpose of mapping the key skills and expertise of new teams and retaining the best profiles.

Moreover, the Group is constantly adapting its structures, particularly its manufacturing base, to ensure that it remains competitive. It has established a forecast planning system for jobs and skills in a permanent effort to address industrial and employment issues in collaboration with employee representatives and to take the necessary steps to avoid redundancies. The Group relies heavily on the quality of employee-management dialog to solve difficult labor issues responsibly and in the best possible conditions for everyone. Throughout its history, Groupe SEB has carried out restructuring on various occasions, both domestically and outside of France, and has always done so in keeping with its corporate ethics. The Group has a history of committing substantial resources in order to help every employee concerned to find a solution. Groupe SEB provides retraining and ensures that practical steps are taken for the industrial redevelopment of the employment areas in question.

RISKS CONCERNING INFORMATION SYSTEMS

The Group continues to roll out consistent IT systems in all its subsidiaries to ensure better management and client service and to minimize the risks inherent in obsolete local systems. It concentrates its IT budget on a limited number of software packages used selectively throughout the Group, depending on the size of each subsidiary (SAP R/3 for larger entities, or those participating in clusters, and SAP Business One for more compact entities, etc.).

This increased dependency on information systems, greater integration with outside partners and the multiplication of cyber attacks pose risks regarding the integrity and confidentiality of data and possible disruption of IT services. A risk mapping is updated annually with the Audit and Internal Control department in order to identify and prioritize security measures.

A failure might lead to loss of data, errors or delays that could impede the proper functioning of the company and affect its results. Thorough testing prior to the deployment of new systems and a strict information system security policy (monitored by a Steering Committee) are in place to ensure that systems are fully reliable, secure and accessible. Regular investments are made to improve the Business Continuity Plan in case of a major disaster on the primary IT processing center. Anti-hacking audits are carried out each year to identify any security loopholes in the Group's network. Lastly, the management rules for access rights to systems are audited and then updated on a regular basis.

FRAUD AND CORRUPTION RISKS

The Group's expansion into new locations, the development of new technologies that sometimes facilitate fraud and greater competitive pressure all increase the risk of fraud occurring within the Group's entities. The Group is strengthening its control measures at various levels to address this heightened risk.

With respect to the fight against external fraud, a process of systematically reporting information on attempted fraud to the Audit and Internal Control department allows the Group to analyze these situations, inform all entities of the risks and respond quickly by implementing new checks. A major initiative to raise awareness among financial employees and the systematic implementation of dual checks, for example, have limited the risk of customer, supplier and Group manager identity theft through technological means.

A mapping of fraud risks in our sales branches was drawn up in 2016. This mapping forms the basis for tests performed on our IT systems by the Audit and Internal Control department to identify potential fraud. This approach is reinforced every year by measures including the use of a specialized tool for processing and analyzing data which is based on the Group's information systems.

Groupe SEB's code of ethics clearly sets out the requirements of the Group's management with respect to anti-corruption measures. In terms of relationships with suppliers, the Responsible Purchasing Charter sets out the required rules of conduct.

Checks are carried out in the field by internal audit teams on decision-making processes affecting relationships with suppliers and with customers who represent the main risk areas of passive and active corruption. These checks focus in particular on collective responsibility and transparency when a decision is made to award a contract to a supplier on the one hand, and on strict control over the amount and type of business expenditure on the other.

IMAGE AND REPUTATIONAL RISKS

Operating in the universe of consumer goods on an international scale through a large brand portfolio, Groupe SEB is exposed to a risk that information or criticism, whether founded or unfounded, causes harm to its image or reputation. Today this risk has been increased by the speed at which information is disseminated, facilitated by new technologies and in particular social media or networks.

To reduce the risk of negative publicity that could significantly impact its business and performances, the Group has adopted in all its subsidiaries good practices and rules of confidentiality. This has been accompanied by a system designed to rapidly identify potential risks and alert management when necessary and, as applicable, set up a dedicated crisis management unit with clearly defined and shared processes.

DEPENDENCE ON SUPPLIERS

As part of its global purchasing policy, the Group relies on an approved panel of suppliers for production (475 in 2016 versus 470 in 2015), which accounted for approximately 85% of its worldwide needs in 2016. The top 50 suppliers accounted for 38% of direct spend by value (41% in 2015). With respect to the procurement of finished products, Groupe SEB has established a panel of some 50 suppliers who account for 91% of total purchases.

Based on 2016 figures, the top three production suppliers provide nearly 6% of purchases (identical to 2015), and split almost evenly among them. The top three suppliers of finished products provide around 37% of the total, with the leading supplier contributing around 23% alone, the second 8% and third 5%.

Excluding the leading supplier, the weak weight of the next-in-line show that the Group's policy of optimising purchasing procedures (in particular sourcing from a smaller number of suppliers) has not resulted in an excessive concentration of risks. Indeed, the Group is dependent on external suppliers, where a late service or delivery or a bankruptcy could be highly prejudicial to its trading activity; it is therefore especially vigilant in spreading its risk base and limiting its reliance with regard to procurement. Its priority is to ensure continuity of production under optimum economic conditions and to have a variety of options at its disposal, within a single product family or for a specific technology.

INDUSTRIAL AND ENVIRONMENTAL RISKS

PRODUCTION AND SUPPLY CHAIN RISKS

Groupe SEB is exposed to events of varying origins (natural disasters, fire, technical failures, contamination, etc.) that may have a negative impact on a plant or logistics warehouse's operations, thereby affecting the market availability of its products. These types of events may have negative consequences for the Group's business, preventing it from achieving sales targets, and leading to a deterioration – one-off or sustained – of the relationship with certain distributors affected by the problems in question. The possibility that these types of events, particularly those affecting the Group's production sites, may have environmental repercussions, also cannot be ruled out.

The Group takes an active approach to industrial risk prevention by conducting regular audits, investment in maintenance and the optimization of certain processes in order to limit the probability of such risks occurring. In practice, the European, US and Chinese sites are generally not, or only slightly, exposed to major natural risks (hurricanes, floods, earthquakes, etc.). Nevertheless, the Group has introduced training initiatives to help its employees deal with these types of events.

In parallel, the Group has long prioritized safeguarding the environment by implementing an eco-production policy to limit its environmental footprint, which has materialized in ISO 14001 certification of its industrial sites. Details of measures adopted are given in section 3, pages 127 to 135.

RISKS RELATING TO EMPLOYEE HEALTH AND SAFETY

The health and safety of its employees are among Groupe SEB's foremost concerns. Nonetheless, the risk of occupational illness or workplace accidents damaging physical integrity or posing a threat to human life cannot be ruled out. Besides metal stamping (pressure cookers, frying pans and saucepans), surface treatments (nonstick) and the manufacture of certain components that occupy less than 10% of total production staff, most of Groupe SEB's production involves assembly operations. The most sensitive processes are closely monitored. In assembly processes, the most likely risks are minor bodily injuries or injuries due to handling, as well as musculoskeletal disorders for which the Group takes all necessary precautions (training in ergonomics, specialist advisers and Steering Committee on each site, etc.) to minimize their occurrence. The Group makes employees at all levels aware of safety issues, particularly via the global Safety in SEB program which aims to spread good practice and systematically propose corrective measures to combat potentially hazardous situations. Details of Group initiatives to reduce workplace accidents and musculoskeletal disorders are given in section 3, page 111.

Despite the Group's efforts to limit workplace accidents and occupational illnesses, they cannot be completely ruled out and may have a negative effect on results in the event of civil or criminal sanctions, as well as damaging the Group's reputation.

CLIMATE CHANGE-RELATED RISKS

Due to its industrial activity, Groupe SEB is exposed to a certain number of risks that are directly related to climate conditions : storms, droughts, flooding, heat waves, etc, and as such, more widely, to climate change.

Thus, the Group set up a risk assessment of these risks and has all the necessary insurances to cover any financial consequences.

Combating climate change is taken into account way upstream of internal processes and from the design of the products. The Group focuses as well on optimizing the use of raw materials as on ensuring energy efficiency, repairability, recyclability or transport optimization in order to reduce its products' carbon footprint. It thus measures the greenhouse gas emissions stemming from the production and transport of its products and has set itself four ambitious goals to be met by 2020:

- 20% less energy consumption by electrical product (base year: 2013);
- 20% less energy consumption by production plant (base year: 2010);
- at least 20% recycled materials in new products;
- 20% less greenhouse gas emissions from transporting products (base year: 2013).

In 2016, Groupe SEB signed up to the Science Based Targets intitiative launched in 2015 by WWF together with the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages multinational groups to bring their greenhouse gas emission reduction targets into line with the IPCC (Intergovernmental Panel on Climate Change) recommendations to limit average global warming to 2°C.

With regard to the assessment of climate-change related risks and the steps taken by the Group to reduce them as a part of its environmental strategy, please refer to section 3.9 “Reduction of environmental impacts”.

LEGAL RISKS

RISKS ASSOCIATED WITH COUNTERFEITING

The Group has a large portfolio of international and regional trademarks, registered worldwide, giving it a decisive competitive advantage. This portfolio is continually growing on the back of the Group’s recent acquisitions and the launch of new products each year, accompanied by a large portfolio of domain names. The innovation and creativity shown by the Group each year give rise to industrial patent applications (127 high-priority applications in 2016), filing of design patents (trade dress pertaining to the protection of product look and feel) along with other intellectual property assets protected by copyright such as a large database of cooking recipe photographs for example.

The recognition enjoyed by Groupe SEB’s brands and the success of its innovative products give rise to the infringement of various of its intellectual property rights (patents, trademarks, trade dress), cybersquatting (registration of a domain name that matches a protected trademark), phishing. The Group’s response is multi-faceted:

- a strategy of targeted registration of trademarks, trade dress and patents having regard to the sales outlook and high-risk countries;
- a strategy to fight against counterfeit that is systematically applied in the field, primarily in high-risk countries such as China and in the Middle East (monitoring of trade fairs, investigations, customs seizures, legal action, destruction of molds and inventories) as well as in high-stake trading countries;
- enhanced efforts to combat piracy online (marketplaces, websites) thanks to a global monitoring system that generates regular reports and makes it possible to take rapid action to remove online copies and combat trademark infringement and cybersquatting. These efforts are to be strengthened by a social network monitoring system designed to, for example, remove fake pages of our brands on social media networks.

The Group continues to set aside the budgets required to protect its key intangible assets such as trademarks, innovation and to combat counterfeit.

RISKS ASSOCIATED WITH CHANGES IN TAX REGULATIONS

Groupe SEB has a commercial presence in many countries and is subject to numerous different domestic tax laws. Adverse changes in tax regulations in certain countries in which it has a presence cannot be ruled out. It is in particular exposed to risks of increases in existing taxes or of the introduction of new ones, especially those relating to corporate income tax, customs duties, statutory deductions or the repatriation of dividends from its various subsidiaries. These factors could have an adverse effect on the Group’s tax liability, cash flow or earnings.

FINANCIAL AND MARKET RISKS

RISKS RELATING TO THE IMPAIRMENT OF INTANGIBLE ASSETS

Groupe SEB has built its business on a powerful portfolio of brands, some of which are treated as assets in its balance sheet. The total value of brand assets as at 31 December 2016 was €554 million, concerning mainly All-Clad, Supor, Lagostina, Arno and Rowenta as well as a preliminary amount for WMF.

Moreover, as Groupe SEB regularly engages in external growth transactions, goodwill is shown in the Consolidated Financial Statements at the end of 2016 for an amount of €1.847 billion, most of this amount having been recognized at the time of the All-Clad and Supor acquisitions as well as WMF for which the amount, at this stage, is preliminary.

Under IFRS accounting standards, the value of brands and goodwill must be tested annually to check that the value entered in the balance sheet is consistent with the actual performance of the relevant brands and subsidiaries in their own markets. Any significant drop in expected cash flow, notably related to a brand's commercial under-performance, or reduced profitability of the subsidiaries concerned, could require an adjustment in the balance sheet which may involve a partial or total recognition of impairment of the asset's value.

Furthermore, with a view to creating value for its brands, the Group is investing in R&D in order to nurture its offering with innovative, ground-breaking products, as well as in advertising and marketing with the aim of improving the visibility of its brands, boosting its sales and strengthening its competitive positions in the field.

Supplementary information is provided in Note 10 to the Consolidated Financial Statements.

LIQUIDITY AND COUNTERPARTY RISK

Groupe SEB's business is based on a short-term cycle and requires little heavy capital investment.

Liquidity risk management is handled centrally by the Treasury and Financing department. It is based on a solid financing architecture (no financing includes covenant-linked early repayment clauses) and diversified over the short and medium-terms, with commercial paper, syndicated loans, *Schuldschein* private placements and bonds. Groupe SEB also has unused confirmed medium-term credit lines with leading banks.

The Group considers itself to have little exposure to financial counterparty risk as it prioritizes relationships with leading banks and diversifies its counterparty portfolio.

Details of the maturity dates of the instruments used and the financing sources available are provided in Notes 24, 25 and 26 to the Consolidated Financial Statements.

CURRENCY RISKS

Groupe SEB sells its products in close to 150 countries. With production rather concentrated in France and in China, its business is, therefore, highly exposed to transaction currency risk when products are billed to our customers in a currency that is different from that used in production. This makes managing foreign exchange fluctuations a competitive priority. There is also a translation effect when converting revenues and earnings from different countries into euros on consolidation.

The Group's currency position remains short in dollars and yuan and long in many other currencies. To limit its risk, the Group hedges a portion of its highly probable cash flows, as well as almost all of its balance sheet transaction risk, by means of forward contracts and options.

Nevertheless, for several years, the Group's trading activity has been strongly disrupted by volatile exchange rates. Given the sometimes sudden fluctuations in exchange rates, the Group has been constantly led to adapt its pricing policy: increasing sale prices to preserve the local profitability of commercial subsidiaries where the relevant currency depreciates against the production currency and adjusting prices downwards to preserve market momentum and competitiveness if exchange rates improve. The effects on the Group's financial performance are therefore very different from one year to the next.

Details of exchange rate risks are given in the notes to the Consolidated Financial Statements (Note 26.2.1).

INTEREST RATE RISK

The Group uses different types of financing (bank borrowing, private placements, bonds, commercial paper, etc.) to meet its development and investment policy requirements. It uses mostly fixed-rate loans, in particular with long maturities, in currencies that correspond to its needs (mainly the euro and the Brazilian real). The longest-term among these loans, extending to 2026, has been financed at a fixed rate, making it possible for the Group to protect itself against the likelihood of interest-rate rises.

It should be noted that none of these loans comes with early repayment clauses based on covenants.

Details of interest rate risks are given in the notes to the Consolidated Financial Statements (Note 26.2.2).

RISKS RELATING TO SHARES

As at 31 December 2016, Groupe SEB held 622,110 treasury shares for a total value of €56.8 million. This treasury stock is deducted from shareholders' equity at acquisition cost.

Based on the closing price of the SEB share as at 31 December 2016 (€128.75), the market value of treasury stock was €80.1 million (this market value has no impact on the Group's Consolidated Financial Statements). A 10% increase or decrease in the share price would therefore have led to an €8 million change in the market value of treasury stock. This change has no impact on the consolidated income statement or shareholders' equity.

Further information on share risks is given in Note 26.2.4 to the Consolidated Financial Statements. This data also takes account of risk on the Supor share which is quoted on the Shenzhen stock market.

SENSITIVITY ANALYSIS

Groupe SEB conducted a sensitivity analysis based on financials published in 2016 to assess the impact of euro-dollar exchange rate fluctuations on its Operating Result from Activity and the effect of interest-rate variations on profit before tax.

The Group has had a short position for the US dollar for a number of years. The sensitivity analysis shows that a 1% rise in the dollar against the euro would have a negative impact of about €6 million on the Operating Result from Activity. The Group also holds a significant short position on the Chinese yuan. A 1% rise in the yuan against the euro would have a negative impact of about €3 million on the Operating Result from Activity. However, other important operating currencies for the Group could also have a significant impact on the Operating Result from Activity. These include the yen, the ruble, the Brazilian real, the pound sterling, the Turkish lira, the South Korean won, the Polish zloty, and the Mexican peso.

This sensitivity analysis does not take into account the impact of currency exchange fluctuations on the competitiveness of the European manufacturing base, which still accounts for a large percentage of the Group's production: a strong euro in relation to most other currencies, notably the US dollar, makes European manufacturing more expensive than production in dollar zones, and thus acts as a curb on exports. Conversely, a stronger dollar is a source of better competitiveness for our European manufacturing base. Since the Group relies less on sourced finished products than its competitors, it has a lower exposure to the US dollar (which remains the standard currency for purchasing outsourced products) than other companies.

With regard to interest rates, sensitivity analysis shows that the impact of a change of 100 base points in short-term interest rates on profit before tax would be €4.3 million, based on Group debt at the end of 2016.

Notes 26.2.1, 26.2.2 and 26.2.3 to the Consolidated Financial Statements provide additional information on the Group's sensitivity to currency fluctuations and changes in interest rates and raw material prices.

INSURANCE

GROUP GENERAL INSURANCE COVER

Groupe SEB's policy concerning insurance coverage is, on the one hand, to protect its assets against risks that could affect the Group and, on the other, to cover its liability for any damages caused to third parties. This transfer of risk to insurance companies is nonetheless accompanied by risk protection and prevention measures. For confidentiality reasons, the amount of the premiums is not disclosed.

INTEGRATED WORLDWIDE COVERAGE

The Group has established worldwide insurance plans with major international insurers to protect itself against major risks, which include damage to property and loss of earnings, civil liability, environment, transport and inventory and customer risks.

DAMAGE TO ASSETS AND LOSS OF EARNINGS

Coverage for risk of property damage and consequent loss of earnings resulting from common risks (fire, flooding, etc.) amounts to €250 million per claim for factories and warehouses, with an additional €150 million for certain strategic sites.

This figure was calculated using the "Maximum Foreseeable Loss" hypothesis in consultation with the insurer and its assessors who analyzed the impact of the total destruction of one of the Group's main production centers. Lower thresholds are in place for other types of more specific or localized risk, such as the risk of earthquake in certain regions where the Group operates abroad.

This policy takes into consideration additional risk protection measures at Group sites, which are regularly visited by specialist risk prevention assessors from the insurance companies concerned.

CIVIL LIABILITY

All the Group's subsidiaries are included in a worldwide civil liability insurance plan that covers liability relating to their operations and the products that they manufacture or distribute, as well as the cost of product recalls.

The amounts of coverage are based on reasonable estimates of the risks incurred by the Group in view of its business.

The Group also covers its management for civil liability under a specific insurance policy.

ENVIRONMENT

A multi-risk environmental insurance policy covers environmental risks on all Group sites.

Coverage applies to:

- accidental, historical and gradual pollution;
- damage to biodiversity;
- pollution clean-up costs.

TRANSPORT AND INVENTORY

The Group's transport insurance covers damage to transported merchandise for all types of transport: sea, road/rail or air transport anywhere in the world.

This insurance covers transport risks up to an amount of €10 million per occurrence.

It also covers incidents occurring at warehouses up to a maximum of €15 million, with any amount over this limit being covered by the policy for damage to property and loss of earnings.

CUSTOMER RISK

With rare exceptions relating to local issues, the Group's subsidiaries have taken out credit risk insurance under a Group plan to cover the majority of their risk on customer receivables.

LOCAL INSURANCE POLICIES

More specific insurance policies are taken out locally by each of the Group's companies, as appropriate.

SIGNIFICANT EVENTS AND LITIGATION

There were no exceptional events or litigation proceedings other than those referred to in Note 29.1 to the Consolidated Financial Statements.

In the past 12 months, other than the proceedings reflected in the financial statements and described in the accompanying Notes 29.1 and 29.2 of Chapter 5 Consolidated Financial Statements, there have been no other government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past significant effects on the Group's financial position or profitability.

2

Corporate governance

2.1. Implementation framework for corporate governance principles

Groupe SEB adheres to the November 2016 version of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which can be consulted on the MEDEF website (www.medef.fr).

Pursuant to the recommendations of the AFEP-MEDEF Code, as well as Article L. 225-37 of the French Commercial Code, this chapter reports on the application of the provisions adopted and explains why some provisions were not applied.

For the sake of transparency, and following the request made by the High Committee for Corporate Governance, the company has provided more information about the existence of a succession plan for executive officers.

Pursuant to Article L. 225-37, paragraphs 6 to 10 of the French Commercial Code, this chapter includes the Chairman of the Board's report on the composition of the Board of Directors and the application of the principle of gender balance, as well as the conditions governing the preparation and organization of its work. It also includes a report on the internal control and risk management procedures implemented by the company.

It should be noted that the information referred to in Article L. 225-100-3 of the French Commercial Code and, in particular, information concerning the capital structure of the company and factors which could affect a hypothetical takeover bid appears in Chapter 7, "Information concerning the company and its share capital".

Pursuant to Article L. 225-37 of the French Commercial Code, the Board of Directors approved this chapter at its meetings on 17 February 2017 and 7 March 2017.

2.2. Management structure

The company is managed by Thierry de La Tour d'Artaise, Chairman and CEO, with the assistance of Bertrand Neuschwander, Chief Operating Officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In a unitary management structure, the Board of Directors is responsible for deciding whether or not the general management of the company can be entrusted to the Chairman of the Board or to a third party, in accordance with Article L. 225-51-1 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code.

At the end of its meeting on 21 June 2002, the Board of Directors unanimously decided that the general management of the company would be assumed, under its responsibility, by the Chairman of the Board of Directors, Thierry de La Tour d'Artaise.

Each time Thierry de La Tour d'Artaise was re-elected, in 2004, 2008, 2012 and 2016, the Board of Directors confirmed this structure for the company's management authority, deemed to be the most appropriate given the company's organisational structure and operating methods, offering faster and more efficient decision-making.

Moreover, the Board of Directors applied no limits to the powers of the Chairman and CEO, which are described on page 52.

CHIEF OPERATING OFFICER

Following its meeting of 22 April 2014, the Board of Directors, on the recommendation of the Chairman and CEO, and after examination by the Nominations and Remuneration Committee, decided to appoint Bertrand Neuschwander as Chief Operating Officer.

As Chief Operating Officer, Bertrand Neuschwander is required to assist Thierry de La Tour d'Artaise in his Group management tasks, in accordance with the law and the Company's bylaws.

He has the same powers as Thierry de La Tour d'Artaise with respect to third parties.

2.3. Composition, organization and operation of the Board of Directors

The Board of Directors is a collective body that represents all the shareholders and acts solely in the company's interests.

According to the AFEP-MEDEF Code, "the organization of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business, and to the particular circumstances facing it. Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organization and operation that enable it to carry out its mission in the best possible manner".

The company was inspired by these recommendations to organise a Board of Directors, with a membership and organisational structure which enable it to effectively perform its corporate missions, in line with the various interests at stake.

COMPOSITION OF THE BOARD OF DIRECTORS

The company's governance is based on the existence of a family base that has evolved and adapted to the challenges, business activities and requirements of all stakeholders.

This family heritage is reflected in the composition of the Board of Directors, on which the presence of directors from the Founder Group responds to the dual family group structure while complying with the principles of corporate governance, particularly thanks to the presence of independent directors.

In order to comply with the applicable laws on employee representation and increased female participation, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, decided to change its composition while ensuring that its agility was maintained.

GENERAL PRINCIPLES RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS

In 2016, the Board of Directors had 15 members, whose terms of office are set at four years in accordance with the bylaws. The Board comprises the following directors:

- 1 Chairman;
- 9 directors representing the Founder Group, namely:
  - 5 directors from FÉDÉRACTIVE;
  - 4 directors from VENELLE INVESTISSEMENT;
- 5 independent directors.

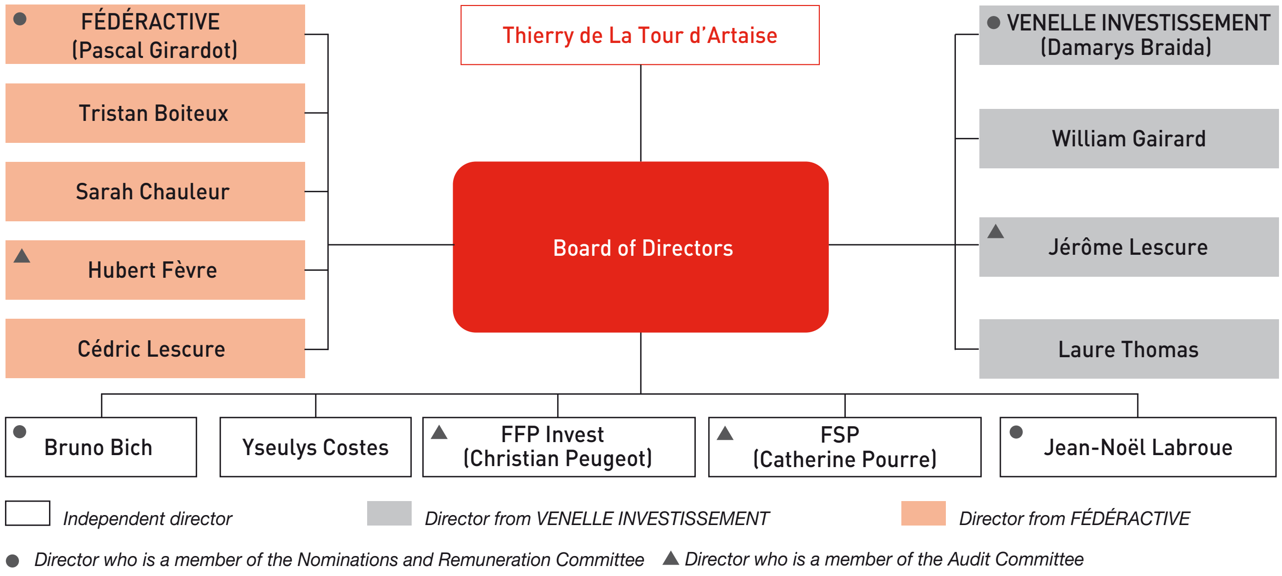
One-third of the Board members are independent, as recommended by the AFEP-MEDEF Code.

The presence of five women, i.e. one-third of the members of the Board of Directors, ensures that female representation is compliant with law no. 2011-103 of 27 January 2011 relating to the gender balance on Boards of Directors and Supervisory Boards and gender equality in the workplace. The proportion will change, however, after the Annual General Meeting of 11 May 2017, in accordance with this law.

The international experience acquired by some directors, during their professional careers and residence abroad, allows the Board of Directors to take greater account of international issues and practices.

The directors together hold 21.34% of the company's share capital and 24.76% of the effective voting rights (i.e., 24.55% of the theoretical voting rights), thereby adhering to the terms of the Directors' Charter and internal rules of the Board of Directors (the "Charter and internal rules") under which each director is required to hold a minimum number of pure registered SEB S.A. Shares equivalent to about two years of attendance fees.

Composition of the Board of Directors in 2016



ABOUT THE DIRECTORS

Founding Chairmen

Frédéric Lescure †
Henri Lescure †

Honorary President

Emmanuel Lescure †

Thierry de La Tour d'Artaise

Chairman and Chief Executive Officer

Age:	62
Nationality:	French
Date of first appointment:	AGM of 4 May 2000
Date of last re-election:	19 May 2016
End date of term of office:	2020 AGM
Committee member:	No
Number of SEB shares held:	492,002

BIOGRAPHY:

The Chairman and Chief Executive Officer of Groupe SEB, Thierry de La Tour d'Artaise, was born in October 1954 in Lyon. He graduated from the ESCP in 1976 and is a chartered accountant. He is also an Officier de la Légion d'Honneur.

He began his career at Allendale Insurance in the US in 1976 as a Financial Controller, before joining the audit firm Coopers & Lybrand in 1979 as an Auditor, and then a manager. He moved to Groupe Chargeurs in 1983, where he was appointed Chief Financial Officer of Croisières Paquet, before becoming Chief Executive Officer.

In 1994, he came to Groupe SEB as Chief Executive Officer, then Chairman and Chief Executive Officer of Calor S.A. (1996). In 1999, he was appointed Vice-Chairman and CEO of Groupe SEB, and has been its Chairman and Chief Executive Officer since 2000.

OTHER CURRENT OFFICES AND POSITIONS WITHIN GROUPE SEB:

Chairman of SEB Internationale (a wholly-owned subsidiary of SEB S.A.)

Director of Zhejiang Supor Co, Ltd* (China - a subsidiary 81.17% owned by SEB Internationale)

OTHER CURRENT OFFICES AND POSITIONS OUTSIDE GROUPE SEB:

Director of Legrand* and member of the Nominations and Governance Committee

Permanent representative of Sofinaction, director of CIC - Lyonnaise de Banque

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Director of Club Méditerranée S.A.

Director of Plastic Omnium*

* *Listed company.*

Bruno Bich

Independent director

Age:	70
Nationality:	French/American
Date of first appointment:	AGM of 15 May 2014
Date of last re-election:	None
End date of term of office:	2018 AGM (Early resignation)
Committee member:	Nominations and Remuneration Committee
Number of SEB shares held:	1,000

BIOGRAPHY:

A marketing and finance graduate of the University of New York, Bruno Bich began his career in the Corporate Finance department of the investment bank White Weld & Company, where he worked for five years before joining the BIC Group in the United States. He held various positions within that group, including Vice-Chairman responsible for sales and marketing and Sales Director, and for nine years was Chairman and CEO of BIC Corporation, the Group's US subsidiary.

In 1993, he was appointed Chairman and CEO of BIC company, replacing Marcel Bich, the company's founding Chairman.

On 1 March 2006, Bruno Bich was appointed Chairman of BIC Board of Directors (the holding company of the BIC Group).

On 1 June 2016, Bruno Bich was appointed Chairman and CEO of BIC (the holding company of the BIC Group).

OTHER CURRENT OFFICES AND POSITIONS:

Chairman of the BIC Board of Directors*

Chairman of the Board of Directors of Cello Plastic Products Private Ltd. (India)

Chairman of the Board of Directors of Cello Stationery Products Private Ltd. (India)

Chairman of the Board of Directors of Cello Tips and Pens Private Ltd. (India)

Chairman of the Board of Directors of Cello Writing Aids Private Ltd. (India)

Chairman of the Board of Directors of Cello Writing Instruments and Containers Private Ltd. (India)

Chairman of the Board of Directors of Pentek Pen and Stationery Private Ltd. (India)

Chairman of the Board of Directors of Cello Pens Private Ltd. (India)

Trustee of Harlem Academy (United States)

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the International Advisory Board of the EDHEC business school

Member of the Supervisory Board of the Management Institute of Paris – M.I.P. (merger with the EDHEC Group)

Member of the Bluwan Supervisory Board

Tristan Boiteux

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	54
Nationality:	French
Date of first appointment:	AGM of 14 May 2002
Date of last re-election:	15 May 2014
End date of term of office:	2018 AGM (Early resignation)
Committee member:	No
Number of SEB shares held:	102,932 (of which 1,015 full-ownership and 101,917 bare-ownership shares)

BIOGRAPHY:

An engineering graduate of the École Spéciale de Mécanique et d'Électricité Sudria (1987), Tristan Boiteux held various positions at Alcatel over a period of eleven years.

He joined Gemalto in 2000 as a business engineer where he is currently Product Manager.

OTHER CURRENT OFFICES AND POSITIONS:

Member of the FÉDÉRACTIVE Advisory Board

Member of the Management Committee of the Mireille and Pierre Landrieu Foundation

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

* *Listed company.*

Sarah Chauleur

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	45
Nationality:	French
Date of first appointment:	AGM of 14 May 2013
Date of last re-election:	None
End date of term of office:	2017 AGM (Non-renewal)
Committee member:	No
Number of SEB shares held:	229,571 (15 of which are full-ownership and 229,556 bare-ownership shares)

BIOGRAPHY:

Sarah Chauleur has a postgraduate degree in Information and Communication Sciences and has served as Communications Manager for FÉDÉRACTIVE since 2009. She is also co-convener of the Première Pierre foundation (under the auspices of the Fondation de France).

OTHER CURRENT OFFICES AND POSITIONS:

Member of the FÉDÉRACTIVE Advisory Board

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Yseulys Costes

Independent director

Age:	44
Nationality:	French
Date of first appointment:	AGM of 14 May 2013
Date of last re-election:	None
End date of term of office:	2017 AGM (Renewal)
Committee member:	No
Number of SEB shares held:	750

BIOGRAPHY:

Yseulys Costes holds a Masters degree in Management Sciences and a postgraduate degree in Marketing and Strategy from Université Paris-IX Dauphine and is Chairwoman and CEO and founder of the 1000mercis Group. She discovered the internet in 1995 during her MBA studies at the Robert O. Anderson School in the US. Given her interest in Data and Marketing, she founded 1000mercis to offer its clients innovative digital strategies with a high return on investment, through targeted, multi-channel solutions with a measurable impact. As an Interactive Marketing researcher, she spent time at Harvard Business School, in the US, and has taught at several institutions, including HEC, ESSEC and Paris Dauphine.

Before founding 1000mercis, she wrote many works and articles on Marketing and databases, and was the coordinator of the IAB France on its creation.

In 2014, she moved to Palo Alto in California, the heart of Ad Tech, to develop Numberly, the Group's international subsidiary. She is a member of the Strategy Board of the City of Paris.

OTHER CURRENT OFFICES AND POSITIONS:

Chairwoman and CEO of 1000mercis*

Chairwoman of the Supervisory Board of Ocito (1000mercis Group)

Director of Kering S.A.*

Member of the Vivendi Supervisory Board* (the mandate will expire on 25 April 2017 - it will be not renewed)

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the Numergy Supervisory Board

* *Listed company.*

FÉDÉRACTIVE

Director – member of the Founder Group
Simplified joint-stock company with share capital of €5,084,597.85

Registered head office:	66, avenue des Champs-Élysées – 75008 Paris – France 487 544 223 RCS Paris
Date of first appointment:	AGM of 11 May 2006
Date of last re-election:	15 May 2014
End date of term of office:	2018 AGM
Number of SEB shares held:	4,360,202 (4,360,199 of which are held in usufruct)

INFORMATION:

FÉDÉRACTIVE is a controlling holding company which mainly represents the equity interests of the founding family, registered on 14 April 2006.

It is represented by its Chairman, Pascal Girardot.

Sarah Chauleur will be nominated by FÉDÉRACTIVE as permanent representative on SEB S.A.'s Board of Directors, replacing Pascal Girardot. This nomination will take place before the Annual General Meeting of 11 May 2017.

OTHER CURRENT OFFICES AND POSITIONS:

None

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Pascal Girardot

Permanent representative of FÉDÉRACTIVE on the Board of Directors

Age:	62
Nationality:	French
Committee member:	Nominations and Remuneration Committee

BIOGRAPHY:

Pascal Girardot holds a DESS (post-graduate degree) degree in Econometrics and a diploma from the Institute of Actuaries; he spent 15 years working in the financial markets and in financial engineering as a member of the Markets department at the Caisse des Dépôts. He then joined the CPR as Risk Director and Activities in New York.

In 1997, he founded financial engineering specialist Certual, of which he is now the Chairman.

Pascal Girardot is a former Chairman of the Treasury department's Advisory Committee on mandatory standards. He is a member of the French actuaries' institute.

OTHER CURRENT OFFICES AND POSITIONS:

Chairman of Certual S.A.S.

Chairman of FÉDÉRACTIVE

Director of Gaggione S.A.S.

Director of Babylone S.A.

Director of NewCore S.A.S.

Director of Tugak S.A.S.

Member of the Proxinvest Supervisory Board and Advisory Board

Member of the Ethics Committee of Ecofi Investissements (Crédit Coopératif Group)

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Hubert Fèvre

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	52
Nationality:	French
Date of first appointment:	AGM of 13 May 2003
Date of last re-election:	12 May 2015
End date of term of office:	2019 AGM
Committee member:	Audit Committee
Number of SEB shares held:	20,000

BIOGRAPHY:

Hubert Fèvre, who is a chartered accountant, created the company FB Conseils & Investissements, a Swiss company specializing in wealth advisory and management services, in 2016. He has held financial management positions in Geneva with Banque Pasche (CM-CIC), and a number of financial positions with Sonatrach Petroleum Corporation, VSNL International, Addax & Oryx and Finacor in London.

OTHER CURRENT OFFICES AND POSITIONS:

Director of FB Conseils & Investissements

Director of FCL Investissements

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the FÉDÉRACTIVE Advisory Board

FFP Invest

Independent director
Simplified joint-stock company with share capital of €541,010,740

Registered head office:	66, avenue Charles de Gaulle – 92200 Neuilly sur Seine – France 535 360 564 RCS Paris
Date of first appointment:	AGM of 14 May 2013
Date of last re-election:	None
End date of term of office:	2017 AGM (Renewal)
Number of SEB shares held:	2,521,522

INFORMATION:

FFP Invest has been a registered company since 17 November 2011. It is wholly owned by FFP, a holding company listed on the Paris Stock Exchange, which is majority owned by the Peugeot family group.

It is represented by Christian Peugeot. Following the Annual General Meeting of 11 May 2017, FFP Invest will be represented by Bertrand Finet.

OTHER CURRENT OFFICES AND POSITIONS:

Vice-Chairman and member of the Supervisory Board of IDI*

Member of the Onet Supervisory Board

Member of the Supervisory Board of Zodiac Aerospace*

Chairman of Financière Guiraud S.A.S.

Member of the Supervisory Board of IDI Emerging Markets (Luxembourg)

Director of Orpea*

Director of LT Participations

Director of IPSOS*

Director of SANEF*

Director of Gran Via 2008

Managing Director of FFP Les Grésillons

Member of the Executive Committee of LDAP

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Managing Director of Valmy FFP

* *Listed company.*

Christian Peugeot

Permanent representative of FFP Invest on the Board of Directors

Age:	63
Nationality:	French
Committee member:	Audit Committee

BIOGRAPHY:

A graduate of the HEC business school, Christian Peugeot has spent his entire career at the PSA Group, occupying a variety of sales and marketing positions. Until the end of 2015, he served as Executive Vice-president of Public Affairs and External Relations Representative of PSA. Since 1 January 2016, he has been Chairman of the Committee of French Automobile Manufacturers.

OTHER CURRENT OFFICES AND POSITIONS:

Chairman of UNIFAB

Vice-Chairman and Director of Établissements Peugeot Frères

Director of FFP*

Director of Compagnie Industrielle de Delle (CID)

Director of Groupe PSP

Director of LISI*

Managing Director of BP Gestion

Managing Director of RP Investissements

Managing Director of SCI Laroche

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Vice-Chairman of Football Club Sochaux Montbéliard S.A.

Chief Operating Officer of Établissements Peugeot Frères

Director of La Française de Participations Financières

Director of Immeubles et Participations de l'Est

Director of Simante SL

Corporate officer of Peugeot Média Production

Fonds Stratégique de Participations (FSP)

Independent director
SICAV with a Board of Directors and capital of €300,000

Registered head office:	47 rue du Faubourg-Saint-Honoré -75008 Paris – France 753 519 891 RCS Paris
Date of first appointment:	AGM of 15 May 2014
Date of last re-election:	None
End date of term of office:	2020 AGM
Number of SEB shares held:	2,633,876

INFORMATION:

FSP was registered on 14 September 2012.

It is represented by Catherine Pourre.

OTHER CURRENT OFFICES AND POSITIONS:

Director of Arkema*

Director of Zodiac Aerospace*

Director of Eutelsat

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

* *Listed company.*

Catherine Pourre

Permanent representative of FSP on the Board of Directors

Age:	60
Nationality:	French
Committee member:	Chairwoman of the Audit Committee

BIOGRAPHY:

A graduate of the ESSEC business school and with a degree in Accounting and Law from the Catholic University of Paris, Catherine Pourre began her career at PricewaterhouseCoopers, where she was Partner from 1989 to 1999. She then worked for Cap Gemini as President in charge of the High Growth Middle Market, and was a member of the French Group Executive Committee.

She subsequently joined the Unibail-Rodamco Group in 2002, where she served as Senior Executive Vice-president, Finance, Information Technology, Human Resources, Organization and Property Engineering, before becoming General Manager of Core Businesses and a member of the Management Board from 2007 to 2013, and director of U&R Management BV, a subsidiary of the Unibail-Rodamco Group, until 2015.

OTHER CURRENT OFFICES AND POSITIONS:

Director of Neopost S.A.*

Member of the Supervisory Board of Beneteau S.A.*

Non-voting director of the Board of Directors of Crédit Agricole S.A.* and its subsidiary Crédit Agricole CIB

Director of CPO Services S.A.R.L (Luxembourg)

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the Management Board and General Manager, Core Businesses, Unibail-Rodamco S.E.*

Chairwoman then Chief Operating Officer of Unibail Management S.A.S.

Chairwoman and CEO of Tayninh S.A.*

Chairwoman of Doria S.A.S.

Chairwoman of Espace Expansion Immobilière

Director of Comexposium Holding

Director of Unibail-Rodamco Participations

Director of Viparis Holding

Member of the Uni-Expos Supervisory Board

Director of Union Immobilière Internationale

Director of Rodamco Europe Beheer B.V. (Netherlands)

Director of the permanent establishment of Unibail-Rodamco S.E. in the Netherlands.

Director of Mfi AG (Germany)

Member of the Management Board of Rodamco Europe N.V. (Netherlands)

Permanent representative of Rodamco Europe N.V. (Netherlands), itself director of eight Unibail-Rodamco subsidiaries

Director of U&R Management B.V. (Netherlands)

* *Listed company.*

William Gairard

Director – member of the Founder Group, member of VENELLE INVESTISSEMENT

Age:	36
Nationality:	French
Date of first appointment:	AGM of 12 May 2015
End date of term of office:	2019 AGM
Committee member:	No
Number of SEB shares held:	427,000 shares (including 136,606 full-ownership shares and 290,394 bare-ownership shares)

BIOGRAPHY:

A graduate of EM Lyon and holder of IUP Masters in Management Sciences from the Université Jean Moulin Lyon III, William Gairard spent seven years as Management and Auditing Controller at Pernod Ricard S.A.

In 2012, he founded Ecopro Solutions S.A. de C.V., a Mexican company which promotes responsible plastic use and which he now heads.

OTHER CURRENT OFFICES AND POSITIONS:

Managing Director of Ecopro Solutions S.A. de C.V. (Mexico)

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Jean-Noël Labroue

Independent director

Age:	69
Nationality:	French
Date of first appointment:	AGM of 12 May 2010
Date of last re-election:	15 May 2014
End date of term of office:	2018 AGM
Committee member:	Chairman of the Nominations and Remuneration Committee
Number of SEB shares held:	1,250

BIOGRAPHY:

A graduate of an engineering school, he holds a Master of Science degree from Northwestern University Chicago. Jean-Noël Labroue has spent almost all of his career at the Darty Group. He served as Chairman of the Board of Directors of the Darty Group, CEO of Kingfisher Electricals UK and Managing Director of Kesa Plc until 2009.

OTHER CURRENT OFFICES AND POSITIONS:

Member of the Supervisory Board and Chairman of the Nominations and Remuneration Committee of Generix S.A.*

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Managing Director and member of the Board of Kesa Electricals Plc (United Kingdom)

Member of the Supervisory Board of Établissements Darty et Fils

Chairman and CEO of Kesa France

Chairman of the Board of Directors of Kesa International Plc (United Kingdom)

Chairman of the Board of Directors of New Vanden Borre (Belgium)

Director of Datart Investments S.A. (Luxembourg)

Director of Datart Megastore S.R.O. (Slovakia)

Director of Datart International As. (Czech Republic)

Director of Kesa Holding Ltd. (United Kingdom)

Director of Kesa Sourcing Ltd. (Italy)

Director of Kesa Spain Ltd. (Spain)

Director of Kesa Turquey Ltd. (Turkey)

Director of Kesa Electricals Asia Ltd. (China)

* *Listed company.*

Cédric Lescure

Director - member of the Founder Group, member of FÉDÉRACTIVE

Age:	49
Nationality:	French
Date of first appointment:	AGM of 27 April 1998
Date of last re-election:	12 May 2015
End date of term of office:	2019 AGM
Committee member:	No
Number of SEB shares held:	530,801 (including 116,648 full-ownership and 414,153 bare-ownership shares)

BIOGRAPHY:

A graduate of the Nantes veterinary school, Cédric Lescure is a veterinary surgeon. He is currently Managing Director of the Clos Guillaume veterinary clinic, which he set up in 2000 in Fontaine-les-Dijon, in the Côte-d'Or region of France.

In 2010, he created the company Vetshop 21, which sells veterinary food online. He is a member of its Executive Committee.

OTHER CURRENT OFFICES AND POSITIONS:

Managing Director of the Clos Guillaume veterinary clinic

Managing Director of the limited company Cabinet Vétérinaire Medico-Chirurgical du Cap Vert

Member of the Executive Committee of Vetshop 21 S.A.S.

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the FÉDÉRACTIVE Advisory Board

Managing Director of Vetshop Création

Chief Executive Officer of Vetshop 21 S.A.S.

Jérôme Lescure

Director - member of the Founder Group, member of VENELLE INVESTISSEMENT

Age:	56
Nationality:	French
Date of first appointment:	AGM of 19 May 2016 (Director of SEB S.A. from 1994 to 2005)
End date of term of office:	2020 AGM
Committee member:	Audit Committee
Number of SEB shares held:	73,828

BIOGRAPHY:

An architecture graduate of the Paris École Spéciale d'Architecture, with a Masters degree in industrialised construction from the École Nationale des Ponts et Chaussées and an MBA from HEC. Jérôme Lescure had various management and oversight roles in Anglo-Saxon groups prior to becoming a partner at A.T. Kearney, a strategy consultancy company. He then joined Accenture as director of Consulting for France.

Since 2013, Jérôme Lescure has been an entrepreneur and investor. He is now Chairman of APICAP, a fund management company devoted to investing in SMEs, and Chairman of CAMSEL, the softwood lumber producer.

Jérôme Lescure was also a director of SEB S.A. from 1994 to 2005.

OTHER CURRENT OFFICES AND POSITIONS:

Co-Managing Director of Lavilla S.A.R.L.

Chairman of Additio S.A.S.

Chairman of Camsel S.A.S.

Chairman of Brassac Holding S.A.S.

Chairman of Bois du Midi S.A.S.

Chairman of APICAP (former OTC Asset Management S.A.S.)

Director of Manutan International S.A. - Member of the Audit Committee and the Nominations and Remuneration Committee*

Permanent representative of APICAP, director of:

Groupe Archimen S.A.S.

OTHER OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Co-Managing Director of Trois Rivières Holding

Permanent representative of APICAP, director of:

Ymagis S.A.;* Active 3D; Inspirational Stores S.A.; D3T.

Laure Thomas

Director - member of the Founder Group, member of VENELLE INVESTISSEMENT

Age:	45
Nationality:	French
Date of first appointment:	AGM of 14 May 2013
End date of term of office:	2017 AGM (Non-renewal)
Committee member:	No
Number of SEB shares held:	233,354

BIOGRAPHY:

A graduate of Dijon's Business School (École Supérieure de Commerce), Laure Thomas is an interior designer.

OTHER CURRENT OFFICES AND POSITIONS:

Member of the Supervisory Board of VENELLE INVESTISSEMENT

Managing Director of SCI Pommard Clos Blanc

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Member of the Pierre Cotte Management Board

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* *Listed company.*

VENELLE INVESTISSEMENT

Director – member of the Founder Group
Simplified joint-stock company with share capital of €3,750,736.68

Registered head office:	72 rue du Faubourg-Saint-Honoré – 75008 Paris – France 414 738 070 RCS Paris
Date of first appointment:	27 April 1998
Date of last re-election:	AGM of 10 May 2012
End date of term of office:	2020 AGM
Number of SEB shares held:	17,902

INFORMATION:

VENELLE INVESTISSEMENT is a controlling family holding company which was registered on 9 December 1997.

It is represented by Damarys Braida.

OTHER CURRENT OFFICES AND POSITIONS:

None

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Damarys Braida

Permanent representative of VENELLE INVESTISSEMENT on the Board of Directors

Age:	49
Nationality:	French
Committee member:	Nominations and Remuneration Committee

BIOGRAPHY:

A graduate of the École des Mines engineering school in Paris, Damarys Braida joined L'Oréal in 1991 to set up the capillary asset laboratory. Between 1997 and 2004, she led the Efficiency Evaluation departments. From 2005 to 2009, she ran the colour development laboratory, then from 2010 to 2012, the global make-up development laboratory. In 2012, she became Head of Make-up Research Strategy, then Head of Cosmetics Strategy at L'Oréal, a position that she has held since 2016.

OTHER CURRENT OFFICES AND POSITIONS:

Chairwoman of VENELLE INVESTISSEMENT

Chief Executive Officer of Venelle Plus

OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

SUMMARY TABLE OF DIRECTORS

Surname - First name	Nationality	Age	Start date	End date (year of AGM)	Independent director	Committee member
THIERRY DE LA TOUR D'ARTAISE	French	62	03-05-1999 AGM Ratification of co-optation	2020	No	No
BRUNO BICH	French	70	15-05-2014 AGM	2018 (Early resignation)	Yes	Nominations and Remuneration
TRISTAN BOITEUX	French	54	14-05-2002 AGM	2018 (Early resignation)	No	No
SARAH CHAULEUR	French	45	14-05-2013 AGM	**2017** (Non-renewal)	No	No
YSEULYS COSTES	French	44	14-05-2013 AGM	**2017** (Renewal)	Yes	No
FÉDÉRACTIVE (Pascal Girardot)	French	62	11-05-2006 AGM Ratification of co-optation	2018	No	Nominations and Remuneration
HUBERT FÈVRE	French	52	13-05-2003 AGM	2019	No	Control
FFP INVEST (Christian Peugeot)	French	63	15-05-2014 AGM Ratification of co-optation (a)	**2017** (Renewal)	Yes	Control
FSP (Catherine Pourre)	French	60	15-05-2014 AGM Ratification of co-optation (b)	2020	Yes	Control
WILLIAM GAIRARD	French	36	12-05-2015 AGM	2019	No	No
JEAN-NOEL LABROUE	French	69	12-05-2010 AGM	2018	Yes	Nominations and Remuneration
CÉDRIC LESCURE (c)	French	49	12-05-2010 AGM Ratification of co-optation	2019	No	No
JÉRÔME LESCURE (d)	French	56	19-05-2016 AGM	2020	No	Control
LAURE THOMAS	French	45	14-05-2013 AGM	**2017** (Non-renewal)	No	No
VENELLE INVESTISSEMENT (Damarys Braida)	French	49	27-04-1998 AGM Ratification of co-optation	2020	No	Nominations and Remuneration
DIRECTOR WHOSE TERM OF OFFICE ENDED DURING THE YEAR						
JÉRÔME WITTLIN	Replaced by Jérôme Lescure at the end of the AGM of 19 May 2016.					

(a) FFP Invest was co-opted by decision of the BoD on 23 July 2013 to replace FFP.
(b) FSP was co-opted by decision of the BoD on 25 February 2014 to replace Philippe Lenain.
(c) Cédric Lescure was previously a director of SEB S.A. from 1998 to 2005.
(d) Jérôme Lescure was previously a director of SEB S.A. from 1994 to 2005.

RENEWAL AND APPOINTMENT OF DIRECTORS

In accordance with Article 17 of the Company's bylaws and with the recommendations of the AFEP-MEDEF Code, the duration of directors' term of office is staggered, enabling shareholders to vote regularly and frequently on the composition of the Board of Directors and avoid any mass renewals.

This system ensures the continuity of operation of the Board of Directors and encourages the smooth and regular renewal of its members.

Last year, the Annual General Meeting of 19 May 2016 re-elected Thierry de La Tour d'Artaise, the Fonds Stratégique de Participations, represented by Catherine Pourre, and VENELLE INVESTISSEMENT, represented by Damarys Braida, as directors for another four years. Jérôme Lescure was also appointed as director for a four-year term to replace Jérôme Wittlin.

SUMMARY OF HOW DIRECTORS' TERMS OF OFFICE ARE STAGGERED

Director	2017 AGM	2018 AGM	2019 AGM	2020 AGM
THIERRY DE LA TOUR D'ARTAISE				•
BRUNO BICH		•		
TRISTAN BOITEUX		•		
SARAH CHAULEUR	•			
YSEULYS COSTES	•			
FÉDÉRACTIVE (Pascal Girardot)		•		
HUBERT FÈVRE			•	
FFP INVEST (Christian Peugeot)	•			
FSP (Catherine Pourre)				•
WILLIAM GAIRARD			•	
JEAN-NOEL LABROUE		•		
CEDRIC LESCURE			•	
JEROME LESCURE				•
LAURE THOMAS	•			
VENELLE INVESTISSEMENT (Damarys Braida)				•

Change in the composition of the Board of Directors in 2017

To take into account the applicable laws on employee representation and increased female participation, the Board of Directors, at its meeting of 16 December 2016, having heard the recommendations of the Nominations and Remuneration Committee, decided that it was preferable to reduce its size. This reduction, intented to facilitate the integration of two employee directors, also integrates the need to maintain 1/3 independent directors and 40% women.

In 2017, the Board of Directors will therefore include two employee directors:

- an employee shareholder director whose appointment will be proposed to the shareholders at the Annual General Meeting of 11 May 2017;
- an employee director whose appointment will take place within six months of the Annual General Meeting of 11 May 2017, in accordance with the bylaws amendment submitted to the shareholders for approval.

The proposed changes are presented below.

Re-election of two directors in 2017

As the terms of office of Yseulys Costes and FFP Invest, represented by Christian Peugeot, are due to expire at the Annual General Meeting of 11 May 2017, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, will propose to the shareholders that their terms of office be renewed for another four years.

In accordance with the recommendations of the AFEP-MEDEF Code, and in order to maintain FFP Invest's independent status, Christian Peugeot will step down in favour of Bertrand Finet as the company's permanent representative. Information about Bertrand Finet is given below.

Bertrand Finet

Permanent representative of FFP Invest

Age:	51
Nationality:	French

BIOGRAPHY:

After graduating from ESSEC in 1988, Bertrand Finet started his career in 1991 at 3i Group, where he was appointed Chief Investment Officer. He held this post for two years in London before joining the Group's French subsidiary.

Given his experience on the Anglo-Saxon market, he was appointed Managing Director of CVC Capital Partners France in 1996, before heading the Paris office of Candover France starting in 2006.

In 2009, Bertrand Finet was made a member director of the Fonds Stratégique d'Investissement's (FSI) Executive Committee, then in 2013, Executive Director within Bpifrance's Fonds Propres PME Department and then Executive Director of Bpifrance's Mid & Large Cap Department in April 2015.

He was appointed Chief Operating Officer of FFP in January 2017.

OTHER CURRENT OFFICES AND POSITIONS:

Chief Operating Officer of FFP*

OTHER OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

Executive Director within Bpifrance Investissement's Mid & Large Cap Equity Department

Executive Director within Bpifrance Investissement's SME Equity Department

Permanent representative of FSI on the Supervisory Board of Assystem*

Director and member of the Executive Committee of Bpifrance Participations S.A.

Permanent representative of FSI on the Board of Directors of Farinia

Member of the Supervisory Board of Mersen*

Permanent representative of Bpifrance Participations on the Board of Directors of Sequana*

Permanent representative of Bpifrance Participations on the Board of Directors of Constellium*

Permanent representative of Bpifrance Participations on the Board of Directors of Vallourec*

Permanent representative of Bpifrance Participations on the Board of Directors of Technicolor*

Chairman of the Consolidation and Management Development Supervisory Board

Chairman and CEO of CDC Entreprise Capital Investissement

In addition, as part of this reshuffle, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, decided not to re-elect Laure Thomas and Sarah Chauleur, whose terms of office will expire at the Annual General Meeting of 11 May 2017.

To ensure a gender balance on the Board of Directors, Sarah Chauleur will be nominated by FÉDÉRACTIVE as permanent representative on SEB S.A.'s Board of Directors, replacing Pascal Girardot. This nomination will take place before the Annual General Meeting of 11 May 2017.

* *Listed company.*

Appointment of a director representing employee shareholders in 2017

In view of the importance given to employee shareholding within Groupe SEB, the Board of Directors, at its meeting on 16 December 2016, and on the recommendation of the Nominations and Remuneration Committee, decided to propose the appointment of an employee shareholder director at the Annual General Meeting of shareholders. It will therefore be proposed that Brigitte Forestier, nominated within the SEB1 FCPE, be appointed as director for a four-year term following its meeting on 27 January 2017.

Information about Brigitte Forestier is given below.

Brigitte Forestier

Director representing employee shareholders

Age:	46
Nationality:	French

BIOGRAPHY:

Brigitte Forestier has a Masters in Human Resources from the Institut de Gestion Sociale in Lyon. She joined Groupe SEB in 1997. She held various Human Resources positions at Calor then Groupe SEB France.

Since 2009, Brigitte Forestier has been Human Resources Manager at Groupe SEB Retailing.

OTHER CURRENT OFFICES AND POSITIONS:

None

OTHER OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Resignations in 2017

Bruno Bich and Tristan Boiteux will terminate their directorships early, although they were due to expire after the Annual General Meeting called to approve the financial statements for 2017.

In line with the decision of the Board of Directors' Meeting on 7 March 2017, Bruno Bich's resignation will be effective on the day of the Annual General Meeting of 11 May 2017. Tristan Boiteux would be replaced by Delphine Bertrand.

Ratification of the co-optation of a director in 2017

The Board of Directors, during its meeting on 7 March 2017, reviewed the proposal that Delphine Bertrand be co-opted to replace Tristan Boiteux, whose resignation will take place at the end of the Board of Directors' Meeting on 27 April 2017. After reviewing her candidacy, the Board of Directors deemed that she was capable of assuming the duties of a director of the company and making an effective contribution to the work of the Board of Directors.

Information about Delphine Bertrand is given below.

Delphine Bertrand

Member of the Founder Group, member of FÉDÉRACTIVE

Age:	52
Nationality:	French
Number of SEB shares held:	120,141 (including 8,825 full-ownership and 111,316 bare-ownership shares)

BIOGRAPHY:

Delphine Bertrand has a degree in Japanese, holds a CPEI qualification from the Institut National des Langues et Civilisations Orientales (INALCO) and is a Master Practitioner of neurolinguistic programming. She has served as communication officer of FÉDÉRACTIVE since 2013.

She is a co-founder of the Première Pierre foundation (FPP), which was set up in 2007 to support charitable organisations that help vulnerable people to rebuild their lives, in the areas of housing, employment, disability and education.

Delphine Bertrand has an “objectif administratrice” in corporate governance diploma from EM Lyon.

OTHER CURRENT OFFICES AND POSITIONS:

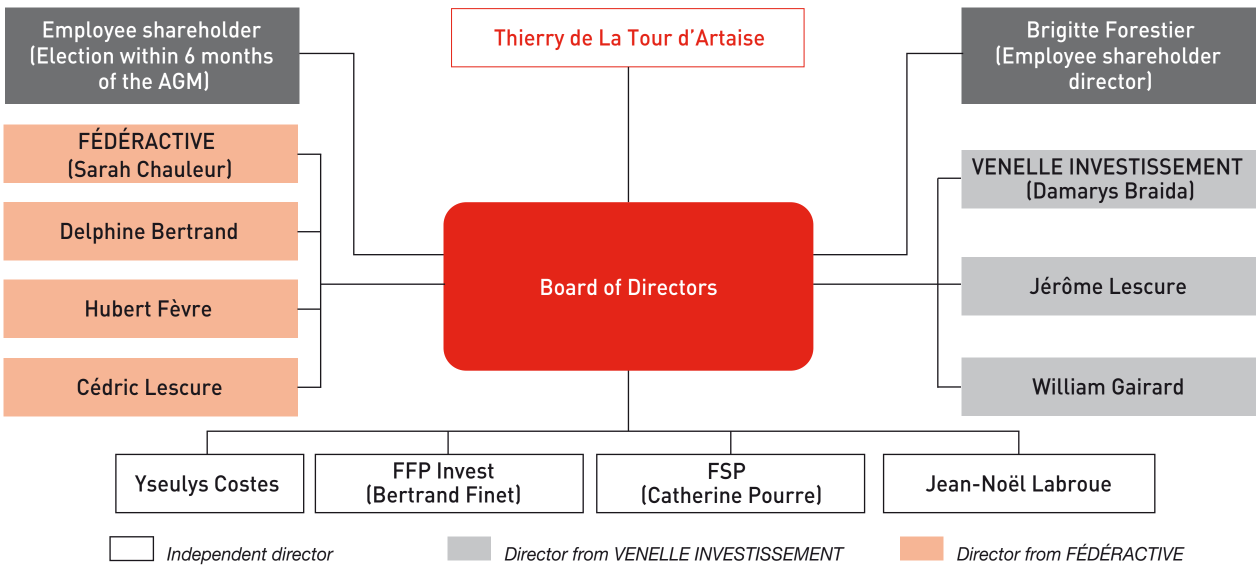
Member of the FÉDÉRACTIVE Advisory Board

OTHER OFFICES AND POSITIONS HELD IN THE LAST FIVE YEARS AND NOW EXPIRED:

None

Composition of the Board of Directors after the Annual General Meeting of 11 May 2017

If the resolutions proposed to the shareholders are adopted, the Board of Directors will be composed as follows:



DECLARATIONS OF THE DIRECTORS

Founder family connection

All directors belonging to the Founder Group are descendants, directly or by marriage, of the Founder-Chairmen Frédéric Lescure and Henri Lescure.

There is no family connection between Board members and members of the Executive Committee, with the exception of Thierry de La Tour d'Artaise.

Absence of criminal convictions or sanctions

To the best of the company's knowledge, in the last five years, none of the directors or executive officers (Chief Executive Officer and Chief Operating Officer):

- has been convicted of fraud, nor has been the subject of any official charge and/or sanction by the regulatory authorities;
- has been subject to any court order or restriction on serving as a member of a Management Board, Board of Directors or Supervisory Board, or from being involved in the management or affairs of an issuer of securities;
- has been subject, in the capacity of corporate officer or director, to bankruptcy, receivership or liquidation.

Absence of conflicts of interest

As far as the company is aware, and in line with its conflict of interest management policy outlined below, there is no potential conflict of interest between the duties, vis-a-vis SEB S.A., of the members of the administration bodies and the General Management team and their private interests.

Service contracts

No member of the Board of Directors or Group Executive Committee has any contractual service relationship with SEB S.A. or its subsidiaries that provides for benefits to be granted when the contract ends.

Related-party agreements

The existing related-party agreements have been authorised in advance in accordance with the law and are described in section 2.5, "Remuneration policy", as well as in the statutory auditors' special report on related-party agreements. Pursuant to Article L. 225-40-1 of the French Commercial Code, agreements signed and authorised in prior years which continued in 2016, were reviewed at the Board of Directors' Meeting on 23 February 2016. The directors had no comments to make, particularly with regard to their purpose or their financial conditions. The agreements regarding Thierry de La Tour d'Artaise, approved during previous years, were also re-approved by the Annual General Meeting of 19 May 2016, when his term of office was renewed.

STOCK MARKET CODE OF CONDUCT

Under the Directors' Charter and internal rules, the Board of Directors are subject to trading regulations and, in particular, rules relating to the use and disclosure of inside information.

Group SEB has also adopted a Stock Market Ethics Charter that details the obligations of directors and persons with whom they have close personal ties, the company's executive officers, and certain employees that may hold sensitive information, in accordance with the applicable laws and regulations. This was updated to incorporate the changes introduced by the entry into force of regulation no. 596/2014 of 16 April 2014 on market abuse.

At the end of the Board of Directors' Meeting on 19 December 2013, the Secretary of the Board of Directors, Philippe Sumeire, was appointed as Ethics Officer, to advise any directors or employees who may have doubts as to the application of the provisions applicable to them.

INDEPENDENCE OF THE DIRECTORS

With five independent directors, i.e. one-third of the directors, the composition of the Board of Directors meets the recommendations of the AFEP-MEDEF Code, according to which, "in controlled companies, independent directors should account for at least a third".

The independent status of each individual director is examined by the Nominations and Remuneration Committee prior to their appointment or re-election. To this end, a "Selection guide" is used, which aims to ensure that the candidate meets all the independence criteria defined by the AFEP-MEDEF Code before any proposal for appointment or re-election is made, as described below:

- is not an employee or Executive Officer of the company, or an employee or director of its parent or a company that the latter consolidates, and has not been in such a position for the last five years (**criterion 1**);
- is not an Executive Officer of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Officer of the company (who is currently in office or has held such office within the last five years) is a director (**criterion 2**);
- is not a customer, supplier, investment banker or commercial banker that is material to the company or its group, or for a significant part of whose business the company or its group accounts (**criterion 3**);
- does not have close family ties with an Executive Officer (**criterion 4**);
- has not been a director of the company for more than twelve years (**criterion 5**);
- has not been an Auditor of the company in the last five years (**criterion 6**).

The conclusions of the review conducted by the Nominations and Remuneration Committee are then sent to the Board of Directors so that it can review the status of each of its members.

The procedure for managing conflicts of interest (set out below) enables the Committee to rule, on a yearly basis, on any conflicts of interest and to ensure that independent directors have no connection with the company, its Group or its Management team that is likely to compromise them in exercising freedom of judgment.

Therefore, after examining the findings of the Nominations and Remuneration Committee and the individual status of the members of the Board of Directors as regards the criteria set out by the AFEP-MEDEF Code, the Board of Directors considered Bruno Bich, Yseulys Costes, Jean-Noël Labroue, Christian Peugeot (permanent representative of FFP Invest) and Catherine Pourre (permanent representative of FSP) to be eligible for the status of independent director.

DIRECTORS' STATUS IN TERMS OF INDEPENDENCE CRITERIA

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Eligibility
Bruno Bich	yes	yes	yes	yes	yes	yes	Independent
Yseulys Costes	yes	yes	yes	yes	yes	yes	Independent
Jean-Noël Labroue	yes	yes	yes	yes	yes	yes	Independent
Christian Peugeot	yes	yes	yes	yes	yes	yes	Independent
Catherine Pourre	yes	yes	yes	yes	yes	yes	Independent

In addition to the criteria laid down by the AFEP-MEDEF Code, the company takes an active interest in ensuring that the operation and organization of the Board of Directors' work allows all its members to make full use of their freedom of judgment.

Pursuant to the Charter and the internal rules, the directors undertake “to maintain their independence of analysis, judgment, decision and action and to reject any pressure, direct or indirect, which may come to bear on them”.

Following the evaluation of the Board of Directors in 2016, the directors declared themselves to be mostly satisfied with the number and role of the independent directors.

At its meeting of 16 December 2016, after hearing the findings of the Nominations and Remuneration Committee, the Board noted the duration of Christian Peugeot functions, who will have served for 12 years at the end of the Annual General Meeting of 11 May 2017. To maintain the independence of FFP Invest, in accordance with the requirements of the AFEP-MEDEF Code, he will be replaced by Bertrand Finet, COO of FFP Invest.

MANAGING CONFLICTS OF INTEREST

Various procedures have been formalised to prevent and identify any risk of conflicts of interest, at the time of appointment, during the term of office or on the re-election of directors.

When a director is appointed, or when their term of office is renewed, the Nominations and Remuneration Committee checks compliance with the criteria defined by the AFEP-MEDEF Code as outlined above, identifies conflicts of interest and ensures that any risks identified are unlikely to create a conflict of interest.

The individual status of directors is also reviewed on a yearly basis using an individual questionnaire and, since 2014, a formal sworn statement signed by the directors.

The Nominations and Remuneration Committee reports its findings to the Board of Directors, which is consequently informed about the status of each director.

During their term of office, directors are also obliged to perform their duties in the strict company's interests. Directors are therefore obliged to inform the Board of Directors should a conflict of interest occur when a meeting agenda is published, or during the course of a meeting. The Board must then decide, if necessary without the director concerned being present, whether he or she should take part in the debate and/or vote on the agenda items in question, pursuant to the provisions of the Directors' Charter and the internal Rules.

The annual declarations submitted for review by the Board of Directors on 16 December 2016 did not reveal any conflicts of interest.

As in previous years, the Nominations and Remuneration Committee reviewed the business flow between some Groupe SEB entities and 1000mercis, of which Yseulys Costes is Chairwoman and Chief Executive Officer. This business flow corresponds to interactive advertising and marketing services requested by Groupe SEB to support it in its digital development. During its annual review, the Nominations and Remuneration Committee notably examined the history of this business relationship and the way in which it was managed by the operational teams. The selection process was also checked and the reasons behind the decision to collaborate with 1000mercis. During the review conducted in 2016, the Nominations and Remuneration Committee found that:

- the relationship between SEB and 1000mercis preceded the term of office of Yseulys Costes;
- the relationship is only managed by the operational teams;
- SEB is not a significant client of 1000mercis;
- 1000mercis is a leader on the interactive marketing market;

- the value of the resulting transactions for 2016 accounts for approximately 0.016% of Groupe SEB's consolidated revenue and 0.04% of Groupe SEB's equity, and 0.9% of the consolidated revenue and 1.2% of 1000mercis' equity.

Given the above, the Board of Directors, at its meeting of 16 December 2016, found that this business relationship was unlikely to compromise Yseulys Costes' independence of judgment and ruled out the possibility of a conflict of interest, thus confirming her status as an independent director.

ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

ROLE AND MEETINGS OF THE BOARD OF DIRECTORS

Role of the Board of Directors

Pursuant to Article 225-35 of the French Commercial Code and the Company's bylaws, the Board of Directors determines the company's business strategies and ensures that they are implemented; it deals with all matters regarding the proper functioning of the company and acts on all matters in its purview, to the extent of the corporate purpose and subject to the powers explicitly assigned by the law to General Meetings of shareholders. The Board of Directors also carries out the checks and verifications that it deems to be appropriate.

The prior approval of the Board is required to decide on the Group's strategy, budgets, management structures and acquisitions, on the proposal of the Chairman and in accordance with the internal rules of the Board of Directors.

A Board of Directors focused on strategy

As regards strategic matters, the Charter and internal rules state that the Board of Directors determines the Group's strategy. It is therefore consulted and invited to give an opinion before any strategic decisions are made about the Group. This role positions the Board of Directors to be the focus of strategy and ensures an appropriate balance of power.

The Board is given detailed information about the Group's activity and results at every meeting to give it a better understanding of strategic issues. It also receives information about its financial performance, its stock market and financial universe, its products and its competitive universe throughout the year.

The systematic presence of the Group's principal executive officers at meetings allows directors to benefit from any additional information required, and from accurate and useful answers to any questions that may arise during presentations.

The year 2016 was specifically marked by the organizing of four Extraordinary Meetings directly relating to acquisitions and the purchase of EMSA and WMF. The Board of Directors was able to examine and identify the various opportunities and to give an opinion on the Group's acquisition plans, and on the acquisition conditions, the financing terms and the strategy for integrating the entities acquired.

The role of Board of Directors is not restricted to acquisitions. He was also involved in the Group's development in China and remains at the heart of any plans outside the framework of the announced strategy if the investment is significant. The Board of Directors was therefore able to give its opinion on the Group's real estate plans following the move to the new head office.

Following the evaluation of the Board of Directors in 2016, and in order to further increase its involvement and its understanding of the Group's strategic issues, it was decided that the annual strategy presentation would be expanded, particularly by including a detailed presentation for each Business Unit.

With regard to decisions relating to the possible use of Annual General Meeting authorisations to increase the capital, the Board of Directors decided, as an internal rule and in view of the importance of such authorisations, that decisions should be made by a qualified majority vote of 12/14^{ths} of the members present or represented.

Meetings of the Board of Directors

The Board of Directors met nine times in 2016. The attendance rate was 88%, bearing in mind that the slight decrease compared with 2015 is a result of the increase in the number of Extraordinary Meetings linked to the acquisition of WMF in 2016.

The meetings are generally arranged as follows:

- February: Review of the annual financial statements and approval of the budget;
- April: Review of the quarterly results and a specific topic;
- May: Meeting following the Annual General Meeting and the authorisation to award performance shares;
- July: Review of the half-yearly financial statements;
- October: Review of the quarterly results and visit to an industrial site or a commercial or industrial subsidiary abroad;
- December: Review of the financial statements at the end of November, report from the Nominations and Remuneration Committee on the evaluation and composition of the Board of Directors, Annual Review of Human Resources, sustainable development and review of the CSR report.

The Board of Directors may meet as often as the interests of the company require, in accordance with the law and the bylaws. It met on an extraordinary basis on 21 March, 13 and 19 May 2016, then 2 December 2016, after being convened by the Chairman, to review the acquisition plans, approve the acquisition of WMF, monitor the acquisition process and determine the financing conditions.

A meeting is traditionally held each year at one of Groupe SEB's sites in France or abroad, so that directors can visit industrial sites and commercial subsidiaries and meet Group employees. This initiative promotes understanding of the challenges and problems faced by the Group and the inclusion of historical, human and cultural dimensions in their discussions.

To facilitate certain deliberations, meetings of the Board of Directors and its committees may take place without the presence of the CEO, as necessary. This is the case for the annual assessment of the Chairman and CEO's performance by the Nominations and Remuneration Committee, whose findings are submitted to the Board of Directors. The latter are free to deliberate in the absence of the interested party.

The Board of Directors also deliberated on the succession plan for the general management in the absence of the Chairman and CEO, at the meeting of 17 December 2015.

To encourage directors to attend meetings, the company has introduced the following:

- drafting and publication of the schedule of Board of Director and Committee Meetings at least one year in advance;
- meetings held in Paris, or at the company's head office in Écully;
- option to take part in meetings over the telephone or by videoconference if directors are unable to attend in person.

Following the evaluation of the Board of Directors, which took place between October and November 2016, the directors said that they were satisfied with the organization of meetings. The longer meetings, decided on after the evaluation in 2015, will continue in 2017, to improve discussions and the quality of Board of Directors' Meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and CEO represents the company in its relations with third parties. He has the broadest powers to act under all circumstances on the company's behalf in accordance with Article L. 225-56 of the French Commercial Code.

The Board of Directors has not set any limits on the powers of the CEO.

Pursuant to the Directors' Charter and internal rules, the Board of Directors is responsible for deciding on any proposals relating to Groupe SEB strategy, on the recommendation of the Chairman and CEO.

As Chairman of the Board of Directors, the Chairman and CEO's role is to represent the Board of Directors. To this end, he is notably responsible for:

- organizing and directing the work of the Board of Directors;
- reporting on the work of the Board of Directors to the Annual General Meeting;
- ensuring that the company's corporate bodies all run smoothly in accordance with the principles of good governance;
- ensuring that the directors are able to fulfil their mandate.

In addition, to ensure that members of the Board of Directors are fully informed, the Chairman of the Board of Directors may be asked by the members to obtain additional information when relevant and necessary to perform their duties, in accordance with the Directors' Charter and the internal rules.

SECRETARY OF THE BOARD OF DIRECTORS

To ensure the smooth operation of the Board of Directors, it appoints a Secretary, who does not have to be a director. Philippe Sumeire, the Group's General Counsel, is therefore Secretary of the Board of Directors, having been appointed on 16 December 2011. He is tasked with helping the Chairman and CEO to organise the work of the Board of Directors and the specialized committees. His role is to plan meetings, define agendas, disseminate information and draft minutes.

BOARD OF DIRECTORS' COMMITTEES

Since 1995, the Board of Directors has had two specialized committees to help it in areas for which specific skills and meetings are required. These are the Audit Committee and the Nominations and Remuneration Committee.

The Board of Directors laid out the principles for the composition of its specialized committees at its meeting on 11 December 2009. They are now composed of four members, i.e. two directors representing the Founder Group and two independent directors. This composition is justified by the need to ensure the strong presence of independent directors and to take account of the company's shareholder base.

The operation of the specialized committees is specifically assessed as part of the procedure for the annual evaluation of the Board of Directors. After the evaluation was conducted in 2016, the directors again said that they were satisfied with the number of Board of Directors' committees and with the way that they operate.

The Audit Committee

COMPOSITION AND INDICATORS

COMPOSITION

Catherine Pourre, independent director, Permanent representative of Fonds Stratégique de Participation
Christian Peugeot, independent director, Permanent representative of FFP Invest
Hubert Fèvre, Member of FÉDÉRACTIVE
Jérôme Lescure, Member of VENELLE INVESTISSEMENT

CHAIRWOMAN

The Audit Committee is chaired by Catherine Pourre, an independent director, who is responsible for coordinating its activities and whose powers are strengthened by having the deciding vote in the event of a tied vote on a recommendation.

NUMBER OF MEETINGS

3

ATTENDANCE RATE

70%

PERCENTAGE OF INDEPENDENT DIRECTORS

50% - The Chairwoman, who is an independent director, has the deciding vote

WORK AND POWERS

To better perform their specific roles, and in accordance with the recommendations of the AFEP-MEDEF Code, each member has financial or accounting skills.

The work of the Audit Committee is based on the following responsibilities:

- informing the Board of Directors on the identification, evaluation and handling of the main financial risks to which the Group may be exposed;
- ensuring the relevance of the accounting methods used to prepare the annual and half-yearly financial statements;
- notifying the Board of Directors of any useful observations or recommendations;
- participating in the procedure for appointing statutory auditors and ensuring that they are independent.

The Audit Committee may request opinions or consultations from external experts on specific points. Last year, the Committee did not believe that it required such outside expertise.

Audit Committee Meetings are usually held in the presence of the statutory auditors, the Senior Executive Vice-president, Finance, the Internal Audit Director and the Accounts Director. However, when the tasks accomplished by the statutory auditors are examined, the management withdraws.

For logistical and organisational reasons, Audit Committee Meetings are generally held one day prior to the examination of the half-yearly and annual financial statements by the Board of Directors. However, any documents that are useful for Audit Committee Meetings are sent in advance of the meetings, so that members of the Audit Committee can familiarise themselves with the documents in advance of the meeting and prepare for the Board of Directors' deliberations on the financial statements. Following the 2016 evaluation of the Board of Directors, the directors confirmed that this way of operating was satisfactory and was not detrimental to the standard of discussions during meetings.

The review of the financial statements is accompanied by a presentation from the statutory auditors stressing the key points identified during their audits, their procedures, the accounting options selected and a report describing the exposure to risks and significant off-balance sheet commitments.

At the end of its meetings, the Audit Committee prepares a detailed report which is sent to all the directors, informing them fully of the content of its discussions as well as its conclusions and recommendations.

MAIN WORK

As is its prerogative, in 2016, the Audit Committee, as it does every year, audited the following:

- the draft annual financial statements as of 31 December 2015 and the draft half-yearly financial statements as of 30 June 2016, prior to their submission to the Board of Directors;
- the Chairman's report on internal control;
- the nature and results of the work done by the statutory auditors along with their comments and recommendations on internal control;
- the review of the main findings of the internal audits carried out in 2016;
- the proposed schedule of internal audits for 2017;
- the mapping and analysis of major risks.

The above shows that the Audit Committee:

- was informed by the statutory auditors of the content and conclusions of their audit and was given the opportunity to hold discussions with them without the presence of the management;
- was able, with the help of the presentations made by the Senior Executive Vice-president, Finance and his team (particularly including the heads of internal audit and risk management), to understand and assess the company's significant risks and off-balance sheet commitments.

The Nominations and Remuneration Committee

COMPOSITION AND INDICATORS

COMPOSITION

Jean Noël Labroue, independent director
Bruno Bich, independent director
Pascal Girardot, Member of FÉDÉRACTIVE
Damarys Braida, Member of VENELLE INVESTISSEMENT

CHAIRMAN

The Nominations and Remuneration Committee is chaired by Jean Noël Labroue, an independent director, who is responsible for coordinating its activities and whose powers are strengthened by having the deciding vote in the event of a tied vote on a recommendation.

NUMBER OF MEETINGS

3

ATTENDANCE RATE

100%

PERCENTAGE OF INDEPENDENT DIRECTORS

50% - The Chairman, who is an independent director, has the deciding vote

WORK AND POWERS

The work of the Nominations and Remuneration Committee is based around the following:

- issuing recommendations on the composition of the Board of Directors, the appointment or re-election of Board members, and the Group's organization and structures;
- establishing and monitoring succession plans, particularly for executive officers;
- proposing the compensation policy for executive officers and examining the compensation policy for the main senior executives;
- proposing the introduction of and procedures for stock option plans and free shares;
- issuing recommendations on governance or ethics matters;
- examining the Group's sustainable development policy, assessing the actions taken and the company's policy in this area.

In addition, if necessary, the Nominations and Remuneration Committee may request opinions or consultations from external experts on specific points. This has been the case regarding compensation policy.

Meetings of the Nominations and Remuneration Committee are usually attended by the Chairman and CEO. He withdraws, however, if certain issues are examined, and especially when his annual performance evaluation is carried out.

In its work on the composition of the Board of Directors, the Nominations and Remuneration Committee examines each candidacy based on the following criteria:

- the composition of the shareholder base;
- the skills, experience and representative nature of the candidate;
- the complementarity of experiences within the Board of Directors;
- the gender balance.

Following the 2016 evaluation of the Board of Directors, the Committee suggested improving the candidate selection process by introducing collective hearings, which the Board of Directors supports.

At the end of its meetings, the Nominations and Remuneration Committee produces a detailed report to which members of the Board of Directors can have access at any time, so that they are fully aware of the content of its discussions and its conclusions and recommendations.

MAIN WORK

In 2016, the Nominations and Remuneration Committee:

- carried out the monitoring of the succession plan for executive officers and made recommendations in this regard;
- reviewed the candidacies of directors whose appointment or re-election was proposed at the Annual General Meeting of 19 May 2016;
- made recommendations on the 2015 variable and 2016 fixed and variable remuneration for the Chairman and CEO, the Chief Operating Officer and other members of the Group Executive Committee;
- assessed the performance of the Chairman and CEO in his absence, as well as the performance of the Chief Operating Officer and the members of the Group Executive Committee;
- examined, then made recommendations on, the composition of the Board of Directors, particularly with regard to legislative changes regarding the appointment of employee directors and employee shareholder directors and compliance with gender parity laws;
- reviewed the terms of office expiring at the next Annual General Meeting on 11 May 2017;
- reviewed a benchmark relating to attendance fees paid to directors of SBF 120 companies to check the company's positioning after the increase following the Annual General Meeting of 19 May 2016;

- compiled the responses to the evaluation of the Board of Directors as well as directors' self-assessments and made recommendations in this regard;
- reviewed the answers given by directors to the annual questionnaire designed to prevent and identify conflicts of interest, and made recommendations on the business relationship between the Group and 1000mercis, of which Yseulys Costes is Chairman and CEO;
- reviewed benchmarks relating to the age limits of executive officers and directors at CAC 40 and SBF 80 companies and a panel of peers to recommend amendments to the bylaws;
- reviewed the report of the High Committee for Corporate Governance of October 2016 and the new version of the APEF-MEDEF Code of November 2016 and assessed their consequences for the governance of SEB;
- conducted the annual review of Human Resources;
- examined the sustainable development policy and approved the report on the action taken and the company's initiatives in this area.

At its meeting on 17 February 2017, the Nominations and Remuneration Committee, in accordance with the AFEP-MEDEF Code, deliberated in order to assess the performance of the Chairman and Chief Executive Officer during the year. The Chairman and CEO did not attend this meeting. The Committee reports on its work at the next Board of Directors' Meeting, where the directors are free to deliberate in the absence of the interested party.

INFORMATION PROVIDED TO DIRECTORS

Pursuant to the Charter and internal rules, "directors shall receive all the relevant information needed to perform their role". The Chairman ensures that the directors have the information and documents required to fully perform their role at all times during their term of office.

In 2006, the company created a website for the directors. This documentary database, for the sole use of the directors, and in which documents are made available to them, ensures access to information and a high transmission speed in the strictest confidentiality.

The Chairman also ensures that information on General Meetings, financial publications, sales and results, consensuses and summaries of financial analysts' recommendations, as well as press releases by the Group, are brought to their attention on this website. A press review is also published once a month, in which the directors can find comprehensive information about the Group and its economic and competitive universe. In addition, the press review contains a section on sustainable development to raise the directors' awareness of Group economic and social responsibility issues.

It is updated regularly so as to match directors' expectations as closely as possible.

A section on corporate governance also allows them to refer to the AFEP-MEDEF Code, the Charter and internal rules, the Group code of ethics, the Market Ethics Charter and the Company's bylaws at any time.

Before each meeting, the directors can also read the documents relating to items on the agenda.

Following the 2016 evaluation of the Board of Directors, the members of the Board again said that they were satisfied with the information they had been provided with in order to perform their duties.

To optimise the transmission of information and make the Board more efficient, the company has introduced a new solution enabling simple and secure access to the documents provided to the directors, based particularly on the use of tablets. This system is in keeping with plans for the Group's sustainable development and digitalisation.

At the meeting of 17 February 2017, the directors were specifically informed about this and said that they were entirely happy with the idea of using this new solution.

EVALUATION OF THE BOARD OF DIRECTORS AND DIRECTORS

Evaluation of the Board of Directors

In accordance with the AFEP-MEDEF Code, the Charter and the internal rules, since 2003, the Board of Directors has conducted a formal annual evaluation of its operation. This ensures especially that the Board of Directors is operating as well as it can and that the duties with which the Board is entrusted are in line with the expectations of directors and are in the company's interests.

The evaluation carried out between October and November 2016 was conducted using a questionnaire updated in 2015. This questionnaire focuses, in particular, on the meetings, reporting, composition and operation of the Board of Directors, as well as its committees. It also makes it possible for governance-related questions to be raised as well as issues relating to interactions with management.

The answers given by directors were analysed by the Nominations and Remuneration Committee, whose findings were presented to the Board of Directors on 16 December 2016. As in previous years, the comments and discussions showed that directors were, on the whole, very satisfied with the way in which the Board of Directors and its committees operate and, particularly:

- with the organization and frequency of meetings;
- with the quality of the information and documents disseminated on the directors' website and the input from senior executives during meetings;
- with the level of understanding of the company's performance drivers;
- with interactions with the Management.

Some optimisation options were also discussed and adopted and are designed particularly:

- with the expanded length of certain meetings rather than adding new meetings in order to have more time to review and assess strategies prepared by the Management;

- with the expansion of the collective work to review upcoming candidacies for the Board of Directors;
- with the facilitation of access to documents ahead of Board of Directors' Meetings.

Longer Nominations and Remuneration Committee Meetings have also been maintained to take the time needed to review governance and corporate social responsibility issues.

Director self-assessment

The evaluation of the Board of Directors was supplemented, in 2015, by a directors' self-assessment questionnaire, adopted by the Board of Directors at its meeting on 18 December 2014. This was intended to improve the understanding of the involvement and actual contribution of each director in the work of the Board of Directors.

The answers given by directors were analysed by the Nominations and Remuneration Committee, whose findings were presented to the Board of Directors on 16 December 2016. The comments and discussions showed, in particular, that directors have a very good overall opinion of the role of the Board of Directors and its program of work and that they have complementary skills and experience.

DIRECTORS' CHARTER AND INTERNAL RULES OF THE BOARD OF DIRECTORS

The first version of the Directors' Charter and internal rules of the Board of Directors was prepared in 2003. This is a single document in two parts, one on the rules of conduct applicable to members of the Board of Directors, the other on the operational rules of the Board of Directors and its Committees.

This document is regularly updated, and will notably be updated in 2017 due to the change in the Board of Directors' composition.

The main provisions of the Charter and internal rules are covered or set out in this chapter of the Registration Document (Chapter 2).

Directors' Charter

The Directors' Charter specifies the role and duties of each member of the Board of Directors that they accept from the beginning of their term of office.

The main points of this Charter are: respect for and protection of the company's interests, attendance, dealing with any conflicts of interest, access to information, confidentiality, independent analysis and a reminder of the laws regarding insider information.

Internal rules

As the internal rules are designed to ensure the smooth operation of the Board of Directors, each member of the Board of Directors is informed of them at the start of their term of office.

The internal rules cover the composition, operation, role and mission of the Board and its committees and the director remuneration policy.

PROCEDURES RELATING TO SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

Note that Articles 32 and 33 of the bylaws define the procedures for shareholder participation in Annual General Meetings in accordance with the current regulations. All shareholders are therefore entitled to participate in Annual General Meetings, or to be represented at such meetings, under the terms and conditions laid down by the bylaws, a summary of which is given in Chapter 7, "Information concerning the company and its share capital".

IMPLEMENTATION OF RECOMMENDATIONS MADE IN THE AFEP-MEDEF CODE

With regard to the "Apply or Explain" rule provided for in Article L. 225-37 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the company believes that its practices comply with the recommendations of the AFEP-MEDEF Code. However, some recommendations were not applied, for the reasons explained below:

AFEP-MEDEF recommendations not applied	Reason
Article 10.3: Board and Committee Meetings It is recommended that a meeting not attended by the executive officers be held each year.	Issues relating to the Chairman and CEO's performance are discussed by the Nominations and Remuneration Committee in his absence. For this reason, and given the collective nature of the Board of Directors, there are no plans to hold formal meetings of the non-executive directors not attended by the Chairman and CEO. The Board remains free to hold discussions at any time in the absence of the Chairman and CEO if this is necessary, however.
Articles 15.1 and 17.1: Proportion of independent directors on Committees At least two-thirds of the members of the Accounts Committee must be independent directors. The Nominations and Remuneration Committee must include a majority of independent directors.	Given the shareholder base of the company, controlled by two major shareholders acting jointly, the Audit Committee and the Nominations and Remuneration Committee are made up of four members, including two independents, and a Board member representing each major shareholder. Both Committees are chaired by an independent director who leads and steers the Committee's work. They have the deciding in the event of a tied.
Article 20: Remuneration of the directors The largest portion of the total attendance fees is variable.	Variable attendance fees were introduced by the company in 2013. A consensus was reached at this time in view of the directors' high attendance rate. Namely, raising the attendance share to 50% was considered to meet the largest portion requirement.
Article 21: Chief Executive Officer's employment contract When an employee is appointed as Chief Executive Officer of the company, it is recommended that their employment contract with the company or with a company affiliated to the Group be terminated, whether through contractual termination or resignation.	Thierry de La Tour d'Artaise began his career with the Group in 1994 and was appointed Vice-Chairman of SEB S.A. in 1999 before becoming Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract has been suspended since 2005. The Board of Directors' Meeting of 17 February 2012, having re-examined the circumstances of the Chief Executive Officer, considered that Thierry de La Tour d'Artaise's employment contract, which had been suspended since 2005, should remain suspended, in light of his age, personal situation, and seniority within the Group. The same decision was made following the Board of Directors' Meeting on 23 February 2016, with a view to renewing the term of office of Thierry de La Tour d'Artaise.

2.4. Group management bodies

On 2 September 2015, the Management Committee was replaced by an Executive Committee incorporating three Continental General Management structures. Each of these three Continents is then organized into Regions.

The Executive Committee is now organized as follows:

EXECUTIVE COMMITTEE

Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer
Bertrand Neuschwander	Chief Operating Officer
Vincent Léonard	President, Finance, Group Senior Executive Vice-president
Harry Touret	President, Human Resources, Group Senior Executive Vice-president
Stéphane Laflèche	President, Industry
Philippe Crevoisier	President, Innovation and Products
Luc Gaudemard	President, Americas
Frédéric Verwaerde	President, Asia
Cyril Buxtorf	President, EMEA

The Group Executive Committee defines and implements overall Group strategy. It meets roughly once a month to define the consolidated targets, monitor strategic projects, decide on priorities and allocate the necessary resources to the Strategic Business Areas and the Continental General Management and other Group management structures.

2.5. Remuneration policy

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

RULES OF ALLOCATION AND AMOUNTS PAID FOR 2016

The terms of directors' remuneration are set by the Board of Directors on a proposal from the Nominations and Remuneration Committee. In 2016, the attendance fees received by directors obeyed the same allocation rules as for the previous year, namely a fixed portion and a variable portion, calculated according to directors' attendance at Board and Committee Meetings.

The directors receive no remuneration other than attendance fees. The travel expenses incurred as a result of their participation in meetings are paid for.

For the period from 1 May 2015 to 18 May 2016, in other words prior to the increase in the overall amount adopted at the Annual General Meeting of shareholders on 19 May 2016, the overall amount authorised by the Annual General Meeting of 17 May 2011 continued to be applicable, namely €450,000 allocated as follows:

Function	Fixed portion	Variable portion
Director	€12,000	€12,000
Committee Chairman	€7,500	€7,500
Committee member	€5,000	€5,000

In 2016, the overall attendance fees paid to Board members totalled €428,333 (gross amount before deductions and/or withholdings), compared with €438,333 in 2015.

REMINDER OF THE ALLOCATION VOTED FOR BY THE ANNUAL GENERAL MEETING ON 19 MAY 2016

Following the Annual General Meeting on 19 May 2016, the shareholders supported the increase in the overall amount of the attendance fees, which was partly intended to compensate for the difference in the attendance fees paid by comparable companies.

For the period running from 18 May 2016 to 10 May 2017, the overall amount of €540,000 will therefore be allocated as follows:

Function	Fixed portion	Variable portion
Director	€15,000	€15,000
Committee Chairman	€7,500	€7,500
Committee member	€5,000	€5,000

Attendance fees and other remuneration received by executive officers

Board members	Attendance fees paid in 2014/2015	Attendance fees paid in 2015/2016
Thierry de La Tour d'Artaise	24,000	24,000
Bruno Bich	34,000	32,666.6
Tristan Boiteux	24,000	24,000
Sarah Chauleur	24,000	24,000
Yseulys Costes	22,000	18,666.6
FÉDÉRACTIVE (Pascal Girardot)	34,000	34,000
Hubert Fèvre	34,000	34,000
FFP (Christian Peugeot)	28,333	27,000
Jacques Gairard	24,000	N/A
William Gairard	N/A	24,000
Jean-Noël Labroue	37,000	37,666.6
Cédric Lescure	24,000	21,333
FSP (Catherine Pourre)	39,000	37,666.6
Laure Thomas	22,000	22,666.6
VENELLE INVESTISSEMENT (Damarys Braida)	34,000	32,666.6
Jérôme Wittlin	34,000	34,000
TOTAL	**438,333**	**428,333**

REMUNERATION OF EXECUTIVE OFFICERS

The information presented below covers remuneration and benefits of every kind (performance shares, severance payments, benefits in kind and supplementary pension benefits) concerning Thierry de La Tour d'Artaise and Bertrand Neuschwander, the sole executive officers receiving remuneration. Board members only receive the attendance fees referred to above.

PRINCIPLES AND OBJECTIVES

The remuneration policy for Groupe SEB executive officers is set by the Board of Directors on a proposal from the Nominations and Remuneration Committee. It is reviewed on a regular basis and aims to provide balanced and consistent remuneration in line with the recommendations of the AFEP-MEDEF Code as updated in November 2016, to which the Group refers.

According to these principles, the Nominations and Remuneration Committee proposes to the Board of Directors the components of the remuneration of each executive, while remaining attentive to maintain a balance and taking quantifiable and qualitative performance criteria into account.

Completeness and simplicity

The remuneration of executive officers is intended to ensure simplicity, transparency and consistency over time. It comprises a fixed portion, an annual variable portion and performance shares, subject to the fulfilment of performance criteria set in advance by the Board of Directors. The total remuneration granted to executive officers is determined by taking all the remuneration and benefits into account, including the supplementary pension plan.

Balance and consistency

The remuneration of executive officers is consistent with the overall remuneration policy for Group executives and employees and the interests of both the company and its shareholders. It also takes account of market practices as well as the performance of executive officers.

Motivation and performance

To motivate executive officers and encourage them to meet short- and long-term targets, the Board of Directors ensures that a variable portion is evenly allocated between annual and longer-term targets. Performance criteria are set with the aim of contributing, year on year, to the implementation of a long-term growth strategy.

PRINCIPLES AND CRITERIA FOR THE DETERMINATION, ALLOCATION AND AWARDING OF THE FIXED, VARIABLE AND EXTRAORDINARY COMPONENTS OF TOTAL REMUNERATION AND BENEFITS OF ANY KIND

According to the AFEP-MEDEF Code, the various components of executive officers' remuneration are contained in a statement which is issued on the company's website after the Board Meeting that adopted the relevant decisions.

Pursuant to the measure introduced by the law of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy (Sapin 2), the principles and criteria applicable to the components of remuneration for 2017 as they are set out below will be submitted to a vote at the Annual General Meeting of shareholders on 11 May 2017.

The components of remuneration due or awarded to each executive officer for 2016 are, for their part, subject to a consultative vote at the Annual General Meeting of 11 May 2017, under a specific resolution for each executive officer (see "Say on Pay" tables on pages 74 and following, below) in accordance with the recommendations of the AFEP-MEDEF Code.

The payment of variable remuneration for 2017 will be submitted to a vote at the Annual General Meeting of shareholders called to approve the financial statements for the year ended 31 December 2017.

Fixed remuneration

The fixed portion of remuneration should reflect the executive officer's responsibilities, level of experience and skills and be in line with market practices.

The fixed remuneration is analysed and discussed by the Nominations and Remuneration Committee, which takes into account the personal qualities of the executive officer in question, all the components of the remuneration, as well as the positioning of the executive officer's remuneration compared with the practices identified in comparable companies.

The findings of the Nominations and Remuneration Committee are discussed by the Board of Directors. The latter ensures that the fixed remuneration of executive officers remains stable over several years and takes account of any supplementary remuneration.

The fixed remuneration serves as a reference basis for determining the annual variable remuneration.

Annual variable remuneration

The variable portion of the executive officers' remuneration obeys the general principles applicable to all Group executives. These criteria, which have been constant for many years, are analysed and discussed each year by the Nominations and Remuneration Committee, which regularly consults studies of practices identified in comparable companies conducted by external consultants. The Board of Directors sets the criteria at the start of each year and makes sure that they constitute an incentive mechanism intrinsically linked to the Group's performance and strategy.

At its meeting scheduled at the beginning of the year, the Nominations and Remuneration Committee assesses the quantifiable and qualitative performance criteria and checks that they are in line with Groupe SEB's strategic priorities as well as with the principles referred to above. The findings are then submitted to the Board of Directors, which discusses and approves these criteria at the meeting called to review the annual financial statements and the budget.

THE QUANTIFIABLE CRITERIA

The quantifiable criteria are linked to the Group's economic performance. They represent 60% of variable remuneration and are assessed according to the following targets:

- sales growth;
- growth in the Operating Result from Activity.

The targets set are not made public in order to maintain the confidentiality inherent in the Group's strategy. Historically, the percentage fulfilment of these criteria has varied between 72% and 161% over the last six years.

THE QUALITATIVE CRITERIA

The qualitative criteria are linked to collective and individual performance. They represent 40% of variable remuneration and are assessed with regard to strategic targets relating to changes to the Group's organisational structure and management.

TARGET AND CAP

Annual variable remuneration is expressed as a percentage of annual fixed remuneration:

- for the Chairman and Chief Executive Officer: annual variable remuneration may vary from 0% to 100%, if all of the quantifiable and qualitative targets are met (target level), and go up to a maximum of 150% if financial performances are exceptional compared with the targets set;
- for the Chief Operating Officer: annual variable remuneration may vary from 0 to 80%, if all of the quantifiable and qualitative targets are met (target level), and go up to a maximum of 125% if financial performances are exceptional compared with the targets set.

Performance shares

To the exclusion of all other plans, Groupe SEB has been awarding performance shares to Group employees and executive officers since 2013, in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code. This system replaced stock option grants, the last of these plans having been submitted to the Annual General Meeting of 10 May 2012.

Performance share awards aim to promote the meeting of Groupe SEB's long-term targets and the value creation expected by stakeholders.

Based on this logic, the Board of Directors decided, on a proposal of the Nominations and Remuneration Committee, that performance shares should be awarded entirely based on performance criteria. This favours simple rules that remain stable over time and long-term and demanding performance criteria.

The performance criteria cover sales and Operating Result from Activity targets and are assessed on an annual basis over a three-year period. The attainment rates are set each year by the Board of Directors on a proposal of the Nominations and Remuneration Committee but cannot be made public for confidentiality reasons.

They meet the dual necessity of being sufficiently stringent while remaining a source of motivation. Stock option and/or performance share allocations have been awarded in their entirety for plans in place since 2010 only in one third-of the cases.

With regard to the 2016 plan, the performance calculation depends on the rate of attainment of the sales and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2016, 2017 and 2018):

Average attainment rate over three years	Performance shares awarded
100% or more	100%
Between 50% and 100% inclusive	Pro rata of the attainment rate
Less than 50%	None

Awards have been made as follows:

- the total number of performance shares awarded to executive officers in one financial year amounts to 16% of the total number of performance shares awarded in this same year;
- the total volume of performance shares awarded to executive officers must be capped at 0.0538% of the share capital on the date that the decision to award them is made, as provided for in the fourteenth resolution of the Annual General Meeting of 19 May 2016.

Executive officers are also bound by the following obligations:

- shares resulting from the exercise of stock options and performance shares must be held in registered form for a certain period, as explained below, during their term of office;
- adherence to the principles of the Stock Market Ethics Charter, which defines, among other things, blackout periods based on the company's accounting calendar and earnings reporting periods, in accordance with the recommendations of the French Financial Markets Authority (AMF);
- obligation to declare any securities transactions to the AMF in accordance with the regulations in force;
- formal undertaking not to engage in any hedging transactions for their own risks, either on options or on shares resulting from the exercise of options or on performance shares. This undertaking also appears in the stock award plan rules which are delivered to each beneficiary.

Awards of performance shares have no dilutive effect on earnings insofar as all shares awarded are existing shares bought back by the company. As recommended by the AFEP-MEDEF Code, the Board of Directors makes the annual awards in the same calendar period each year.

Following the Annual General Meeting of 19 May 2016, the Board of Directors decided to use the authorisation granted by the shareholders to implement the performance share plan approved at the Board of Directors' Meeting of 23 February 2016.

In addition, the Board of Directors' Meeting of 17 February 2017, after examining the findings of the Nominations and Remuneration Committee, reviewed and approved the proposed performance share award plan for 2017, in line with the arrangements established by the Board of Directors on 16 December 2011.

The performance shares awarded are not subject to additional holding requirements either for French or foreign residents. This practice is in keeping with the law and market practices and takes into account the tax rules imposed on foreign residents (especially in the US and Germany), whose number has significantly increased within the Group following the acquisition of WMF.

Authorisation for the award will be submitted to the shareholders at the next Annual General Meeting (eighteenth resolution).

Attendance fees

The Board of Directors may decide to pay attendance fees to the executive officers, according to the same rules applicable to all the directors as set out below.

Benefits in kind

The executive officers have company cars. The Chairman and Chief Executive Officer also benefits from compensation for the use of an apartment in Paris.

Deferred commitments

Groupe SEB's remuneration policy aims to attract and retain talented executives and managers. The Group's policy has always been to encourage internal promotion and sustainable management. The Board of Directors does not wish to see executive officers, after several years of service with Groupe SEB, deprived of benefits they would have continued to receive had they remained employees.

CONTINUATION OF EMPLOYMENT CONTRACTS

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with the recommendations of the AFEP-MEDEF Code, his employment contract was suspended on 1 March 2005, following the Board of Directors' decision on 17 December 2004.

The Board of Directors' Meeting of 23 February 2016, in the context of renewal of Thierry de La Tour d'Artaise's functions, reviewed the situation and agreed that his employment contract should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, Chief Operating Officer, the Board of Directors decided on 22 April 2014 that the suspension of his employment contract was in line with the AFEP-MEDEF Code and consistent with Group policy.

PENSION COMMITMENTS

In addition to the statutory basic and supplementary pension plans (AGIRC/ARRCO) of which they are members, Thierry de La Tour d'Artaise and Bertrand Neuschwander were authorised by the Board of Directors to join the collective supplementary pension plan set up within Groupe SEB.

This plan for executives whose duties justify the application of Article L. 3111-2 of the French Employment Code, and who fall within the scope of Article 4 of the national collective agreement of 14 March 1947 on executives' pensions and incapacity, disability and death insurance, comprises the following:

- a deferred defined-benefit pension plan set up in accordance with Article L. 137-11 of the French Social Security Code.

  Potential benefits under this plan may be paid out if beneficiaries have served on the Executive or Management Committees for at least eight years and leave the company to exercise their right to claim retirement benefits.

  Beneficiaries are, however, still entitled to benefits should a beneficiary aged 55 leave the Group under an early retirement plan or at the Group's behest, provided that the interested party does not perform any professional activity between the date of departure and the receipt of benefits and, in the event the beneficiary is classified as category 2 or 3 disabled.

  In addition, should the potential beneficiary die before receiving the benefit entitlement, the benefits derived from said entitlement pass to any surviving spouse or children.

  Potential entitlements under this plan may amount, including pensions due under the statutory basic and supplementary pension plans (AGIRC/ARRCO), to a maximum of 25% of the reference salary [(1)].

  They are funded by contributions paid to an insurance company which are deductible from the taxable base for corporation tax and liable for the 24% contribution provided for by Article L. 137-11, I, 2, a) of the French Social Security Code;

- a supplementary defined-benefit pension plan set up in accordance with Article L. 137-11 of the French Social Security Code.

  Potential entitlements under this plan may be paid out if beneficiaries have served on the Executive or Management Committees for at least eight years, stay with the company until the end of their career, and take their entitlements under the statutory basic and supplementary pension plans.

  Beneficiaries are, however, still entitled to benefits should the beneficiary be classified as category 2 or 3 disabled or in the event of departure at the Group's behest after the age of 55, provided that the interested party does not perform any other professional activity between the date of departure and receipt of benefits.

  In addition, should the potential beneficiary die before receiving the benefit entitlement, the benefits derived from said entitlement pass to any surviving spouse or children.

  Potential entitlements enable beneficiaries to receive a pension that equates to 0.80% of the reference salary [(1)], multiplied by the number of years of service on the actual retirement date, capped at 20 years.

  They are funded by contributions paid by Groupe SEB to an insurance company which are deductible from the taxable base for corporation tax and liable for the 24% contribution provided for by Article L. 137-11, I, 2, a) of the French Social Security Code;

- a defined-contribution pension plan set up in accordance with Article L. 242-1, paragraphs 6 and 7 of the French Social Security Code.

  Pension entitlements under this plan may be paid no earlier than the date on which the general social security pension is drawn.

  The entitlements resulting from this plan have been frozen since 2012, in accordance with Decree 2012-25 of 9 January 2012.

OTHER LIFETIME BENEFITS: INCAPACITY, DISABILITY AND DEATH AND HEALTH INSURANCE AND INDIVIDUAL LIFE INSURANCE

Executive officers continue to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees.

They also benefit from individual life insurance. This policy is intended to cover part of the remuneration not covered by the collective plans as described for each of the executive officers below.

Thierry de La Tour d'Artaise and Bertrand Neuschwander were authorised by the Board of Directors to benefit:

- from the "incapacity/disability/death" insurance plan applicable to executives and similar as defined in Articles 4 and 4 bis of the national agreement of 14 March 1947, which is funded by contributions in tranches which are deductible from the taxable base for corporation tax:
  - **A** 1.37%, paid in full by the employer,
  - **B** 1.78%, paid 60% by the employer and 40% by employees,
  - **C** 1.78%, shared equally between employer and employees.

  These contributions are not included in the social security contribution base, capped at 6% of the annual social security ceiling (€2,354 in 2016) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,707 in 2016).

  This insurance plan includes, in particular, the payment of supplementary daily allowances in the event of incapacity, a disability pension and a death benefit whose amounts are stated for each of the executive officers below;

- from specific life insurance cover under "tranche D incapacity, disability and death insurance", which is funded by a contribution paid by Groupe SEB of 6.25% of the portion of the remuneration that is between 8 and 12 times the annual social security ceiling and deductible from the taxable base for corporation tax.

  These contributions are partially excluded from the social security contribution base, including contributions paid under the aforementioned "incapacity/disability/death" insurance plan, capped at 6% of the annual social security ceiling (€2,354 in 2016) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,707 in 2016).

  This insurance plan includes, in particular, the payment of a death benefit whose amounts are stated for each of the executive officers below.

(1) *Reference salary: average of the annual gross, fixed and variable remuneration received over the last three years of activity, capped at 36 annual social security ceilings.*

SEVERANCE AND NON-COMPETE PAYMENTS

Severance payments are subject to performance conditions and may not exceed 24 months' remuneration, in accordance with the recommendations of the AFEP-MEDEF Code (including, in the case of Bertrand Neuschwander, compensation for his non-compete agreement and any other compensation paid).

Details related to these payments are described in the section below and all benefits subject to the procedures set out for related-party agreements are described in the statutory auditors' special report.

REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Remuneration due or awarded for 2016

FIXED REMUNERATION

In 2016, the fixed remuneration for Thierry de La Tour d'Artaise amounted to €900,000. Previously set at €850,000, the increase in the fixed remuneration of Thierry de La Tour d'Artaise was approved by the Board of Directors on 23 February 2016 to take account of the inflation rate since this remuneration was last reviewed in 2011.

ANNUAL VARIABLE REMUNERATION

Based on the quantifiable and qualitative criteria used by the Board of Directors and set at the start of the year, the amount of variable remuneration was measured as follows:

- based on quantifiable criteria (Groupe SEB sales and Operating Result from Activity targets), the variable portion is 142.5% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%;
- based on qualitative criteria, the variable portion amounted to 135.0% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, changes to its organisational structure and the active pursuing of the acquisition strategy.

Consequently, the variable remuneration paid in 2017 for 2016 was €1,255,500, or 139.5% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2015 was 146.7% of his fixed remuneration, or €1,247,120.

He does not benefit from any deferred or multi-year variable remuneration or any other remuneration from the company or other Groupe SEB companies.

ATTENDANCE FEES

Thierry de La Tour d'Artaise receive attendance fees as a member of the Board of Directors according to the rules applicable to all its members. In 2016, as a director of the company, Thierry de La Tour d'Artaise received €24,000, the same as in 2015.

PERFORMANCE SHARES

In accordance with the authorisation granted by the fourteenth resolution of the Annual General Meeting of 19 May 2016 (fourteenth resolution), the Board of Directors, at its meeting held on the same day, decided to award 18,000 performance shares to Thierry de La Tour d'Artaise for 2016.

The shares granted to Thierry de La Tour d'Artaise under the 2016 performance share plan equate to 0.0359% of the share capital.

Shares resulting from the exercise of stock options and performance shares awarded to Thierry de La Tour d'Artaise must be held in registered form for a certain period, under the following terms and conditions:

- shares resulting from the exercise of stock options: the quantity of shares to be held must correspond to 50% of the net capital gain after the sale of the quantity of shares necessary to fund the option exercise, net of tax and social contributions and transaction fees;
- performance shares: the quantity of shares to be held must correspond to 50% of the net capital gain, net of tax and social contributions and transaction fees.

At its meeting on 17 February 2016, the Board of Directors, on a proposal of the Nominations and Remuneration Committee, reviewed the terms of the holding requirement with regard to the situation of Thierry de La Tour d'Artaise and decided that they were still appropriate.

Once the number of shares held by Thierry de La Tour d'Artaise reaches the equivalent of two years' remuneration (fixed and target bonus), the quantity of shares to be held is reduced to 20%. This condition has, to date, been met in full.

BENEFITS IN KIND

Thierry de La Tour d'Artaise has a company car, representing a benefit of €8,892 for the year, and receives €15,200 per year for the use of an apartment in Paris.

LONG-TERM COMMITMENTS

Pension commitment

Thierry de La Tour d'Artaise is a member of the collective supplementary pension plan set up for Groupe SEB's French senior executives (members of the Executive Committee) in accordance with the recommendations of the AFEP-MEDEF Code, as described above.

The various conditions of the pension plan imply that, at the legal retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory plans) of 34.1% of his reference remuneration.

Entitlements estimation at 31 December 2016:

Plan	Amount
Deferred defined-benefit pension plan	€229,085 gross per year
Supplementary defined-benefit pension plan	€228,748 gross per year
Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since January 2012)*	€11,050 gross per year

Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance

Thierry de La Tour d'Artaise continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees.

This plan notably includes for Thierry de La Tour d'Artaise:

- supplementary benefits, set at a maximum annual amount as follows:

In the event of incapacity	€231,696
In the event of first degree disability	€139,018
In the event of second and third degree disability	€231,696

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,297,498.

In addition to the collective incapacity, disability and death insurance plan, Thierry de La Tour d'Artaise also benefits from an individual life insurance policy with a capital amounting to €3,652,134. The expense recorded for the year ended 31 December 2016 totals €64,318. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.

In accordance with the procedure provided for related-party agreements and commitments, this commitment was approved by the shareholders at the Annual General Meeting of 19 May 2016, when Thierry de La Tour d'Artaise was re-elected (eighth resolution).

Severance payments

Thierry de La Tour d'Artaise is only entitled to the severance pay owing under his employment contract, to the exclusion of any other benefit, in the event of termination of his corporate office.

Under the provisions of his employment contract, which was suspended on 1 March 2005, Thierry de La Tour d'Artaise will receive, by way of settlement, a total termination benefit to be paid only under the following circumstances:

- termination of the employment contract at the employer's initiative, except on the grounds of serious misconduct or gross negligence;
- forced departure as a result of a change in the control of Groupe SEB.

Pursuant to Article L. 225-42-1 of the French Commercial Code, an addendum to Thierry de La Tour d'Artaise's employment contract was signed making the termination benefit subject to performance conditions. The termination benefit is set at two years' remuneration (calculated based on the average remuneration earned during the last two financial years), and is adjusted for the rate of attainment of his targets for the last four years of service:

Average rate of attainment over the previous four financial years	Amount of benefit paid
100% or more	100%
Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation
Less than 50%	None

If the previous year-end presents a net loss, the Board of Directors reserves the right to reduce such termination benefits by a maximum of one half, without such benefits falling below the fixed salary plus bonuses of the previous financial year, should application of the performance criteria based on the attainment of targets confer entitlement to the payment of such benefits.

Thierry de La Tour d'Artaise's employment contract does not contain a non-compete clause.

Entitlement to retain stock options in the event of termination:

In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to retain all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision shall also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated following his resignation from the Group, were such a decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office should he resign at his own initiative.

Retirement lump-sum payment

The total retirement lump-sum payment entitlement amounts to €568,255 due to his seniority.

Remuneration due or awarded for 2017

FIXED REMUNERATION

In 2017, Thierry de La Tour d'Artaise's remuneration was set at €900,000, in accordance with the increase decided on at the Board of Directors' Meeting on 23 February 2016.

ATTENDANCE FEES

Following the increase voted for at the Annual General Meeting of shareholders on 19 May 2016, attendance fees will rise to €15,000 for the fixed portion and €15,000 for the variable portion.

ANNUAL VARIABLE REMUNERATION

Thierry de La Tour d'Artaise's annual variable remuneration will be set according to the same principles, i.e. that it can represent a maximum of 150% of his fixed remuneration, or €1,350,000 according to the rate of attainment of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2017 based on the quantifiable targets set by the Board of Directors' Meeting of 17 February 2017, namely Groupe SEB sales and Operating Result from Activity targets. Qualitative targets relate to the improvement of Groupe SEB's profitability, as well as the effective implementation of the Group's new organisational structure and the integration of the latest acquisitions.

PERFORMANCE SHARES

The Board of Directors reserves the right to decide to implement a new performance share award plan, under the authorisation that will be submitted to the Annual General Meeting of 11 May 2017.

Should the Board of Directors be granted the necessary powers to award performance shares, it would decide to award performance shares to Thierry de La Tour d'Artaise in the same proportions as previously granted, in line with the plan described in the draft eighteenth resolution.

Summary table of the remuneration and options and shares awarded to Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise - Chairman and Chief Executive Officer	2015	2016
Remuneration due for the period	2,145,212	2,203,592
Value of the options awarded over the period*	0	0
Value of the performance shares awarded over the period*	1,249,002	1,473,120
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**3,394,214**	**3,676,712**

* *On each award date, the fair value carrying amount of the options and shares is determined in accordance with IFRS. This is the historical value on the award date, calculated for accounting purposes using the method described in the Consolidated Financial Statements section. This value represents neither the current market value, nor the discounted value of these options and shares, nor the actual amount that may be generated if they are exercised or on the vesting of these performance shares, if they are vested.*

Summary table of the remuneration awarded to Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer	Amounts relating to 2015		Amounts relating to 2016	
	Due	Paid	Due	Paid
Fixed remuneration	€850,000	€850,000	900,000 €	900,000 €
Annual variable remuneration	€1,247,120	€1,002,660	1,255,500 €	1,247,120 €
Extraordinary remuneration	None	None	None	None
Attendance fees	€24,000	€24,000	€24,000	€24,000
Benefits in kind:				
• car	€8,892	€8,892	8,892 €	8,892 €
• housing	€15,200	€15,200	15,200 €	15,200 €
TOTAL	**€2,145,212**	**1,900,752**	**2,203,592 €**	**2,195,212 €**

Stock options awarded to Thierry de La Tour d'Artaise

	Date of the plan	Type of option	Valuation of the options based on the method used in the consolidated financial statements	Number of options awarded	Exercise price	Exercise period
Thierry de La Tour d'Artaise					No options were awarded in 2016	

Stock options exercised in 2016 by Thierry de La Tour d'Artaise

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Thierry de La Tour d'Artaise	15/06/2012	51,449	54.12	2012

Performance shares awarded in 2016 to Thierry de La Tour d'Artaise

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Thierry de La Tour d'Artaise	19/05/2016	18,000	1,473,120	19/05/2019	19/05/2021	Attainment of sales and sales and operating results targets

Performance shares available in 2016 to Thierry de La Tour d'Artaise

	Date of the plan	Number of shares awarded	Vesting date	Availability date	Acquisition conditions
Thierry de La Tour d'Artaise	23/07/2013	18,000	23/07/2016	23/07/2018	Attainment of sales and sales and operating results targets

Multi-year variable remuneration paid to Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer	Financial year
	No multi-year variable remuneration paid

REMUNERATION OF THE CHIEF OPERATING OFFICER

Remuneration due or awarded for 2016

In accordance with Article L. 225-42-1 of the French Commercial Code, the Board of Directors determined the payments and benefits to which Bertrand Neuschwander would be entitled in his capacity as Chief Operating Officer, while respecting the rules pertaining to related-party agreements. The terms of Bertrand Neuschwander's remuneration were approved by the Annual General Meeting of 12 May 2015.

It should be noted that Bertrand Neuschwander received no compensation or payment of any kind at the time he assumed his duties, in accordance with the policy on executive remuneration laid down by the Board of Directors.

FIXED REMUNERATION

In 2016, the fixed remuneration paid to Bertrand Neuschwander was €500,000, in accordance with the amount set by the Board of Directors on 22 April 2014.

ANNUAL VARIABLE REMUNERATION

Based on the quantifiable and qualitative criteria used by the Board of Directors and set at the start of the year, the amount of variable remuneration was measured as follows:

- based on quantifiable criteria, the variable portion is 114.0% of Bertrand Neuschwander's fixed annual remuneration with a target of 80%. The Board of Directors measured Bertrand Neuschwander's performance with respect to Groupe SEB's sales and Operating Result from Activity growth targets;
- based on qualitative criteria, the variable portion is 107.1% of Bertrand Neuschwander's fixed annual remuneration with a target of 80%. The Board of Directors judged Bertrand Neuschwander's performance, in particular, based on collective and individual targets such as changes to the Group's organisational structure, the structural improvement of its profitability and the completion of specific operational projects.

Consequently, the variable remuneration paid in 2017 for 2016 was €556,200, or 111.24% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2015 was 116.65% of his fixed remuneration, or €583,280.

He does not benefit from any deferred or multi-year variable compensation or any other compensation from the company or other Groupe SEB companies.

BENEFITS IN KIND

Bertrand Neuschwander has a company car, representing a benefit of €7,740 for the year.

PERFORMANCE SHARES

In accordance with the authorisation granted by the fourteenth resolution of the Annual General Meeting of 19 May 2016 (fourteenth resolution), the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2016.

The 9,000 shares granted to Bertrand Neuschwander under the 2016 performance share plan equate to 0.0179% of the share capital.

Shares resulting from the exercise of stock options and performance shares awarded to Bertrand Neuschwander must be held in registered form for a certain period, under the following terms and conditions:

- shares resulting from the exercise of stock options: the quantity of shares to be held must correspond to 20% of the net capital gain after the sale of the quantity of shares necessary to fund the option exercise, net of tax and social contributions and transaction fees;
- performance shares: the quantity of shares to be held must correspond to 20% of the net capital gain, net of tax and social contributions and transaction fees.

Once the number of shares held by Bertrand Neuschwander reaches the equivalent of one years' remuneration (fixed and target bonus), the holding requirement no longer applies.

LONG-TERM COMMITMENTS

Pension commitment

Bertrand Neuschwander is a member of the collective supplementary pension plan set up for Groupe SEB's French senior executives (members of the Executive Committee) in accordance with the recommendations of the AFEP-MEDEF Code, as described above.

The various conditions of the pension plan imply that, at the legal retirement age, Bertrand Neuschwander will be able to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference remuneration.

Entitlements estimation at 31 December 2016:

Plan	Amount
Deferred defined-benefit pension plan	€106,147 gross per year
Supplementary defined-benefit pension plan	€96,033 gross per year
Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since April 2014)*	€4,767 gross per year

Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance

Bertrand Neuschwander continues to benefit from supplementary social protection, notably with respect to the incapacity, disability and death and health insurance that covers the company's employees.

He also benefits from individual life insurance. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.

This plan notably includes for Bertrand Neuschwander:

- supplementary benefits, set at a maximum annual amount as follows:

In the event of incapacity	€231,696
In the event of first degree disability	€139,018
In the event of second and third degree disability	€231,696

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,668,211.

In addition to the collective incapacity, disability and death insurance plan, Bertrand Neuschwander is the beneficiary of an individual life insurance policy with a capital amounting to €942,581. The expense recorded for the year ended 31 December 2016 totals €3,054. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.

This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.

Severance payments

In the event of dismissal, Bertrand Neuschwander will be entitled to severance pay capped at two years' compensation (fixed and variable received), including, where appropriate, the amounts paid under the non-compete clause and any termination benefits connected to the termination of his employment contract.

The reference remuneration used to calculate the severance payment consists of the last two years of fixed and variable remuneration that Bertrand Neuschwander received in his capacity as Chief Operating Officer.

In accordance with Article L. 225-42-1 of the French Commercial Code, the payment will be subject to performance conditions, measured in the following manner:

- if he is dismissed within four years of his appointment as an executive officer, the severance payment will be adjusted for the rate of attainment of his targets over the last four years of service:
  - as an executive officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed within four years of his appointment as an executive officer, the severance payment will be adjusted for the rate of attainment of targets, in this capacity, over the last four years of service.

In both situations, performance is assessed as follows:

Average rate of attainment over the previous four financial years	Amount of benefit paid
100% or more	100%
Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation
Less than 50%	None

Non-compete clause

Pursuant to the non-compete agreement, in case of termination of his term of office as Chief Operating Officer, through removal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.

In consideration of this non-compete clause and for its entire duration, Bertrand Neuschwander will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.

The Board of Directors may release Bertrand Neuschwander from this non-compete clause.

This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 22 April 2014. They were also disclosed as part of the ongoing information related to compensation and benefits. Furthermore, it was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.

RETIREMENT LUMP-SUM PAYMENT

The total retirement lump-sum payment entitlement of Bertrand Neuschwander amounts to 184,334 due to his seniority.

Remuneration due or awarded for 2017

FIXED REMUNERATION

Bertrand Neuschwander's annual fixed remuneration, approved by the Board of Directors on 22 April 2014 when he was appointed, i.e. €500,000, will remain the same in 2017.

ANNUAL VARIABLE REMUNERATION

Bertrand Neuschwander's annual variable remuneration will be set according to the same principles, i.e. that it can represent a maximum of 125% of his fixed remuneration, or €625,000 according to the rate of attainment of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2017 based on the quantifiable targets set by the Board of Directors' Meeting of 17 February 2017. Qualitative targets relate to the improvement of Groupe SEB's profitability as well as the effective implementation of the new Group organisational structure. They will also include elements linked, in particular, to Bertrand Neuschwander's performance in implementing specific Group projects, particularly relating to digitalisation.

PERFORMANCE SHARES

The Board of Directors reserves the right to decide to implement a new performance share award plan, under the authorisation that will be submitted to the Annual General Meeting of 11 May 2017.

Should the Board of Directors be granted with the necessary powers to award performance shares, it would decide to award performance shares to Bertrand Neuschwander in the same proportions as previously granted, in line with the plan described in the draft version of the eighteenth resolution.

Summary table of the remuneration and options and shares awarded to Bertrand Neuschwander

Bertrand Neuschwander - Chief Operating Officer	2015	2016
Remuneration due in respect of the period [(a)]	€1,091,020	€1,063,940
Value of the options awarded over the period*	0	0
Value of the performance shares awarded over the period*	€624,501	€736,560
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**€1,715,521**	**€1,800,500**

(a) Appointment as Chief Operating Officer stating 22 April 2014.
** On each award date, the fair value carrying amount of the options and shares is determined in accordance with IFRS. This is the historical value on the award date, calculated for accounting purposes using the method described in the Consolidated Financial Statements section. This value represents neither the current market value, nor the discounted value of these options and shares, nor the actual amount that may be generated if they are exercised or on the vesting of these performance shares, if they are vested.*

Summary table of the remuneration awarded to Bertrand Neuschwander

Bertrand Neuschwander Chief Operating Officer	Amounts relating to 2015		Amounts relating to 2016	
	Owed	Paid	Owed	Paid
Fixed remuneration	€500,000	€500,000	€500,000	€500,000
Annual variable remuneration	€583,280	€326,122	€556,200	€583,280
Extraordinary remuneration	None	None	None	None
Attendance fees	None	None	None	None
Benefits in kind				
• car	€7,740	€7,740	€7,740	€7,740
TOTAL	**€1,091,020**	**€833,862**	**€1,063,940**	**€1,091,020**

Stock options awarded to Bertrand Neuschwander

	Date of the plan	Type of option	Valuation of the options based on the method used in the consolidated financial statements	Number of options awarded	Exercise price	Exercise period
Bertrand Neuschwander	No options were awarded in 2016					

Stock options exercised in 2016 by Bertrand Neuschwander

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Bertrand Neuschwander	N/A	N/A	N/A	N/A

Performance shares awarded in 2016 to Bertrand Neuschwander

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Bertrand Neuschwander	19/05/2016	9,000	736,560	19/05/2019	19/05/2021	Attainment of sales and ORfA targets

Performance shares available in 2016 to Bertrand Neuschwander

	Date of the plan	Number of available shares	Vesting date	Availability date	Vesting conditions
Bertrand Neuschwander	23/07/2013	6,750*	23/07/2016	23/07/2018	Attainment of sales and ORfA targets

* *2013 award as a member of the Executive Committee (non-executive officer).*

Multi-year variable remuneration paid to Bertrand Neuschwander

Bertrand Neuschwander Chief Operating Officer	Financial year
	No multi-year variable remuneration paid

REMUNERATION OF MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

In 2016, the remuneration of the current members of the Groupe SEB Executive Committee amounted to €8,029,100, of which €4,035,000 was for the fixed portion and €3,994,100 for the variable portion.

Annual variable remuneration

As with all executive officers, the executives' variable remuneration is determined so as to align remuneration with Groupe SEB's annual performance and to support the execution of a long-term growth strategy, year after year. It is set at the start of the financial year, by the Board of Directors.

It is expressed as a percentage of the fixed remuneration for the reference year and corresponds, for the attainment of all the targets, to a target of 60% for all the members of the Executive Committee.

It is capped and may represent up to 100% of the base remuneration if the quantifiable and qualitative targets are met. The criteria are reviewed on a regular basis to ensure that they adhere to the principles referred to above and are only amended should this prove necessary.

In 2016, the quantifiable and qualitative performance criteria were assessed and discussed by the Nominations and Remuneration Committee and approved by the Board of Directors at its meeting on 23 February 2016.

Quantifiable criteria linked to Groupe SEB's economic performance account for 60% of variable remuneration and are assessed according to the following objectives:

- sales growth;
- growth in the Operating Result from Activity.

The qualitative criteria, linked to individual performance, account for 40% of variable remuneration and are assessed according to specific strategic objectives. In particular, they enable performance to be measured against fixed targets, not only in terms of changes to the Group's organisational structure and management, but also in terms of the integration of the latest acquisitions.

Performance share awards

The members of the Group Executive Committee are awarded performance shares, according to the same principles and conditions as those presented for executive officers above.

With regard to the 2016 plan, the performance calculation depends on the rate of attainment of the sales and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2016, 2017 and 2018):

Average rate of attainment over three years	Performance shares awarded
100% or more	100%
Between 50% and 100% inclusive	Pro rata
Less than 50%	None

In accordance with the authorisation granted by the fourteenth resolution of the Annual General Meeting of 19 May 2016 (fourteenth resolution), the Board of Directors, at its meeting on the same day, decided to award 47,250 performance shares to the members of the Executive Committee for 2016 (excluding executive officers).

Shares resulting from the exercise of stock options and performance shares awarded to members of the Executive Committee must be held in registered form for a certain period, under the following terms and conditions:

- shares resulting from the exercise of stock options: the quantity of shares to be held must correspond to 20% of the net capital gain after the sale of the quantity of shares necessary to fund the option exercise, net of tax and social contributions and transaction fees;
- performance shares: the quantity of shares to be held must correspond to 20% of the net capital gain, net of tax and social contributions and transaction fees.

Once the number of shares held by members of the Executive Committee reaches the equivalent of one year's remuneration (fixed and target bonus), the holding requirement no longer applies.

Benefits in kind

Senior executives have company cars.

History of stock option awards to executive officers

At 31/12/2016	Subscription plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Meeting date	04/05/2000	03/05/1999	14/05/2002	14/05/2002	06/05/2004	06/05/2004
Date of Board of Directors' Meeting	14/06/2001	19/04/2002	17/10/2002	18/06/2003	18/06/2004	08/04/2005
Total number of shares granted	493,500	417,450	598,125	612,150	539,100	554,700
Of which awarded to executive officer Thierry de La Tour d'Artaise [(a)]	66,000	49,500	6,600	115,516	104,989	105,000
Stock option exercise start date	14/06/2005	19/04/2006	17/10/2006	18/06/2007	18/06/2008	08/04/2009
Expiration date	14/06/2009	19/04/2010	17/10/2010	18/06/2011	18/06/2012	08/04/2013
Subscription or purchase price *(in €)* [(a)]	18.18	27.88	25.15	24.24	31.67	28.00
Average of last 20 prices prior to Board Meeting *(in €)* [(a)]	17.95	27.78	26.65	24.03	31.52	28.00
Number of options exercised [(a)] by Thierry de La Tour d'Artaise	66,000	49,500	6,600	115,516	104,989	105,000
Number of options cancelled [(a)]	0	0	0	0	0	0
Balance of stock options not yet exercised at 31/12/2016 [(a)]	0	0	0	0	0	0

At 31/12/2016	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Meeting date	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010	10/05/2012
Date of Board of Directors' Meeting	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010	15/06/2012
Total number of shares granted	589,798	579,150	1,005,900	371,300	412,592	408,925
Of which awarded to executive officer Thierry de La Tour d'Artaise [(a)]	105,012	105,000	105,000	71,250	59,942	54,000
Stock option exercise start date	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiration date	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018	15/06/2020
Subscription or purchase price *(in €)* [(a)]	29.33	44.00	38.35	28.05	53.86	54.12
Average of last 20 prices prior to Board Meeting *(in €)* [(a)]	29.01	43.73	38.35	28.05	53.85	54.12
Number of options exercised [(a)] by Thierry de La Tour d'Artaise	105,012	105,000	105,000	66,922	55,978	51,449
Number of options cancelled [(a)]	0	0	0	4,328	3,964	2,551
Balance of stock options not yet exercised at 31/12/2016	0	0	0	0	0	0

(a) Takes into account the bonus award of shares in March 2004 (one for ten) and the three-way split in June 2008.

History of performance share awards to executive officers

At 31 December 2016

Meeting date	13/05/2009	12/05/2010	10/05/2010	14/05/2013	15/05/2014	12/05/2015	19/05/2016
Date of Board of Directors' Meeting	12/06/2009	18/06/2010	15/06/2012	23/07/2013	22/07/2014	12/05/2015	19/05/2016
Number of shares granted:	50,472	58,363	63,938	233,475	169,175	169,450	168,605
Of which to executive officers	5,938	4,995	4,500	18,000	27,000	27,000	27,000
• Chairman and Chief Executive Officer	5,938	4,995	4,500	18,000	18,000	18,000	18,000
• Chief Operating Officer	N/A	N/A	N/A	6,750*	9,000	9,000	9,000
Performance condition	Sales and ORfA	Sales and ORfA	Sales and ORfA	Sales and ORfA	Sales and ORfA	Sales and ORfA	Sales and ORfA
Award date	12/06/2009	18/06/2010	15/06/2012	23/07/2013	22/07/2014	12/05/2015	19/05/2016
Vesting date	12/06/2011	18/06/2012	15/06/2014	23/07/2016	22/07/2017	12/05/2018	19/05/2019
Number of shares earned by executive officers							
• Chairman and Chief Executive Officer	5,938	4,395	3,850	18,000	-	-	-
• Chief Operating Officer	N/A	N/A	N/A	6,750*	-	-	-
Expiry of lock-up period	12/06/2013	18/06/2014	15/06/2016	23/07/2017	22/07/2019	12/05/2020	19/05/2021
Number of shares cancelled or lapsed	0	600	650	0	-	-	-
Balance of shares yet to be awarded	0	0	0	0	27,000	27,000	27,000

* *2013 award as a member of the Executive Committee (non-executive officer).*

General information about executive officers

	Employment contract		Supplementary pension plan		Compensation or benefits due, or likely to be due on, or after, termination or a change of roles		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry de La Tour d'Artaise		suspended*	X		X			X
Bertrand Neuschwander		suspended**	X		X		X	

* *The Board of Directors' Meeting of 17 February 2012, in accordance with the AFEP-MEDEF Code, reviewed the situation and considered that Thierry de La Tour d'Artaise's employment contract should remain suspended, in light of his age, personal situation, and seniority within the Group.*

** *The Board of Directors decided on 22 April 2014 that the suspension of Bertrand Neuschwander's employment contract was in line with the AFEP-MEDEF Code.*

Say on Pay: Remuneration due or awarded to executive officers in respect of the year ended 31/12/2016

Components of the Chairman and Chief Executive Officer's remuneration submitted for the approval of the shareholders

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Fixed remuneration</td><td>€900,000 (amount paid)</td><td>At its meeting on 23 February 2016, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, revised the fixed remuneration of Thierry de La Tour d'Artaise to €900,000. This proposal was made to adjust the amount, which has not changed since 2011, for inflation. It remained unchanged following the Board of Directors' Meeting on 17 February 2017.</td></tr>
<tr><td>Annual variable remuneration</td><td>€1,255,500 (amount to be paid)
(No deferred portion of this remuneration)</td><td>At its meeting on 17 February 2017, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Thierry de La Tour d'Artaise's variable remuneration.
Given the quantitative and qualitative criteria set by the Board of Directors on 23 February 2016 and the rate of attainment noted at 31 December 2016, the variable remuneration was measured as follows:
• based on quantitative criteria: the variable portion is 142.5% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on Group sales and Operating Result from Activity growth targets;
• based on qualitative criteria: the variable portion is 135.0% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, changes to its organisational structure and the active pursuing of the acquisition strategy.
The variable component can amount to no more than 150% of his annual fixed remuneration.
Consequently, the variable remuneration paid in 2017 for 2016 was €1,255,500, or 139.5% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2015 was 146.7% of his fixed remuneration, or €1,247,120.</td></tr>
<tr><td>Multi-year variable remuneration in cash</td><td>N/A</td><td>Thierry de La Tour d'Artaise receives no multi-year variable remuneration.</td></tr>
<tr><td rowspan="2">Performance share awards</td><td>Performance shares: €1,473,120 (carrying amount)</td><td>In accordance with the authorisation granted by the fourteenth resolution of the Annual General Meeting of 19 May 2016, the Board of Directors, at its meeting held on the same day, decided to award 18,000 performance shares to Thierry de La Tour d'Artaise for 2016.
The shares granted to Thierry de La Tour d'Artaise under the 2016 performance share plan equate to 0.0359% of the share capital.
The performance criteria for the 2016 plan were assessed with regard to the rate of attainment of the:
• sales growth target;
• Operating Result from Activity growth target,
over the three-year vesting period (namely 2016, 2017 and 2018):
<table>
<tr><th>Average rate of attainment over three years</th><th>Performance shares awarded</th></tr>
<tr><td>100% or more</td><td>100%</td></tr>
<tr><td>Between 50% and 100% inclusive</td><td>Pro rata</td></tr>
<tr><td>Less than 50%</td><td>None</td></tr>
</table>
Note that Thierry de La Tour d'Artaise must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 64).</td></tr>
<tr><td>Shares: N/A
Other securities: N/A</td><td>Thierry de La Tour d'Artaise receives no other awards of shares or other securities.</td></tr>
<tr><td>Extraordinary remuneration</td><td>N/A</td><td>Thierry de La Tour d'Artaise receives no multi-year variable remuneration.</td></tr>
<tr><td>Attendance fees</td><td>€24,000 (amount paid)</td><td>Thierry de La Tour d'Artaise receives attendance fees as a member of the Board of Directors under the rules applicable to all its members. In 2016, as a director of the company, Thierry de La Tour d'Artaise received €24,000. Following the vote of the Annual General Meeting of shareholders on 19 May 2016, the amount of attendance fees will rise to €15,000 for the fixed portion and €15,000 for the variable portion for the 2016/2017 period.</td></tr>
<tr><td>Value of benefits in kind</td><td>€24,092 (carrying amount)</td><td>Thierry de La Tour d'Artaise has a company car, representing a benefit of €8,892 for the year, and receives €15,200 per year for the use of an apartment in Paris.</td></tr>
</table>

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Severance payments</td><td>None</td><td>Thierry de La Tour d'Artaise is only entitled to the severance pay owing under his employment contract, to the exclusion of any other benefit, in the event of termination of his corporate office.
Under the provisions of his employment contract, which was suspended on 1 March 2005, Thierry de La Tour d'Artaise will receive, by way of settlement, a total termination benefit to be paid only under the following circumstances:
• termination of the employment contract at the employer's initiative, except on the grounds of serious misconduct or gross negligence;
• forced departure as a result of a change in the control of Groupe SEB.
Pursuant to Article L. 225-42-1 of the French Commercial Code, an addendum to Thierry de La Tour d'Artaise's employment contract was signed making the termination benefit subject to performance conditions. The termination benefit is set at two years' remuneration (calculated based on the average remuneration earned during the last two financial years), and is adjusted for the rate of attainment of his targets for the last four years of service:
<table>
<tr><th>Average rate of attainment over the previous four financial years</th><th>Amount of benefit paid</th></tr>
<tr><td>100% or more</td><td>100%</td></tr>
<tr><td>Between 50% and 100% inclusive</td><td>Between 75% and 100%, according to a straight-line calculation</td></tr>
<tr><td>Less than 50%</td><td>None</td></tr>
</table>
If the previous year-end presents a net loss, the Board of Directors reserves the right to reduce such termination benefits by a maximum of one half, without such benefits falling below the fixed salary plus bonuses of the previous financial year, should application of the performance criteria based on the attainment of targets confer entitlement to the payment of such benefits.
Entitlement to retain stock options in the event of termination:
In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to retain all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision shall also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated following his resignation from the Group, were such a decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office should he resign at his own initiative.
When Thierry de La Tour d'Artaise was re-elected, the continuing of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (eighth resolution).</td></tr>
<tr><td>Non-compete payments</td><td>N/A</td><td>Thierry de La Tour d'Artaise has no non-compete clause.</td></tr>
<tr><td>Retirement lump-sum payment</td><td>None</td><td>Due to his seniority and in accordance with the Metallurgical industry collective agreement, the total retirement lump-sum payment entitlement would amount to €568,255.</td></tr>
</table>

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Supplementary pension plan	**None**	Thierry de La Tour d'Artaise is a member of the collective supplementary pension plan set up for Groupe SEB's French senior executives (members of the Executive Committee). The plan supplements the statutory plans and is composed as follows: • a deferred defined-benefit pension plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory plans represents up to 25% of a reference remuneration calculated based on the average of the target remuneration for the past three years; • a supplementary defined-benefit pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated based on the average of the target remuneration of the past three years and capped at 20 years seniority, i.e. a maximum 16% of the reference remuneration; • a collective defined-benefit plan available to senior executives, with a contribution equal to 8% of their salaries. Pensions earned under this plan are deducted from the supplementary pension under the supplementary defined-benefit pension plan. Entitlements estimation at 31 December 2016: **plan** — **Amount** Deferred defined-benefit pension plan — €229,085 gross per year Supplementary defined-benefit pension plan — €228,748 gross per year Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since April 2014)* — €11,050 gross per year Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings. The plan is capped at 41% of the reference remuneration, i.e. both fixed and variable remuneration (including the income from compulsory plans), in accordance with the AFEP-MEDEF Code. This reference remuneration is itself capped at 36 times the annual social security ceiling in force at the time of retirement. As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in November 2016: • seniority required: minimum 8 years of service; • rate of progression: entitlements based on seniority up to a maximum of 3.925% annually, reduced to 3.0% in 2016, and capped after 20 years' seniority in accordance with the plan introduced by law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities; • reference period used: average of the target remuneration for the past three years; • maximum of 41% including benefits from statutory plans. Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are paid on a regular basis. When Thierry de La Tour d'Artaise was re-elected, the continuing of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (eighth resolution).
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	**None**	Thierry de La Tour d'Artaise continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees. This plan notably includes for Thierry de La Tour d'Artaise: • supplementary benefits, set at a maximum annual amount as follows: In the event of incapacity — €231,696 In the event of first degree disability — €139,018 In the event of second and third degree disability — €231,696 *Less social security benefits for the three items.* • a death benefit set at a maximum of €1,297,498. In addition to the collective incapacity, disability and death insurance plan, Thierry de La Tour d'Artaise also benefits from an individual life insurance policy with a capital amounting to €3,652,134. The expense recorded for the year ended 31 December 2016 totals €64,318. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. When Thierry de La Tour d'Artaise was re-elected, the continuing of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (eighth resolution).

Components of remuneration for the Chief Operating Officer submitted for approval by the shareholders

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Fixed remuneration</td><td>€500,000
(amount paid)</td><td>When Bertrand Neuschwander was appointed, the Board of Directors' Meeting of 22 April 2014 set the amount of his yearly fixed remuneration at €500,000. This amount remains unchanged with respect to the 2017 financial year.</td></tr>
<tr><td>Annual variable remuneration</td><td>€556,200
(amount to be paid)
(No deferred portion of this remuneration)</td><td>At its meeting on 17 February 2017, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Bertrand Neuschwander's variable remuneration.
Given the quantitative and qualitative criteria set by the Board of Directors on 23 February 2016 and the rate of attainment noted at 31 December 2016, the variable remuneration was measured as follows:
based on quantitative criteria: the variable portion is 114.0% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Bertrand Neuschwander's performance with respect to Groupe SEB's sales and Operating Result from Activity growth targets;
based on qualitative criteria: the variable portion is 107.1% of his fixed annual remuneration with a target of 80%. The Board of Directors judged Bertrand Neuschwander's performance, in particular, based on collective and individual targets such as changes to the Group's organisational structure, the structural improvement of its profitability and the completion of specific operational projects.
The variable component can amount to no more than 125% of his annual fixed remuneration.
Consequently, the variable remuneration paid in 2017 for 2016 was €556,200, or 111.24% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2015 was 116.65% of his fixed remuneration, or €583,200.</td></tr>
<tr><td>Multi-year variable remuneration in cash</td><td>N/A</td><td>Bertrand Neuschwander receives no multi-year variable remuneration.</td></tr>
<tr><td rowspan="2">Performance share awards</td><td>Performance shares: €736,560
(carrying amount)</td><td>In accordance with the authorisation granted by the fourteenth resolution of the Annual General Meeting of 19 May 2016, the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2016.
The 9,000 shares granted to Bertrand Neuschwander under the 2016 performance share plan equate to 0.0179% of the share capital.
The performance criteria for the 2016 plan were assessed with regard to the rate of attainment of the:
sales growth target;
Operating Result from Activity growth target,
over the three-year vesting period (namely 2016, 2017 and 2018):<table><tr><th>Average rate of attainment over three years</th><th>Performance shares awarded</th></tr><tr><td>100% or more</td><td>100%</td></tr><tr><td>Between 50% and 100% inclusive</td><td>Pro rata</td></tr><tr><td>Less than 50%</td><td>None</td></tr></table>Note that Bertrand Neuschwander must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 67).</td></tr>
<tr><td>Shares: N/A
Other securities: N/A</td><td>Bertrand Neuschwander receives no other awards of shares or other securities.</td></tr>
<tr><td>Extraordinary remuneration</td><td>N/A</td><td>Bertrand Neuschwander receives no multi-year variable remuneration.</td></tr>
<tr><td>Attendance fees</td><td>N/A</td><td>Bertrand Neuschwander is not a director of SEB S.A.</td></tr>
<tr><td>Value of benefits in kind</td><td>€7,740
(carrying amount)</td><td>Bertrand Neuschwander has a company car, representing a benefit in kind of €7,740 for the year.</td></tr>
</table>

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Severance payments</td><td>None</td><td>In the event of dismissal, he will be entitled to severance pay capped at two years' fixed and variable remuneration, including, where appropriate, the amounts paid under the non-compete clause and any termination benefits connected to the termination of the employment contract.
The reference remuneration used to calculate the severance payment consists of the last two years of fixed and variable remuneration that Bertrand Neuschwander received in his capacity as Chief Operating Officer.
In accordance with Article L. 225-42-1 of the French Commercial Code, the payment will be subject to performance conditions, measured in the following manner:
• if he is dismissed within four years of his appointment as an executive officer, the severance payment will be adjusted for the rate of attainment of his targets over the last four years of service:
  • as an executive officer, for the period following his appointment, and
  • as a salaried employee, for the preceding period;
• if he is dismissed within four years of his appointment as an executive officer, the severance payment will be adjusted for the rate of attainment of targets, in this capacity, over the last four years of service.
In both situations, performance is assessed as follows:
<table>
<tr><th>Average rate of attainment over the previous four financial years</th><th>Amount of benefit paid</th></tr>
<tr><td>100% or more</td><td>100%</td></tr>
<tr><td>Between 50% and 100% inclusive</td><td>Between 75 and 100%, according to a straight-line calculation</td></tr>
<tr><td>Less than 50%</td><td>None</td></tr>
</table>
This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.</td></tr>
<tr><td>Non-compete payments</td><td>None</td><td>Pursuant to the non-compete agreement, in case of termination of his term of office as Chief Operating Officer, through removal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.
In consideration of this non-compete clause and for its entire duration, Bertrand Neuschwander will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.
The Board of Directors may release Bertrand Neuschwander from this non-compete clause.
This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 22 April 2014. They were also disclosed as part of the ongoing information related to compensation and benefits. Furthermore, it was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.</td></tr>
<tr><td>Retirement lump-sum payment</td><td>None</td><td>Due to his seniority and in accordance with the Metallurgical industry collective agreement, Bertrand Neuschwander's total retirement lump-sum payment entitlement amounts to €184,334.</td></tr>
</table>

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Supplementary pension plan	**None**	Bertrand Neuschwander is a member of the collective supplementary pension plan set up for Groupe SEB's French senior executives (members of the Executive Committee). The plan supplements the statutory plans and is composed as follows: • a deferred defined-benefit pension plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory plans represents up to 25% of a reference remuneration calculated based on the average of the target remuneration for the past three years; • a supplementary defined-benefit pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated based on the average of the target remuneration of the past three years and capped at 20 years seniority, i.e. a maximum 16% of the reference remuneration; • a collective defined-benefit plan available to senior executives, with a contribution equal to 8% of their salaries. Pensions earned under this plan are deducted from the supplementary pension under the supplementary defined-benefit pension plan. Entitlements estimation at 31 December 2016: **Plan** — **Amount** Deferred defined-benefit pension plan — €106,147 gross per year Supplementary defined-benefit pension plan — €96,033 gross per year Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since January 2012)* — €4,767 gross per year Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings. The plan is capped at 41% of the reference remuneration, i.e. both fixed and variable remuneration (including the income from compulsory plans), in accordance with the AFEP-MEDEF Code. This reference remuneration is itself capped at 36 times the annual social security ceiling in force at the time of retirement. As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in November 2016: • seniority required: minimum 8 years of service; • rate of progression: entitlements based on seniority up to a maximum of 3.925% annually, reduced to 3.0% in 2016, and capped after 20 years' seniority in accordance with the plan introduced by law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities; • reference period used: average of the target remuneration for the past three years; • maximum of 41% including benefits from statutory plans. Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are paid on a regular basis. This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	**None**	Bertrand Neuschwander continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees. He also benefits from individual life insurance. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. This plan notably includes for Bertrand Neuschwander: • supplementary benefits, set at a maximum annual amount as follows: In the event of incapacity — €231,696 In the event of first degree disability — €139,018 In the event of second and third degree disability — €231,696 *Less social security benefits for the 3 items.* • a death benefit set at a maximum of €1,668,211. In addition to the collective incapacity, disability and death insurance plan, Bertrand Neuschwander is the beneficiary of an individual life insurance policy with a capital amounting to €942,581. The expense recorded for the year ended 31 December 2016 totals €3,054. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.

TRANSACTIONS IN SEB SHARES CONDUCTED BY EXECUTIVE DIRECTORS (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE) DURING 2016

Transactions in SEB shares conducted by senior executives (Article L. 62118-2 of the French Monetary and Financial Code) during 2016

Identity	Position	Number of shares purchased or subscribed	Average purchase price	Number of shares sold	Average sale price
THIERRY DE LA TOUR D'ARTAISE	Chairman and Chief Executive Officer	51,449	€54.1200		
CYRIL BUXTORF	Member of the Executive Committee	11,933	€31.1453		
PHILIPPE CREVOISIER	Member of the Executive Committee	7,860	€54.1200	7,860	€132.2292
HUBERT FÈVRE	Director			112,062	€102.7075
Persons associated with HUBERT FÈVRE	Director	180,199	€102.0000		
WILLIAM GAIRARD	Director			6,893	€109.0864
LUC GAUDEMARD	Member of the Executive Committee	400	€53.8600	1,110	€124.0529
PASCAL GIRARDOT	Director			30,000	€129.1000
Persons associated with Pascal GIRARDOT, representative of FÉDÉRACTIVE	Director	30,000	€129.1000		
STÉPHANE LAFLÈCHE	Member of the Executive Committee	32,075	€53.9978	28,575	€128.1966
BERTRAND NEUSCHWANDER	Member of the Executive Committee	16,500	€53.8600	2,100	€129.2618
HARRY TOURET	Member of the Executive Committee	40,876	€53.9827	29,876	€104.5111
FRÉDÉRIC-JÉROME VERWAERDE	Member of the Executive Committee	40,876	€53.9827	40,139	€109.0347

2.6. Chairman's report on internal control

In accordance with Article 117 of the French Financial Securities Act of 1 August 2003, and the provisions of Article L. 225-37 of the French Commercial Code, as amended by law no. 2008-649 of 3 July 2008, the purpose of this report is to describe the internal control procedures adopted by Groupe SEB for the year ended 31 December 2016.

This report, drawn up under the supervision of the Chairman, is essentially based on the coordinated work of the Group Audit and Internal Control department in liaison with the Finance department and the main corporate support functions and operational management. It also takes account of consultations with the Audit Committee and the statutory auditors.

This report was approved by the Board of Directors on 17 February 2017.

In order to implement and improve upon its internal control processes, Groupe SEB aims to comply with the AMF guidelines on risk management and internal control.

The risk management system relating to the effects of climate change as well as the steps the company has taken to reduce them appear in this Registration Document in sections 1.4 and 3.9.

GROUP INTERNAL CONTROL ENVIRONMENT

In the scope of its operations and in pursuit of its business strategy, Groupe SEB is exposed to a number of risks and unknown factors, both internal and external. To address this situation, it has adopted an organisational structure and procedures aimed at identifying, quantifying, anticipating and managing these risks as far as possible, in order to reduce their negative impact and thus help to achieve the company's operational and strategic goals.

The internal control system is a process defined and implemented by the Group under its own responsibility to ensure:

- compliance with the laws and regulations;
- the application of instructions and guidelines, and compliance with the Group's internal practices;
- the identification of risks to which the Group's assets and financial results are exposed;
- the proper functioning of the Group's internal processes, particularly those that contribute to protecting its assets;
- the quality, reliability and relevance of its internal and external information, particularly financial disclosures;
- organisational adaptation to changes in standards and regulations;
- consistency between identified risks, objectives and expected benefits;
- reduced exposure to risks of fraudulent behaviour;
- the prevention, and, if necessary, punishment of unethical conduct.

The scope of application of internal control and risk management procedures also extends to all Group companies. Corporate support functions and operational management are responsible for implementing internal control and risk management procedures which apply to all of the Group's employees, from corporate governance bodies to individual employees. As with any control system, it cannot provide an absolute guarantee that all risks are fully controlled or eliminated.

Groupe SEB is an international entity, organized primarily into geographical zones by continent, each with their own ranges of products to sell. In addition, operations are organized by activity, covering specific product lines and trademarks. This mode of operating depends on decentralisation of operational responsibilities and extensive delegation. At the same time, though, to guarantee efficient overall management, Groupe SEB applies clearly defined rules of operation and delegation. It also benefits from a well-established corporate culture which is rooted in shared fundamental values that foster an ethical working environment: high-quality work, mutual respect, team spirit, loyalty and diligence.

The internal audit system is based on a structured Quality Management System defining 11 key operational processes which incorporate the demands and requirements of sustainable development.

A signatory of the Global Compact since 2003, Groupe SEB supports the values set out in this document and promotes them throughout the company. The Group Human Resources department states in its guiding principles: "The Group is a community of men and women who share the same objectives and values."

The code of ethics, published in September 2012, serves as the frame of reference for Groupe SEB's values and standards. It defines individual and collective rules of conduct to guide the actions and inspire the decisions of each employee. It is supplemented by a whistle-blowing system that allows any employee to report a serious violation of the code of ethics.

RISK ASSESSMENT

The risk analysis process is based on two key procedures:

- an annual top-down review and analysis of the main risks. This process, coordinated by the Internal Audit department, aims to allow the Group's senior management, and particularly, members of the Executive Committee, to map the Group's risks as well as preventive measures and corrective actions;
- a bottom-up process involving self-assessment questionnaires adapted by process. These are sent out to each operational entity and are designed to identify possible weak points and encourage the practice of internal control at all levels of the business, with a view to making Group operations more efficient.

CONTROL ACTIVITIES

The integrity of the internal control process is based on an Internal Control Manual, circulated widely within the Group, detailing the main internal control guidelines for each Group entity, i.e.:

- use of a delegation manual and definition of limits of authority;
- internal control rules governing commercial operations, the management of customer credit and settlement methods, relations with banking institutions, payroll management, purchasing control, asset management and the protection of corporate property and assets;
- compliance with rules governing the segregation of duties;
- policies applying to insurance coverage and hedging;
- audit approach related to financial reporting.

REPORTING AND COMMUNICATION PROCEDURES

In 2016, the members of the Continental (Asia, Americas and Europe) Management Committees were trained in internal control, with special emphasis on their particular role in the internal control process.

The mechanism for identifying attempted fraud is permanently operational within the Group. In 2016, no significant cases of fraud were discovered. As in previous years, the Audit and Internal Control department put out alerts to the subsidiary network based on the situations that arose, warning of potential cases of fraud and raising awareness of these situations.

MONITORING OF THE INTERNAL CONTROL PROCESS

The quality of the internal control process is assessed through internal audits in all Group entities and functions, and by the statutory auditors during their annual and half-yearly audits.

In 2016, the Audit and Internal Control department carried out audits at 11 market companies responsible for 38% of the Group's sales, and at 4 plants, accounting for 17% of the Group's internal production, as well as at 3 Shared Service Centres covering 30% of the Group's sales. It also carried out 2 cross-business consulting assignments to improve different organisations and processes. The action plans produced for 8 entities following previous audits were reviewed. In total, the Audit and Internal Control department dealt with 33 entities (out of 77 in Groupe SEB that could be audited) either through an audit or a review of a previous audit.

The Audit and Internal Control department also works with entities newly acquired by the Group to verify the consistency of their internal control processes: the subsidiary OBH, in the Nordic countries, was audited in 2016, and the new acquisitions EMSA and WMF in Germany will be included in the 2017 audit plan.

KEY PLAYERS IN INTERNAL CONTROL

THE BOARD OF DIRECTORS, THE AUDIT COMMITTEE AND THE NOMINATIONS AND REMUNERATION COMMITTEE

The role of these bodies is described in the section on the "Composition, organization and operation of the Board of Directors" on pages 31 to 57.

THE GROUP EXECUTIVE COMMITTEE AND GROUP MANAGEMENT BOARD

Their role is described in the section on "Group Management Bodies" on page 58.

THE AUDIT AND INTERNAL CONTROL DEPARTMENT

Internal auditing, as defined by professional standards, consists of "an independent and objective process which ensures that the Group has adequate control of its operations and which offers advice on improving the latter while contributing to added value. The internal audit function helps the Group to achieve its objectives by systematically and methodically evaluating its risk management, control and corporate governance procedures, and through recommendations for their improvement."

The role of internal audit at Groupe SEB is fully consistent with this approach.

Internal audit must evaluate, at all locations where the Group is established and for all processes, compliance with the Group's internal rules and procedures, detecting potential non-compliance with legislation, and ensuring that Group assets are protected. It is also required to evaluate the efficient conduct of operations and to ensure that all business risks are anticipated and mitigated.

In the area of risk management, the Audit and Internal Control department coordinates the Group risk mapping.

Based on this mapping, on the self-assessment questionnaires and on the principle of an audit occurring in each entity every three or four years, the Audit department puts forward an internal audit plan for the following year.

This plan is submitted to the Audit Committee.

Each internal audit, which generally lasts about a month and is carried out by a team of three to five Auditors, culminates in an audit report that is sent to the audited entities, their management structure, the members of the Group Executive Committee and the Group Chairman. The report contains the Auditors' opinions on the entity's level of internal control and provides the principal recommendations to be implemented to strengthen the entity's internal control system.

Steps are then taken by operational management to remedy identified shortcomings in internal control, and to make any other necessary improvements. The implementation of the resulting action plans is subject to a systematic internal audit review within six months of the audit.

The results of these audits are compared with the results of the self-assessments, thus completing the full circle of the internal control process.

In order to ensure continuous improvement of the company's internal control and efficiency, the main recommendations identified during audits for each business line are shared annually with the Management Committees of the Group's main divisions: Purchasing, IT, Quality, Finance, Human Resources, Supply Chain, Industry, Sales and After-Sales Service.

The Audit and Internal Control department draws up an annual report of the work done, which is presented to the Group Executive Committee and the Audit Committee.

The Audit Committee reviews the resources needed by the Internal Audit department to carry out its work properly, and makes observations or recommendations that it deems necessary.

As of 31 December 2016, the Audit and Internal Control department had 10 staff members.

THE LEGAL DEPARTMENT

The role of the Group Legal department is to ensure that the Group complies with legal and regulatory requirements wherever it operates, to protect the Group's assets (and particularly its intellectual assets) and businesses, and to protect the interests of the Group and of its management and employees in the performance of their duties. The department has a central team in France, and teams in five subsidiaries, particularly including Supor.

Within this framework, it is active in the following areas:

- participation in the various legal aspects of the Group acquisition strategy, such as preparatory agreements, concentration monitoring, legal audits and the negotiation of purchase agreements;
- participation in the implementation of Groupe SEB's integration processes for legal entities newly acquired by the Group;
- drafting and updating standard and model contracts and their related procedures for the most frequently recurring transactions (purchases of goods and services, conditions of sale, advertising campaigns, etc.);
- defining the strategy for protecting intellectual creations, industrial property rights (trademarks and models, and patents in conjunction with the Innovation department) and personal data;
- managing disputes of every kind, except labour disputes, which are managed by the HRD;
- making recommendations to the Group Executive Committee on rules for delegating authority, and on the circulation and protection of confidential information, and applying and monitoring these rules;
- selecting external legal advisors, monitoring their services and performance and overseeing invoice tracking;
- involvement in activating crisis units.

The role of the Legal department in the area of insurance is to ensure that there is adequate insurance coverage for the risks to which the Group is exposed. Groupe SEB centralises the management of its insurance programs. Worldwide coverage is arranged in partnership with leading insurance company pools; additional specific policies can be subscribed to locally.

FINANCE AND TREASURY DEPARTMENT

It is tasked with ensuring the security, transparency and efficiency of treasury and finance operations, and hedging against all of the Group's financial risks.

It is therefore responsible for:

- managing financial resources, to ensure the Group's liquidity;
- managing cash flows;
- quantifying and hedging against financial risks (and particularly foreign exchange, interest rate and raw material risks);
- on-going relations with banks;
- working with the subsidiaries and the General Management on the financing of new projects.

The Group's centralised credit management activities are handled by the Finance and Treasury department. Given the still volatile economic situation in 2016, the Group continued its careful management of customer risk at a worldwide level.

ACCOUNTING AND TAX DEPARTMENT

This department is responsible for ensuring that the Group's accounting principles and standards are compliant with commonly accepted international accounting standards. It closes the Group's accounts, in collaboration with the entities, in a timely manner. It makes sure that accounting by the subsidiaries is reliable and in compliance with the Group's accounting principles. This department provides the Group's management and outside partners with pertinent financial information.

The Group Accounting and Tax department oversees and coordinates the Shared Corporate Services Centres for Accounting and Management Services. These entities, in France, Poland, Germany, the United States, and China, help improve the Group's internal control system by sharing their procedures and tools.

It ensures compliance with the regulations and tax obligations in all the countries where the Group is based. The department has a three-fold responsibility in the area of internal control:

- monitoring tax inspections carried out by tax authorities in all of the Group's entities;
- ensuring consistency in the tax procedures used by the Group's entities and liaising with tax consultants to verify that the Group's main activities are compliant with current legislation;
- selecting tax consultants and monitoring the services provided along with their cost.

THE GROUP MANAGEMENT CONTROL DEPARTMENT

The Group Executive Committee attaches great importance to the Group's planning procedures. These prepare the ground for the annual budget, which makes it possible to define the Group's strategic priorities and draw up operational plans.

With this in mind, the Management Control department coordinates budget planning and control, using a handbook of management procedures and rules applicable to all entities, including Group budgeting, re-projections and management reporting methods.

The monthly management reporting system uses a consolidation management tool. Twice a year (June and September), Group performance projections are comprehensively revised, resulting in action plans. Partial re-projections are made throughout the year.

Quantitative and financial indicators make it possible to monitor and analyse balance sheet items such as components of the working capital requirement and cash position.

These various aggregates are budgeted at the end of the year and monitored monthly.

The Management Control department draws up a monthly Group dashboard chart and distributes this, with an analysis of significant variances and trends based on the information that the Group's entities provide, then report in structured management control systems with the related comments and analyses.

In particular, the department uses a single accounting and management tool that allows efficient operational and strategic monitoring.

The Management Control department works with the Financial Communications and Investor Relations department to analyze the Group's performance.

THE INFORMATION SYSTEMS DEPARTMENT

Groupe SEB's IT system is designed to guarantee the security, integrity, availability and traceability of information.

To ensure the proper use of applications and the utility of the data, an operating manual reflecting users' needs has been drawn up.

The Group has also introduced procedures to ensure the reliability of its information systems and the integrity of its electronic data.

An Information Systems Steering Committee is responsible for drawing up an IT master plan which corresponds to the Group's organisational needs and general development policy. This Committee, chaired by the Chief Operating Officer, comprises the Information Systems department and representatives from user entities (including the Continental Management structures, the Products and Innovation division, the Group Finance department and the Group Human Resources department). Within this framework, it determines the nature of IT system projects and decides on priorities for resource allocation and IT security policies.

The IT Data Security Committee, which includes the Audit department, meets regularly to ensure that the level of IT risk within the Group and its subsidiaries is adequately managed and that appropriate information and awareness measures are taken to prevent the risk of hacking of our systems.

Internal audit assignments include scrutiny of IT security risk areas, and analysis of user profile management and the risks of incompatibility in system access rights within one of the company's functions.

The risk of intrusion into the network or into a centralised application is periodically evaluated and tested.

A periodic check is performed that the main service providers are meeting their contractual commitments.

THE QUALITY DEPARTMENT

The desire to improve the quality of its products and processes has always been a central concern for Groupe SEB.

Groupe SEB uses a Quality Management System (QMS) with Group-wide standards that are posted on the company's intranet.

Documentation for this system includes reference to all the procedures, tools and methods relating to the Group's key processes:

- management procedures with the definition of Group policy, strategic planning, continuous quality improvement, and safeguarding of the environment;
- operational processes including strategic marketing, R&D, sales and marketing, customer order processing and production;
- operational support functions, covering human resources, information systems, purchasing, finance, after-sales service and customer assistance.

The Quality department uses monthly feedback reporting to fine-tune its action plans.

The Safety policy, which is also overseen by the Quality department and was set out in 2013, establishes the safety of people at work as a major area of focus for the Group, broken down into five points:

- achieving a good level of safety;
- focusing on an ambitious goal;
- highlighting each accident or serious incident;
- sharing the same level of skills and requirements, based on common standards;
- acting promptly upon any recorded non-compliance to address it.

The action plans stemming from this policy are established and monitored by a "Strategic Health/Safety Committee" comprising three GEC members, and adapted by an "Operational Health/Safety Committee" covering the Group's main geographic areas and businesses.

The health and safety organization within the Quality department ensures these action plans are rolled out to the various Group sites.

THE SUSTAINABLE DEVELOPMENT DEPARTMENT

This department drives and coordinates the sustainable development policy submitted to the Board of Directors. It documents and rolls out short- and medium-term action plans, in line with the Group's priority criteria, in each division and on every continent, in this way promoting appropriate conduct within the Group. It relies on a dedicated Steering Committee, which has twenty or so members representing multiple activities and business lines and meets three times a year.

THE FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS DEPARTMENT

This department, which reports to the Group Finance department, works closely with the other departments within the Finance Function (Management Control, Consolidation and Accounting, Treasury and Finance, Legal and Audit and Internal Control), with the operational, functional and continental management structures, and with the Sustainable Development and Corporate Communications departments, in order to carry out two main tasks:

- based on a precise timetable disclosed to the financial community in October for the following year, it prepares and publishes financial communications about events affecting the Group, in accordance with the regulatory framework set by the AMF and European bodies. The periodic information published (annual and half-yearly results, quarterly financial information and Annual General Meeting) and/or on-going publications (acquisitions, issues of securities, declarations of transactions by executive officers, and so on) constitute regulated information that must precisely, accurately, fairly and transparently reflect the Group's activity and position. It must therefore obey the principle of equal information to all shareholders. The documents and materials produced, published and circulated (Registration Document, Meeting Notice, press releases, Analyst and Investor presentations, etc.) undergo a structured production process and are prepared in close collaboration within the Group's various functions. They are reviewed by the heads of the relevant functions and are ultimately approved by the Executive Committee;
- throughout the year, the Financial Communications and Investor Relations department is the key point of contact for financial analysts and institutional investors when it comes to giving the market information to help it to understand the Group's strategy, business model, activity, performance, financial position, challenges and outlook, or any other issues. It therefore regularly meets with them at roadshows, conferences, investor days and individual meetings. In 2016, nearly 25 events were organized, particularly in Europe and the US, at which the department met with around 450 contacts, representing nearly half of the free float. At major roadshows, including after the publication of the annual and half-yearly accounts, the Investor Relations team is accompanied by the Chairman and CEO and the Senior Executive Vice-president of Finance.

All the Group's financial information is constantly updated and is available on the company's website, www.groupeseb.com.

ACCOUNTING AND FINANCIAL INFORMATION PROCEDURES

Internal control procedures for accounting and financial information aim to ensure the quality of the financial information provided by the consolidated subsidiaries, and the fairness and accuracy of the financial information issued by the Group, while safeguarding against risks of error, inaccuracy or omission in the Group's financial statements.

Production of the Group's accounting and financial information is based on interfaced reporting and consolidation systems that cover all the subsidiaries and guarantee the uniformity of individual company and consolidated accounting data.

CENTRALISED TREASURY AND FINANCE OPERATIONS

Local regulations permitting, the Group Finance and Treasury department ensures the financing of its subsidiaries via cash pooling, inter-company financing contracts and the use of currency flows for payments and receipts.

This centralisation of operations allows the department to:

- manage external debt and monitor its development;
- manage the interest rate risks inherent in contracted debt;
- finance its subsidiaries in their local currency where regulations permit;
- anticipate and manage the currency risk inherent in commercial and financial flows.

Another important element of internal control is the Group's globally centralised choice of working-partner banks and effective long-term management of these relations.

This organisational approach enables the Finance and Treasury department to ensure overall control of the Group's treasury operations.

CONSOLIDATED ACCOUNTS MANAGEMENT AND CONTROL

The role of Group Management Control in overseeing monthly consolidated financial management information has already been described.

Budgetary control identifies deviations from performance targets on the basis of monthly consolidated data, according to analysis criteria appropriate to the steering of Group operations. This makes it possible to identify any changes or discrepancies in relation to financial budget data and previous years.

This statutory consolidation process relies on the consolidation of the companies with the Group's scope at the level of the Group's holding company, SEB S.A., which directly or indirectly holds all of the Group's companies.

Each consolidated subsidiary prepares a set of accounts, restated to comply with the Group's accounting procedures and based on accounting data from local information systems. The Finance Managers of the subsidiaries prepare the restated accounts on the basis of the Group's accounting procedures handbook, which sets out the rules for accounting entries and evaluations.

This handbook describes the principles used to draw up financial statements. The principles cover areas such as the preparation of accounts on the basis of a going-concern assumption, compliance with accounting periods, and ensuring the integrity of the information in the financial statements. It is regularly updated to integrate changes in the legislation and regulations governing the preparation of consolidated accounts in France.

The accounting procedures handbook also gives a precise description of the principles used by the Group for accounting entries, and the evaluation and presentation of the main items in the financial statements:

- description of constituent items of the income statement and their definitions, as well as consistency tests for the purpose of taxation;
- rules governing balance sheet and off-balance sheet items and their presentation;
- rules concerning the valuation of certain estimated items, such as:
  - impairment of receivables,
  - impairment of raw material and finished product inventories,
  - impairment of non-current assets,
  - provisions relating to sales (e.g. warranties and unsold returns),
  - other provisions for risk and charges, and in particular, provisions for restructuring;
- accounting principles applied to the reporting of intra-Group transactions.

Prior to each consolidation period, the Group Consolidation department issues a reminder of the reporting deadline and indicates any newly applicable changes in standards, rules and principles.

On receiving the sets of accounts for consolidation, the Group Consolidation department conducts the usual verifications before carrying out the actual consolidation. This review of the accounts submitted is an opportunity to verify the evaluation and accounting methods used for large, unusual or exceptional transactions.

To ensure the reliability of the financial data received from the subsidiaries, the Group Consolidation department refers to the covering letter sent in by the management of each subsidiary (whether or not consolidated), at the time of closure of the half-yearly and annual accounts. In this covering letter, the official representative and the Finance Director of the entity concerned jointly certify the compliance of the financial statements with the Group's accounting rules and principles, the effectiveness of the internal control procedures used to process and draw up the financial statements and the absence of any irregularities involving personnel or management. In addition, they comment on any significant events occurring during the accounting period under review and describe all elements which, in themselves or in their overall effect, influence the comprehension and evaluation of the financial statements of the entity concerned.

THE FINANCIAL REPORTS PREPARATION PROCESS

The Group's financial statements, accounts and notes to the accounts are drawn up on the basis of the final data processed by the consolidation software. These are then integrated into the annual or half-year reports.

The texts of all the Group's financial publications (annual and half-yearly reports, letters to shareholders, press releases, etc.) are drawn up with reference to information gathered throughout the year and specific interviews conducted at least twice a year (or more frequently as dictated by current concerns or special issues) with the senior management of the Strategic Business Areas, Continental structures and Corporate Support Functions. They are subject to a thorough validation process which includes validating the traceability of the information processed, with final validation falling to the Group's Executive Committee. The presentations made from this information and used throughout the year at meetings, road shows or telephone conferences with financial analysts, portfolio managers or individual shareholders are created to be consistent with press releases and are approved by the General Management.

Statutory information is entirely and effectively circulated by electronic means (in accordance with the General regulation of the French Financial Markets Authority) in line with the principles of accuracy, precision, honesty and the equal treatment of shareholders and/or investors.

2.7. Statutory auditor's report

Prepared in accordance with Article L. 225-235 of the French Commercial Code and dealing with the report of the Chairman of the Board of Directors of SEB S.A.

FINANCIAL YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as statutory auditors of SEB S.A. and in accordance with Article L. 225-235 of the French Commercial Code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the financial year ending 31 December 2016. The Chairman is responsible for preparing and submitting for the approval of the Board of Directors, a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by Article L. 225-37 of the French Commercial Code dealing in particular with corporate governance.

Our own responsibility is to:

- communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- attest that the report includes the other disclosures required by Article L. 225-37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

INFORMATION RELATING TO THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IN THE AREA OF THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation;
- determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Courbevoie and Lyon, on 29 March 2017
The statutory auditors

PricewaterhouseCoopers Audit
Nicolas BRUNETAUD

Mazars
Thierry COLIN

3

Corporate Social Responsibility

3.1. Commitment and management

COMMITMENT AT THE HIGHEST LEVEL

For a great many years, Groupe SEB has been committed to an approach, submitted to the Board of Directors that strives to be ethical, economically profitable, socially fair and ecologically responsible. In fact, since 2013, corporate social responsibility has been incorporated within its Nominations and Remunerations Committee.

MANAGEMENT GROUPS AND METHODS

The **Sustainable Development department**, created in 2004, reports to the Human Resources department, whose Head is a member of the Executive Committee. Made up of a team of six people, two of whom are seconded to the Fonds Groupe SEB, the Sustainable Development department coordinates and drives Group-wide participatory efforts. In addition to holding twice-yearly meetings with each division to monitor projects and action plans, it is supported by a dedicated **Steering Committee**. In order to instill sustainability criteria at all levels of the company and on all continents, this Steering Committee is composed of around twenty members hailing from a variety of core business areas and divisions (communications, quality/environment, innovation, purchasing, logistics, marketing, etc.) and meets three times a year. Its mission is to define and monitor short and medium term action plans in response to the Group's five key sustainable development challenges:

- ensuring the Group's ethical principles are respected;
- pursuing a responsible employment policy;
- developing territories and community commitment;
- creating sustainable innovations to meet consumer expectations;
- reducing the environmental impact.

A three-year **road map** designed around these five challenges is shown on page 97 of this document. The large number of international projects, such as the 2012/2013 Code of Ethics or the Charity Week in 2016, are managed locally by a network of CSR contacts from the HR department. This network was enhanced at the end of 2015 with the appointment of continental sustainable development coordinators. In 2016, they prepared road maps that will be implemented in 2017.

AN OPEN-MINDED APPROACH

Paying close attention to the Group's "ecosystem", in 2013, the Sustainable Development department began a series of discussions with a **panel of the Group's stakeholders**, to gather their opinions and suggestions about its sustainable development policy. This panel comprises seven external international experts (environmental NGOs, a sociologist working on alternative consumption, a professor of corporate governance, an eco-design expert, etc.) plus an employee representative from the European Group Committee. The meeting held in April 2016 covered two themes: How can the impact of circular economy projects already launched by the Group be increased? What approach should be adopted to cater to the needs of bottom-of-the-pyramid consumers? The panel invited three guests to attend the meeting, representing consumer, customer and commercial partner stakeholders. Several constructive options for moving the Group forward in these two areas emerged from the discussions.

At previous meetings, the panel's members worked on eco-design (2013) and the responsible value chain (2014). In 2015, this open-minded approach was reflected in a learning expedition to London by the sustainable development Steering Committee to learn about the achievements of large companies that are combining business with sustainable development. This seminar resulted in a dozen proposals for practical measures to step up the Group's efforts in this field.

RAISING EMPLOYEE AWARENESS

The Group uses several communication media to raise employees' awareness of sustainable development. The Group's intranet has a section devoted to this subject, and numerous news items are published throughout the year (telex on the intranet, articles in site newspapers, etc.). There is also the internal social network's innovation community, which is a forum for discussions on sustainable development. Every year, **sustainable development week** is a special opportunity to enlist the cooperation of employees through various on-site activities. Since 2015, this event has been organized worldwide. Its theme in 2016 was the 17 global sustainable development objectives adopted by the UN at the end of 2015. Initiatives were highly varied, especially for awareness-raising campaigns covering e-mails, posters, screens, a dedicated website (France and Latin America), quizzes and conferences, among others. Several subsidiaries organized participatory events, including clothing and kitchen appliance collection, workshops on cooking leftovers and a photo competition on biodiversity. In the Czech Republic, for example, the focus of events was the combating of food waste: employee teams in Prague were able to taste a pesto made using radish leaves, which are often thrown away. They also planted aromatic herbs to season their dishes. At the Group's head office in Écully, bio-waste from the company restaurant (4.7 tons in 2016) is made into compost by a specialized company. A campaign was carried out to inform the site's employees about this initiative and the sorting instructions to be followed when they clear their trays after meals. Spain and Portugal also focused on good eating habits, and particularly the consumption of fruits and vegetables. This included a workshop with a nutritionist and the provision of fruit baskets to the sites.

INTERNAL AUDIT AND SUSTAINABLE DEVELOPMENT

In 2013, the Audit and Organization department included the Code of Ethics and the Responsible Purchasing Charter in the Internal Control Manual used when auditing the subsidiaries. Since 2016, the Sustainable Development department has also sent it the action plans implemented by the subsidiaries as part of the new ethical, social and environmental audit procedure (see p. 102). This strengthens the ethical, social and environmental monitoring within all the Group's processes. Sites that are not audited by the Audit and Organization department during the year are sent a self-assessment questionnaire through reporting software. This covers the same checkpoints audited during on-site audits and includes the Internal Control Manual and also the rules contained in the Code of Ethics and the Responsible Purchasing Charter. Both sets of guidelines are therefore fully harmonized and ensure that the audit process is fully consistent. Furthermore, when studies take place prior to company acquisitions, the Strategy department conducts a review of social and environmental issues using a questionnaire that covers the key points in the Code of Ethics.

EXTERNAL VERIFICATION OF DATA

A pioneer in this regard since 2011, Groupe SEB had a selection of corporate social responsibility indicators for the 2010 financial year audited by one of its statutory auditors, PricewaterhouseCoopers Audit. Groupe SEB continued this voluntary commitment and PricewaterhouseCoopers Audit issued a limited assurance report for the 2011 and 2012 financial years on a selection of social and environmental indicators. Finally, to comply with what are now legal obligations, PricewaterhouseCoopers Audit verified the completeness and fairness of the social, employment-related and environmental information in the Registration Document, for 2013, 2014, 2015 and 2016 (see details on the reporting process on page 99 and PricewaterhouseCoopers Audit's report for 2016 on page 136). 60 audits have been carried out on 24 different sites in seven countries (Germany, France, Italy, Brazil, Colombia, China and the US) since 2010.

AN ESTABLISHED CSR POLICY

Corporate social responsibility (CSR) is a consideration for an increasing number of investors. Along with the Financial Communications and Investor Relations department, the Sustainable Development department meets with investors to outline Groupe SEB's approach to CSR. This was the case in 2016 at the Is-sur-Tille site in France for the "Sustainable performance and well-being at work" theme, with a visit to the plant and the laboratory.

Several **non-financial rating** agencies assess Groupe SEB's CSR performance and have included it in their SRI (Socially Responsible Investment) indices. This performance is becoming increasingly recognized, as shown by its inclusion in 2016 in the **FTSE4Good** international index, which is a world reference in this area. Groupe SEB is listed in the "Personal & household goods" category, which includes only 65 companies, five of which are French. The Group's commitments and initiatives are also assessed every two years by **Vigeo-Eiris** (1), which is the leading agency in Europe. Its 2016 rating, representing an increase over 2014, makes Groupe SEB one of the leaders in its sector. Its performance is applauded particularly in the following areas: Human Resources, market conduct (and especially the responsible purchasing policy) and respect for Human Rights. The Group has therefore maintained its place in the Europe 120 and Eurozone 120 indices managed by Vigeo-Eiris.

The Group is also included in the **Forum Ethibel** (Pioneer and Excellence labels) and **EthiFinance** (Gaïa-Index) indices. The Group is also on the Oekom and Sustainalytics research panels.

In addition, at the start of 2017 the Group's CSR approach earned it the **CSR Grand Prix for Responsible Consumer Industries** awarded by the ESSEC Business School in Paris, in partnership with the French Ministry of the Economy, Industry and the Digital Sector. Groupe SEB competed in six out of the Prize's seven categories, and was nominated in every one, including sustainable consumption, the reduction of the carbon footprint and solidarity. Thanks to the Group's commitment to ensuring the repairability of its products for 10 years, the Group was also the winner of this prize in the "product end of life" category. It was already awarded the **CSR Grand Prix for Responsible Consumer Industries** at the previous event, in 2015.

(1) Vigeo and EIRIS merged in October 2015.

3.2. Stakeholders

Generally speaking, Groupe SEB conducts a transparent dialogue with all of its stakeholders through various communication media, annually via the publication of the Business and Sustainable Development Report and the Registration Document, and on an ongoing basis thanks to a dedicated section of the Group's website and the publication of news items. Stakeholders are identified using the methodology described in paragraph 5.3.2 of the ISO 26000 standard.

Stakeholders	Modes of dialogue
Employees Employees (managers and non-managers)	Intranet site, welcome booklet, internal communications initiatives, Annual Appraisal Interviews (AAIs), employee survey *(Great Place to Work)*, site newspapers and documents on a range of topics (Code of Ethics, Management Values and Practices, etc.).
Future employees	Website, careers site, social networks, school forums, outreach meetings, etc.
Employee representatives Employee representative bodies	Labor relations agenda, employee-management dialogue bodies, dedicated intranet, signing of collective agreements, etc.
Consumers	Group and brand websites, social networks, Groupe SEB TV, media and non-media communications, marketing research, Home & Cook stores, consumer service, etc.
Suppliers and subcontractors	Discussions with Group and local purchasers, Responsible Purchasing Charter, Code of Ethics, annual evaluation, regulatory compliance via the EcoMundo platform, social and environmental audits, etc.
Public authorities	Participation in working groups, conferences, partnerships/local projects, public/private research partnerships, competitiveness clusters, etc.
Shareholders	Business and Sustainable Development Report, Registration Document, letter to shareholders, website, webzine, Annual General Meeting, information meetings, etc.
Customers Distributors	Code of Ethics, sales meetings, partnerships and multi-year action plans, etc.
Professional associations Ceced, Gifam, Unitam, Medef, Afep, Demeter, Éco-Systèmes, FIEEC and other eco-organizations, etc.	Participation in working groups, involvement in governance, etc.
Civil society NGOs, associations, communities	Business and Sustainable Development Report, selection and support of projects via the Fonds Groupe SEB or subsidiaries, partnerships, cause-related marketing products, etc.
Financial and non-financial bodies Rating agencies, analysts, investors, banks, funds, etc.	Business and Sustainable Development Report, Registration Document, website, SRI meetings, *road shows*, responses to questionnaires, press releases, communication on progress of the UN Global Compact, etc.

The breakdown of revenue by stakeholder is shown on pages 66-67 of the Business and Sustainable Development Report.

LOBBYING ACTIVITIES

Groupe SEB sees lobbying as a positive approach that consists of communicating its opinion about the potential consequences of an action to the relevant authority. The aim is for said authority to make the best decision to ensure that the impact is proportionate to the desired aim and is fair to all stakeholders. The Group bases its analysis on its industry expertise and its market knowledge. Since 2015, the Group has structured its lobbying activities in the new European Affairs department, reporting to the Group's Head of Quality, Standards and Environment. The department is tasked with transmitting, to the entities responsible, the information needed to define regulations and standards that may impact the Group's product designs.

In 2016, Groupe SEB continued to act to promote the circular economy by highlighting the importance of producing products that can be repaired and the use of recycled materials. It has also been involved in challenges such as:

- the revision of the European framework directive on energy labeling;
- the regulations on materials in contact with food;
- the regulations on connected products;
- the revision of the waste framework directive and the directive on waste from electrical and electronic equipment.

To participate in discussions about its industry, Groupe SEB plays an active role in various French and European professional associations such as:

- FIEEC – French Federation of Electrical, Electronic and Communication Industries;
- GIFAM – French Association of Household Appliance Manufacturers;
- UNITAM – Union of Homeware Manufacturers;
- CECED – European Committee of Domestic Equipment Manufacturers;
- FEC – Federation of the European Cutlery, Flatware, Holloware and Cookware Industries.

MATERIALITY MATRIX

In accordance with Global Reporting Initiative (GRI) recommendations, Groupe SEB decided in 2012 to rank its corporate social responsibility issues using a materiality matrix. This determines which sustainable development issues are most important to the company. In 2015, Groupe SEB wished to fine-tune the ranking of these issues by using a more in-depth methodology.

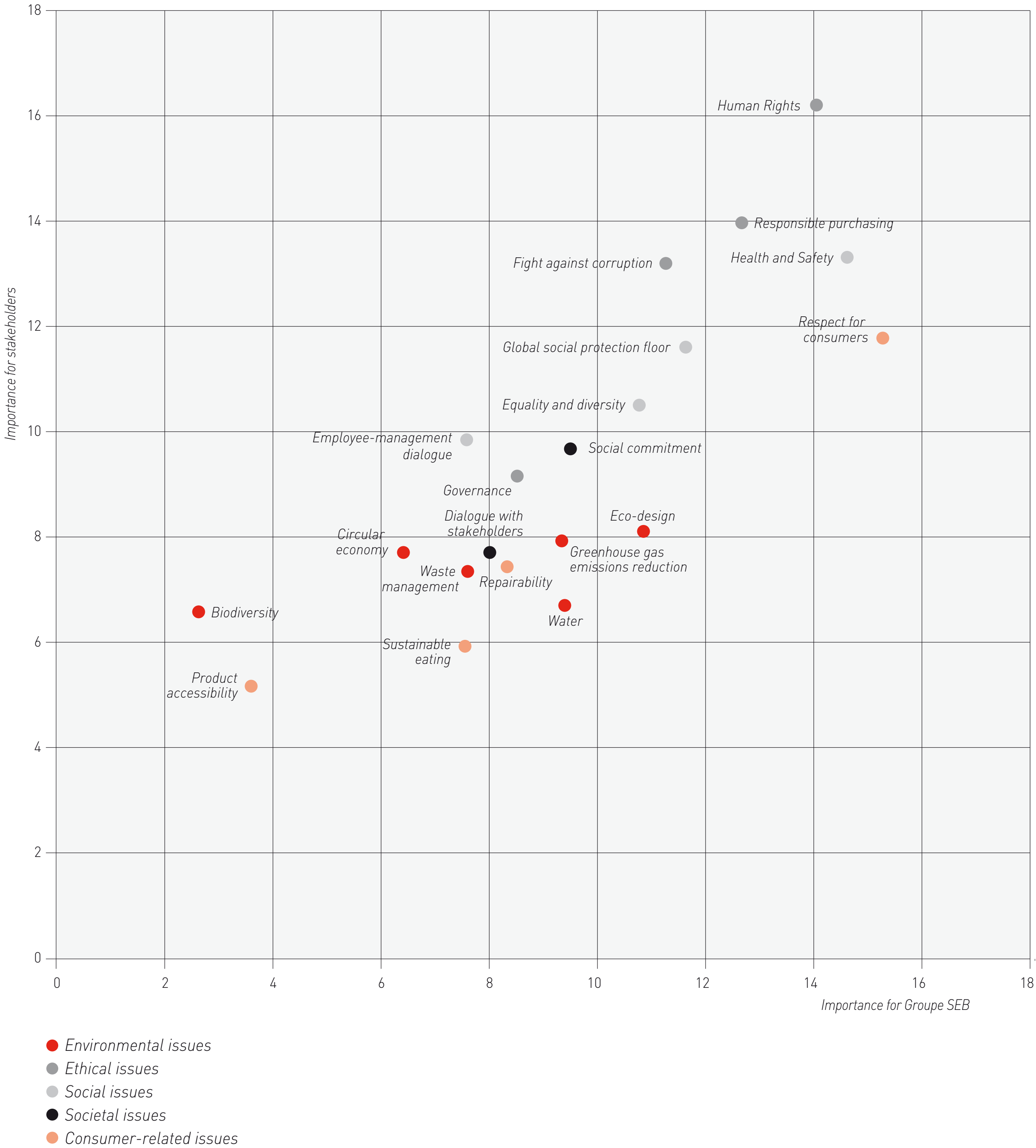
A list of 20 issues was identified and evaluated by the Group, taking account of the importance placed on each by stakeholders and by the Group itself:

- externally: by consulting various stakeholder representatives already identified via an online survey with over 200 responses;
- internally: by questioning the Sustainable Development Steering Committee and taking into account the Group's strategy. In 2016, the Group incorporated the opinion of the continental sustainable development coordinators, appointed at the end of 2015, using the same methodology.

The materiality matrix highlights 4 main sustainable development issues for Groupe SEB:

- **Human Rights,** which are considered to be particularly important by the Group's suppliers, financial bodies, employee representatives (via the European Group Committee) and customers;
- **employee health and safety,** prioritized by professional associations, customers, employee representatives (via the European Group Committee) as well as financial bodies;
- **respect for consumers,** primarily highlighted by customers, future employees (via the French Student Network for Sustainable Development), professional associations and financial bodies, as well as by the Groupe SEB Sustainable Development Steering Committee;
- **responsible purchasing** mainly chosen by shareholders, financial bodies, employee representatives (via the European Group Committee) and suppliers.

MATERIALITY MATRIX



To make it easier to read the information contained in this section, the table below summarizes the 20 issues identified by Groupe SEB, defines them and lists the page number(s) where the issue is addressed.

Challenges	Definitions	Page no.
ETHICAL COMPLIANCE		
Human Rights	Fight against any form of forced or compulsory labor, concealed work, child labor, inhuman working conditions and excessive overtime.	101
Responsible purchasing	Require our suppliers to respect Human Rights and essential ethical, social and environmental principles.	101-103
Fight against corruption	Prohibit strongly any kind of corruption in our relationships, not only with our commercial and institutional partners, but also with the Government.	103
Governance	Work in favor of a more responsible governance: diversity and independence of the Board of Directors, increased female participation in key positions, transparency about the pay of executive officers, etc.	Chapter 2
RESPONSIBLE EMPLOYMENT POLICY		
Equality and Diversity	Ensure equal treatment between employees. Only take into account their professional skills when it comes to their recruitment, pay and development within the Group.	108-110
Employee-management dialogue	Respect for freedom of association and union representation while encouraging employee-management dialogue on both an individual and collective basis.	110
Health and Safety	Provide each employee with a safe and healthy working environment.	111-114
Global social protection floor	Ensure fair pay, minimum social cover and decent working conditions for all employees. Develop the employability and skills of all employees.	114-115
A CORPORATE CITIZEN		
Dialogue with stakeholders	Take into account the expectations of all our stakeholders in the conduct of our activities: consumers, associations/NGOs, municipalities/public authorities, suppliers, customers, shareholders, employees, etc.	93-95
Social commitment	Fulfill our economic and social responsibilities in the territories in which we operate: creating jobs, taking part in the development of local companies and supporting local associations acting against exclusion.	119-121
SUSTAINABLE INNOVATIONS MEETING CONSUMER EXPECTATIONS		
Respect for consumers	Propose high-standard products with all the guarantees in terms of safety and harmlessness. Be very demanding about the quality of the information given to consumers through our call centers, and via our brands' websites and our after-sales service.	122-123
Repairability	Facilitate the repair of our products: design, availability and price of spare parts, training of approved service centers, etc.	123-124
Product accessibility	Promote the accessibility of products by as many people as possible by working on the price, ergonomics and distribution networks.	125
Sustainable eating	Promote consumption modes favoring healthy and sustainable eating by innovating and supporting consumers.	124-125
REDUCTION OF ENVIRONMENTAL IMPACT		
Eco-design	Eco-design requires a product approach. It aims to reduce the environmental footprint of products.	128-129
Circular economy	The circular economy requires a chain structuring approach (e.g. recycling chain and reuse chain). This economic system is based on exchanges and production. At every stage of the life cycle of the products, goods and services, it aims to increase the efficiency of the resources and to reduce the impact on the environment while enabling the well-being of individuals.	128-130
Water	Limit the water consumption of our sites together with their emissions to water.	131-132
Waste management	Limit and recover waste from production by favoring solutions with a smaller impact on the environment.	132
Greenhouse gas emissions reduction	Reduce greenhouse gas emissions linked to the production process (optimization of energy consumption, use of renewable energies, etc.) and the transport of products, raw materials and components.	132-134
Biodiversity	Promote ordinary biodiversity and limit the impacts of our processes and our products on biodiversity.	132

3.3. Challenges and road map

To track Groupe SEB's progress with the 16 key sustainable development challenges according to the materiality matrix (see p. 95), the Sustainable Development department works with each division to establish a specific road map. The road map spells out the year's major accomplishments and sets the objectives for the next few years.

	Challenges	Addressed in 2016	Next steps
Ethical compliance	***Human Rights***	Five ethical, social and environmental audits of Groupe SEB industrial sites in risky areas by the consulting firm Intertek.	2017-2018: complete ethical, social and environmental audits of Groupe SEB industrial sites in risky areas (new acquisitions included).
	Responsible purchasing	153 ethical, social and environmental audits of Group suppliers were conducted by the consulting firm Intertek.	2017: 150 ethical, social and environmental audits to be conducted during the year in order to audit all the listed raw materials, components and finished products suppliers at least once every four years.
	Fight against corruption	33 entities (out of the 71 Groupe SEB entities which can be audited) underwent internal audits (incorporating, in particular, different dimensions of the Code of Ethics).	2017: strengthen anti-corruption measures in line with the roll out of worldwide e-learning training on the Code of Ethics.
	Governance	Adoption of a Stock Market Ethics Charter for directors. Increase in the length of Board of Directors and Nominations and Remuneration Committee (CNR) meetings. Producing of a "directors' guide" particularly describing their role, responsibilities and obligations. Need to change the composition of the Board of Directors endorsed. Adoption of an application for informing directors and documenting their activities, notably making it possible to monitor meetings using an iPad.	Reach a proportion of 40% female Board members. Add an employee director representing shareholders and an employee director. Step up the Board's discussions on the Group's strategic projects. Roll out the digitalization of Board of Directors' Meetings through monitoring them using an iPad.
Responsible employment policy	***Health and Safety***	Reduction of LTIR (Lost Time Injury Rate): Global LTIR (excluding GS India): 1.8 LTIR France: 5.8 Roll out of two new safety standards.	2017: reduce the LTIR (Lost Time Injury Rate) excluding temporary employees. Global LTIR excluding temporary employees (excluding GS India and WMF) ≤ 1.5 LTIR France excluding temporary employees ≤ 5.1
	Global social protection floor	2.84% of wage bill allocated to training, excluding Supor; 3.38% with Supor. Excluding Supor, almost 61% of Group employees received at least one training session in 2016.	Develop worldwide e-learning training programs. Roll out a global employee benefit campaign (2017-2019) Continue with the employee shareholding plan.
	Employee-management dialogue	133 collective bargaining agreements signed in 2016	International expansion of employee-management dialogue: continue with national collective agreements with employee representatives; integrate recently acquired companies (WMF and EMSA) within the European Group Committee.
	Equality and diversity	37% of Groupe SEB managers are women. Implementation of a program to promote gender equality at work (participatory kick-off forum on March 31, 2016).	2017: continue with the implementation of initiatives to promote gender equality at work (e.g. mixed mentoring program)

	Challenges	Addressed in 2016	Next steps
A corporate citizen	***Social commitment***	International employee engagement (36 sites in 21 countries involved in the *Charity Week*, which is a fortnight of employee engagement) Nearly €2,477,000 dedicated to corporate philantropy (endowment fund and subsidiaries).	2017-2018: continue with the international expansion of corporate philantropy initiatives and launch the Group strategy on social entrepreneurship.
	Dialogue with stakeholders	Participation of consumer, customer and commercial partner stakeholders in the stakeholder panel.	Stakeholder panel by September 2017.
Sustainable innovations meeting consumer expectations	***Respect for consumers***	Opening of a second multi-country call center in Lisbon to cover Spain and Portugal. Expanding of the Sofia center. Reshaping of the after-sales service center in India.	Continue with the international expansion of service centers.
	Repairability	International expansion of the "10-year repairable product" campaign 95.4% of the total volume of electrical appliances sold at least mostly repairable.	Continue with the international expansion of the "10-year repairable product" program. Roll out 3D printing of spare parts.
Reduction of environmental impact	***Eco-design***	Identifying the product families with the greatest impact in terms of energy consumption and defining the methods for measuring this consumption. 37% recycled materials in the Group's new products. Target exceeded.	2020: reduce the energy consumption of the Group's new products by 20%. 2020: at least 20% recycled materials in the Group's new products.
	Greenhouse gas emissions reduction	13% lower energy consumption at production sites, on a like-for-like basis. 24% fewer greenhouse gas emissions from the transport of Group products (per sold product). Target exceeded.	2020: reduce energy consumption at production sites by 20%. 2020: reduce GHG emissions from the transport of the Group's products (per sold product) by 20%.
	Waste management	Recycling of 69% of non-hazardous waste. Example of a site project in Erbach (Germany) and Selongey (France): returning to suppliers of certain component packaging for reuse for subsequent deliveries.	Identify ways of reducing and recovering waste by sharing good practices between the Group's sites worldwide.
	Water	Introduction of wastewater recycling initiatives on the Supor site in Hangzhou in China and the Rionegro site in Colombia. Use of rainwater on the Rionegro site.	Define enhanced action plans relating to the management of water earmarked for priority sites.

3.4. Reporting process

MEASURING OF SOCIAL, EMPLOYMENT-RELATED AND ENVIRONMENTAL PERFORMANCE

Since 2002, Groupe SEB has been committed to reporting on its social, employment-related and environmental performance. To this end, it has established a set of monitoring indicators and reporting procedures that are regularly reviewed as part of a continuous improvement process. The indicators and procedures are set out in an internal document entitled “Reporting process for CSR steering indicators”.

SELECTION OF INDICATORS AND GUIDELINES

The indicators used by Groupe SEB to measure its performance in 2016 cover all of the items listed in Article 225 of French law no. 2010-788 of July 12, 2010, known as the Grenelle 2 law. The Group goes beyond this legal requirement by reporting other indicators that fall particularly under Global Reporting Initiative (GRI) recommendations. Based on these guidelines, which are an international standard for the reporting of non-financial information, Groupe SEB has incorporated the materiality approach within its reporting process in order to identify the main sustainable development priorities and the related indicators.

In keeping with the development of national and international requirements and the Group’s philosophy of continuous improvement, it has therefore added new indicators. It has also specified the components of certain indicators to improve the reliability of published data, and in many areas has extended the reporting scope, including new acquisitions when possible.

All of the indicators reported aim to track the Group’s progress in relation to its corporate responsibility commitments. The procedure for defining and/or calculating these indicators is explained whenever useful or necessary.

METHODOLOGY AND TOOLS

The Sustainable Development department coordinates the Group-wide reporting of social, employment-related and environmental information. It develops formal processes for every relevant division and consolidates all the data collected in a specific non-financial reporting system.

Since 2012, Groupe SEB has used Tennaxia’s reporting system for sustainable development reporting. Its flexibility will make it easy to incorporate future developments: adding indicators, modifying reporting scopes, etc. It also makes it possible to create analysis reports and dashboard charts that are useful for management and decision-making. Its international roll out was completed during 2013.

The processes and tools used to collect data for the various indicators vary from one theme to the next and between regions (France and World):

Theme/Region	France	World (excluding France)
Breakdown of workforce by gender, age, region and classification; external labor	Data extracted from SAP BW imported into Tennaxia (annual)	SAP BW data imported into Tennaxia (annual)
People with disabilities	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Absenteeism rate	Data extracted from SAP BW imported into Tennaxia (annual)	Data extracted from SAP BW imported into Tennaxia (annual)
Collective agreements	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Overtime	Data extracted from SAP BW imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Health	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (half-yearly)	Data input directly into Tennaxia (quarterly)
Safety	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (quarterly)	Data input directly into Tennaxia (quarterly)
Training	Data extracted from SAP BW imported into Tennaxia (annual)	Data compiled in a spreadsheet and imported into Tennaxia (annual)
Corporate sponsorship expenses	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Environmental data excluding direct raw materials	Data input directly into Tennaxia (half-yearly)	Data input directly into Tennaxia (half-yearly)
Direct raw materials	Data compiled in a spreadsheet	Data compiled in a spreadsheet

The reporting of these data involves more than 200 correspondents from different divisions on all Group SEB’s sites

ACCURACY AND COMPARABILITY

Groupe SEB is committed to ensuring that the data it publishes is accurate by carrying out a number of consistency tests. The Tennaxia reporting system provides an automatic consistency checking functionality to limit data entry errors. It also allows users to attach files and add comments. Any potential inconsistencies or errors flagged are reviewed with the sites and corrected. The Group also strives to maintain uniformity across its reports, presenting its indicators over a period of three years when data is available.

METHODOLOGICAL LIMITATION AND SCOPE

The social, employment-related and environmental indicators may present methodological limitations due to the lack of standard definitions and national/international laws (e.g. for workplace accidents) and/or the qualitative nature of certain data. Given these limitations, as well as potential difficulties with data collection, the reporting scope may vary depending on the indicator. Whenever the scope of an indicator is limited, this is explicitly stated. Any other variations in scope may be related to the creation, acquisition, sale or closure of sites.

Data on absenteeism came with a methodological limit in 2015. Due to the lack of any official international definition of absenteeism, information from international subsidiaries is not subject to formal monitoring and controls at Group level. Groupe SEB has worked on its own international definition in order to be able to monitor and report on absenteeism worldwide.

Regarding Health and Safety reporting, a limitation has been identified in the recording of work-related illnesses on a global scale. Some legal systems (such as Germany) recommend medical secrecy and figures are therefore unavailable and treated as null for these specific cases.

REPORTING PERIOD

The period used for annual sustainable development reporting is the financial year, which corresponds to the calendar year in Groupe SEB's case (January 1 to December 31).

AUDIT

To comply with what are now legal obligations, PricewaterhouseCoopers Audit verified the completeness and fairness of the social, employment-related, and environmental information in the Registration Document for 2016.

3.5. Ethical compliance

The top priority when it comes to ethics is to apply the laws in force in each country where Groupe SEB operates. Groupe SEB also adheres to the international standards set out by the UN, and particularly to the principles of the Universal Declaration of Human Rights, the fundamental conventions of the International Labor Organization (ILO) and the OECD's guidelines for multinational enterprises. It is also a signatory of the UN's Global Compact and the CECED's [(1)] Code of Conduct.

CODE OF ETHICS

Over the last ten years, Groupe SEB has doubled in size, acquiring several companies (including EMSA and WMF in 2016), and has become an increasingly international group. It now has over 32,900 employees around the world, with more than two-thirds of its workforce located outside of Europe. Since a common culture and shared values are essential to a successful ethical approach, Groupe SEB has structured and formalized its policy in the form of a Code of Ethics, which was drafted in 2012. Translated into the Group's **11 main languages**, it has been distributed to all employees worldwide and is now available online on the Group's intranet. This document addresses **18 key areas**, including child labor, anti-corruption measures, non-discrimination, environmental protection and the prevention of conflicts of interest. Each of these areas was explored further, through counter-examples and practical questions and answers, in training materials provided to international HR Managers for use with employees. This roll out represented almost 10,000 training hours. In 2016, the Sustainable Development department updated the French and English versions of the training materials and reminded all the subsidiaries of the need to train new arrivals and to reprint the Code of Ethics when necessary. French and English reprints of the Code of Ethics have been produced and it has also been translated into Arabic. Several countries also organized training and awareness-raising sessions, notably in South America (more than 300 people trained), Mexico and the US (Canonsburg).

(1) European Committee of Domestic Equipment Manufacturers.

The Group is also preparing an e-learning module that will be rolled out globally in 2017. The various points in the Code of Ethics are included in the internal audit manual and are verified during site audits (33 entities were audited in 2016).

In 2016, the procedure for alerting the Group's Code of Ethics advisor, via the dedicated email address ethics@groupeseb.com, was used once by an employee of the Japanese subsidiary. Investigations showed that this was a "classic" HR management issue rather than a violation of the Code, and it was dealt with according to existing HR procedures.

HUMAN RIGHTS

Respect for Human Rights forms an integral part of the Groupe SEB Code of Ethics as well as the training offered in this regard to international HR Managers. As a signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people, starting in 2007. To achieve this, up until 2014 it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and, for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check), a version of the HRCA specially adapted for China. These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and resulted in corrective action plans where necessary. In seven years, they enabled all sites to gain a high level of awareness of this issue.

In 2015, Groupe SEB decided to take things to another level by applying the same **ethical, social and environmental audit** procedure that it operates with its suppliers (WCA - Workplace Condition Assessment) to its industrial sites in risky areas [(1)], using the same specialist consulting firm (Intertek – see below).

The audits (conducted once every two years) are accompanied by action plans to rectify any non-compliances, and sites with a compliance score of less than 70% must undergo a follow-up audit. The action plans are submitted to the Sustainable Development department. This department shares them with the Industry department (including the Health, Safety and Environment managers), the Human Resources department and the Audit and Organization department, which are therefore able to verify their implementation. An annual summary of the audit results is also sent to the Executive Committee. This monitoring system, similar to the one used for the Group's suppliers, allows external comparisons to be made and the generating of audits that can be used in dealings with customers.

In 2016, when this system was applied for the first time, 5 sites were audited in Colombia, China (SSEAC) and Vietnam. 3 sites in 5 were given a total compliance score of more than 85%, and no "zero tolerance" non-compliances were identified. The main areas of non-compliance relate to working hours and safety measures. Action plans have been produced for all of them. The two Colombian sites (Cajica and Rionegro) were given the Achievement Award (AA) label granted by Intertek, with a compliance score of more than 90% and no major non-compliances. 10 audits are planned for 2017 at industrial and logistics sites in Russia, India, China and Vietnam.

RESPONSIBLE PURCHASING

With more than 18,000 suppliers worldwide, Groupe SEB bears great responsibility in terms of the manufacturing of its products under ethical conditions. It follows a responsible purchasing policy that includes reporting and control systems to ensure that its suppliers comply with its ethical, social and environmental requirements. **Since 2012, this policy has been bolstered by numerous projects:**

- **Responsible Purchasing Charter,** in conjunction with the Group's Code of Ethics, available in French, English, Spanish and Chinese. Sent to listed suppliers [(2)], it explains what the Group requires from its suppliers in relation to Human Rights and its ethical, social and environmental principles. This Charter is sent to all of the Group's listed suppliers (including Supor) and around 90% have signed on to its requirements or have been deemed to be compliant thanks to their own existing policies;
- **social and environmental criteria in the preliminary evaluation of new suppliers.** CSR criteria account for 25% of the score given to new suppliers of raw materials/components and finished products. Moreover, since 2013, if just one of the major social or environmental criteria is rated unsatisfactory, the supplier will be discarded. For the environmental aspect, these criteria primarily include the following factors: ISO 14001 certification, visible pollution (water, ground and air), and use of hazardous products. For the social aspects, the main criteria are: existence of a formal ethical/social policy or the signature of Groupe SEB's Responsible Purchasing Charter, working conditions, observance of employment law (age, working hours, etc.) and of safety rules. To evaluate new indirect (non-production) suppliers, the CSR criteria account for between 5% and 15% of the score, depending on the purchasing category;

(1) Risky areas as defined by the firm Maplecroft in the Human Rights Risk Index.

(2) Groupe SEB's listed suppliers comprise a selection of 475 direct suppliers (of materials and components), 53 finished product suppliers and 936 indirect suppliers (non-production). Listed suppliers account for over 85% of the Group's purchases in the raw materials/components and finished products categories. These preferred suppliers are considered to be particularly effective, based on criteria of quality, cost and corporate social responsibility.

- **ethical, social and environmental audits.** These audits are conducted by the consulting firm Intertek. A global audit management tool ensures immediate and specific listed supplier monitoring and also makes it possible to compare the results obtained by the Group's suppliers with those of companies listed in the Intertek database (more than 30,000 audits). The procedure is very formal. During an initial in-depth audit (involving one to three days on site, depending on the size of the company), the auditor reviews nearly **300 checkpoints** taken from the WCA (Workplace Condition Assessment) audit criteria. Each checkpoint is assessed according to a four-level scale of compliance ranging from "zero tolerance" (forced labor, blocked emergency exits) to minor non-compliances, with moderate and major non-compliances (no pay slip, faulty electrical installation, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group's Purchasing department. A single "zero tolerance" non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Group's Purchasing Director requiring the implementation of a **corrective action plan** within two weeks, immediate suspension of any new consultations and a **follow-up audit** (by Intertek) one month later to check that the issue has been resolved. If not, the Group ends the collaboration. With scores of less than 50, the Regional Head of Purchasing sends a formal letter warning the company to correct the breach and checks that the situation has been rectified through a follow-up audit three to five months later, depending on the non-compliances involved.

  Every year the Group audits about a quarter of its listed suppliers of raw materials/components and finished products in terms of their compliance with its ethical, social and environmental requirements. Suppliers with a score of more than 70/100 are audited every four years, and the others once a year or every two years, depending on the volume of activity carried out with the Group. In 2016, it completed 153 initial audits (134 in 2015) of suppliers in Asia, South America, Europe and Turkey. Seven suppliers presented "zero tolerance" non-compliances. All seven cases involved blocked emergency exits. 15 other suppliers had a score of less than 50, primarily due to non-compliances relating to wages and working hours. These companies all took corrective actions, in accordance with the procedure set out by the Group. In May 2016, an industrial mold supplier (in China) that refused to undergo this audit procedure was removed from the list of suppliers and the Group stopped any new developments with this company. A total of 57 follow-up audits were carried out in 2016. Intertek also hands out an Achievement Award (AA) label to suppliers who have an overall score of at least 85 and do not present any major or zero tolerance non-compliances. In 2016, 22 Group suppliers received the AA label (seven in 2015). The Group also recognized five suppliers as being "compliant" with the Group's audit policy upon the presentation of the results of their BSCI [(1)] (Business Social Compliance Initiative) audits, which were added to the Intertek database. As the BSCI audit program was already in place in companies newly acquired by Groupe SEB (OBH Nordica in 2015 and EMSA in 2016), the Group decided at the end of 2016 to sign up to the BSCI to more effectively monitor the integration of these audits. The Group's approach is still focused on WCA, however.
- **Ethical, Social and Environmental Audit Charter.** For the sake of transparency, this document is sent to suppliers, along with the points on which they will be rated during audits. To help suppliers make progress in social and environmental matters, the Group organizes training sessions for their benefit on this topic. In 2016, the representatives of 83 Asian suppliers (including 77 Chinese companies) attended five sessions, along with the Group buyers responsible for monitoring them.
- **internal global network of Social Audit Leaders.** Twelve Purchasing Directors, from Asia (5), South America (4) and Europe (3) make up the network of Social Audit Leaders. They are responsible for the completion of audits in their areas and for progress plans undertaken by suppliers. This network is coordinated by the social compliance manager (based in Hong Kong) and through regular meetings (web conferences) attended by the Group's Purchasing Director, covering audit reviews, the analysis of results, exchanges of good practices, and so on.
- **monitoring of chemical substances.** To help suppliers guarantee compliance with regulations relating to the non-use of hazardous substances, Groupe SEB works with EcoMundo, a consulting firm specializing in regulatory compliance in relation to chemical substances. Almost 1,000 Groupe SEB suppliers can access a dedicated internet portal, which makes it easier for them to write their eco-declarations. In 2016, the Group increased its efforts to monitor certain substances, in anticipation of future regulatory changes (particularly in Europe, i.e. RoHS [(2)] and REACH [(3)]).
- **mapping of CSR issues by purchasing family and pilot projects.** In addition to the compliance requirement, the Group is striving to strengthen the sustainable development component of its purchasing. In order to identify opportunities for improvement, in 2014 it mapped out the social and environmental issues for its main purchasing families. This study notably led to the insertion of environmental and social clauses into calls for tender. These are designed, for example, to favor suppliers offering environmentally friendly solutions or who are committed to employing disadvantaged people. This impetus is a game-changer: for example, FM Logistic France, which manages the Group's product logistics at its Saint-Cyr-en-Val platform, near Orléans, created FMEA, a company providing work to people with disabilities, on this site in 2015. This organization employs people with disabilities to perform repackaging operations (such as adding starter kits or samples to packaging). **At the end of 2016, subcontracted work to the disability and social integration sector totaled more than €3.8 million, equal to 146 Full-Time Equivalent (FTE) jobs, across all of the Group's French sites.** Another example of the action taken, this time in the environmental arena, is at the industrial site in Pont-Evêque (France), where suppliers of the polystyrene blocks that protect

(1) Business Social Compliance Initiative (2003).
(2) Restriction of the use of certain Hazardous Substances.
(3) Registration, Evaluation and Authorization of CHemicals.

products inside packaging are recovering broken or damaged blocks for recycling. These waste products are reintroduced into the block manufacturing process.

- **raising the Purchasing community's awareness of sustainable development.** The Purchasing teams total 230 people worldwide.

  To galvanize this community, the Purchasing department uses hour-long Web Forums, organized on a monthly basis on specific topics, including those relating to sustainable development.

For further information on how purchasing is organized within Groupe SEB, see page 19.

MAPPING OF LISTED SUPPLIERS OF RAW MATERIALS/COMPONENTS AND FINISHED PRODUCTS AS OF 31/12/2016

N.B: Listed suppliers represent 528 suppliers of finished goods and raw materials/components, the difference with the sum of suppliers mentioned above (564) is explained by suppliers present in several regions. Also note that sourced finished products account for 29% of Groupe SEB sales.

ANTI-CORRUPTION MEASURES

This topic was incorporated in the Code of Ethics that applies to all employees worldwide. It provides, in particular, that Groupe SEB strictly prohibits any form of corruption in its dealings with commercial and institutional partners as well as with the government. No financial rewards or other types of benefits may be offered in an effort to seek an advantage or be received in exchange for preferential treatment. In addition, in 2003, the Group signed up to the UN's Global Compact, whose tenth principle requires businesses to work against corruption.

The Audit and Organization department includes the risk of fraud and corruption in its assessments. Given the economic environment in which the Groupe SEB subsidiaries operate, the principal risks are related to the purchasing process (passive bribery of the purchaser) and sales (active bribery of customers' employees). These risks are mitigated for each of these two processes by specific rules; compliance with these rules is checked when the subsidiaries are audited. The great majority of subsidiaries have retailers as their customers (often several hundreds), with whom they deal directly without an intermediary.

For further information on the management of the risks of fraud and corruption, see page 23.

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3.6. A responsible employment policy

The Groupe SEB Human Resources policy aims to consolidate a worldwide human resources platform based on the Group's values (Entrepreneurial drive, Passion for innovation, Group spirit, Professionalism and Respect for people). It is based on major focal points such as respect for Human Rights, the development of skills, health and safety in the workplace, employee-management dialogue and diversity and equality.

All the data presented below are worldwide, excluding OBH Nordica (136 employees), which joined Groupe SEB in August 2015, and EMSA (more than 400 employees) and WMF (more than 6,000 employees), which became part of Groupe SEB in the course of 2016. Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

GLOBAL HUMAN RESOURCES MANAGEMENT

To support its international growth and ensure equal treatment for all, Groupe SEB has harmonized its human resources processes worldwide. They are integrated into a dedicated information system that makes them more manageable.

In 2016, the Group rolled out its **Managerial Competency Model**, completed in 2015, to all the countries. These guidelines, based on the Group's values, define the key competencies expected of a Groupe SEB manager. They are written in a language that is understandable by all and explain the managerial conduct that should be adopted to achieve the desired performance. Its roll out was supported by a vast training program, based particularly on e-learning. At the start of 2017, the Managerial Competency Model was incorporated within the framework of the Annual Appraisal Interview (AAI): at least 25% of the objectives defined during an AAI must be linked to one or more of the Model's key competencies.

In 2015-2016, more than 94% of the 2,600 or so managers eligible for an AAI received such an interview worldwide (excluding Supor Vietnam).

Promoting from within is still a priority for the Group: in 2016, 90% of its key positions were filled by people from within its ranks, and more than 2/3 of management positions were filled by existing employees. To boost geographic and job **transfers** and find the most appropriate applicants for job vacancies, a team of continental talent leaders was created in 2016 within the Group's Human Resources department. Internal job offers are published on the imove@SEB website accessible on the intranet, which employees can use to apply for jobs. At the end of 2016, there was a communication campaign on this website, aimed at maintaining the rate of transfers. Increasing numbers of managers are requesting transfers: +38% between 2015 and 2016. The number of these managers who have changed country has more than doubled.

ATTRACTIVENESS OF THE GROUP

When it comes to attractiveness and external recruitment, the Group relies heavily on digital tools. In 2016, the Group created the position of e-recruitment manager and increased its presence and activity on targeted **media/social networks**, led by LinkedIn, and also JobTeaser, Twitter, Instagram (account launched in July 2016), Google+, YouTube and SlideShare. At the end of 2016, it had nearly 60,000 followers on LinkedIn (up 50% compared with 2015). As well as posting at least four times a week on these media, the Group also uses original promotional measures, such as competitions on Instagram, which are open to employees worldwide: by posting more than 500 photos of their daily experiences working for Groupe SEB, they showed its vitality and are continuing to do so (#InsideGroupeSEB). The Group's attractiveness has also been enhanced by a **Careers website** tailored to 17 geographic regions and a "Careers" section on the Groupe SEB TV channel (YouTube). In 2015, this "employer brand" package was awarded a gold TOP/COM, which is a French prize that is given each year in recognition of the best communication campaigns.

All external applications, wherever they come from, are gathered on a single, scalable e-recruitment platform appropriate to the Group's global structure (Taleo). It has collected more than 60,000 of these applications since 2014, and this figure is constantly growing (up 12% in 2016). Taleo also manages internal transfer requests (imove@SEB). It is a key tool for HR teams responsible for recruitment.

To widen its pool of young talent, the Group is internationalizing its relationships with **higher education establishments**. Since 2014, it has maintained a partnership with the CEMS Global Alliance, which includes some 30 top ranked management schools (30 countries, 1,000 students, 65 nationalities). In 2015, it developed a negotiating and influencing skills course for students belonging to this network, which was delivered in 2016 at two Alliance establishments, in Vienna and Budapest. Four years ago, the Group also set up the **International Masterclass** program, which offers students graduating from top schools and universities a twelve-month internship with the Group (six months in France and six months at a subsidiary): 30 young people have participated in the program since the start. Another example of an initiative is the Group's participation in 2015/2016 in the creation of the Télécom Ecole de Management "Social networks and connected objects" chair (Institut Mines-Télécom, Paris). In addition to strengthening its "employer brand" the aim of this partnership is to give the Group access to the work of researchers in this field which is vital for its growth strategy. Likewise, being aware of the need to integrate new expertise, the Group is strengthening these school partnerships in the areas of robotics, IT and big data.

On average, the Group takes in about 300 interns and students on work-study contracts every year. In 2016, for the third year running, it was awarded the Happy Trainees (France) label, which recognizes excellence in its commitment to these students. The Happy Trainees survey, conducted with over 250 students, revealed that 9 out of 10 would recommend Groupe SEB as a place to carry out an internship or work-study training. This is based on six criteria: professional advancement, work environment, management, motivation, pride and friendliness. This "Young talents" policy, which includes interns, work-study trainees and participants in the International Masterclass and VIEs [(1)], is producing results: the Group recruits nearly 80% of its young graduate employees by drawing on this pool.

Every year, **Group subsidiaries are recognized for their HR policy**. This recognition also makes them more attractive. In 2015, for example, Supor (China) was awarded the "Top Human Resources Management Award" by the leading Chinese recruitment company, 51job. This award recognized the Human Resources department's efforts to "promote the integration of a Chinese company into an international group and for its support for the company's long-term strategy", highlighting the fact that "Supor is a model of transformation to be followed in the field of Human Resources". For its part, Asia Fan (Vietnam) was recognized as "Best Employer" by Ho Chi Minh City and its Workers' Federation for its excellence in terms of compliance with employment legislation and the well-being of its employees.

BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHIC REGION

(Worldwide)

(number of individuals)	2016	2015	2014
France	5,716	5,754	5,844
Other EMEA countries	2,768	2,332	2,216
Americas	2,773	2,866	3,020
Asia	14,728	14,599	14,373
WORLD	**25,985**	**25,551**	**25,453**

The total workforce includes those working under permanent contracts, fixed-term contracts or other similar contracts, as well as work-study trainees. Temporary employees are not included in this figure. At 31 December 2016, Groupe SEB had 25,985 employees based on the scope defined in the introduction. Data from GS India (306 employees) and Coranco (16 employees) were included in 2016. Including EMSA and WMF, Groupe SEB has some 32,900 employees.

(1) Volunteers for International Experience – Young French graduates on assignment for 12 to 24 months outside France.

BREAKDOWN OF CHANGES IN THE WORKFORCE

(Worldwide)

(number of individuals)	2016	2015	2014
FRANCE			
Recruitment [(a)]	**536**	**504**	**596**
Fixed-term contracts	271	297	364
Permanent contracts	265	207	232
Departures [(a)]	**558**	**595**	**618**
Economic redundancies	5	10	2
Terminations for other reasons	29	36	43
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**1.17**	**0.77**	**0.86**
OTHER EMEA COUNTRIES			
Recruitment [(a)]	**546**	**375**	**401**
Fixed-term contracts	298	233	245
Permanent contracts	248	142	156
Departures [(a)]	**476**	**353**	**339**
Economic redundancies	54	39	56
Terminations for other reasons	117	60	45
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**6.86**	**5.6**	**8.1**
AMERICAS			
Recruitment [(a)]	**703**	**581**	**575**
Fixed-term contracts	268	229	204
Permanent contracts	435	352	371
Departures [(a)]	**714**	**724**	**849**
Economic redundancies	302	318	248
Terminations for other reasons	62	40	239
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**6.09**	**5.29**	**6.43**
ASIA			
Recruitment [(a)]	**10,582**	**9,920**	**10,925**
Fixed-term contracts	9,918	9,738	10,204
Permanent contracts	664	182	721
Departures [(a)]	**10,409**	**9,718**	**9,886**
Economic redundancies	2	6	18
Terminations for other reasons	17	11	8
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**15.76***	**14.15***	**14.80***
WORLD			
Recruitment [(a)]	**12,367**	**11,380**	**12,497**
Fixed-term contracts	10,755	10,497	11,017
Permanent contracts	1,612	883	1,480
Departures [(a)]	**12,157**	**11,390**	**11,692**
Economic redundancies	363	373	324
Terminations for other reasons	225	147	335
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**4.62***	**3.80***	**4.59***

(a) Excluding internal transfers and the return of expatriates.
(b) Number of resignations of permanent contract employees/Average number of permanent employees.
** Excluding Supor and Asia Fan, for which data were unavailable.*

As in previous years, the consolidation of Supor in the Asia data leads to a high number of fixed-term or similar contracts, which are very common in China and are often for long terms, especially for manual workers. The high number of departures in the Asia region therefore reflects the expiry of these fixed-term contracts.

In 2016, the Group turnover rate (excluding Supor and Asia Fan) was 4.62% (3.80% in 2015).

In 2016, Groupe SEB began the process of transferring the activities of the Mooca plant (dilapidated and landlocked in the city of São Paulo) to Itatiaia, a modern industrial estate 350 km to the North, in the State of Rio de Janeiro. This move is part of Groupe SEB's industrial investment program in Brazil, whose aim is to revive its activity in this country. The closure of the Mooca site will be ongoing until the end of 2017 and has been prepared in keeping with the Group's social values. It has secured the approval of the union organization and the support of 90% of employees for the implementation of the redundancy plan, which affects 498 people (only 27 key jobs will be transferred). This plan goes far beyond the regulations and local practices, as it was announced eight months before the first production line was transferred and is accompanied by a large bonus in addition to the statutory redundancy compensation (nearly nine months' additional pay for a worker). The plan also provides for the maintaining of the meal allowance for eight months and health insurance for six months after departure, although this is not required by law. 104 employees were laid off in 2016.

BREAKDOWN OF WORKFORCE BY TYPE OF CONTRACT

(Worldwide)

	2016	2015	2014
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts	5,489	5,516	5,588
Full-time	89.6%	90.0%	89.7%
Part-time	10.4%	10.0%	10.3%
Work-study trainees [(a)]	227	238	256
OTHER EMEA COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts	2,759	2,324	2,208
Full-time	85.3%	82.6%	81.5%
Part-time	14.7%	17.4%	18.5%
Work-study trainees [(a)]	9	13	8
AMERICAS			
Permanent contracts, fixed-term contracts or other short-term contracts	2,732	2,820	2,980
Full-time	99.5%	99.2%	98.9%
Part-time	0.5%	0.8%	1.1%
Work-study trainees [(a)]	41	47	40
ASIA			
Permanent contracts, fixed-term contracts or other short-term contracts	14,728	14,599	14,373
Full-time	99.9%	99.7%	99.9%
Part-time	0.1%	0.3%	0.1%
Work-study trainees [(a)]	0	0	0
WORLD			
Permanent contracts, fixed-term contracts or other short-term contracts	25,708	25,259	25,149
Full-time	96.1%	96.0%	95.9%
Part-time	3.9%	4.0%	4.1%
Work-study trainees [(a)]	277	298	304

(a) Working under apprenticeship/professional training contracts.

Data from GS India and Coranco were included in 2016.

Worldwide, 50.6% of the workforce are on permanent contracts, 48.3% on fixed-term contracts and 1.1% are work-study trainees.

Excluding Supor, where fixed-term contracts are normal and often for long periods, particularly for manual workers, 87.7% of the workforce are on permanent contracts.

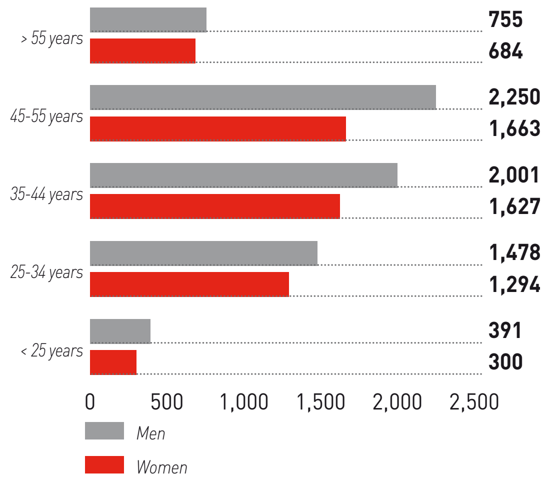
DIVERSITY

Because diversity is a source of vitality, creativity and innovation, the Group promotes it in all its aspects: gender equality, ethno-social diversity, age-group balance, inclusion of people with disabilities, etc. Groupe SEB has a non-discrimination policy to ensure that all employees are treated equally as regards their recruitment, pay and career development within the Group, in accordance with our Code of Ethics.

In France, Groupe SEB has been a signatory of the Diversity Charter since 2005. Numerous actions have been implemented to support this policy at local sites and raise employee awareness. The Diversity Monitoring Committee, which was created in 2011, actively supported the implementation of the Diversity action plan. As diversity is now monitored by specific committees covering signed collective agreements on this issue, this committee ceased to operate in 2016. It has been replaced by an **"Equality and Diversity" discussion and action group**, which is more forward-looking, and whose participants are employees, Human Resources managers and employee representatives. It met for the first time in December to consider **religion** in a corporate environment, three years after the Group published its first in-house guide on the subject (which was updated in 2015). With the support of a specialized consulting firm, the working group produced an analysis grid, which complements the guidelines and takes a very practical approach, to help managers, including HR Managers, to deal with the various possible scenarios. To promote diversity and combat the risk of discrimination, each site in France has a local Diversity Committee. All the local committees have been trained in diversity indicators and measurement by the specialized body ISM Corum. The Group has also set up (in 2011) a **Diversity Council** incorporating the LICRA [1]. This body provides mediation services and recourse to employees regarding any type of diversity or discrimination related issues that are not successfully resolved by local bodies within the Group. It hasn't yet needed to meet.

BREAKDOWN OF EMPLOYEES BY AGE

(Worldwide excluding Supor and Asia Fan, by number of employees)



The inter-generational contract, renewed in France in 2016 with the employee representatives, aims to bring young people, and particularly those without qualifications, into the workforce, to hire and keep older employees and to ensure that knowledge is transmitted. Under this agreement, between 250 and 290 new hires are planned in France by 2019, 25% of whom will be young people, rising to 33% in the case of new hires to replace retired employees at industrial sites. The new contract also includes a systematic ergonomic analysis of the jobs held by employees over 57 so as to reduce physical hardship as much as possible. Over the period covered by the previous contract (2013-2016), the Group largely exceeded the recruitment forecasts, including for young people who received training and assistance, primarily through mentorships.

(1) *International League against Racism and Antisemitism.*

GENDER EQUALITY

Gender equality in the workplace is an integral part of the non-discrimination and diversity promotion policy carried out by Groupe SEB. In France, it is the subject of a collective agreement (renewed at the end of 2015). It requires that each of the Group's French subsidiaries compile an action plan with a set of indicators for monitoring remuneration, promotion/classification and training. It is reported on in a comparative annual report. Among the measures taken to help people balance their work and personal lives, employees were given the option of flexible work scheduling, and several sites introduced child-care or concierge service arrangements (Rumilly and Écully). In March 2016, the Group took another step forward by organizing a **Forum on gender equality in the workplace**, attended by the Group's Chairman and CEO and the Senior Executive Vice-president, Human Resources. The forum's participants consisted of 150 employees, from all the French sites, 1/3 of whom were men. It resulted in proposals, some of which have already been implemented. For example, it was suggested during the Forum that, to make it easier for women to rise to senior management positions, there should be at least one woman in the short list of applicants for key posts. This measure has been applied by the Human Resources department since September 2016. The proposed implementation of a mentoring program has also been tested in France since February 2017. Thanks to this program, which is available for both women and men, experienced managers support and advise talented young people for one year to help them successfully develop their career within the Group. The initial pairings obey a strict gender parity rule with regard to both mentors and mentees. Other ideas were taken up in the agreement on quality of life at work signed in June, such as tele-commuting and the introduction of measures for an improved work-life balance.

In addition, to make it easier for women to move into **technical jobs**, traditionally held by men, specific training (awarding academic credits) has been offered to women in some French plants since 2011. In 2016, this initiative was extended to all French industrial sites, which are obliged to introduce these types of training course, the aim being offers of higher grade jobs. Production operators can in this way become line supervisors, machinists or welders. The Group is also a partner in the digital platform Egalitées.fr, which promotes gender equality. Under the heading "The gender of my job", it includes the profiles of several women within the Group with jobs that have been traditionally considered to be masculine roles.

The balance between men and women is also improving in **management** at a global level: in 2016, 37% of managers were women (27% in 2006) and 47% of new hires in this category. They also represented 1/3 of expatriate managers and 50% of the population of "young talents".

In some countries, the position of women has led the government to enact laws against sexual harassment in the workplace. This is particularly the case in India (law of 2013). GS India has committed, at its level, to preventing such conduct: in 2016 the subsidiary organized awareness-raising sessions for all of its employees and set up a sexual harassment committee tasked notably with handling complaints.

GENDER BREAKDOWN BY CLASSIFICATION

(Worldwide)

(in %)	2016	2015	2014
MEN			
Manual workers	34.9	35.0	34.8
Employees	17.7	17.1	16.6
Managers	7.5	7.4	7.3
TOTAL	**60.1**	**59.5**	**58.7**
WOMEN			
Manual workers	20.4	21.1	21.8
Employees	15.1	15.2	15.4
Managers	4.4	4.2	4.1
TOTAL	**39.9**	**40.5**	**41.3**

At the end of 2016, 55.3% of the Group's workforce were manual workers, 32.8% were employees and 11.9% were managers, 37.2% of whom were women. Excluding Supor, manual workers, both male and female, represent 37.2% of the workforce, while the percentage of managers has risen to 21.5%.

PEOPLE WITH DISABILITIES

Disability represents a two-fold challenge for Groupe SEB, which works to prevent it through its health and safety policy, and to provide employment opportunities to people with disabilities. A three-year collective agreement on people with disabilities was signed by Groupe SEB in France in 2013. It aims to deliver better conditions for disabled workers joining the workforce and ensure their long-term integration within both industrial and tertiary companies. To achieve this, the agreement sets out plans for a proactive communication campaign to change employee attitudes toward disability, including awareness sessions on visible and invisible disability, a disability booklet and a guide to the support on offer. Groupe SEB has also informed its partner schools about the agreement and works with specialist organizations to act starting from the recruitment stage. The agreement also sets out some practical measures; for example, people with disabilities reaching the end of their careers can apply for a 20% cut in working time, with a doctor's note, at the same rate of pay.

(Worldwide, excluding Coranco and GS India)

	2016		2015		2014	
	World	France	World	France	World	France
Number of disabled employees	453	326	461	323	484	325
% of disabled employees [(a)]	1.77	5.70	1.80	5.61	1.90	5.56

(a) Ratio between the number of employees with disabilities and the total number of employees as of 31 December excluding temporary employees and ESAT (sheltered employment center) employees.

With the exception of Supor, where the number of physically disabled employees is relatively low, the number of disabled employees stood at 3.20% worldwide in 2016 (3.33% in 2015).

When temporary workers and ESAT sheltered employees are included, the rate of disabled employees in France in 2016 surpassed the 6% legal quota.

EMPLOYEE-MANAGEMENT DIALOGUE

Groupe SEB is committed to respecting freedom of association everywhere in the world and encourages employee-management dialogue at its subsidiaries, on both an individual and collective basis. It also works to create employee representation bodies in all the countries in which it operates. This commitment was reaffirmed in the Group's Code of Ethics.

In France, to encourage the exercise of trade union rights, in 2007 Groupe SEB signed a specific agreement with employee representatives. This sets forth additional measures to support the careers of employees who are union representatives. Team managers also receive training in employee-management dialogue.

Groupe SEB has a European Group Committee with employee representatives from 15 European Union countries.

COLLECTIVE AGREEMENTS

(Worldwide, excluding Coranco and GS India)

	2016	2015	2014
France	51	25	28
Other EMEA countries	32	29	27
Americas	12	18	19
Asia	38	38	40
WORLD	**133**	110	114

A total of 133 collective agreements were signed in 2016. 30.8% of these agreements related to remuneration (41), over 19.5% to health and safety (26), 10.5% to diversity (14) and 9% to employee-management dialogue (12). In France, the Group signed several agreements in 2016 covering: quality of life at work, inter-generational contracts, health insurance and supplementary retirement plans.

At the end of 2016, almost 89% of Groupe SEB's workforce was covered by a collective agreement signed in the course of the year. In countries where the Group has industrial sites, this percentage stands at 97%.

QUALITY OF LIFE AT WORK

The Group also pays close attention to its employees' quality of life at work. In order to make progress, since 2012 it has used a survey (59 questions) conducted by the **Great Place To Work** institute to assess employees' perceptions in this area. This employee survey was first introduced in France and is gradually being rolled out abroad. In 2015, it was carried out in nine other countries (Europe and Turkey), and in 2016 it was extended to eight new countries on three continents (China, Colombia, Germany, Austria, Switzerland, the US, Mexico and Canada). In these eight countries, the participation rate reached 76% (on average), with 79% of employees saying that Groupe SEB is a great place to work and they are proud of it. The Great Place To Work survey is conducted once every two years (it took place for the 4th time in France in 2016). An action plan is adopted to improve on any weak points in light of the detailed results of each survey. In Turkey, for example, this plan was established in 2016, on a participatory basis, with a group of around twenty employees who collectively defined five priority projects. Another example is that in France, numerous actions have been undertaken since 2015 to improve managerial communication and information about career development. Several sites have launched initiatives to present jobs in different areas to encourage transfers and raise awareness between teams. These include the "Experience my job" operation, the "1 hour, 1 job" conferences and the "Tell me about your job" series of videos on Intracom, etc. The theme of quality of life at work was covered by a **first collective agreement** in France in 2016. This umbrella agreement provides a global framework that forms a link between the many collective agreements and action plans existing in this area. It therefore strengthens Groupe SEB's human resources platform.

As part of preventing **psychosocial risks**, in 2012 Groupe SEB set up a counseling office in France, outsourced to the specialist firm Turka. The purpose is to offer assistance and support to any employee who becomes the victim of or witness to such situations as harassment, discrimination and workplace violence or the stress resulting from them. The employee may remain anonymous if he or she wishes. In any event, the Turka counselor assists the employee and/or puts them in contact with the person in the best position to help. In its first three years of operation (October 2012/April 2016), 85 employees sought help from the counseling office, a figure that is below national standards according to Turka. Reasons for asking for help mainly related to times of stress associated with extraordinary, one-off events.

HEALTH AND SAFETY

For several years, Groupe SEB has taken steps to reduce the number of workplace accidents and limit the number of work-related illnesses (and particularly musculoskeletal disorders (MSDs) in France).

The health and safety policy is steered by the Quality department, with two people dedicated to it full-time. It is based on a global network of 29 Environment, Health and Safety (EHS) Coordinators, who cover all of the industrial and logistics sites. Note that, in 2015, the subsidiary Supor introduced the role of Environment, Health and Safety (EHS) Coordinator, who supervises the EHS Coordinators' activities on the various sites in China and Vietnam. Since the end of 2015, quarterly video conferences have been held involving the whole network, during which much time is devoted to exchanges of good practices between sites. They also allow coordinators to get to know each other better, and make it easier for new arrivals to integrate. Tertiary sites have EHS advisors. The Group has also undertaken the certification of its health and safety management system (OHSAS 18001), with nearly 92% of industrial and logistical entities certified at the end of 2016.

SAFETY

Groupe SEB gave new impetus to its safety efforts in 2012 when it launched the global "Safety in SEB" program. This program is backed by the highest levels of management, as shown by the letter sent by Thierry de La Tour d'Artaise to all employees on this issue in 2013. The CEO has also made a video presenting the Group's safety policy, which has been translated into eight languages and disseminated widely among the teams, with the support of local management.

In 2016, the Group continued to roll out its **safety standards** worldwide. These procedures formalize the Group's minimum requirements, above and beyond compliance with national and international regulations. These standards are incorporated into safety management procedures and are written in English, French and Chinese. They apply to all teams worldwide. Some standards concern safety organization and management, while others target the prevention of specific risks (falls from a height, machine protection etc.). Internal audits are conducted to ensure their application. At the end of 2016, 17 standards were operational. Two of the new standards rolled out in 2016 are particularly important: forklift safety measures and safety procedures prior to working on machines or equipment.

Being aware that over 80% of accidents could be avoided by a change of behavior, the Group included tools such as **behavior based safety visit** (VCS) in these standards. The aim of these inspections is to eliminate dangerous practices and conditions on the basis of dialogue between "inspected" employees and their line managers. Every industrial or logistics site employee is inspected twice a year on average for risky sectors. Training in how to conduct VCS continued in 2016 (in Italy, Russia, China, and so on). In China, the Supor sites have taken considerable measures to reinforce the safety culture: they performed more than 2,600 VCSs in 2016. Another good practice which has become a Group standard is the Safety Pyramid. This aims to detect future events likely to result in accidents so that these can be prevented. When faced with a potentially hazardous situation or a "near miss", the individual is therefore supposed to take immediate action to prevent the risk and to report it so that corrective measures can be taken. The number of VCSs and the number of reports in connection with the Safety Pyramid are used by the Group as safety policy management indicators.

Since 2013, every workplace accident has been reported to all site managers and to Groupe SEB's safety community to strengthen preventive measures (Safety Vigilance Flash system). Each industrial and logistics site has also defined 5 "unbreakable rules" to address major risks, no deviation from which will be tolerated. These supplement the six universal "golden rules" that are designed to ensure that everyone within the Group contributes to the safety of all. These golden rules, illustrated notably in the form of a cartoon, were translated into Hindi in 2016 (they are now available in 10 languages).

In 2016, the Group strengthened the safety culture in its tertiary and commercial entities (offices and shops). The golden rules were systematically communicated and some sites have already introduced their unbreakable rules. These entities are also now part of the Safety Vigilance Flash system.

HEALTH

The Groupe SEB Health Plan, implemented mainly in France since 2009, is focused on fighting musculoskeletal disorders (MSDs) in the upper body and back pain. The aim is to prevent them from appearing and slow their deterioration. This is a major issue for the industrial sites, particularly in Europe, exacerbated by the aging of the workforce and extensions to the pension age. The Group's response involves awareness raising and training measures, taking MSD prevention into account from the design phase forward and carrying out specific measures on the sites.

Every French industrial and logistics site has a Steering Committee for Musculoskeletal Disorders and one or more **MSD Specialists** who ensure that risks are taken into account upstream, at the product design stage, and downstream, by amending workstations where appropriate. Ergonomic improvements to workstations, training and staff rotations, warm-up and cool-down exercises, as well as a quick response whenever an employee indicates discomfort while working have helped reduce, since 2010, the number of MSDs reported.

In 2015, the Groupe SEB University and the Industry department launched a training program, primarily aimed at the Methods teams, several modules of which are devoted to the prevention of MSDs (School of Methods).

In 2016, Groupe SEB laid the groundwork for an international health plan (Health in SEB). An analysis was performed on all the industrial and logistics sites to identify the main health risks (dust, noise, repetitive work, etc.). This inventory will be used as a basis for the creation of Group standards and to define health targets, accompanied by monitoring indicators.

(Worldwide excluding GS India and Coranco)

	2016	2015	2014
FRANCE			
Number of workplace accidents with days lost	48	53	63
Number of days lost	2,588	2,202	3,040
LTIR [(a)]	5.8	6.3	7.4
Severity rate [(b)]	0.31	0.26	0.36
Number of workplace fatalities	0	0	0
OTHER EMEA COUNTRIES			
Number of workplace accidents with days lost	6	9	14
Number of days lost	101	248	153
LTIR [(a)]	1.4	2.4	3.8
Severity rate [(b)]	0.02	0.07	0.04
Number of workplace fatalities	0	0	0
AMERICAS [(c)]			
Number of workplace accidents with days lost	11	25	30
Number of days lost	436	694	1360
LTIR [(a)]	1.9	4.0	4.8
Severity rate [(b)]	0.07	0.11	0.22
Number of workplace fatalities	0	0	0
ASIA			
Number of workplace accidents with days lost	34	39	65
Number of days lost	2,357	2,832	3,230
LTIR	0.9	1.0	1.5
Severity rate [(b)]	0.06	0.07	0.08
Number of workplace fatalities	0	3	0
WORLD			
Number of workplace accidents with days lost	99	126	172
Number of days lost	5,482	5,976	7,783
LTIR [(a)]	1.8	2.2	2.8
Severity rate [(b)]	0.10	0.10	0.13
Number of workplace fatalities	0	3	0

(a) Lost Time Injury Rate.
(b) Number of days lost per thousand hours worked.

All the data shown in the table exclude temporary employees.

The frequency rate of workplace accidents (TF1), used by the Group until 2013, corresponds to the number of workplace accidents with days lost per million hours worked. It counts all types of accidents with days lost including those that are not directly related to working conditions. In 2014, Groupe SEB adopted a new system of accounting for accidents that includes the idea of a link with work. This is the one used by the Occupational Safety and Health Administration (OSHA) and is applied in many large groups. Accidents which have no direct causal link with work are no longer counted in the Group's Lost Time Injury Rate (LTIR). The new internal recording system has no effect on local legal declarations, which remain unchanged. The LTIR target for 2017 is 5.1 for France and 1.5 worldwide.

In France the LTIR, excluding temporary employees, stood at 5.8 in 2016, versus 6.3 in 2015. This rate has been cut by more than half in five years. France counted 146 workplace accidents with or without days lost in 2016.

Worldwide, the LTIR, excluding temporary employees, stood at 1.8 in 2016, versus 2.2 in 2015. Overall, Groupe SEB counted 216 workplace accidents with or without days lost in 2016. The Group-wide severity rate was 0.10.

Two Group entities alone account for 70% of the total number of workplace accidents: France and Supor China, with France alone accounting for 49% of accidents with days lost. Thanks to the multiplication of accident prevention measures worldwide, Supor China reported 11 fewer accidents than in 2015.

A worldwide survey of workplace illnesses has been conducted since 2013. 62 new cases of workplace illness were recognized throughout the Group in 2016. Workplace illnesses were down slightly compared with 2015 when 52 cases were reported.

Number of new work-related illness cases recognized in the year	2016	2015	2014
France	57	48	42
Other EMEA countries	0	0	2
Americas	4	3	12
Asia	1	1	0
WORLD	**62**	**52**	**56**

OHSAS 18001 CERTIFICATION

(Worldwide)

	2016	2015	2014
Number of certifiable entities	36	37	38
Entities holding OHSAS 18001 certification [(a)]	92%	89%	90%

(a) Based on industrial and logistics entities at the end of the year concerned.

Since 2007, the Group has set all its sites to work on the certification of its health and safety management system (OHSAS 18001). At the end of 2016, 92% of the Group's industrial and logistics entities had this workplace health and safety certification.

Action plans have been launched to bring this figure to 100% by the end of 2017.

GLOBAL SOCIAL PROTECTION FLOOR

PAYROLL AND CHARGES

Groupe SEB is committed to the implementation of a fair and transparent remuneration policy that is understandable by all. It is committed to paying wages in every country in line with current regulations and minimum industry standards, enabling employees to cover their basic needs and to benefit from disposable income. Using job evaluation tools, every employee's position can be assessed in relation to others in terms of remuneration and responsibility. The remuneration of all managers who have a certain level of responsibility comprises a variable portion related to the results of the Group and those of the entity in which they work.

	2016		2015		2014	
(in € millions)	World	France	World	France	World	France
Remuneration [(a)]	601.7	242.7	576.5	238.2	528.6	231.0
Payroll taxes [(b)]	125.9	68.0	122.4	69.0	119.1	68.0
Pension and other post-employment benefit plan costs	55.5	41.3	54.0	39.9	48.8	38.9

(a) Excludes bonuses and profit-sharing – includes provisions for paid holidays, excludes employee benefits.
(b) Includes provisions for payroll taxes on paid holidays.

BONUS AND PROFIT-SHARING SCHEMES AND EMPLOYEE BENEFITS

In the area of profit sharing, Groupe SEB has been a pioneer: for over 50 years it has tied employee pay to the company's financial performance and does so in most countries in which it operates. In France, 50% of the total bonuses paid by the Group is distributed evenly across all employees in France. In addition, since it was listed on the Paris Stock Exchange in 1975, the Group has had employee shareholders. In 40 years, it has implemented 13 employee shareholding operations, gradually extending beyond France starting in 1992. The last operation, in 2012, covered 30 countries and the plan was taken up by over 30% of the employees concerned. At the end of 2016, there were 978 direct employee shareholders (shares managed by the Group's shareholder department directly), plus 1,498 former employee shareholders.

Regarding social protection, the Group is continuing its efforts to offer its employees, throughout the world, a high level of coverage compared to the local context, beyond regulatory obligations. A worldwide survey of practices that was carried out in 2014 showed that 80% of employees already had death and disability coverage. The Group is keen to review employment contracts on a regular basis in order to supplement and/or improve existing insurance coverage. In 2016, insurance coverage was therefore extended in several countries, particularly in Canada, China and Colombia.

(France)

(in € thousands)	2016	2015	2014
Provision for bonuses	19,337	13,926	15,960*
Provision for profit sharing	17,458	17,722	19,048*
TOTAL	**36,795**	**31,648**	**35,008**

Amounts paid over the year in question for the previous year.
* *Data updated to correct a calculation error*

In 2017, the amount paid in profit sharing and bonuses will amount to €36.8 million in respect of 2016.

Please note that figures include the employer's social tax contribution. The profit-sharing bonus was discontinued in 2015.

TRAINING

3

Training is essential to skills development. It covers all Group employees and most training programs are organized in a decentralized manner. Each year, the Human Resources department defines the Group's training priorities. Using this frame of reference, each subsidiary develops its own training plan based on the employees' needs and expectations. In the case of managers, these expectations are expressed during the Annual Appraisal Interviews, carried out worldwide. In France, all non-managerial employees have an Annual Appraisal Interview which includes a training and skills development component. A global reporting system makes it possible to track the training provided throughout the world. In 2016, the Group began to roll out a new HR portal on the intranet (**iGrow@SEB**), which will ultimately allow access, in a single location, to staff records, including training (for all connected employees), annual interviews and remuneration (for managers). The Training section (Learning Management System) was the first to be launched: at the end of 2016, it was operational in the USA, France, and partially in Hong Kong. Employees may consult the catalog of programs and submit training requests online, and the process then continues automatically (approval by their line managers and the HR department and setting up of the training). iGrow@SEB also hosts many e-learning modules.

TRAINING (WORKFORCE AND TRAINING HOURS)

(Worldwide)

	2016	2015	2014
	World	World (a)	World
Number of training hours	401,810	521,197 (b)	624,793
Number of employees trained	25,015	24,324	27,811
Number of women trained	8,663	8,962	10,060
Number of men trained	16,352	15,362	17,751

(a) *Excluding Groupe SEB Korea*
(b) *Data updated to correct a calculation error*

Supor data was included in the consolidated data in 2014. Groupe SEB Korea (75 employees) was not included in the 2015 consolidated scope due to the unavailability of the data. Excluding Supor, almost **61% of Group employees benefited from at least one training session** in 2016, compared with 58% in 2015.

Of the total hours of training completed in 2016 (excluding Supor), 27% was for manual workers, 33% for office employees and 40% for managers. Supor organized 211,819 training hours (302,944 hours in 2015).

In France, Groupe SEB employs almost 5,720 people across nearly 15 sites. Its industrial operations are moving towards greater automation and computerization of production systems and new management system requirements. In this regard, the Group is committed to guaranteeing the **employability** of its employees, to facilitate their professional development. That is the objective of the training organized as part of the **GPEC** (forward planning of employment and skills) agreement, aimed primarily at the lowest skilled jobs (the Group renewed this three-year agreement at the end of 2014).

This training offering is based on four "bricks" of skills, adapted to employees' various training needs: DÉCLIC (review of fundamental concepts in core subjects); General Training Certificate (national education diploma combined with an internet and computer skills certificate); RIAE (in-house recognition of professional experience) and VAE (validation of professional experience). In 2016, 59 employees received this type of training. All of the Group's French sites have had career centers since 2011 and aim to allocate 20% of their total training budget to training designed to improve the employability of employees with limited qualifications.

In France, Groupe SEB also makes use of **inter-generational mentoring** to facilitate the integration of new employees, to transfer core skills and know-how and to support work-study trainees during their apprenticeships. This is included in the GPEC (occupation and skills forecasting) (2014) and inter-generational contract (2016) collective agreements. To support this program, a booklet on mentoring was created in 2015 and is given to each mentor/mentee pairing. 496 pairings were in operation in 2016 (325 mentors of work-study trainees, 22 mentors in various fields of expertise and 149 mentors facilitating employee integration).

TRAINING BUDGETS [a]

(Worldwide)

(as a % of payroll)	2016	2015 [b]	2014
France	3.90	3.86	3.94
Other EMEA countries	2.15	2.35	1.95
Americas	0.89	1.16	1.02
Asia	1.03	1.30	1.38
WORLD	**2.38**	**2.53**	**2.56**

(a) Teaching costs + expenses, wages for interns.
(b) Excluding Groupe SEB Korea.

The training expenses of the subsidiary Supor this year were 0.84% of the payroll (1.21% in 2015). The Group's training expenses were 2.38% of its payroll in 2016 (2.53% in 2015). Excluding Supor, this percentage stands at 1.61% for Asia and 2.84% Group-wide (1.48% and 2.93%, respectively, in 2015).

GROUPE SEB UNIVERSITY

(Worldwide)

	2016	2015	2014
Number of trainees	900	998	1,912
Number of training sessions	95	121	175
Number of training hours	25,306	22,708	33,166

The drop in the number of interns trained and the number of sessions between 2015 and 2016 was due to the conclusion of a certain number of training programs that had achieved their objectives. The rise in the number of hours is related to certain long programs.

The Groupe SEB University celebrated its 25-year anniversary in 2016. It offers high-level training to employees in France and abroad. In 2016, the emphasis was on leadership, digital tools and “professional” sales and marketing skills.

The ramp-up of the **Digital Academy** has continued: a large-scale e-learning program was rolled out to 2,450 Group managers to develop their digital skills, with very positive feedback from them. Two e-learning modules were launched in November on the theme of e-commerce (for all of the countries' sales and marketing teams) and a new program has started on integrated marketing communication (Integrated Communication Planning). The new look Advanced Management program, on the theme of **leadership**, designed for the Group's top managers, has entered its second year. The first part of the training is taking place in China, with the support of teams from Supor. This is an opportunity for participants from all backgrounds to familiarize themselves with the Chinese market, which is key to the company's future, and to find out all about Supor and its place in the Group. The Developing Your Leadership Impact program, which was also launched in 2015, targets a wider population of managers, while the Developing Our Talents program is for young people with potential. The Sales & Marketing School, for its part, saw the reworking of the existing programs in 2016.

INTERNAL COMMUNICATIONS AND THE DIGITAL UNIVERSE

The Group is stepping up its digital transformation in every field, including the work environment of its employees: at the end of 2016, it began the worldwide roll out of the **Digital Workplace**, based on Microsoft Office 365. By the end of 2017, all of the Group's connected employees (around 9,000 people) will be able to access their work space through the internet, regardless of their location and the device that they use. They will also benefit from a much larger data storage capacity, new, higher performance, collaborative services and an internal social network. This extensive operation is supported by a communication campaign translated into 15 languages that includes posters, videos, a specific section on the intranet, presentation packs and e-mails.

Many other communication initiatives support the Group's digitalization, such as the creation of the "Chroniques du Digital" on the intranet, the organization of a "Digital Forum" and the installation of a "Digital Room" at the Group's head office. The internal social network, which is currently being set up, will boost the internal communication program, to which the Instagram account, opened in 2016, is also contributing: in the space of two months, employees have posted more than 500 photos illustrating their daily experiences working for the Group, and are continuing to do so (#InsideGroupeSEB).

Intracom, the Groupe SEB Intranet, is the cornerstone of the internal communications platform. In 2015, it gained a new company directory, MyProfile, which enables individuals to provide details of their work experience and skills and to search for expertise within the Group. The video content was also improved with the creation of four series based on employee stories. Three of these series focus on jobs (Tell me about your job), the Group strategy and marketing good practices, while the fourth (3 questions for….) gives the floor to different speakers talking about key issues. The Telex, which is published almost daily, keeps employees informed about the Group's news across the world. The Group also helps employees to use social media appropriately, both in the professional sphere and in their private activities on the internet, especially when they refer to the Group. This is the purpose of the new version of the Guide to Social Media Good Practices, which was published at the start of 2017.

Intracom also regularly adds new professional **collaborative websites** (e.g. the Human Resources website at the end of 2015), and new **local intranet sites** (in 2016: USA/Mexico and Campus SEB). The number of visitors to Intracom and the local intranets is steadily growing, with more than 4.4 million pages viewed in 2016, i.e. around 10% more than in 2015.

The in-house press also has an important role to play. Tempo, the Group's digital magazine, is published in French, English and Chinese. Following a readership survey conducted in 2016, its formula was improved by taking readers' suggestions on board. Many site newspapers and topical newsletters supplement the platform.

ABSENTEEISM RATE

(Worldwide, excluding Coranco, GS India, GS Ukraine and GSE Ghana):

	2016		2015	2014
	World	France	France	France
Absenteeism rate [a]	3.3	4.0	4.0	3.8

(a) Ratio between the number of days absent and the hypothetical number of days present.

OVERTIME

(Worldwide)

	2016		2015		2014	
	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor
Number of overtime hours *(in thousands)*	874	10,469	794	9,427	816	10,233
Full-time equivalent *(individuals)*	381	5,014	345	4,509	381	4,903

For the Chinese subsidiary, Supor, these figures reflect the local context, where work is highly seasonal, and there are pressures on the recruitment of labor in eastern China. France accounts for 53,665 hours of overtime (equal to 29 full-time equivalent jobs).

Given the diversity of the Group's sites and local regulations governing working time, Groupe SEB's aim is not to exceed 48 hours in a standard working week and 60 hours including overtime. Every employee must also have at least one day off each week, except in exceptional circumstances, as explained in the Group's Code of Ethics. Groupe SEB is actively working to achieve these objectives, particularly in its Chinese plants.

EXTERNAL LABOR [(a)]

(WORLDWIDE)

	2016	2015	2014
France	635	517	501
Other EMEA countries	441	36	55
Americas	1560	1475	1665
Asia	406	354	545
WORLD	**3,042**	**2,382**	**2,766**

(a) Temporary full-time equivalent employees.

3.7. A corporate citizen

The Group's commitment to social issues is reflected both in its contribution to the economic and social growth of the regions where it operates and in corporate philanthropy initiatives, focused mainly on furthering inclusiveness.

A RESPONSIBLE PARTICIPANT IN THE ECONOMY

Groupe SEB fulfills its economic and social responsibilities in the regions where it is located. In addition to the jobs it generates, it supports the development of local businesses, especially players in the non-profit and social sectors. Whenever possible, it favors the use of companies that support disadvantaged people looking for employment. This responsible purchasing policy has been extended to include social clauses in calls for tender (see p. 102). At the local level, a lot of the Group's sites are already working towards this goal. In France, for example, the Is-sur-Tille plant (France) has worked with Juratri, a specialized recycling company with 125 employees, 50 of whom are part of an inclusion program, for many years now. Since 2016, the site in Lourdes has employed 6 to 12 disabled workers through an inclusion plan (Adapei) for the assembly of sub-assemblies and the packaging of glass pots. Five companies from the protected sector (companies providing work to people with disabilities and sheltered employment centers) provide catering, cleaning, telephone answering and gardening services to the Group's new head office in Écully, inaugurated in 2016. Steps are also being taken at the head office to strengthen its partnership with Handishare, a company providing work to disabled workers, by trialling subcontracted Human Resources services (responses to job applications) and general services (order processing). Google awarded Handishare the 2016 grand prize in its "Moteurs de Réussites Françaises" initiative. **In 2016, the work subcontracted to the disability and social integration sector totaled almost €3.8 million, equal to 146 Full Time Equivalent (FTE) jobs, across all of the Group's French sites.**

The Group is also an active member of the community. It maintains a number of links with local operators, and particularly with educational establishments, providing classroom talks and inviting students to take part in site visits or work experience programs. In the US, for several years now the industrial site of Canonsburg (All-Clad) has been working with three high schools on manufacturing and engineering-related topics. Students analyze the site's complex issues, look for alternative solutions and make recommendations. This initiative, which benefits dozens of high school students every year, won recognition for the Canonsburg site in 2015 at the Champions of Learning Awards, held in Pennsylvania by the Consortium for Public Education.

Groupe SEB also takes part in discussions on social issues such as, for example, nutrition, health or aging. These topics are also handled by its research and development teams (see p. 124).

CORPORATE PHILANTHROPY

GLOBAL COORDINATION AND LOCAL INITIATIVES

In every country, the Group encourages employees to become involved as citizens and participate in the work of charitable organizations, whether personally or as part of initiatives undertaken by the Group, through its subsidiaries or the Fonds Groupe SEB. Since 2007, its corporate philanthropy policy has been focused on inclusiveness.

Every year, the **Charity Week**, which is coordinated by the Sustainable Development department, is a high point of Group employees' worldwide involvement in solidarity actions. In 2016, the theme of the event, held in December, was "Food and solidarity". It resulted in the participation of employees from 36 sites, in 21 different countries, in a wide range of initiatives. In Brazil, employees organized a solidarity day to restore a community garden in São Paulo, managed by "Cities without hunger". This association develops gardens on unoccupied land within the city to promote urban organic farming, which is a source of jobs, and to improve the nutrition of low-income populations. In Chile, the subsidiary's volunteers spent time at a school in an underprivileged district, where they led a cooking workshop on the theme of fruit and vegetables, to make them more aware of healthy eating principles. They also began to grow a vegetable garden on the school's grounds. Another example is the initiative in the USA, at the Parsippany site (the subsidiary's head office), where employees took part in a food-themed challenge. Participants were able to win kitchen appliances manufactured by the Group, which were then gifted to aid organizations.

There were food collections in many countries. In France, in addition to a huge operation of this kind for the Food Bank, employees were invited to participate in a crowd funding campaign to finance the opening of new "*Petites Cantines*" in Lyon. A Groupe SEB employee was behind this project to set up local canteens that operate thanks to voluntary contributions from guests, who each give what they want or are able to give. The aim is to develop a social bond through the act of dining. The Group has supported this initiative from the start. It is a source of inspiration for a future social intrapreneurship program that would allow other employees to take part in a project that is both philanthropic and economically viable. The Fonds Groupe SEB also supports the "*Petites Cantines*" and has topped up the collective crowd funding investment. At the end of 2016, the contribution by employees and the Fonds amounted to €37,800.

At the four corners of the globe, Group subsidiaries are supporting or starting up projects directly.

In China, for example, since 2007, **Supor** has pressed ahead with its vast construction program, **building schools** for disadvantaged children in rural areas. 18 schools have opened since the project's launch (including three in 2016) and 2 are under construction. In addition to funding schools and organizing training sessions for teachers, this program asks employees to volunteer through leadership, learning support and book donation initiatives. In August 2016, the Chairman and CEO of Groupe SEB, Thierry de La Tour d'Artaise, visited one of these schools, in Zigong (Sichuan province), with several Supor executive officers, to demonstrate the Group's support for this program. As part of the Charity Week in December, six volunteer employees spent two days at a recently opened school (in Qinghai province), where they cooked for the children, gave a class on the bases of nutrition and organized games. The Supor schools program won two awards in 2015. In January, it won the "best charity project" award at the 4th Chinese Charity festival and in December, an award for excellence at the China CSR Awards ceremony, sponsored by the China Philanthropy Times, under the aegis of the Ministry of Civil Affairs.

In **Korea**, in 2012, the Groupe SEB subsidiary entered into a partnership with the American NGO Child Fund, supporting disadvantaged children. This includes a charity sale held every year in September, whose proceeds go to the organization, and a festive event for children living in hostels at Christmas time. The staff of the subsidiary are widely involved during these two busy periods. Other Group subsidiaries carried out actions in support of this organization in 2016, especially in Russia.

In the **USA**, head office employees participated, in 2016, in four days of volunteering with the organization Habitat for Humanity to help renovate or build housing for families receiving support from the organization.

Every year, all over the world, teams take part in local events to raise money for causes such as combating cancer, or help for children, vulnerable people or underprivileged communities in need (including in South Africa, France, Greece, the Netherlands, Brazil and Chile). Faced with certain difficult situations, Group employees do not hesitate to take action. In 2015, in Greece, a country experiencing severe economic and social difficulties and a serious migration crisis, the subsidiary's teams ramped up their solidarity initiatives to come to the aid of local communities experiencing hardship and refugees (with product donations and food, clothing and toy collections, etc).

FONDS GROUPE SEB

The Fonds Groupe SEB, which is mainly active in France, lends its support (financial support, product donations, and volunteering) to inclusion projects. The Fonds primarily targets inclusion projects focusing on work, education/training, fitting out accommodation and providing access to a healthy diet. It also acts as an advocate for people with health issues. In 2016, the Fonds Groupe SEB supported 20 very different initiatives, within the context of a support budget that amounted to €360,000 in cash and €247,000 in product donations.

Governance and operation

Governance of the Fonds Groupe SEB is split between two key entities: the Board of Directors and the Operational Committee, supported by a team dedicated to the Fonds.

The Board of Directors sets the strategy for the Fonds. Its members are:

- Thierry de La Tour d'Artaise: Chairman and CEO of Groupe SEB, Chairman of the Fonds;
- Vincent Léonard: Senior Executive Vice-president, Finance, Treasurer of the Fonds;
- Harry Touret: Senior Executive Vice-president, Human Resources;
- Marianne Eshet: Managing Director of the Fondation Solidarité SNCF;
- Guillaume Bapst: Director of the Association Nationale de Développement des Épiceries Solidaires (ANDES).

The Operational Committee reviews and selects projects submitted to the Fonds and monitors their implementation, thereby contributing to the direction and improvement of future philanthropic programs.

It has 12 members, who are Group employees, selected for the diversity of their skills (management, HR, communication, union representatives, etc.) and their commitment to solidarity.

An operational team of two people delivers and assesses the projects and develops the network of employee volunteers.

Projects supported

IN FRANCE

Since 2007, the Fonds has supported 379 projects in France aimed at "better living for all", conducted by charitable organizations with which it has close links, such as Emmaüs Défi, the Association Nationale de Développement des Épiceries Solidaires (ANDES), the Agence du Don en Nature (ADN), Énergie Jeunes and the Institut Télémaque. **Énergie Jeunes**, for example, works to keep children at Education Prioritaire schools in disadvantaged areas in education through input from volunteers from the corporate world. These volunteers give young people the wish to learn, using highly interactive teaching methods. The Fonds has partnered Energie Jeunes since 2013 in the Lyons region and supported it in 2016 in new areas close to four Group sites (Isère and Bourgogne). 32 employees have participated since the start. The arrangement has proven to be highly effective: a study (2016) has shown that high school students who take part get much higher grades than other students. In the area of education again, the Fonds has supported the **Institut Télémaque** since 2011 and took over the presidency of the Rhône-Alpes branch in 2014. The organization works with deserving and motivated young people from modest backgrounds until the age of 18, through a school-corporate mentorship program. In 2016, 15 Group employees acted as tutors to one young person each to help them prepare for the future.

The Fonds renewed its support, in 2016, for the **Agence du Don en Nature** (ADN), of which it has been a founding member since 2008, and whose focus is on fitting out accommodation and providing access to a healthy diet. The ADN collects new, unsold (non-food) products from manufacturers for redistribution to aid organizations. Since its inception, support for the Fonds has translated into the donation of 230,000 products, financial assistance totaling €255,000 and the provision of skills. In 2015, this commitment was recognized by the French National Corporate Citizen Award (special jury prize). The partnership with the **ANDES**, which began in 2011, also continued in 2016. The Fonds Groupe SEB contributes money and products to the "Compagnie des Gourmands," a series of cooking workshops uniting parents and children, supported by community food banks. The new projects in 2016 that the Fonds decided to support include the **Recho's** actions in refugee camps in Europe: the organization's food truck holds cooking workshops there and hands out meals to "bring back life, create bonds and promote integration".

Other new projects were supported in 2016, such as support for the **Simon de Cyrène** organization for its "shared houses" in Dijon, built to house disabled and able-bodied people.

The Fonds also runs programs to encourage employees to get involved in community projects. For the fourth year running, it organized the **API Sol'** in-house call for projects. The objective of this initiative is to give a helpful push to projects sponsored by the Group's employees. In 2016, the Fonds supported 23 projects selected by the sites' local juries.

ON AN INTERNATIONAL LEVEL

The Fonds has been in partnership with the **Life Project 4 Youth** charitable organization in Vietnam since 2014. It is supporting the development of an occupational training center to help marginalized young people create a life plan. Set up in Ho Chi Minh City, close to the Asia Fan site, this center, which was named "Lanterns & Lights", makes lanterns from recovered materials. Since June 2014, it has already trained 21 young people and currently has around fifteen or so young people on its 9- to 18-month inclusion program. Beyond developing their basic knowledge, the youngsters experience the creation, development and management of an economic micro-initiative. They are provided with support for their personal plans, whether this involves creating their own business, joining a company or continuing their schooling. In 2016, the Fonds extended its support to the creation of two new Life Project 4 Youth centers in New Delhi in India, one concentrating on the production and sale of healthy snacks near the station, and the other, near the offices of GS India, specializing in joinery and electrical work. The objective for these two centers is to train 90 to 100 young adults over the course of three years.

Total corporate philantropy expenses

(Worldwide)

(in €)	2016	2015	2014
Financial donations	1,925,452	1,786,402	1,788,551
including Fonds Groupe SEB	*360,000*	*322,000*	*500,000*
Product donations	551,184	1,068,239	359,233
including Fonds Groupe SEB	*246,955*	*852,328*	*109,726*
TOTAL CORPORATE PHILANTROPY EXPENSES	**2,476,636**	**2,854,641**	**2,147,784**

Overall, the Group allocated more than €2.48 million to corporate philantropy activities in 2016, down by €378,000 compared with 2015. This change was mainly due to the drop in one-off product donations by Groupe SEB France to the Fonds Groupe SEB, offset by the global rise in financial donations. This includes donations to public-interest organizations and cross-partnerships that are more like sponsorship, having a strong impact for the brand or company in terms of communications or public relations. Cause-related marketing products, where a product is sold and part of the proceeds go to charity, are an example of cross-partnerships. Donations of less than €10,000 for a single public-interest organization are reportable.

3.8. Sustainable innovations meeting consumer expectations

Consumer satisfaction is Groupe SEB's number one objective. Our priority is to better understand consumers' expectations so as to meet their needs, but also to help them towards more responsible consumer practices, from the point of view of both nutrition and health and respect for the environment. To achieve this, the Group's innovation teams are open to new methods and are taking on technological challenges in the field of materials, energy consumption and ergonomics, etc. Such innovation has led to an exploration of circular economy solutions, aiming to save the planet's resources by extending product lifetimes, promoting recycling and prioritizing product use rather than product ownership.

This strong innovation policy is based on frequent and extensive exchanges between the marketing, R&D, design, quality, consumer support and sustainable development teams, and open collaboration with external partners. It is based on five key focal points: the connected universe (communications devices, human/machine interface, intelligent systems, 100% digital solutions, etc.), energy and portability (energy savings, innovative batteries, etc.), the aging population (product ergonomics, specific needs, etc.), the preservation of beauty, health, and well-being capital (nutrition, health monitoring, body care, etc.), eco-responsibility and sustainable development (improvement of energy and acoustic performance, repairability, recyclability, new materials, etc.).

RESPECT FOR CONSUMERS

PRODUCT LIABILITY

Groupe SEB is committed to offering customers high-quality products that are guaranteed to be safe and harmless. In each country, it complies with all the standards and regulations governing the products it sells. Responsible products are the first theme addressed in Groupe SEB's Code of Ethics, evidence of the importance that it places on respect for the consumer.

Quality

Groupe SEB has developed a Quality Management System (QMS) which describes the steps to be taken, at every level, to ensure the quality of the products sold and related services. The QMS covers all Groupe SEB activities, processes and sites throughout the world. Every Group operation, every site, every function and every employee is responsible for the quality of the work performed and for compliance with the rules contained in the Quality Assurance documentation. Regular examination of the various components of the System during Management Reviews makes it possible to check the efficiency of Group processes and to manage the actions needed for the ongoing improvement of product and process quality. The Quality Management System is discussed in greater detail in the section on internal control (see p. 81).

For products, the Group controls quality at each stage in the design and manufacturing process, including with subcontractors. In 2014, it added an extra validation stage prior to the commencement of new product manufacturing (Pilot Run Validation). This involves the pre-production run of an additional hundred or so products, with extremely demanding quality criteria, so as to further reduce the scrap rate. In the space of two years, the number of products considered to be "good the first time through" after this process rose from 61% to 83%, highlighting the progress made in the upstream development phase. The Group also incorporates customer comments gathered by Call Centers within a continuous improvement loop. These are forwarded to the marketing teams, who factor them into product development. A sign of the continuous improvement in quality, returns under warranty have continued to drop since 2009 and have more than halved in seven years. Over this same period, finished product quality indicators have also improved considerably, such as the percentage of potentially faulty products, which decreased ten-fold (Group and subcontractors' plants).

Finally, the Group conducts monitoring and takes proactive steps to raise quality standards in the interests of consumers (see p. 94).

Safety and harmlessness

Product safety is ensured by a rigorous set of procedures implemented at every stage of product development and production. During development, each project review (RP1 to RP4) includes formal checking of product compliance via a series of validations listed in the EMQS (Environment, Marketing, Quality and Standards) reference document. Several of these validations make a direct contribution to product safety, such as robust design analysis or field tests which validate the design under real conditions. During the production phase, lots of tests are carried out on the production lines (electrical insulation, sealing tightness, etc.) and samples are taken on a regular basis for accelerated functional testing which could reveal possible anomalies not detectable on the new product. A final check is made at the end of the production line, after packaging (test of finished product quality), where sample products are unpacked and tested to check that all the production tests have been carried out.

With regard to product harmlessness, the Group is particularly vigilant when it comes to selecting component materials, going beyond regulatory requirements while demonstrating transparency. As part of its commitment to quality, the Group has introduced a "Health & Environment" notice which has been in use for several years now on Tefal/T-fal non-stick cookware. This commitment provides a guarantee of the absence of PFOA[1], Lead and Cadmium and thus of the safety of its coatings for both the consumer and the environment.

FEEDBACK AND SERVICE

To answer consumers' questions, Groupe SEB has **call centers** in most of the larger countries. In 2014, it set up multi-country call centers to provide a better service to more consumers. In 2016, it improved the Sofia call center, which now covers nine central and eastern European countries, with a team capable of responding in the different languages of the region. 2016 also saw the opening of a second multi-country call center in Lisbon to cover Spain and Portugal. In India, the **after-sales service** structure was completely overhauled in 2015/2016 to bring it up to Group standards. 243 repair technicians, who are selected then trained, now form a professional, effective network. The Group has also developed an application for smart phones allowing customers to book a repair time slot, as repairs at home are very common practice in India.

Keen to help the consumer in all circumstances, the Group continues to expand the services it offers. In 2015, it developed new product use and maintenance **videos** (on average, one a month), which were posted on YouTube and could be accessed via brand websites. It also hosts **consumer mutual aid communities** on several brand sites, replicating the dedicated Cuisine Companion multi-functional food processor forum in France hosted on the product's website, which already has more than 12,000 members, and the website seb.fr, which boasts an active membership of more than 14,000 people. In Germany, a new community was launched in 2015 on the Moulinex.de website, which several thousands of people have already joined to benefit from advice from other users.

REPAIRABILITY

A PIONEERING APPROACH

Extending product lifetimes is beneficial to the consumer (economic benefit), the environment (reducing the resources consumed and the waste produced) and Groupe SEB, which ensures the loyalty of users of its products by extending their period of use for as long as possible. The Group is a pioneer with its repairability policy, which was started in 2008 and reached maturity in 2015 with the "10-year repairable product" commitment (see below).

Repairability is one of the focal points of the Group's eco-design guide. Right from the start, products are designed to be easily disassembled and reassembled so that only the worn parts have to be replaced. In 2016, the Group adopted an even more demanding definition of the level of repairability of its products. In addition to the availability and price of parts criteria, this definition now includes the percentage of repairable faults. The Group considers a product to be mostly repairable if at least 80% of faults are repairable (one or two parts at most are not available or cost more than half of the product's price, and this/these part(s) account for less than 20% of the risk of faults). A product is fully repairable (100% of faults are repairable) if all the components that can be replaced are available and none cost more than half the price of the product.

In 2016, according to this new, more restrictive, definition, 95.4% of the total volume of electrical appliances sold were at least mostly repairable (97% according to the previous criteria) and, above all, 74% were fully repairable (67% in 2015). Groupe SEB won many awards in 2016, in France, as a result of this repairability commitment, such as: The circular economy trophy at the Pollutec trade show, the ESSEC prize in the "Product end of life" category, the Top/Com HEC de l'Audace Marketing prize and the Press Relations and Public Relations prize (Communication & Entreprise).

REPAIR CENTER AND SPARE PARTS NETWORK

Whether or not products are under warranty, the Group encourages its consumers to have them repaired in preference to exchanging them by pointing them towards the approved repair centers in its network (over 6,500 worldwide). To achieve this, it is increasing the number of information channels, with product documentation, brand websites, explanatory videos, etc. As a result, the percentage of products repaired in approved centers is increasing. In Europe, for example, the percentage rose from 72% in 2013 to more than 80% since 2015 for products under warranty, and was up by 24% for products out of warranty.

To encourage product repairs, the Group guarantees its repair centers that some 40,000 listed spare parts will be available for as long as 10 to 15 years after products cease to be manufactured, at the cheapest possible price (down by 30% in 2012). In Western Europe, spare parts are delivered to repair centers within 24 to 48 hours, rising to a maximum of four days in other parts of the world. Nearly six million spare parts are stored at the Group's central warehouse in Faucogney (15,000 m^2) in the east of France. In addition, in a growing number of countries, consumers can directly order accessories, consumables or spare parts on the brand websites (or on the www.accessories.home-and-cook.com

(1) PFOA: Perfluorooctanoic acid is a substance used as an aid to polymerization in lots of polymer manufacturing processes.

website in some countries). Direct orders were possible in 24 countries in 2016. This same year, the Group opened a second spare parts and accessories warehouse in Hong Kong to more quickly deliver parts to repair centers or customers in Asia.

The Group is also exploring new methods such as the 3D printing of spare parts. Manufacturing parts on demand will simplify stock control and extend availability almost indefinitely. A project relating to this issue was launched in 2015 and qualification testing is under way with initial repairs for volunteer "pilot" customers. These customers regularly provide the Group with information about how the parts hold up over time. The tests will continue in 2017.

RAISING CONSUMER AWARENESS

A study conducted by Groupe SEB in 2014 in France and Germany showed that consumers were in favor of product repair but that they were not very well informed about this option. The Group therefore decided to step up its **communication** on the issue. In 2015, its first campaign in France with the Seb and Rowenta brands was widely discussed in the **media,** which applauded its exemplary commitment and its leadership role in this field. Group research conducted with a representative panel of 816 consumers also showed that the "**10-year repairable product**" logo was perceived positively and had a significant impact in terms of purchasing decisions. On the back of this success, in 2016 the Group intensified its communication program in France (covering the press, NGOs and consumer associations), where it is now considered to be the benchmark for repairability. For all media combined, each French person may have heard Groupe SEB's message on repairability an average of a dozen times in 2016 (source: audience measurement agencies). This communication has started being extended to other countries, including Germany, Belgium and Italy. Since September, any new product ranges sold have displayed the "10-year repairable product" label on their packaging. This is the case in Europe, Asia and Africa for the four brands Tefal, Rowenta, Moulinex and Krups, and for Seb and Calor in France and Belgium. The possibility of applying the same commitments to local brands (Arno, Supor, etc.) is being explored.

In several markets (like France, the US, Turkey and Germany) the Group has also been exploring ways to help consumers who wish to repair their products themselves. In France, for example, it had six self-repair centers (which are currently being approved by the Group) at the end of 2016, which are designed to be like repair cafés. They are housed in Group product repair centers. Consumers can come to the workshop with or without an appointment. Consumers can access technical documentation, advice and all the necessary spare parts, within a dedicated and well-equipped area. The Group wants to extend this innovative service across its 220-strong network of approved repair centers in France.

NEW MODELS OF CONSUMPTION

At the forefront of new, more sustainable, models of consumption and in support of the **circular economy**, in 2015, the Group tested an innovative kitchen appliance rental service in France to respond to ad hoc consumer requirements. Christened Eurêcook, it was rolled out in the Dijon urban area in partnership with a network of public and private sector operators such as Ademe, the ENVIE association and Groupe Casino. The principle is simple. The consumer books their appliance on the www.eurecook.fr website, chooses the rental period (from one evening to one week) then picks it up from one of the seven pick-up points available. During this test phase, 28 appliances are available for rent. Once they have been returned, the products are systematically cleaned, checked and re-packaged.

The Eurêcook service is part of the Groupe SEB sustainable development initiative for more than one reason. From an environmental perspective, it is in keeping with the optimization of natural resources (a single product is used more often) and packaging is re-usable and eco-designed (cellular polypropylene). From an affordability perspective, due to its lower cost of use, Eurêcook makes appliances more affordable for economically vulnerable people. Lastly, it fulfills non-profit and social sector objectives by calling in a local social inclusion company (Envie) to take care of product cleaning and logistics. The possibility of extending this experiment to a large city is being explored.

Another trend that shows the growing awareness of the importance of sustainable consumption is that more and more countries are looking at ways to **combat food waste.** Groupe SEB makes its contribution through its core business, which promotes "homemade" meals, which by nature tend to limit this waste, as food is prepared as needed. It also offers food storage boxes in its portfolio of products. Lastly, awareness-raising actions on the theme of food waste are carried out by several subsidiaries. For several years now, Groupe SEB Brazil, for example, has held cooking classes showing how to use fruit and vegetables in their entirety, including peelings.

NUTRITION AND WELL-BEING

Consumers are increasingly sensitive to the quality of their food, and Groupe SEB is innovating to support them in this respect. Products in the Nutrition Gourmande range are aimed at consumers who wish to eat healthily without giving up on taste, while many appliances make "homemade" easier, in keeping with a well-balanced diet. Some of these products have functionalities adapted to new food trends. Multicook & grains (Moulinex), for example, offers cooking programs specific to leguminous plants. This family of grains is becoming popular again with the rise of flexitarianism [1], which is based particularly on the fact that the production of plant proteins has less of an environmental

(1) A flexible vegetarian diet (or semi-vegetarianism).

impact than the production of animal proteins. Since the end of 2014, the Group has opened up new channels for supporting consumers thanks to connected products and recipe-related services. This is the case with the Actifry Smart XL, a connected version of the Nutrition Gourmande range flagship product. Launched at the end of 2015, the Actifry Smart XL talks to a smart phone via the My Actifry app. In addition to a "step by step" aid to cooking from a recipe, the app incorporates a number of services, including nutritional coaching to help consumers eat a balanced diet and stay healthy. In particular, it encourages users to eat fresh products (especially fruit and vegetables), passes on nutritional advice and offers weekly menus for one year, together with suggestions of recipes that can be followed using the appliance. In 2016, the Group launched an application to get children interested in taste: Kiddy Cookeo gets them involved, along with their parents, in preparing recipes with the Cookeo multicooker. It also offers workshops teaching about textures and flavors and includes educational content for parents.

To take this further and, in particular, to meet the specific dietary requirements of elderly consumers, the Group has embarked upon three major research projects with a number of different partners. It is one of a "hard core" of members of the European consortium InnoLife (more than 130 companies, research organizations and top-flight universities) selected in 2014 by the European Union to conduct the EIT Health program on the subject of "Healthy living and active aging". The other two projects focus on optimizing fruit and vegetable consumption by the elderly and on developing digital services to help them eat better. Groupe SEB is behind the Cook2Health project, launched in 2016 with doctors, nutritionists and digital operators and managed by the Group, within the framework of EIT Health. The project consists of measuring the impact on people's health of regularly using connected kitchen appliances through an extensive clinical trial involving more than 200 people in Europe. The aim is to demonstrate the value of personalized assistance in changing behavior towards healthier daily diets with the goal of prevention.

This "open" approach to innovation also takes the form of acquiring interests in start-ups through the SEB Alliance investment fund. Some of these are developing cutting edge technologies to do with well-being and health, such as Ethera, specializing in the quality of indoor air. The partnership between Ethera and Groupe SEB resulted in the creation of a new line of air purifiers (Intense Pure Air), which were introduced in China in late 2014 before expanding to other countries. There was special recognition for this product in 2015, in the "Health and Environment" category of the Innovation Award for Franco-Chinese teams, organized by the France-China Committee in partnership with MEDEF [1]. Intense Pure Air was very successful in 2016, in Singapore for example, where there are now 12,500 appliances in schools.

In addition to its innovation programs, Groupe SEB is committed to promoting healthy eating, either through its brands, or through local initiatives targeting a wide range of audiences. In France, for instance, since 2014 it has been supporting a Unis-Cité association initiative, together with one of its customers. This initiative raises awareness of sustainable consumption in poor districts, encouraging people to eat a wider variety of food, buy seasonal fruit and vegetables and learn to cook "well and healthily". Young volunteers (around a hundred a year) assist families over several months through collective events and personalized advice. In 2016, they raised the awareness of 1,200 people and assisted 72 families. After three years of operation, Unis-Cité and its partners have developed expertise and tools that they share on a freely available website.

PRODUCTS ACCESSIBLE TO THE GREATEST NUMBER OF PEOPLE

Making products more ergonomic and easier to use is another of Groupe SEB's areas of research. This includes factoring in the needs of people with reduced dexterity. For example, the Group has collaborated in France with the *Institut de la Vision* and the *École Nationale Supérieure de Création Industrielle* on prototypes of products adapted for the visually-impaired. This project has increased the innovation teams' awareness of visual impairment and resulted in suggestions for ways to improve existing and future products.

Accessibility is also an issue when it comes to financial disposition; how can we meet the specific needs of low-income consumers? In addition to constructing its brand policy to meet the needs of different categories of consumers, Groupe SEB is studying various scenarios for addressing this matter.

As part of its research into accessibility, in 2015, Groupe SEB organized a study day with the Ashoka organization, the largest global network of social entrepreneurs. This took the form of two workshops on access to the Group's products for vulnerable and elderly people. This day resulted in several "social business" ideas that must now be tested.

(1) Association of French companies.

SUSTAINABLE DEVELOPMENT AT THE HEART OF BRAND STRATEGY

Since 2013, the Group has further incorporated sustainable development into the heart of its business and, together with the Marketing and Brand teams, it has incorporated sustainable development into the Tefal and Rowenta brand platforms. These two flagship Group brands, already very involved in this field, have focused on and formalized the key aspects of their commitment in this regard. Accordingly, Tefal places particular emphasis on a healthy and sustainable diet, while Rowenta focuses on the environmental performance of products. For each of them this translates into specific R&D efforts to develop products and solutions through new partnerships and preferred lines of communication.

It was against this backdrop that **Rowenta** and the WWF went into partnership in 2016, to continue the common actions that they have undertaken since 2014. The WWF already supported the launching of an energy-saving Eco-Intelligent iron by Rowenta and the brand participated in the WWF's Earth Hour operation, when millions of people switched off their lights as a sign of increased awareness of climate change. This three-year partnership targets three areas of work: energy efficiency, repairability and the use of recycled materials. The WWF's support will cover both technical issues and efforts to raise the awareness of consumers and other stakeholders.

Tefal, for its part, relies on a longstanding partnership with the English chef, Jamie Oliver, to promote healthy eating in households around the world. The brand organizes an annual Food Revolution Day, for example. In several countries, Tefal organizes awareness-raising operations on the benefits of healthy eating, as in Dubai in September 2016, with the participation of nutritionists. In the environmental field, it is involved in the recycling of cookware in many countries (see p. 134).

In the US, the **All-Clad** brand took a welcome step towards the circular economy in 2015 with an unprecedented product line, which offers its chef customers second-hand pans reconditioned at the Canonsburg plant. The All-Clad pans, recovered from chefs, are disassembled, cleaned, returned to their original condition, brushed and polished for a pristine result. They leave the plant looking as good, and working as well, as when they were new, but at half the price and with much less of an impact on the environment (95% less energy consumed). This ENCORE range has received support from a number of chefs.

Another example is an initiative that this time combats technological obsolescence. **Moulinex** offers owners of Cuisine Companion food processors the chance to enhance them with the new functionalities of the i-Companion, the connected version of this product, launched in 2016. This is for a cost limited to the difference between the prices of the two products, with no additional transport costs.

3.9. Reduction of environmental impacts

From a product's design to its end of life, the Group takes measures to limit its environmental footprint (eco-design, eco-manufacturing, eco-logistics, recycling etc.). It does so by means of its product **eco-design guide** and **ISO 14001** international certification. In the factories, offices, laboratories or warehouses all employees and contractors of the Group are made aware of the importance of respecting the environment. Groupe SEB's environmental strategy is supervised by the Quality, Standards and Environment department and is coordinated across the sites by Environment, Health and Safety Coordinators. Information on Groupe SEB's environmental expenditure is available on page 212.

The data provided below concern worldwide operations, except in cases where it is explicitly stated that they only include the ISO 14001 certified entities [(1)]. Neither do they include Asia Fan (Vietnam) and GS India, companies in which Groupe SEB acquired a 65% and 55% stake, respectively, in 2011. The Campus SEB head office in Écully, as well as the Supor Vietnam site, certified in 2014, were included in the reporting scope in 2015. The Imusa sites (Colombia) were certified in 2013 and were included in the reporting scope in 2014.

Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

EMPLOYEE EDUCATION AND TRAINING

All Groupe SEB employees are informed of the Group's requirements in relation to respect for the environment. They have been formalized in the Group's Code of Ethics, which has been rolled out internationally. Specific training actions are held to ensure that staff have the necessary skills. Groupe SEB also shares its performance in terms of environmental responsibility with employees via in-house channels (intranet, posters, events, etc.) and external channels (Business and Sustainable Development Report, website, etc.). In 2016, it started to disseminate product fact sheets presenting the environmental profile of each product family (see the Eco-design section below). The innovation community (marketing, research and development, design, quality, etc.) receives more in-depth training in the various themes. It also has a dedicated space on the Group's social network that is a forum for many discussions.

The listing of eco-innovative projects at industrial sites (see p. 129) also contributes to this awareness-raising effort, as do certain in-house newsletters such as Métamorphoses, which focuses on new materials.

2020 TARGETS

In 2013 the Group set four ambitious targets to be met by 2020:

- 20% less energy consumption by electrical goods (base year: 2013).

  Progress at the end of 2016: the Group has identified the product families with the greatest impact in terms of energy consumption, and defined methods for the precise measurement of this consumption. It is targeting its efforts on these families;
- 20% less energy consumption by the production sites (base year: 2010).

  Progress at the end of 2016: 13% reduction at constant scope [(2)];
- at least 20% recycled materials in new products.

  Progress at the end of 2016: 37% for the products manufactured by the Group;
- 20% fewer greenhouse gas emissions from product transport (per sold product) (base year: 2013).

  Progress at the end of 2016: 24% reduction.

With regard to the combating of climate change, in 2016 Groupe SEB joined the **Science Based Targets** initiative launched in 2015 by the WWF, alongside the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages large companies worldwide to align their greenhouse gas emission reduction targets with the IPCC's recommendations for limiting the average global temperature rise to 2°C.

Another highlight of 2016 was the signing of a **partnership between the WWF and Rowenta** (for three years), which is symbolic of the Group's commitment to reducing the environmental impact of its products. The partnership targets three areas of work: energy efficiency, repairability and the use of recycled materials. The WWF's support will cover both technical issues and communication with consumers.

(1) Certificates obtained by sites prior to their acquisition by Groupe SEB were not taken into consideration.
(2) Covers all the industrial and logistics sites within the 2010 sustainable development reporting scope.

ECO-DESIGN OF PRODUCTS

Groupe SEB's policy of eco-design of products aims to reduce the environmental footprint of the Group's products throughout their life cycle. To make progress in this area, it employs an **eco-design guide**, completely revised in 2013. The new guide clearly incorporates all stages of the life cycle of products and their packaging (extraction of raw materials, manufacturing, transport, use, end of life). It is structured around the Group's eco-design priorities: energy efficiency, recyclability, repairability, use of recycled materials and bio-sourced polymers, reduction of carbon footprint during transport, replacement of unpopular substances, etc. For each eco-design priority, the guide states the Group's ambitions and defines performance levels based on measurable criteria. Eco-design is embedded within the product design process and allows project teams to select the appropriate performance level for each new product based on the specifications.

This guide is a key tool in meeting the 2020 environmental targets. It has been distributed to the Group's entire innovation community, i.e. the marketing, R&D, design, purchasing, quality and legal teams. Its introduction was underpinned by a major training initiative which, in 2014/2015, took the form of 36 training sessions in France, China and South America, and additional training is regularly organized for the development teams, especially in the measurement of the environmental performance of products.

In 2016, the Group undertook to establish the environmental profile of each product family through summary fact sheets for internal use that answer three key questions: Which stage of the product life cycle affects climate change the most? What resources are required to manufacture the product and make it work? What ways are there to reduce the impact on the climate and resources? These fact sheets, designed with the participation of the development, marketing and quality teams, are both awareness-raising materials and a tool to assist with targeting eco-design efforts. 5 have already been disseminated with the support of an e-learning module (in French and English) and are available on the intranet.

To date, Groupe SEB has also carried out **life cycle studies** on 95% of its product families. These significant studies [(1)], which measure the various impacts of products on the environment, make it possible to orient our research so as to reduce their ecological footprint.

ENERGY EFFICIENCY

Over the whole product life cycle of small electrical appliances [(2)], ¾ of the energy impact comes from their energy consumption during the use phase, which far outstrips the figure for the manufacturing phase. Groupe SEB is taking many measures to reduce this consumption and making significant progress. **Vacuum cleaners** are a good example. In less than three years, the Group's R&D teams have succeeded in reducing the energy consumption of cylinder vacuum cleaners almost three-fold, with no trade-off in terms of cleaning power. As of 2015, all the new Rowenta models have had a power rating of 750 to 900 watts, which is well below the European regulatory threshold of 1,600 watts. The improvement continued in 2016, with a power rating for new cylinder vacuum cleaners of less than 800 watts, again below the new European threshold of 900 watts, scheduled for September 2017. All the ranges launched in 2016 are 60% to 70% more energy efficient than the 2014 ranges. To achieve this level of performance, the Group developed low input/high output motors, designed more effective suction nozzles and improved all the air flows to reduce charge losses.

Aware of the importance of the energy issue, and wishing to continue to stay ahead of changes in the regulations, in 2015, the Group decided to ramp up its coordination of these types of initiatives. The **Smart Energy Products** project was created by a team combining the Quality, Standards and Environment department, the Sustainable Development department and the Research department and working closely with the strategic business areas. The first stage consisted of identifying the product families with the greatest impact in terms of energy consumption, given their individual consumption and the volumes sold, in order to concentrate the project's efforts on them. In 2016, the Group defined a standard method for calculating consumption and energy efficiency for each of these families, and one or two standard products that will be used as a reference for measuring progress. The new calculation method was applied to all the products developed over the year. At the same time, the Group is continuing its research work, particularly on new motor technologies.

These measures are in keeping with the 2020 target of a 20% reduction in the energy consumption of products (reference year 2013). They are reflected in the new generations of products released on the market: the Moveling hairdryer (Rowenta/Calor), launched in 2016, consumes 20% less energy to achieve the same performance, i.e. 1,700 watts instead of 2,100 watts for the reference model. Consumers are informed of this progress by the phrase "Performance 2,100 Effiwatts is equivalent to 2,100 W product at only 1,700 W energy consumption" in the products' communication materials.

In terms of energy consumption on stand-by, all the Group's products are below the thresholds set by the European regulations, applicable since 01/07/2013 (0.5 W on stand-by without display and 1 W with display). This indicator is therefore no longer an issue for the Group and is no longer included in reporting.

RECYCLABILITY

All of the Group's products are evaluated in terms of their potential recyclability, using a harmonized approach, which was set out in 2016. To increase the rate of recyclability, the Group gives preference to materials that can be recycled (metallic components, certain plastics

(1) Life cycle studies conducted on the models that are most representative of each of the Group's product families in terms of technical features, sales and geographic distribution.

(2) Excluding battery-operated products.

like polypropylene) and seeks to reduce the number of different materials used in its products to facilitate sorting. It also provides for quick and easy disassembly of its appliances. The average potential recyclability for new product families designed in 2016 reached around 80%. As for cookware, the materials of these items are about 80% recyclable, essentially comprising metals (aluminum and steel).

USE OF RECYCLED MATERIALS

Groupe SEB is using more and more recycled materials in its products. For instance, since 2009, Tefal's Enjoy spatulas have been made of 95% recycled **PET** plastic, and its Natura cookware range has been made of 100% recycled aluminum. In 2014, the Group intensified its work on incorporating recycled plastics into its products, spurred on by the Purchasing, Quality, Standards and Environment and Research departments: collaboration with recyclers to improve the quality of plastics, verification of their compliance with regulations, performing injection and prototype testing, launch of pre-production runs, etc. It notably set up a circular economy loop for small electrical appliances with Veolia and Éco-Systèmes in France. This cooperation resulted, in 2015, in the sale of a steam generator whose shell is made of **polypropylene** recycled from electrical and electronic devices, which is a first for the Group. Compared with virgin plastic, the recycled plastic used to manufacture this product reduces the impact on global warming by nearly 70%. A *raclette* grill with a base that also contains recycled polypropylene was launched in 2016. In total, around a dozen new products containing recycled polypropylene or **ABS** were under development for launches in 2017/2018. Aside from its partnership with Veolia, the Group has also developed its dealings with other recyclers with the aim of increasing its expertise to meet its needs. It is carrying out training and awareness-raising operations in-house for the relevant teams (design teams, laboratories, quality, marketing, etc.). To date, for products manufactured in-house, it has already exceeded its target of incorporating 20% recycled materials in new products by 2020: at the end of 2016, the share was more than 37%.

This recycled plastics initiative attracted the attention of the European Commission, which invited the Group to make a presentation at a study day in 2015, and applauded its voluntary commitment in this field.

UNPOPULAR SUBSTANCES

With regard to unpopular substances, the Group classifies in this category substances that, although not banned by the regulations, are considered by some stakeholders, such as NGOs, to be potentially hazardous. On this basis, the Group is working on plans to replace a number of these substances and materials, even though they are not currently covered by the regulations, in order to stay a step ahead of future directives. Phtalates, for example, which will soon be included in the RoHS European directive [(1)], were already viewed as unpopular substances by Groupe SEB in 2012.

REPAIRABILITY

See page 123.

3

ECO-MANUFACTURING

Since 2003, the Group has adopted a worldwide environment management system. This system aims, first and foremost, to control the use of resources (energy and water) and to reduce waste and emissions. This approach has resulted in the gradual ISO 14001 certification of the sites. The Group is committed to adhering to the guidelines set forth in the standard: compliance with the regulations and laws in force, as well as continuous improvement and pollution prevention.

In order to share good practices, each industrial and logistics site worldwide is invited to present at least one "**eco-innovative" project** designed to reduce its environmental impact. Several of the 36 projects listed at the end of 2016 related to the **reduction of waste**. This is based on the principle that less waste created means less "lost" material to be processed or recycled, which is positive for the environment and also reduces costs. For example, some packaging of components received by plants is now returned to suppliers, which reuse it for subsequent deliveries. This is the case in Erbach (Germany) for the cardboard sheets that protect the bases of irons (6.4 tons of waste avoided each year), and in Selongey (France) for module containers and pressure cooker handles. In Vernon, component delivery pallets have been aligned with the Group's finished product palletization standards so that they can be reused for shipments to customers. Other initiatives concern product **manufacturing procedures**. In Rionegro, for example, the optimization of the aluminum smelting process has halved the quantity of material needed to produce a caldero (pressure cooker) and the energy consumption per unit produced has been reduced by nearly 10%. The approach followed for this project is exemplary, as it is based on collaboration between local teams and Group centers of expertise, the use of a benchmark and external experts, and the provision of the necessary change management support. Water is also a resource whose consumption the Group is trying to limit. The Supor site in Hangzhou in China and the Rionegro site in Colombia have introduced wastewater recycling initiatives. After being treated by a treatment plant, the water is reused in the production process or to supply the

(1) Restriction of the use of certain Hazardous Substances.

site's washrooms with water. This recycling is able to reduce water withdrawal and decrease the volume of effluents to be treated. The Rionegro site has also shifted towards the use of rainwater.

With regard to energy, the program to gradually replace existing lighting (and particularly neon strip lighting) with LED systems (50% to 75% lower consumption) is continuing on many sites. As lighting is one of the sites' main items of energy consumption, this operation will not only result in a reduction in the energy footprint but will also generate significant savings. Various initiatives are leading to the sharing of good practices, as in Omegna (Italy), where the site has taken advantage of two existing 80m wells (used for its industrial processes) to introduce a reversible cooling/heating system for its offices. The system is based on the fact that, at that depth, water remains at a stable temperature (around 10°C), whatever the season. Passing through a circuit which does the rounds of the site premises, the water cools the buildings in summer and can heat them in winter.

To move forward with energy optimization, the Group relies on the **Energy Category team**, whose members include the Purchasing department, the Sustainable Development department, the Quality department, the Buildings and Energy managers of the French sites and the Cookware Energy coordinator. Its members meet every six months to share their experiences, analyze different energy conservation options (processes and buildings), define good practices and define the indicators for monitoring their application. Three industrial sites received ISO 50001 certification for their energy management systems in 2016: Erbach (Germany), Rumilly and Tournus (France).

Since 2010, the Group has reduced the energy consumption of its industrial and logistics sites by 13%, at constant scope, and is on its way to achieving the target of a 20% reduction that it has set itself for 2020.

Generally speaking, Groupe SEB takes environmental considerations into account in the development of its industrial processes. An example of this is the preparation of aluminum disks for coating purposes when manufacturing pans and pots. A few years ago, at its Rumilly site in France, the Group adopted a mechanical treatment (brushing) that requires little water and abrasive, to partially replace the chemical treatment that it previously used. This process is just as effective, but is more environmentally friendly and compatible with a wider variety of aluminum. The São Bernardo do Campo plant in Brazil has also adopted this process.

ISO 14001 CERTIFICATION

Groupe SEB's goal is for all of its industrial and logistics entities to be ISO 14001 certified worldwide.

(Worldwide)

	2016	2015	2014
Number of certifiable entities	*36*	*37*	*38*
Entities holding ISO 14001 certification [(a)]	94%	92%	92%

(a) Based on industrial and logistics entities at the end of the year considered (including the Group's head office).

The two sites operated by the Asia Fan company, acquired in 2011, are part of this certification scope. In 2016, the Asia Fan site in Vinh Loc was ISO 14001 certified. The Copacabana site in Colombia left the certification scope at the end of 2016 following the transferring of production from this site to another Colombian Groupe SEB site. Action plans are in place to bring entities that are not yet certified up to Groupe SEB standards.

CONSUMPTION OF RESOURCES

(ISO 14001 certified entities)

The Campus SEB head office in Écully, as well as the Supor Vietnam site, certified in 2014, were also included in the reporting scope in 2015. Data for the IMUSA sites (Colombia), certified in 2013, were included in the 2014 consolidated data.

Direct raw materials

(in tons)	2016	2015	2014
Total consumption of metals	145,461	148,571	140,139
Total consumption of plastics *	83,183	73,200	72,364
Total consumption of packaging	96,930	92,417	94,400

** This indicator consolidates polymers including plastics and rubber.*

Indirect raw materials

	2016	2015	2014
Total consumption of natural gas *(in GWh)*	224.9	220.2	210.8
Total consumption of liquefied gas *(in tons)*	2,966.4	2,607.0	1,770.3
Total consumption of electricity *(in GWh)*	355.6	373.6	368.2
Total consumption of water *(in thousands of m^3)*	3,338.8	3,192.4	3,567.6
Total consumption of heating oil excluding fuel *(in m^3)*	18.8	27.4	38.5

There was a 2% rise in total natural gas consumption. This increase is due mainly to higher consumption at the All-Clad, Tefal Rumilly and Tefal Tournus sites related to a rise in production. There was also a rise in consumption at the Rowenta site in Vernon because of the harsher winter, and the Supor site in Shaoxing after certain production lines were switched to gas. At the same time, a fall in gas consumption was recorded for the SEB Selongey and Supor Wuhan sites following a fall in the volumes produced. Lastly, consumption at GS Colombia in Rionegro decreased due to a change in the production process.

Total liquefied gas consumption rose by 14% after electricity was replaced by liquefied gas on some production lines at Supor Yuhuan. This change of energy source in Yuhuan, and various production transfers, are contributors to the 5% fall in total electricity consumption.

Total water consumption grew by 5%, notably after production was increased in Shaoxing. Note that the GS Colombia site in Rionegro has introduced numerous measures, such as the reuse of water internally or looking for water leaks, that have enabled it to significantly reduce its consumption.

The total consumption of non-fuel heating oil fell by 31%, because of a milder winter on the Tefal Rumilly site.

In 2016, a finished product manufactured in a Groupe SEB plant required on average 1.1 kWh of natural gas, 1.7 kWh of electricity and 16 liters of water.

WATER SUPPLY ACCORDING TO LOCAL CONSTRAINTS

In 2016, Groupe SEB consumed more than 3.3 million m^3 of water worldwide, mainly in cookware manufacturing processes. In addition to the volumes consumed, it is of paramount importance, however, to consider the location of consumption, in order to look at consumption in relation to regions under water stress where water is a sensitive resource. In 2015, the Group, wishing to assess the risks relating to water and its availability, carried out an analysis of its industrial plants according to the geographic location of the sites in question, using the World Resources Institute's (WRI) reference tool, the "Aqueduct Water Risk Atlas". This assessment was updated in 2016.

This analysis showed that none of the Group's industrial or logistics sites is in a region under "extreme" or "high" water stress according to the "Overall water risk" indicator, which measures availability, quality and water-related dispute risks on an aggregate basis. In addition, 20 of the Group's industrial or logistics sites are located in regions exposed to a risk which is considered to be "low" or "low to medium". In the future, the Group will pay particular attention to the 12 industrial and logistics sites located in regions where the risk is considered to be "medium to high".

In this way, the Group is attentive to the preservation of water resources. Good practices aimed at reducing water consumption and recycling effluents have been introduced on the industrial sites. These are shared through eco-innovative projects (see p. 129).

Land use

Besides metal stamping (pressure cookers, frying pans and saucepans), surface treatments (non-stick) and the production of certain components that occupy less than 10% of the total industrial workforce, most of Groupe SEB's production involves assembly operations. Groupe SEB therefore believes it has no significant impact on or material use of land. In addition, where industrial restructuring resulted in plant closures, Groupe SEB ensured that sites were reclaimed in accordance with local legislation. Where appropriate or required by law, the Group conducts soil and sub-soil surveys, even though the majority of sites are not subject to any such compulsory assessments. Pollution studies carried out at sites that have been operational long term, confirmed that the Group's business does not have any notable impact on the soil and sub-soil.

WASTE

(ISO 14001 certified entities)

	2016	2015	2014
Non-hazardous waste (NHW) (a) *(in tons)*	21,203	20,112	22,121 (b)
Percentage of NHW recycled (a) *(as a %)*	68.8	73.2	69.6
Percentage of NHW used for energy (a) *(as a %)*	6.7	5.7	4.6
Production of Hazardous Waste – excluding waste oil, effluent and sludges *(in tons)*	1,421	1,429	1,506
Sludges produced by internal wastewater treatment plants *(in tons)*	3,945.0	4,343	4,080.0

(a) Excluding Oils, Metals and Sludges.
(b) Data updated to correct a calculation error.

In 2016, nearly 69% of the Group's non-hazardous waste was treated through recycling and 6.7% was used to produce energy. The Group also records its metal waste: 17,195 tons.

The quantity of non-hazardous waste grew by 5% in 2016, following work at the Supor site in Yuhuan and after production was increased at the Supor site in Shaoxing. The quantity of hazardous waste has stayed the same.

GREENHOUSE GAS EMISSIONS

Groupe SEB's sites and activities are not directly impacted by climate change given the nature of its current plants. The Group has set up a climate change-related risk assessment, however, and has all the necessary insurance to cover any financial consequences.

(ISO 14001 certified entities)

(in tons of CO_2 equivalent)	2016	2015	2014
Greenhouse gas emissions	229,728	239,911	234,780

Greenhouse gas emissions fell by 4% following a fall in electricity consumption at the Supor sites in Yuhuan, Hangzhou and Wuhan.

With regard to volatile organic compounds (VOCs), Groupe SEB regularly tests its emissions (which are relatively small in terms of volume) in order to treat and control these emissions. The Group has made significant investments, totaling several million euros, to improve the sites most concerned by VOCs (e.g. Rumilly). These investments aimed to treat emissions as well as to overhaul processes in order to very substantially reduce VOCs.

DISCHARGE INTO WATER

(ISO 14001 certified entities)

Chemical Oxygen Demand (COD) represents the amount of oxygen necessary to oxidize the organic matter and mineral content in a body of water. It is used to measure the degree of organic and chemical pollution of the water. In 2016, Groupe SEB emitted 317 metric tons of COD from its own wastewater treatment plants.

NOISE AND OTHER DISTURBANCES

At many sites, management of noise pollution must comply with regulations and any complaints in this regard must be managed in accordance with ISO 14001. Therefore, all certified sites have procedures in place to deal with complaints relating to noise. Furthermore, noise pollution, light pollution and odors from the Group's sites are insignificant given its operations.

BIODIVERSITY

Risk prevention is integral to the ISO 14001 certification process in order to preserve the ecological balance surrounding the sites. The sites define the procedure to be followed in the event of an incident and implement preventative measures, such as water reservoirs for extinguishing fires and pipe cut-off systems. Many sites feature retention systems underneath the tooling to prevent pollution from accidental spills.

Certain industrial sites have also launched local initiatives, especially in France, to promote biodiversity. The Is-sur-Tille site, for instance, created a flower meadow and installed a nesting tower for swallows in 2014. This tower was used by a colony of swallows as a place to give birth and set up a home in a place where they were not usually found. Between 50 and 150 hatchlings take flight from there each year. At the Group's new head office in Écully, a 300 m^2 conservation garden was created in 2016, in partnership with the Vavilov Institute (Saint Petersburg), the world's oldest plant gene bank. Groupe SEB decided to join the network of Vavilov gardens in line with its Sustainable Development commitment, particularly to contribute to maintaining biodiversity and developing healthy and sustainable eating. This garden is open to visitors to the site who can explore it independently thanks to explanatory signs.

ECO-LOGISTICS

The transport of products, as well as the raw materials and components used to make them, is the main source of greenhouse gas emissions within Groupe SEB, which clearly hopes to reduce them: it has set itself a target of reducing greenhouse gas emissions from transport per product sold by 20% by 2020 (reference year 2013). The target was reached at the end of 2016 with a 24% reduction in emissions per product sold compared with 2013. Reducing the carbon footprint is one of the main priorities of the eco-design guide. In addition, between 2013 and 2016, greenhouse gas emissions from product transport fell by 20%.

An initial assessment of greenhouse gas emissions related to transport was conducted by the Group in 2009 and its reliability is steadily improving. To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on two main areas: increasing the loading rate of transport units (trucks or containers) and developing new, low-impact transport methods as alternatives to road transport (river transport, rail, etc.).

Groupe SEB's Supply Chain department oversees the Group's eco-logistics policy and strategy. Its eco-logistics unit coordinates all actions, in France and internationally, and consolidates annual data using the Tennaxia sustainable development reporting system. It relies on the logistics managers of the plants and commercial subsidiaries in carrying out this work. In conjunction with the Purchasing teams, the eco-logistics unit also monitors haulage firms (inserting social and environmental clauses into Purchasing contracts, requesting CO_2 and alternative transport reports each month, setting up sustainable development systems within the company, etc.) and encourages the use of alternatives to road transport to cut the Group's CO_2 emissions from product transport.

Since 2005, Groupe SEB has also been part of the Club Déméter, alongside distributors, logistics partners, manufacturers and public bodies such as **Ademe** [(1)]**, the University of Aix-Marseille and Mines Paris**. It is the Club's Vice-president. As a place in which to share thoughts and experiences, the aim of this club is to promote environmentally-friendly logistics and to implement operational solutions designed to reduce environmental impacts. Work topics in 2016 included: optimization of rail flows and pooling of means of transportation and logistics platforms between contractors.

3

GREENHOUSE GAS EMISSIONS

(Worldwide)

(in tons of CO2 equivalen,)	2016	2015	2014
Average value of greenhouse gas emissions	202,764	195,295	240,370*

** Data updated to correct a calculation error*

The flows concerned in the calculation of greenhouse gas emissions are:

- transport of components and raw materials between Tier 1 suppliers and the manufacturing site if this belongs to Groupe SEB;
- transport of finished products between Tier 1 suppliers and warehouses of Groupe SEB subsidiaries;
- transport of the finished product between its manufacturing site and the subsidiary's warehouse;
- distribution from the subsidiary's warehouse to the client's delivery address.

All modes of transport are included: road, rail, sea, river and air.

Each year, a new audit is carried out and the Supply Chain department seeks to expand the calculation scope for CO_2 emissions to cover new countries. The share of extrapolated emissions is therefore steadily declining.

In 2016, Groupe SEB emitted 202,764 tons of CO_2 equivalent; 28% from maritime transport, 48% from road transport, 18% from distribution and 6% from air transport.

Emissions from maritime transport decreased by 11% in 2016 thanks to the development of container ships that emit less and less CO_2, leading haulage firms to revise their carbon emission calculation methods.

LOADING TRANSPORT UNITS

To reduce CO_2 emissions from the transport of products and components, the Group continues to improve the loading rate of transport units. It makes particular use of the **EffyPACK** (which stands for PACKaging system for supply chain EFFiciencY) approach, which optimizes packaging dimensions according to pallet size. For example, it only took cutting a few centimeters off the Fresh Express packaging (in 2014) to increase the number of products per pallet by 50%. At the end of 2015, the Group decided to push the EffyPACK logic further by reducing, as far as possible, the **percentage of empty space inside the packaging**. A tool was created in 2016 to measure this empty space and, since January 1, 2017, this parameter has been incorporated within the product design/development process. Transporting less empty space means emitting less CO_2 while cutting costs. Three training sessions have been organized to present the tool to the relevant teams (R&D, design and quality) using an e-learning module. Around fifty people have already been trained in France and China.

(1) French Agency for the Environment and Energy Management.

	2016	2015	2014
Container loading rate	85%	85%	85%
Truck loading rate (intergroup shipments) *	65%	63%	63%

* *Intergroup shipments refer to shipments from plants to consolidation platforms (Rumilly P2 and Mions) or subsidiaries' warehouses, as well as to shipments between consolidation platforms and subsidiaries' warehouses.*

Containers departing from China have a loading rate of 84.3%, which is stable compared with 2015. Containers departing from Europe have a loading rate of 88.2%, slightly up on 2015 (+0.2%). These performances are close to the optimum for maritime transport.

SELECTING AND ORGANIZING MODES OF TRANSPORT

The Group also fosters research into transportation solutions with a lower environmental impact. For long distances, primarily departing from China, the maritime route emits the lowest levels of CO_2 and is the least costly. Emissions have also been improved by the use of new high-performance container ships: in 15 years, they have cut CO_2 emissions per ton transported by half.

In other cases (pre- and post-shipments to/from ports, transport between the Group's plants and platforms or those of its subsidiaries), the Group prioritizes **non-road transport, meaning transport by rail and river**. In the future, road transport must become the exception rather than the rule. To improve the oversight of this initiative, the Group created a **tracking chart** to monitor the percentage of non-road transport for pre- and post-shipment to/from ports. For each entity (plant, warehouse, commercial subsidiary etc.), changes in this percentage have a two-fold impact in terms of cost and CO_2 emissions. This dashboard chart, which was begun in 2015, was extended in 2016 to all the European entities and is currently being introduced on the other Continents. In Europe, the non-road transport rate is rising significantly, reaching 43% in 2016. In Germany, for instance, the review of the transporting of containers from the port of Hamburg to the Duisburg platform resulted in all of the traffic being switched from road to rail: instead of arriving in Hamburg then being transported to Duisburg by road (330 km), containers now arrive in Rotterdam and travel by rail to the platform (120 km). Results: 98% fewer CO_2 emissions, at a lower cost (-41%). An operation of the same type was completed in the UK, and in Spain the previous year. In France, Groupe SEB has had the "MedLink Port" label since 2015. This distinction is given to the biggest users of the river route (the Rhône) departing from the port of Fos (Groupe SEB is in the top 3).

In 2015, the Group also conducted tests on rail transport between China and Europe. The objective is to be able to use this solution rather than using air travel in the event of urgent demand for supplies. Transport by rail cuts the maritime freight time by almost half, which is often enough, and savings in terms of cost and carbon footprint are extremely favorable (CO_2 emissions down by 98%).

The Group also optimizes the organization of transport flows, for example, by developing **direct shipments** from its plants to commercial subsidiaries, without passing through redistribution platforms. In 2016, these direct shipments (departing from France) accounted for 21% of the shipments carried out, resulting in a 13% increase in savings and a 15% fall in CO_2 emissions (compared with 2015).

PRODUCT END OF LIFE

In Europe, the collection and processing of small electrical appliances are managed by national **eco-organizations**. Groupe SEB is especially involved in this endeavor in France, as part of Éco-Systèmes, the country's largest eco-organization for WEEEs.

Still, frying pans, saucepans and stew pots have as yet no specific process set up for them. Since 2012, Groupe SEB France has worked with Éco-Systèmes and the major distributors to set up a **recycling chain for end-of-life cookware**: consumers are asked to deposit their old products in stores, for a discount voucher. The products are then sorted and a sufficient quantity of raw material is recycled. 1,280 hypermarkets participated in this initiative in 2016. Since 2012, 870,000 items of cookware have been collected, then recycled, as a result of these operations. This initiative won Groupe SEB the 2015 Grand Prix for Responsible Consumer Industries organized by the ESSEC Business School in the Resource Management category. Other countries have been implementing these types of initiatives for several years now. In the Netherlands, for example, more than four times as many items of end-of-life cookware were collected in 2015 than in 2014, with major involvement on the part of distributors committed to this initiative. 2016 saw similar operations organized in Belgium and the Nordic countries. In Asia, Thailand has also been moving in this direction since 2013. In that country, products collected were turned over to a local association that manufactures prostheses (artificial legs) largely made of aluminum.

In 2015 in the USA, All-Clad launched an innovative initiative to give its pans, known for their extreme longevity, a second life. Pans are reconditioned and offered to chef customers at half the price of new pans (see p. 126).

INFORMATION SYSTEMS

Groupe SEB is developing an eco-responsible IT policy based on the 72 Green IT good practices benchmark drafted by the collaborative platform Opquast (Open Quality Standards). Its activities in this regard strive to make progress on three fronts:

- reducing the number of printers in service and the consumption of paper. In Europe the decrease in the number of printers in service and the widespread use of shared multi-functional machines enabled us to avoid printing nearly 4.8 million pages over three years (2013 to 2015). This program, conducted with Xerox, was extended to Brazil in 2015 and the roll out of the model to other subsidiaries is being explored;
- incorporating sustainability criteria in the purchasing of hardware and see that it is properly processed at end of life. In France, computers and telephones at end of life have since 2012 been given to the company Dataserv, which calls on companies working in the protected sector to dismantle the products;
- facilitating collaboration among Groupe SEB employees by offering alternatives to travel. The use of Lync/Skype instant communication software had a significant effect on reducing travel in 2016, allowing the holding of 5,700 meetings on average each month and more than 400,000 one-to-one connections (up 30% compared with 2015 in both cases). The new videoconferencing system, installed in 2015, recorded an average of 186 video conferences a month (13% increase in average length: 1 hr 50 min).

3.10. Report by one of the statutory auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information included in the management report

FOR THE YEAR ENDED 31 DECEMBER 2016

To the shareholders,

In our capacity as statutory auditor of SEB S.A., appointed as an independent third party and certified by COFRAC under number 3-1060 [(1)], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2016, included in the management report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board is responsible for preparing a company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the "Guidelines"), summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);

Our work involved three persons and was conducted between November 2016 and March 2017 during a 6 week period.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000 [(2)] concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 3.4 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

As mentioned in the methodological information, the CSR Information presented in this report covers the consolidated undertaking, i.e., the company, its subsidiaries and controlled entities. It does not concern the company alone, as specified by law, since the company deems that this presentation provides more meaningful information.

2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of our work

We conducted 70 interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (detailed in appendix):

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us (1) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample 38% of quantitative social information, 92% of the corporate sponsorship spending and between 20% and 50% of quantitative environmental data.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part in the light of good professional standards set out in the Global Reporting Initiative.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, 29 March 2017

One of the statutory auditors
PricewaterhouseCoopers Audit

Nicolas Brunetaud	Sylvain Lambert
Partner	Corporate Social Responsibility department Partner

(1) *Selected sites: Campus SEB Écully (CALOR SAS, SEB Developpement SAS, Groupe SEB France SAS), Omegna (Lagostina SPA), Selongey (SAS SEB), Pont-Evêque (Calor SAS), Cajica (GS Colombia), Rio Negro (GS Colombia), Shaoxing (Supor China) et Yuhuan (Supor China).*

APPENDIX: LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

SOCIAL PERFORMANCE INDICATORS

- Total workforce and breakdown by gender and geographical region, including indicators of changes in employees by geographical region, breakdown by type of contract (excluding trainees) and breakdown of men/women by category.
- Hires and redundancies.
- Absenteeism, including absenteeism rate.
- Organization of employee-management dialogue, including an indicator of collective bargaining agreements.
- Workplace health and safety conditions.
- Workplace accidents, in particular their frequency and severity, and occupational diseases.
- Training policies, including an indicator of the number of staff trained (men and women).
- Number of training hours.
- Respect for freedom of association and the right to collective bargaining.
- Elimination of discrimination in employment and occupation.
- Elimination of forced labor.

CORPORATE RESPONSIBILITY INDICATORS

- Conditions of dialogue with stakeholders (notably the Group materiality matrix with regard to the Global Reporting Initiative principles).
- Corporate partnership or sponsorship actions, including an indicator of total corporate philanthropy spending.
- Inclusion of social and environmental criteria in the procurement policy.
- Extent of sub-contracting and consideration of the corporate responsibility of suppliers and contractors in dealings with them.
- Measures taken in favor of consumer health and safety.

ENVIRONMENTAL PERFORMANCE INDICATORS

- Company organization to address environmental issues.
- Resources allocated to prevent environmental risks and pollution.
- Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment.
- Water consumption and supply according to local constraints, including an indicator of city water and pumping station water consumption.
- Measures to prevent, recycle and dispose of waste, including indicators of non-hazardous waste (NHW), percentage of NHW recycled, percentage of NHW recovered for energy, production of hazardous waste (excluding waste oil, effluent and sludge) and sludge produced by internal purification plants.
- Energy consumption, measures taken to improve energy efficiency and use of renewable energy, including indicators of total electricity consumption and total natural gas consumption.
- Greenhouse gas emissions and significant polluting activity, in particular by the use of products and services (manufacturing and eco-logistics).

4

Commentary on the financial year

4.1. 2016 Highlights

GENERAL ENVIRONMENT

The business environment was complex in 2016, characterized by mixed trends and volatility: political and economic uncertainties (Brexit, the US elections, general climate in Brazil, the migrant crisis in Europe, etc.), terrorism, highly volatile currencies, rising crude oil and raw materials prices at year-end, etc.

In this context, the Small Domestic Equipment market performed well overall: resilience in distressed economies and firm development in stronger markets.

In more mature countries, the Small Domestic Equipment market was driven by innovation and by moving upmarket. This was particularly the case in Europe where, after two years of brisk growth, demand still trended positively in 2016, though at a slower pace and with a significant downturn in the United Kingdom.

In emerging countries, as in 2015, currency trends continued to be decisive, particularly in Latin America, Turkey, or in Egypt. In local markets, performances for Small Domestic Equipment were mixed: relatively resilient demand in Brazil despite challenging market conditions, growth in Colombia but experiencing a slowdown at year-end; in Turkey consumption remained positive despite the attempted coup and the attacks. In Russia, firmer crude oil prices fuelled a gradual upturn in consumer spending and the market, especially from the summer onwards. Finally, in China, the Small Domestic Equipment market continued to develop, driven by the growing purchasing power of an expanding middle-class, urbanization, retailers' territorial expansion and, above all, ever and exponentially growing online sales. These same factors constitute the mainsprings of development for the Small Domestic Equipment industry in most emerging countries.

Mirroring the diversity of regional markets, the performances for the Small Domestic Equipment market by product category were also uneven: growth for electrical cooking appliances (with rice cookers and electric pressure cookers continuing to drive sales in China), for floor care (further strong dynamic for vacuum cleaners), fans (linked to weather conditions), beverage makers and cookware; more moderate gains for food preparation products; a marginal decline for linen care despite gains by garment steamers.

As in previous years, the Small Domestic Equipment market remained highly competitive and discount-driven, particularly in countries that were hit the hardest economically.

CURRENCIES

Currency markets showed again a sharp volatility in 2016 with exchange rates fluctuating strongly. The changes cited below are based on 2016 average exchange rates relative to the euro as compared to 2015.

It should be noted that the Group has short positions in the US dollar and the Chinese yuan meaning that its costs in both these currencies exceed revenues. As a result, their appreciation, in contrast to other currencies, has an adverse effect and impacts Group profitability. In 2016, after rising significantly, the US dollar stabilized versus the euro and the Chinese yuan declined marginally (-4.8%).

For "long" currencies (i.e., where the Group's revenues are higher than its costs) the downtrend was sharp since most of the Group's major currencies depreciated in relation to the euro in 2016: the pound sterling, with the drop accelerating after the Brexit vote (-5,2%), south American pesos (Mexican -14.9%, Colombian -8.4%, Argentinian -37.7%), the Turkish pound (-9.4%), the ruble (-5.1%), the Ukrainian hryvnia (-11.4%) the Egyptian pound (-17%).

These exchange rate fluctuations had a significant impact on the Group's performance and resulted in a combined negative effect on sales of €122 million in 2016 (compared to +€149 million in 2015 and -€132 in 2014).

The currency effect was also negative, at €122 million for the 2016 Operating Result from Activity. As always, the Group took countermeasures to preserve the profitability of concerned local subsidiaries (price increases, tight cost controls, etc.). As in 2015, these measures more than offset the adverse effects from Forex.

The challenges created by exchange rate fluctuations (both in terms of transaction and translation) have encouraged the Group for several years to implement hedging strategies to limit its risk.

RAW MATERIALS

The Group is exposed to fluctuations in the price of certain raw materials, including metals such as aluminium, nickel (used in stainless steel) and copper. It is also exposed to price changes in plastics used in the manufacture of small domestic appliances. These exposures are direct (for in-house production), or indirect if the manufacturing of the product is outsourced to subcontractors.

Following a significantly bearish 2015, commodity prices continued to retreat in 2016, although experiencing a sharp recovery at year-end. As a result, aluminium prices declined on average 4% compared with 2015 (average price of $1,600 per tonne in 2016 versus $1,660 per tonne the previous year). In what was a highly volatile market, copper also fell by around 11% on average, with an average price of $4,860 per tonne in 2016 versus $5,490 in 2015. Finally, following a collapse in nickel prices in 2015 (-46% on average), 2016 saw the market recover, although the average price of $9,600 per tonne was still markedly below the 2015 average ($11,800). It should be reminded, nonetheless, that to smooth out the effect of these variations, the Group has implemented a hedging policy for a significant portion of its metal needs.

Oil, which declined sharply in 2015 and hit a low of sub-$30 in mid-January, recovered throughout 2016, with a marked pick up at end-November that enabled it to close the year at $57. The average price over the year was nevertheless $45, relatively close to 2015. In parallel, plastic raw material prices (polypropylene in particular) were highly volatile in 2016 although tending to trend up on the whole, moving in tandem with oil price. As in 2015, the prices of outsourced finished products fell in 2016, on the back of i) the weakening of the Chinese yuan against the dollar and the euro, ii) the ongoing improvement in the Group's purchasing terms and iii) increased productivity gains by the suppliers. Freight rates (both sea and road), after hitting lows in 2016, rose, following capacity reductions and limitations on shipping loads.

APPOINTMENTS TO THE BOARD OF DIRECTORS

On 19 May 2016, the General Shareholders' Meeting of SEB S.A. approved the appointment of Jérôme Lescure as a member of the Board of Directors for a four-year term, to replace Jérôme Wittlin, whose term of office was ending. Jérôme Lescure has considerable expertise in the field of strategy and entrepreneurship and also excellent knowledge of Groupe SEB, how it operates and the challenges it faces, after having served as a director of SEB S.A. from 1994 to 2005.

The terms of office of Thierry de La Tour d'Artaise, VENELLE INVESTISSEMENT, represented by Damarys Braida and Fonds Stratégique de Participation, represented by Catherine Pourre, expiring at the at the end of this Shareholders' Meeting, were renewed for another four years.

A YEAR OF STRATEGIC ACQUISITIONS

FURTHER INCREASE IN OWNERSHIP IN SUPOR

In accordance with the terms of the agreement signed at the end of 2015 with Supor Group, the Su family's holding company, Groupe SEB acquired 50 million shares of Supor or 7.91% of the capital at the price of CNY 29 per share, for a total transaction cost of CNY 1.45 billion, equal to €196 million. This transaction was approved by the Chinese authorities.

Groupe SEB now holds 81.17% of the company. The remaining balance represents the free float. The Group does not plan to acquire full control of Supor, which will remain listed on the Shenzhen stock market.

This increased capital interest does not change Groupe SEB's effective control over Supor but confirms the Group's confidence in Supor's potential for continuing expansion in the Chinese domestic market and for strengthening its strategic role in the Group's industrial footprint.

EMSA ACQUISITION

Groupe SEB completed the acquisition of EMSA in June. Founded in 1949, this German company is specialized in the design, manufacture and distribution of kitchen utensils and accessories. The company's core business is focused on three categories: thermo jugs and carafes; kitchen tools and utensils; and food storage containers. EMSA's product offering relies on innovation and quality, combining functionality and design.

Production is carried out at three industrial sites in Germany, China and Vietnam. A well-known brand in German-speaking countries, EMSA primarily covers the core-range segment and boasts strong positions in Germany in thermoware and food storage containers, where it is the market leader (not considering doorstep sales). EMSA also operates in the rest of Europe and the Middle-East.

EMSA reported €85 million in sales in 2016. The company was consolidated by Groupe SEB as from 1 July.

WMF ACQUISITION

Groupe SEB announced its intention to acquire the German group WMF on 24 May 2016. This acquisition was approved by European competition authorities on 22 November 2016 and finalized by Groupe SEB on 30 November 2016.

Founded in 1853, WMF operates three major business lines: professional coffee machines, Small Domestic Equipment (cookware and small electrical appliances) and equipment for the hotel industry. The undisputed world leader in the automatic professional coffee machine sector with a 28% market share, WMF also has a strong cookware leadership in Germany with 20% of the market.

Through this strategic acquisition, Groupe SEB:

- acquires a solid worldwide leadership in the very attractive professional coffee machines market characterized by strong growth, high profitability and significant recurring revenue reflecting important contributions from after-sales operations;
- considerably strengthens its position in cookware by becoming the number one in Germany, notably through its high-end stainless steel product range;
- accelerate its development, following EMSA's acquisition, in the strategic kitchen utensils and accessories market, with a revenue target of more than €350 million;
- consolidates its portfolio by adding strong new brands including iconic WMF as well as Schaerer, Silit, Kaiser and HEPP;
- accesses a network of 200 outlets in Germany providing a powerful vehicle for promoting its image and generating revenue.

The acquisition was executed based on a €1,585 million enterprise value as of 31 December 2015, the assumption of €125 million in pension liabilities on the same date and a €70 million payment to the seller in compensation for Groupe SEB retaining WMF's results from 1 January 2016. This acquisition was entirely financed by debt. The refinancing of the bridge loan set up for that purpose was completed on 12 December 2016 and relies on innovative and diversified instruments at very attractive rates.

In 2016, WMF had proforma revenue of €1,100 million (€1,062 million in 2015) for an adjusted EBITDA of €128 million (€118 million in 2015).

FINANCING

A €150 MILLION CONVERTIBLE BOND ISSUE

In November 2016, Groupe SEB successfully placed its convertible bond offering (ORNAEs or bonds redeemable in cash and/or for existing shares), due in November 2021 for a nominal amount of €150 million.

These bonds entitle their holders, under certain conditions, to receive existing SEB shares at a ratio of one share per bond (subject to subsequent adjustments, as applicable). The Bonds will bear no interest and were issued on 17 November 2016 at 102.125% of par, corresponding to an annual gross yield to maturity of -0.42%. The Bonds will be redeemed at par on 17 November 2021. These Bonds were priced at a nominal value of €181.62 representing an exchange premium of €42.50 in relation to the SEB share price of reference on the regulated market of Euronext Paris.

This issue will not entail any dilution for shareholders of the Company and the proceeds will be used to partially refinance the acquisition of WMF.

ISSUE OF A NEW €800 MILLION SCHULDSCHEIN PRIVATE BOND PLACEMENT

As part of its program to refinance the acquisition of WMF, in December 2016 Groupe SEB proceeded with a new Schuldschein (private placement regulated by German law). From an amount initially targeted at between €300 and €500 million, the placement was increased to €800 million due to very high oversubscription. This €800 million issue has been split into 4 tranches, of 3, 5, 7 and 10 years to optimize the Group's debt profile. The highly attractive financing cost will be significantly lower than 1.5%.

This placement is the most significant Schuldschein ever by a French issuer.

SEB SHARES INCLUDED IN THE FTSE4Good INDEX

In September 2016, the SEB share was included in the FTSE4Good international stock market index which recognizes the world's top-performing companies in terms of their sustainable development policy (including environmental commitments, social practices and governance).

Its inclusion within an index which represents a global benchmark constitutes a new step for Groupe SEB, after joining Vigeo indexes (Europe 120 and Eurozone 120) and the Forum Ethibel (Pioneer and Excellence investment fund labels). It also reflects a responsible approach for creating value over the long-term for the benefit of all stakeholders while improving the Group's visibility within the international investment community.

60th ANNIVERSARY OF TEFAL, THE GROUP'S ICONIC BRAND

Created in 1956, the Tefal brand celebrated its 60th anniversary this year. To mark these 60 years of innovation serving improvement in everyday lives in the home, an important communication initiative was organized: major in-store advertizing and marketing campaigns in more than 20 countries, creation of a special brand anniversary website, open days at the Rumilly site (France) with exhibitions and festivities to reward the efforts of employees.

NEW HEADQUARTERS IN ECULLY, FRANCE

The Group has experienced rapid growth since the early 2000s. To respond to an increased workforce, a rising need for synergies across the different entities and the modernization of infrastructures, the Executive Management has set up a new head office in Ecully in Techlid, Lyon's western economic hub.

Located on 15 acres (6 hectares) of land, the SEB Campus is organized around a modern and innovative office complex specifically designed to optimize workplace efficiency and employees' quality of life. Substantial work was thus carried out for the layout of space and workstation ergonomics. This included open offices, collaborative work areas and concentration workspaces.

The site also hosts the SEBLab, an experimental fablab, devoted to creativity and materialization, as well as a digital room exemplifying the acceleration of the Group's digital transformation.

As a venue promoting well-being at work and exchange between employees, the Campus also has a meeting hall, several meal areas, a concierge service, a gym, etc. set within an agreeable and landscaped environment.

The SEB Campus faithfully reflects the Group's corporate social responsibility commitment by integrating (starting from its very construction) a set of rigorous environmental and social standards: materials, energy efficiency, increased thermal performance, respecting biodiversity, local partnerships, social integration clauses, etc.

REORGANIZATION IN BRAZIL

Groupe SEB has been operating in Brazil since 1997 with three manufacturing sites, including the Mooca site for small electrical appliances.

The level of productivity of the historic plant of Mooca, today located at the heart of the São Paulo megalopolis, is currently below Group standards. In addition, it is subject to substantial logistics constraints. For these reasons, the Group has decided to transfer the production for small electrical appliances (which was until then in this plant) to a new facility in Itatiaia located in the south of the state of Rio de Janeiro.

This transfer will be carried out in several phases: it began in November 2016 for the iron production line and will continue until October 2017. True to its commitments as a socially responsible employer, Groupe SEB has taken measures to support the personnel concerned by this transfer.

The new production facility in Itatiaia is located in a fast-growing industrial area with a design that is fully in line with the Group's industrial and environmental standards. A new logistics center is located nearby and is already contributing to optimizing customer service across Brazil's entire South Region.

This project highlights the Group's commitment to modernize its manufacturing base in a country where economic conditions remain very challenging and the foreign exchange environment calls for significant gains in productivity.

AWARDS FOR GROUPE SEB

Groupe SEB received a wide variety of awards:

GROUPE SEB WON THE CSR GRAND PRIX AT THE RESPONSIBLE CONSUMPTION AWARDS ORGANIZED BY THE ESSEC BUSINESS SCHOOL

On 1 February 2017, for the second time in a row, Groupe SEB was awarded the CSR (Corporate Social Responsibility) Grand Prix at the Responsible Consumption Awards organized by the ESSEC Business School. Launched at the behest of ESSEC's Chair of Fast-Moving Consumer Goods, this award was organized in partnership with the French Ministry of the Economy, Industry and Digital Sector. In this category, the Group was rewarded by the jury for its engagement to ensure that its products remain repairable for a period of 10 years. In addition to this prize, it was the quality of all the projects submitted by the Group that allowed it to win the CSR Grand Prix.

GOLDEN TOP/COM FOR THE "10 YEAR REPAIRABLE PRODUCT" COMMUNICATION CAMPAIGN

The "10-year repairable product" campaign received the TOP/COM top prize at the ceremony held on 24 November 2016 at the Cirque d'Hiver Bouglione in Paris. The TOP/COM Awards ceremony is held every year to recognize the best communication projects developed by companies and their agencies.

This prize was awarded to the Group and its agency, Kingcom, in the "Media Relations and Public Relations" category at the 30th "Communication et Entreprises" Grands Prix.

TOP/COM HEC MARKETING AUDACITY PRIZE FOR THE ANTIWASTE STRATEGY

Every year the French business school, HEC grants the TOP/COM HEC Marketing Audacity prize to a company or organization having demonstrated its ability to take a risk in its marketing approach (product, positioning, innovation, targeting, etc.) while at the same time proposing significant added value to the consumer or citizen.

This year in October 2016, SEB was recognized for its "anti-waste" strategy. This award acknowledges the Group's numerous initiatives in this area: short-term rental for small appliances with the Eurêcook service, repair workshops in "Repair coffee shops" (more than 6,500 certified repair service professionals throughout the world, including 250 in France), lower prices for replacement parts, maintaining an inventory for 10 years of all replacement parts for Seb, Rowenta, Moulinex, Krups, Calor and Tefal brands…

NATIONAL CORPORATE CITIZENSHIP AWARD GRANTED TO FONDS GROUPE SEB

On 26 April 2016, Groupe SEB's endowment fund received the jury's special prize for the 2015-2016 National Corporate Citizenship Award in the "Large Companies" category. This Award recognizes the fund's partnership with the non-profit *Agence du Don en Nature* and its commitment in favor of disadvantaged persons by distributing unsold products.

29 companies participated in this event and the jury that included leading economic and social figures granted eight different awards. Created by César Consulting and the ARINC Group in 2007, this annual award, under the auspices of the French Senate, rewards companies for their exemplary actions in the general interest and citizenship.

FACTORY OF THE YEAR AWARD FOR THE PONT-EVÊQUE PLANT

This award given every year recognizes the top performing industrial sites in France, regardless of their size or sector of activity.

In June 2016, the Pont-Evêque site of Groupe SEB received the Factory of the Year Award for 2016 (1), granted by Groupe Industries Services Info, a French trade magazine publisher (L'Usine Nouvelle, Industrie et Technologie).

The jury rewarded the Pont-Evêque site's production system. This system was rolled out as part of the operational excellence program throughout the entire Group combining health and performance and organized into projects to create a common platform for several products and brands. This is supplemented by a system for delayed differentiation, employee development, versatility, ergonomics and managerial skills. This contributed to improve productivity, quality, speed in processing orders as well as working conditions.

AWARD FOR THE BEST GENERAL MEETING OF THE SBF 120 INDEX

On 1 December 2016, Groupe SEB was awarded the Bronze Prize for the Best General Meeting for SBF 120 companies at the Best Investor Relations Awards held at Palais Brongniart in Paris.

Organized by the French weekly Le Revenu, these prizes recognize companies with the best investor/shareholder communications based on surveys carried out over the entire year.

The Group also received prizes in the categories for:

- ♥♥ "Best Shareholder Services" (March);
- ♥♥♥ "Best websites of listed companies" (October).

BEST INVENSTOR RELATIONS BY A CEO/CHAIRMAN AWARD

On 5 December 2016, Thierry de La Tour d'Artaise, Chairman-CEO of Groupe SEB, received the award for Best Investor Relations by a CEO during the Forum IR, the annual French event for investor relations professionals organized under the sponsorship of Euronext, SFAF (the French society of financial analysts), the AFG, CLIFF, Middlenext and the IFA. The awards are given on the basis of answers to a questionnaire sent to around 2,000 French and international analysts and managers. The expert jury then decides on the prize winners.

This is the sixth time in nine editions that Groupe SEB's Financial Communications and Investor Relations were recognized by these awards, after receiving the Gold Prize in 2009 and 2015 and the Silver Prize in 2010, 2012 and 2013.

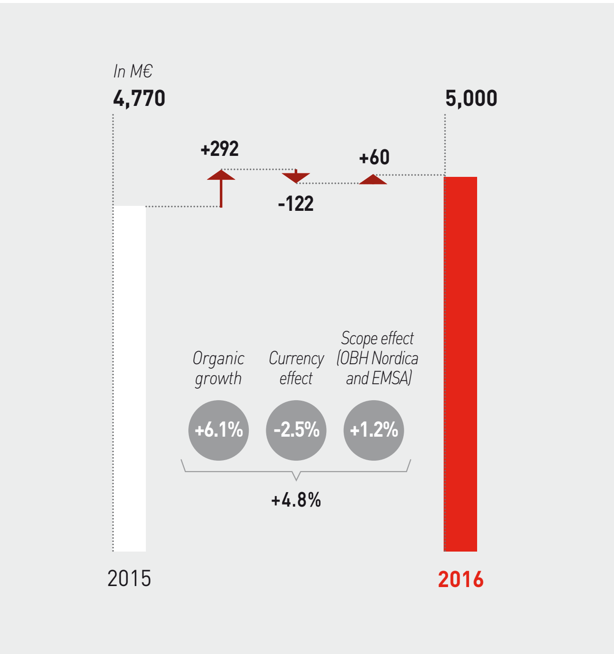
(1) Tied with Agco.

4.2. Commentary on consolidated sales

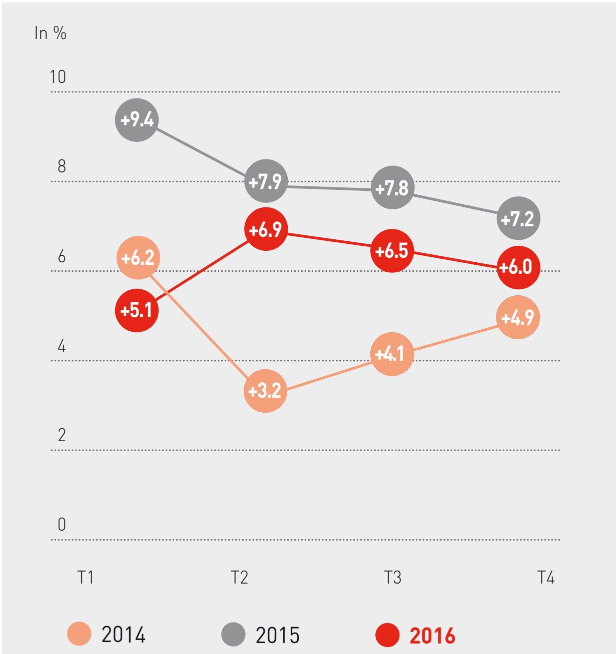
Sales *(in € millions)*	2016	2015	Change (based on exact figures, not rounded) As reported	Like-for-like
EMEA	**2,495**	**2,344**	**+6.4%**	**+5.6%**
Western Europe	1,834	1,736	+5.6%	+3.1%
Other countries	661	608	+8.7%	+12.7%
AMERICAS	**919**	**973**	**-5.5%**	**-1.8%**
North America	564	599	-5.9%	-4.0%
South America	355	374	-5.0%	+1.8%
ASIA	**1,586**	**1,453**	**+9.2%**	**+12.3%**
China	1,122	1,020	+10.0%	+15.4%
Other Asian countries	464	433	+7.1%	+4.8%
TOTAL	**5,000**	**4,770**	**+4.8%**	**+6.1%**

Sales *(in € millions)*	Q4 2016	Q4 2015	Change (based on exact figures, not rounded) As reported	Like-for-like
EMEA	**910**	**858**	**+6.0%**	**+4.8%**
Western Europe	687	669	+2.7%	+0.7%
Other countries	223	189	+17.7%	+19.5%
AMERICAS	**301**	**291**	**+3.4%**	**+0.1%**
North America	189	192	-1.9%	-1.5%
South America	112	99	+13.8%	+3.1%
ASIA	**421**	**380**	**+10.8%**	**+13.3%**
China	278	251	+10.9%	+17.1%
Other Asian countries	143	129	+10.5%	+6.0%
TOTAL	**1,632**	**1,529**	**+6.7%**	**+6.0%**

2015-2016 SALES GROWTH



ORGANIC GROWTH IN SALES BY QUARTER IN 2014, 2015 AND 2016



PRODUCT SALES PERFORMANCE

In 2016, just like in 2015, organic sales growth (6.1%) was driven by a strong product dynamic. All categories contributed to this robust sales performance:

- renewed double-digit growth in home care thanks to bagged cylinder vacuum cleaners, with particularly strong performances in Turkey, Germany and France, in addition to a major expansion in China. The Group is still benefiting from the lead taken regarding the implementation of the European regulation for vacuum cleaner performance labelling, particularly with the Silence Force 4A vacuum cleaner, which achieved very strong sales. In bagless vacuum cleaners, Silence Force Multicyclonic continued to make strides while Air Force stick vacuum cleaners maintained good momentum despite the very high base. The launch of the Steam&Clean vacuum cleaner proved promising, particularly in Southern Europe. These performances resulted in increased market share for the Group in Europe in this category;
- double-digit growth also in the home comfort business, driven by fans particularly in Brazil and Colombia (proven success of the Turbo Silencio, Repelente and Silence Force ranges) and by air purifiers, whose sales gained momentum in China in 2016;
- strong growth in electrical cooking with a number of very dynamic product families: growth picked up in electric pressure cookers in China and in multi-cookers, a category driven by the confirmed success of Cookeo and of its connected version Cookeo Connect, in France in particular, but also the very encouraging launch of the product in Japan and Australia. The rapid growth in sales of rice cookers continued in China, where innovation (steam, induction, spherical bowl models) remains a major growth driver for the family as a whole. Optigrill reaffirmed its geographic expansion, notably with major progress in Germany. The performance in deep fryers was more mixed;
- good momentum in beverage preparation with exceptional performances in kettles (China, Japan) and substantially increased market share, a sharp recovery in sales of Nespresso machines in Europe following a subdued 2015 and the continued ramp-up in the automatic espresso machines business, with special mentions for Germany, Poland and Russia. In contrast, sales of Dolce Gusto levelled off due to a high comparison base in Brazil and despite the good results in Europe;
- further growth in cookware on the back, just like in 2015, of increased sales in a host of countries (China, Japan, Korea, United Kingdom, Spain, Portugal, Poland, Turkey…), apart from North America where growth in All-Clad didn't offset the decline in T-fal (inventories at the start of the year, difficulties experienced by certain distributors…). The most buoyant categories were frying pans and saucepans (fixed and removable handles), woks and kitchen utensils and gadgets, which continue to be driven by the success of vacuum flasks and thermo mugs. Sales of pressure cookers were down year-on-year, despite a very satisfactory performance in China and a surge in sales at year-end;
- slight increase in sales in linen care, thanks to the rapid and ongoing ramp-up of the garment steamer segment, with major success in Japan, China and the United States in particular. Following the fall in 2015, the Group saw renewed growth in steam irons in 2016, while seeing a decline in steam generators, a market which is itself contracting;
- slight increase also in food preparation with mixed performances across product families: the Group performed very well in blenders (Colombia, successful launch in Mexico, rapid growth in sales of high speed blenders in China) and confirmed the success of Soup & Co/Easy Soup and Cuisine Companion (in Europe) cooking and heating food processors. Conversely sales of juicers, meat mincers, a standard product in the Russian market, and the Fresh Express slicer continued to decline;
- slight rise in personal care sales, largely driven by the Steampod professional hair straightener, designed in partnership with L'Oréal, which is enjoying increasing market success and reputation. Hair dryers also grew, notably on the back of a strong performance in South Korea, thanks to the successful switch of the Rowenta to the Tefal brand. The hair removal business, on the other hand, saw a decline.

GEOGRAPHICAL PERFORMANCE

Following 2015, 2016 continued to be affected by an uncertain and mixed environment as well as exchange rate volatility: strengthening of the dollar and the yen against the euro, depreciation of the pound sterling following the Brexit vote, and of most of the South American currencies, the yuan, and the Turkish lira.

Against this backdrop, Groupe SEB reached for the first time the €5 billion mark in sales, up 4.8% as reported and 6.1% on a like-for-like basis, excluding a currency effect of -€122 million and a scope effect of +€60 million (eight additional months for OBH Nordica, acquired in 2015, and six months for EMSA).

This performance is all the more remarkable considering the high comparatives of an excellent year in 2015 (organic growth of 8%). It should be noted that the acquisition of WMF, finalised on 30 November, is not consolidated in Groupe SEB's 2016 income statement.

EMEA

Western Europe

The European small electrical appliance market continued to trend positively overall in 2016, increasing, particularly in the first half, in most countries with the notable exception of the UK. The situation was more mixed in terms of product categories: growth in floor care, electrical cooking, beverage preparation and personal care against a downward trend in linen care and food preparation. The cookware market, down slightly year-on-year, was contrasted according to the time period and country and often linked to the loyalty program implementation. In this context, Group sales in Western Europe increased 5.6% in 2016, including a positive effect from the consolidation of 6 months of EMSA and an extra 8 months of OBH Nordica; at constant exchange rates and scope, sales were up 3.1%, following a 0.7% growth in the fourth quarter. These performances should be put into perspective with demanding comparatives in 2015, with organic growth of 7.7% for the year and 9.1% for the fourth quarter.

Group sales in France stood at €780 million, up 5.5% on 2015. The fourth quarter, up 4.1%, was driven by small electrical appliances and loyalty campaigns in cookware. Major contributors to the healthy core business in 2016 included Cookeo, which confirmed its impressive success both in regular and connected versions, vacuum cleaners (cylinders, stick and the newly launched Steam & Clean) along with the Cuisine Companion and Soup & Co cooking and heating food processors.

In other Western European countries, the Group posted a good year, although with contrasting performances from one country to the next. Sales grew considerably in Germany despite the end-of-year impact of the non-repeat of large loyalty programs. However, core business was excellent across practically all product categories, with confirmed strong momentum in vacuum cleaners, automatic espresso coffee makers, deep fryers and Optigrill, all bolstered by significant growth drivers. In Italy, at the end of a vigorous second half-year, driven by vacuum cleaners, ironing and a new special Cuisine Companion campaign, sales were up strongly in 2016. The same momentum was also to be seen in Spain. In the UK, in a market environment marked in the last few months by price increase announcements, the Group posted a sales drop in 2016 at constant exchange rate.

Other countries

In the other EMEA countries, the Group recorded very strong performances in 2016, improving as the year went on. After a fourth quarter ending with organic growth of 19.5%, up sharply on the third quarter (+13.1%), total sales for the year rose 12.7% like-for-like. As in the third quarter, this momentum was fuelled by the large markets, which continued to post double-digit growth.

This was notably the case in Poland and Southeastern Europe, where 2016 proved a record-setting year and one in which we considerably strengthened our market positions. In Russia, after two years of severe recession, the market began to recover from the summer onwards. Organic sales growth was around the 20% mark for the year, buoyed by sharply increasing volumes in almost all product families, an adapted pricing policy and a step up in growth drivers in store. This strong vitality was materialized in substantial increases in market share. The situation was much the same in Ukraine. In Turkey, despite the difficult environment and the continued depreciation of the Turkish lira, the Group achieved double-digit sales growth in local currency throughout the year, thanks in particular to major progress in vacuum cleaners, cookware and personal care. The momentum was largely driven by the substantial rise in online sales. In the Middle East and Egypt, business activity was highly positive in 2016, albeit marked by sharp volatility and by the massive devaluation of the Egyptian pound at the end of the year. In India, although business in the fourth-quarter was penalized by the withdrawal of large denomination bills, the Group ended the year with moderate organic growth.

AMERICAS

North America

The Group had something of a subdued year in this region in 2016. After a tough first half, business activity rather improved in the third quarter but unfortunately did not maintain that positive trend in the last three months. The 4% like-for-like decrease in sales should however be put into perspective with the high comparatives of 2015. In the United States, the downturn resulted from the combined impact of several unfavorable factors: inventory clearances and stock reductions at most retailers, the development of private labels, the adaptation of the Group’s sales policy to the financial difficulties of some customers and the non-repeat of certain 2015 promotional campaigns. The slowdown was mainly due to the T-fal core-range activity, while All-Clad enjoyed double-digit sales growth, fuelled by the extended distribution of its hard-anodized ranges, the development of the online business and the ongoing improvement in the competitiveness of the Canonsburg plant. Rowenta delivered a good year in ironing thanks in particular to the success of new irons and to the development of garment steamers.

In Canada, in a lacklustre environment and with a currency situation having led to price increases, the Group had a contrasted year. A substantial fall in sales in the first half-year was followed by slight growth in the second (owing notably to ironing and Actifry), the latter failing though to offset the shortfall recorded at end-June. In Mexico, despite the price increases made to offset peso depreciation, business activity excluding loyalty programs was highly satisfactory, both in cookware, all families combined, and in small electrical appliances, with a special mention going to linen care, filter coffee makers and kettles, as well as the successful launch of blenders, the largest segment in the market.

South America

In a tense environment, overall, ill-conducive to consumption and marked by the sharp depreciation of practically all the continent’s currencies, the Group ended 2016 with organic growth of 1.8%, including 3.1% in the fourth quarter. The increase comprised disparate performances according to country and period.

In Brazil, the lasting deteriorated economic context was reflected in major inventory clearances by retailers and an increase in promotional deals to limit the effect of price rises. Group activity ultimately proved resilient, with the end of the year benefiting from better weather conditions, favorable to sales of fans, and from strong momentum in linen care, driven by semi-automatic washing machines. But revenue continued to suffer from the high and outstanding comparatives of Dolce Gusto in 2015 and to decrease in cookware. The current reorganization, notably based on the gradual transfer (already well under way) of small electrical appliance production from the historic Sao Paolo site to a newly built plant in Itatiaia in Rio de Janeiro State, is going according to plan. On that matter, on 16 February 2017, the Group announced that it was planning to also transfer the cookware production - currently based in Sao Bernardo in the agglomeration of Sao Paulo - to the new Itatiaia site with the same objective of improving competitiveness.

In Colombia, after a third quarter disrupted by the summer transport strikes, the last three months of the year saw a return to growth on a like-for-like basis amid an economic environment that has nonetheless lost some of its former vitality. Major contributors to performance included blenders (Infini Force), pressure cookers and kitchen tools whereas fan business was penalized by unfavorable weather conditions. Lastly, the Group posted a good year in Argentina, against a backdrop marked by major political and regulatory changes.

ASIA

China

In a small household equipment market where growth continues to be mainly driven by online sales, Supor confirmed its excellent performance in the fourth quarter with organic sales growth of over 17%. The increase was driven by all cookware and kitchen tool categories (woks, pressure cookers, frying pans and saucepans, thermal cups) and by all small kitchen electrics (rice cookers, electric pressure cookers, kettles, high-speed blenders) apart from soy milk makers, which overall market is down significantly. At the same time, while still playing a minor role in Supor business activity, sales of air purifiers, vacuum cleaners, irons and garment steamers started to show encouraging dynamics.

As in 2015, growth was fuelled by a strong product dynamic based on innovation, by the pursuit of territorial expansion with new increases in points of sale, and by strengthened advertizing and marketing investments both in physical retail and e-commerce.

Other Asian countries

Group activity in this region was robust throughout the year, underpinned by excellent performances in large mature markets, which more than offset declines in a few emerging countries. After a dynamic third quarter, growth remained strong at the end of the year. In Japan, sales rose strongly in 2016. Consumption climate was less favorable in the fourth quarter but the lead acquired in cookware and kettles, together with the successful deployment of garment steamer models and the promising launch of the Cook4me pressure multi-cooker, led to a strengthening of our positions in the market segments concerned. In South Korea, despite the recent delicate environment, the Group enjoyed an excellent year, posting solid increases in almost all product families, capitalizing on the switch of the Rowenta to the Tefal brand, and investing substantially in growth drivers. Performance was also very satisfactory in Australia, with powerful momentum at the end of the year fuelled by cookware, Cook4me, and ironing (irons and garment steamers). The fourth quarter also saw a turnaround in Thailand, where consumption was resurgent, and in Vietnam, where the fan season was good overall.

4.3. Commentary on the consolidated results

INCOME STATEMENT

OPERATING RESULT FROM ACTIVITY

The Group reported record Operating Result from Activity (ORfA) in 2016, at €505 million, up 18% compared to 2015. As in 2015, ORfA comprises a substantial negative currency effect of €122 million, as anticipated, stemming from numerous currencies including the dollar, ruble, Turkish lira, South American currencies, pound sterling, and more recently the Egyptian pound. On a like-for-like basis, ORfA amounted to €631 million, up 47%, based on the following factors:

- a positive volume effect of €69 million, linked to organic sales growth of 6.1%;
- a positive price-mix effect of €142 million, reflecting both price increases and the up-market move enabled by innovation;
- gains of €69 million on purchasing (fall in commodities prices) and productivity improvements;
- a new increase in investments in growth drivers, up €62 million compared to 2015, particularly in operational marketing (in-store and online marketing, merchandizing, promotions, and store displays);
- a strict operating cost discipline.

These drivers allowed Groupe SEB to largely offset the negative currency effect on Operating Result from Activity which reached a new high of €505 million in 2016, delivering an operating margin of 10.1%.

OPERATING PROFIT AND NET PROFIT

Operating profit in 2016 totalled €426 million, up 15%.

At €37 million, discretionary and non-discretionary profit sharing increased €5 million on 2016 due to the improved results of the French entities in 2016.

Other operating income and expense came out at -€42 million, compared with -€25 million in 2015. The increase in expenses is mainly due to two items:

- costs related to the industrial restructuring implemented in Brazil, with the progressive transfer of small electrical appliance production from the historic São Paulo plant, now set to close, to the new Itatiaia site in the Rio de Janeiro state;
- acquisition costs as well as the taxes related to the acquisitions of EMSA and WMF in 2016, for around €15 million.

Net financial expense came to -€58 million, an increase of €10 million over 2015, notably due to the carry of two bond issues. The increase in debt, linked to the closing of the WMF acquisition on 30 November had a minor effect on financial expense in 2016. The rise in other financial expense resulted largely from the commitment fees involved in the implementation of financing for WMF.

Profit attributable to owners of the parent amounted to €259 million, compared with €206 million in 2015. The figure is net of tax, at a rate of 21%, down sharply on the 25.5% rate in 2015, thanks to the utilization of tax loss carryforwards in the United States. The total also includes the elimination of the non-controlling interests in Supor, for €32 million.

BALANCE SHEET

At end-2016, Groupe SEB's balance sheet integrated the acquisitions made over the year, notably those of EMSA and WMF.

In this new configuration, **Group equity** came out at €1,836 million, unaffected by the acquisitions of EMSA and WMF but reduced by around €200 million as a result of the increased stake in Supor. Excluding this effect, Group equity would have been up on end-2015 largely due to the 2016 net profit, translation adjustments being negative (depreciation of the yuan).

However, the acquisition of WMF does increase fixed assets, notably through the inclusion of provisional goodwill – prior to the revaluation of assets (mainly brands) and liabilities – totalling €1,283 million.

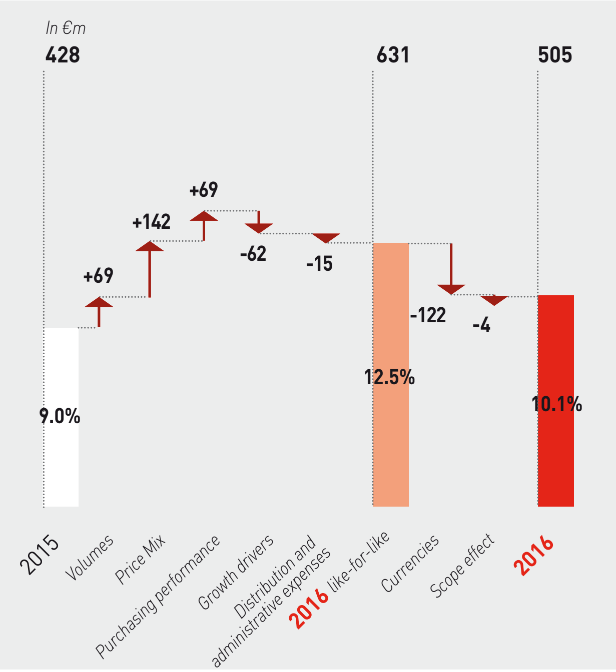
Net financial debt stood at €2,019 million at 31 December 2016 including the debt financing of acquisitions (notably WMF) for €1,655 million, on the basis of a company value of €1,585 million, together with a €70 million payment to the seller in compensation for Groupe SEB retaining WMF's results from 1 January 2016. The balance sheet of Groupe SEB at 31 December remains healthy. The net debt to equity ratio stood at 110% and the proforma net debt/adjusted EBITDA ratio, at 2.81x, remained under 3, in line with what was announced initially.

Based on the "SEB" scope alone, the Group generated record operating cash flow of €452 million, reflecting further progress on the working capital requirement, which totalled 18.4% of sales compared with 21% at the end of 2015. Of particular note is the marked decline in average inventory levels in 2016.

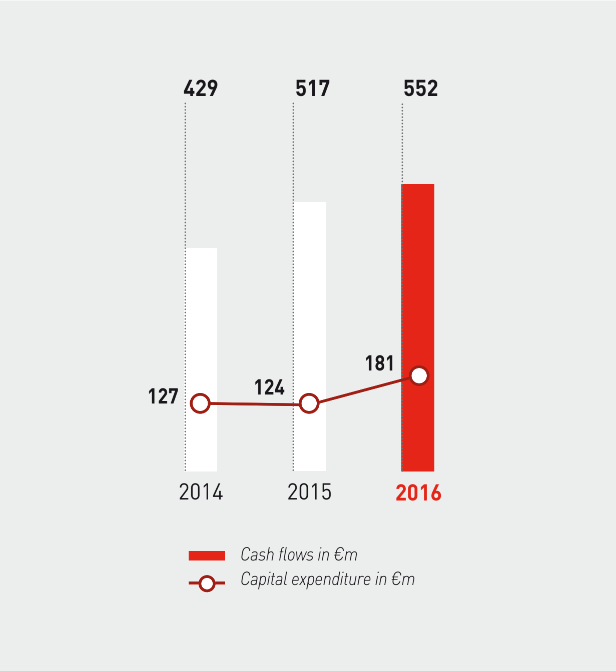
CAPITAL EXPENDITURE

Capital expenditure totalled €181 million, sharply up from the €136 million in 2015 largely due to the construction of the Itatiaia plant and logistics platform in Brazil. The remaining capital expenditure was on molds and tooling for new products, production equipment (injection molding machines, new assembly lines…) and the renovation of certain buildings. This comes on top of capital expenditure on production-related computer software, capitalized development costs and the refurbishing of the Group's proprietary stores.

BREAKDOWN OF OPERATING RESULT FROM ACTIVITY



CASH FLOW AND CAPITAL EXPENDITURE



4.4. Outlook

2016 has therefore been an excellent year for Groupe SEB.

For WMF, 2016 went well for professional coffee and for hotel equipment. For its part, the “Consumer” business in Germany was impacted by the implementation of a major supply-chain reorganization, penalizing sales and profitability. WMF nevertheless delivered a 4.2% sales increase and an adjusted EBITDA of €128 million, up 8.5% compared with 2015.

2017 will be a year in which Groupe SEB changes dimension with the integration of WMF on 1 January.

In an economic and monetary context that remains uncertain, Groupe SEB is aiming for further organic sales growth and a new increase in its Operating Result from Activity, in its former 2016 scope as well as in its new configuration. The Group also confirms that the consolidation of WMF should be accretive by over 20% - before the impact of the purchase price allocation* - on earnings per share as of 2017.

* *In particular revaluation of inventories - wich will exceptionally reduce by €14m the results reported in 2017 - and possible amortization of intangible assets.*

4.5. Post-balance sheet events

PROJECT TO CREATE AN INNOVATION POLE FOR THE SMALL ELECTRICAL APPLIANCE BUSINESS IN ECULLY

Following on from the creation of the Products and Innovation Department 18 months ago, the Group has decided to gather at its global headquarters site in Ecully the Electrical Cooking Marketing and Research teams, currently based at Selongey, with these of Home and Personal Care. The aim is to step up the development and launch of new electrical products. The installation of the teams is due to take place progressively from the summer 2017.

PURSUIT OF THE INDUSTRIAL ORGANIZATION IN BRAZIL

On February 16, 2017 Groupe SEB Brazil announced its decision to transfer the production of cookware currently carried out at the São Bernardo site (in the São Paulo agglomeration) to the new Itatiaia site (in the Rio de Janeiro state), where manufacturing and logistics operations started up a few months ago. This project follows that of the small electrical appliance production initiated in November 2016, which is gradually being transferred from the historic Mooca plant in the heart of São Paulo to Itatiaia. The transfer of activity from the São Bernardo plant, involving around 170 people, should be carried out from July 2017.

5

5.1. Financial summary

(in € millions)	2016	2015	2014	2013	2012	2011 [f]	2010 [f]	2009	2008	2007 [f]
RESULTS										
Sales in France	779	739	700	666	689	705	712	685	668	640
Sales outside France	4,221	4,031	3,553	3,495	3,371	3,258	2,940	2,491	2,562	2,230
Total sales	5,000	4,770	4,253	4,161	4,060	3,963	3,652	3,176	3,230	2,870
Operating Result from Activity	505	428	368	410	415	455	438	355	342	301
Operating profit	426	371	314	364	368	402	349	248	279	237
Profit attributable to owners of the parent	259	206	170	200	194	236	220	146	152	145
Depreciation, amortization and impairment losses	123	146	123	112	109	115	117	124	110	88
Employee benefits expense [b]	831	802	753	737	698	665	627	549	563	540
Discretionary and non-discretionary profit sharing and matching contributions to employee savings plans	37	31	33	37	48	44	50	33	38	33
EBITDA [c]	550	508	434	475	475	516	468	372	388	329
Adjusted EBITDA [e]	591	533	455	485	474	511	488	416	394	351
BALANCE SHEET (AT 31 DECEMBER)										
Shareholders' equity after appropriation	1,747	1,829	1,650	1,460	1,395	1,279	1,487	1,169	992	814
Net debt	2,019	316	453	416	556	673	131	243	649	658
Non-current assets	3,417	1,654	1,593	1,413	1,434	1,453	1,249	1,163	1,184	1,060
Capital expenditure	181	153	201	127	128	131	140	109	116	92
Inventories and work-in-progress	1,076	821	823	731	681	702	635	466	615	528
Trade receivables	1,060	886	768	740	836	828	733	627	646	627
Net cash from operating activities	576	376	271	298	313	242	256	558	165	228
Number of employees at 31 December	32,871	26,024	25,759	24,682	24,758	24,927	23,058	20,663	18,879	13,048
SHARES *(IN €)* [a]										
Total number of shares outstanding *(in thousands)*	50,169	50,169	50,169	50,169	50,169	49,952	49,952	49,952	50,912	50,881
Weighted average number of shares *(in thousands)*	49,749	49,037	48,694	48,344	47,718	47,886	47,414	46,477	47,326	48,620
Adjusted diluted earnings per share	5.15	4.14	3.45	4.08	4.01	4.81	4.54	3.13	3.18	2.92
Dividend per share	1.72	1.54	1.44	1.39	1.32	1.25	1.17	1.04	0.94	0.93
Dividend yield per share *(in %)* [d]	1.34	1.63	2.34	2.12	2.37	2.15	1.51	2.62	4.38	2.26
Price range:										
+ high	136.00	97.45	68.99	69.50	67.85	82.15	82.78	40.53	44.00	48.15
+ low	79.90	58.01	56.85	51.50	46.70	52.00	39.15	16.44	19.71	35.33
Price at 31 December	128.75	94.60	61.57	65.70	55.71	58.12	77.73	39.70	21.46	41.33
Stock market capitalization *(in € millions)*	6,459.3	4,746.0	3,088.9	3,296.1	2,794.9	2,903.2	3,882.8	1,983	1,093	2,103
Average daily trading volume (number of shares)	60,252	79,811	56,210	75,245	90,232	143,151	107,282	88,830	117,527	127,638

(a) Figures were restated following the three-for-one share split in June 2008.
(b) Excluding discretionary and non-discretionary profit sharing and matching contributions to employee savings plans but including temporary staff costs. Since the Group's transition to IFRS in 2004, the reported amounts have also included the service cost of pension and other post-employment benefits.
(c) Earnings before interest, taxes, depreciation and amortization (including amortization and impairment of goodwill and trademarks, and depreciation and amortization expense reported under "Other operating income and expenses").
(d) Dividend for the year expressed as a percentage of the closing share price at the year-end.
(e) Recurring Operating profit (loss) before interest, taxes, depreciation and amortization.
(f) The balance sheets and income statements for 2007, 2010 and 2011 were restated in subsequent years. The restatements were not material.

5.2. Consolidated ratios

(in %)	2016	2015	2014	2013	2012	2011 (b)	2010 (b)	2009	2008	2007
PROFITABILITY RATIOS										
Return on equity before appropriation of previous year's profit	13.55	11.94	11.09	13.66	14.47	15.27	18.04	15.69	18.85	17.71
Net profit/Sales	5.17	4.32	4.00	4.80	4.78	5.96	6.03	4.59	4.69	5.04
FINANCIAL RATIOS										
Net debt/Shareholders' equity before appropriation (c)	109.98	16.57	26.27	27.14	38.04	50.14	8.48	22.52	71.64	76.12
Financial costs, net/revenue	1.16	1.00	1.15	1.32	1.54	0.68	0.44	0.86	1.50	1.21
Net debt/Adjusted EBITDA *(in value)* (c)	3.42	0.59	1.00	0.86	1.17	1.32	0.27	0.59	1.65	1.87
INVESTMENT RATIOS (a)										
Investments/Sales	3.63	3.23	4.73	3.05	3.14	3.55	3.86	3.44	3.60	3.20

(a) Capital expenditure on property, plant and equipment, software and development costs.
(b) Restated for the effects of early application of IAS 19R.
(c) According to the definition of net debt. Note 1.4.8.

5.3. Financial statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

(in € millions)	31/12/2016	31/12/2015	31/12/2014
Revenue (Note 3)	4,999.7	4,769.7	4,253.1
Operating expenses (Note 4)	(4,494.5)	(4,341.7)	(3,885.1)
OPERATING RESULT FROM ACTIVITY	**505.2**	**428.0**	**368.0**
Statutory and discretionary employee profit-sharing (Note 5)	(36.7)	(31.4)	(33.3)
RECURRING OPERATING PROFIT	**468.5**	**396.6**	**334.7**
Other operating income and expense (Note 6)	(42.2)	(25.3)	(21.0)
OPERATING PROFIT	**426.3**	**371.3**	**313.7**
Finance costs (Note 7)	(29.8)	(27.5)	(31.2)
Other financial income and expense (Note 7)	(28.2)	(20.3)	(17.8)
Share of profits of associates			
PROFIT BEFORE TAX	**368.3**	**323.5**	**264.7**
Income tax (Note 8)	(77.7)	(82.4)	(71.2)
PROFIT FOR THE PERIOD	**290.8**	**241.1**	**193.5**
Non-controlling interests (Note 20)	(32.2)	(35.2)	(23.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**258.6**	**205.9**	**170.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE			
Basic earnings per share (Note 9)	5.20	4.20	3.49
Diluted earnings per share (Note 9)	5.15	4.14	3.45

The accompanying Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	31/12/2016	31/12/2015	31/12/2014
Profit for the period	290.8	241.1	193.5
Exchange differences on translating foreign operations	(32.3)	50.9	69.8
Gains (losses) on cash flow hedges	(16.8)	(16.8)	35.1
Restatement of employee benefit obligations, net of tax [(a) (b)]	(17.4)	(0.7)	(9.4)
Other comprehensive income	(66.5)	33.4	95.6
COMPREHENSIVE INCOME	**224.3**	**274.5**	**289.1**
Non-controlling interests	(22.0)	(46.5)	(39.5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**202.3**	**228.0**	**249.6**

(a) Items that will not be reclassified to profit or loss.
(b) The pre-tax effect of this restatement is shown in Note 22.4 Change in other comprehensive income.

CONSOLIDATED BALANCE SHEET

Year ended 31 December

ASSETS *(in € millions)*	31/12/2016	31/12/2015	31/12/2014
Goodwill (Note 10)	1,847.0	544.9	512.1
Other intangible assets (Note 10)	720.0	485.0	464.1
Property plant and equipment (Note 11)	807.7	596.5	587.1
Investments in associates (Note 13)	11.1		
Other investments (Note 13)	18.0	16.7	16.0
Other non-current financial assets (Note 13)	13.3	10.4	13.9
Deferred taxes (Note 8)	71.1	50.3	34.9
Other non-current assets (Note 17)	13.3	23.6	5.9
Long-term derivative instruments (Note 25)	0.5	5.0	8.5
NON-CURRENT ASSETS	**3,502.0**	**1,732.4**	**1,642.5**
Inventories (Note 15)	1,076.3	820.9	822.8
Trade receivables (Note 16)	1,060.1	886.0	768.3
Other receivables (Note 17)	100.6	90.2	137.8
Current tax assets	59.6	44.5	35.0
Short-term derivative instruments (Note 25)	50.6	45.9	50.9
Other financial investments (Note 24)	204.6	244.5	172.5
Cash and cash equivalents (Note 18)	414.5	770.8	341.4
CURRENT ASSETS	**2,966.3**	**2,902.8**	**2,328.7**
TOTAL ASSETS	**6,468.3**	**4,635.2**	**3,971.2**

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LIABILITIES *(in € millions)*	31/12/2016	31/12/2015	31/12/2014
Share capital (Note 19)	50.2	50.2	50.2
Reserves and retained earnings (Note 19)	1,677.6	1,728.6	1,579.9
Treasury stock (Note 19)	(56.8)	(71.2)	(79.0)
Equity attributable to owners of the parent	**1,671.0**	**1,707.6**	**1,551.0**
Non-controlling interests (Note 20)	**165.2**	**200.1**	**173.5**
EQUITY	**1,836.2**	**1,907.7**	**1,724.5**
Deferred taxes (Note 8)	111.4	70.1	65.3
Long-term provisions (Note 21)	378.7	185.8	192.9
Long-term borrowings (Note 24)	1,553.6	707.0	576.9
Other non-current liabilities (Note 23)	45.7	41.7	38.4
Long-term derivative instruments (Note 25)	10.5	3.5	1.9
NON-CURRENT LIABILITIES	**2,099.9**	**1,008.1**	**875.4**
Short-term provisions (Note 21)	102.5	61.0	55.6
Trade payables (Note 23)	911.7	695.2	637.3
Other current liabilities (Note 23)	380.0	291.6	260.3
Current tax liabilities	42.3	31.5	20.8
Short-term derivative instruments (Note 25)	23.0	16.6	8.2
Short-term borrowings (Note 24)	1,072.7	623.5	389.1
CURRENT LIABILITIES	**2,532.2**	**1,719.4**	**1,371.3**
TOTAL EQUITY AND LIABILITIES	**6,468.3**	**4,635.2**	**3,971.2**

The accompanying Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December

(in € millions)	31/12/2016	31/12/2015	31/12/2014
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**258.6**	**205.9**	**170.0**
Depreciation, amortization and impairment losses (Notes 10 and 11)	122.9	146.5	122.8
Change in provisions (Note 21)	2.9		3.7
Unrealized gains and losses on financial instruments (Note 25)	6.9	9.5	(6.3)
Income and expenses related to stock options plan (Note 19.2)	13.1	13.9	10.2
Gains and losses on disposals of assets	1.1	1.9	2.7
Other		(6.0)	
Non-controlling interests (Note 20)	32.2	35.2	23.6
Current and deferred taxes (Note 8)	78.5	81.7	71.2
Finance costs (Note 7)	36.1	28.0	31.2
CASH FLOW [(A)]	**552.3**	**516.6**	**429.2**
Change in inventories and work in progress (Note 15)	(0.5)	26.5	(70.2)
Change in trade receivables (Note 16)	39.1	(137.6)	(28.9)
Change in trade payables (Note 23)	87.0	41.8	72.8
Change in other receivables and payables (Notes 17 and 23)	23.0	45.7	(6.1)
Income tax paid	(88.7)	(88.6)	(94.6)
Net interest paid	(36.1)	(28.0)	(31.2)
NET CASH FROM OPERATING ACTIVITIES	**575.9**	**376.4**	**271.0**
Proceeds from disposals of assets (Note 11)	6.6	5.0	6.6
Purchases of property, plant and equipment (Note 11)	(162.4)	(133.6)	(187.6)
Purchases of software and other intangible assets (Note 10)	(19.0)	(23.5)	(13.4)
Purchases of financial assets (Notes 13 et 24)	20.5	(62.8)	(171.1)
Acquisitions of subsidiaries, net of cash acquired (Note 2)	(1,695.2)	(18.5)	5.9
Effect of other changes in scope of consolidation (Note 2)			
NET CASH USED BY INVESTING ACTIVITIES	**(1,849.5)**	**(233.4)**	**(359.7)**
Change in long-term borrowings (Note 24)	846.6	130.1	(50.1)
Change in short-term borrowings (Note 24)	395.4	273.4	173.8
Issue of share capital (Note 19)			
Transactions between owners (Note 20)	(196.1)	(24.1)	(23.2)
Change in treasury shares (Note 19.4)	(2.7)	(3.6)	(6.0)
Dividends paid, including to non-controlling interests	(92.0)	(85.4)	(78.0)
NET CASH USED BY FINANCING ACTIVITIES	**951.2**	**290.3**	**16.5**
Effect of changes in foreign exchange rates	(33.9)	(3.9)	(12.7)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(356.4)**	**429.4**	**(84.9)**
Cash and cash equivalents at beginning of period (Note 18)	770.8	341.4	426.3
Cash and cash equivalents at end of period (Note 18)	414.5	770.8	341.4

(a) Before interest and income taxes paid.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital	Share premium	Reserves and retained earnings	Translation reserves	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2013 (NOTE 19)	**50.2**	**88.1**	**1,243.1**	**83.0**	**(74.7)**	**1,389.7**	**142.6**	**1,532.3**
Profit for the period			170.0			170.0	23.6	193.5
Other comprehensive income			25.7	53.9		79.6	15.9	95.5
Comprehensive income			*195.7*	*53.9*		*249.6*	*39.5*	*289.1*
Dividends paid			(70.2)			(70.2)	(7.8)	(78.0)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					(4.4)	(4.4)		(4.4)
Gains (losses) on sales of treasury stock, after tax			(1.0)			(1.0)		(1.0)
Exercise of stock options			7.1			7.1		7.1
Other movements			(19.8)			(19.8)	(0.8)	(20.6)
AT 31 DECEMBER 2014 (NOTE 19)	**50.2**	**88.1**	**1,354.8**	**137.0**	**(79.0)**	**1,551.0**	**173.5**	**1,724.5**
Profit for the period			205.9			205.9	35.2	241.1
Other comprehensive income			(17.5)	39.6		22.1	11.3	33.4
Comprehensive income			*188.4*	*39.6*		*228.0*	*46.5*	*274.5*
Dividends paid			(73.6)			(73.6)	(11.8)	(85.4)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					7.8	7.8		7.8
Gains (losses) on sales of treasury stock, after tax			(7.5)			(7.5)		(7.5)
Exercise of stock options			13.9			13.9		13.9
Other movements *			(12.0)			(12.0)	(8.1)	(20.1)
AT 31 DECEMBER 2015 (NOTE 19)	**50.2**	**88.1**	**1,464.0**	**176.6**	**(71.1)**	**1,707.6**	**200.1**	**1,907.7**
Profit for the period			258.6			258.6	32.2	290.8
Other comprehensive income			(34.2)	(22.1)		(56.3)	(10.2)	(66.5)
Comprehensive income			*224.4*	*(22.1)*		*202.3*	*22.0*	*224.3*
Dividends paid			(78.8)			(78.8)	(13.2)	(92.0)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					14.4	14.4		14.4
Gains (losses) on sales of treasury stock, after tax			(11.2)			(11.2)		(11.2)
Exercise of stock options			13.1			13.1		13.1
Other movements *			(176.3)			(176.3)	(43.7)	(220.1)
AT 31 DECEMBER 2016 (NOTE 19)	**50.2**	**88.1**	**1,435.2**	**154.5**	**(56.7)**	**1,671.1**	**165.2**	**1,836.2**
DIVIDENDS PROPOSED FOR 2016						**(89.3)**		**(89.3)**
BALANCE AFTER APPROPRIATION AT 31 DECEMBER 2016	**50.2**	**88.1**	**1,435.2**	**154.5**	**(56.7)**	**1,581.9**	**165.2**	**1,746.9**

* *Of which acquisition of 7.91% of non-controlling interests of Supor (Note 20).*

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SOMMAIRE DES NOTES

5.4. Notes to the Consolidated Financial Statements

FIGURES AT 31 DECEMBER *(IN MILLIONS OF EUROS)*

SEB S.A. and its subsidiaries (together "Groupe SEB" or "the Group") are a world reference in the design, manufacture and marketing of cookware and small domestic appliances: pressure cookers, irons and steam generators, kettles, coffee makers, deep fryers, toasters and food processors.

SEB S.A.'s registered office is at Chemin du Petit-Bois, 69130 Écully, France and it is listed on the Euronext-Paris Eurolist market (ISIN code: FR0000121709).

Note 1. Summary of significant accounting policies

The Consolidated Financial Statements were authorized for publication by the Board of Directors on 17 February 2017.

As a company listed in a European Union member state and pursuant to regulation (EC) no. 1606/2002 of July 19, 2002, the Group's published Consolidated Financial Statements for FY 2016 and the comparative financial statements for FYs 2015 and 2014 were prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2016. These guidelines can be downloaded from the European Commission's website http://ec.europa.eu/internal_market/accounting/ias_en.htm. This includes the standards published by the IASB (International Accounting Standards Board), namely the IFRS, IAS (International Accounting Standards) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the former Standard Interpretations Committee (SIC).

Mandatory new standards, amendments and interpretations

The Group adopted the following standards, amendments and interpretations applicable as of January 1, 2016. Their date of application matches that of the IASB:

- annual improvements to IFRS (2010-2012 cycle) applicable as of February 1, 2015: these amendments mainly concern related party disclosures (IAS 24) and more specifically clarifications regarding the concept of services by "key" management personnel, share-based payments (IFRS 2) and notably a clarification of the concept of "vesting conditions", segment reporting (IFRS 8) and the disclosures regarding aggregation criteria as well as the reconciliation of assets by segment with the entity's assets as a whole, the clarification regarding the notion of fair value for short-term receivables and payables and the option to offset financial assets and liabilities (IFRS 13 Fair Value Measurement) and the recognition of contingent consideration in a business combination (IFRS 3);
- amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) concerning acceptable methods of depreciation and amortization. The IASB has clarified that using an amortization method based on income is not appropriate, as it will not reflect the consumption of an intangible asset's economic benefits. This presumption may be refuted under certain circumstances;
- amendment to IAS 1 "Disclosure Initiative" on mandatory disclosures in the financial statements;
- amendment to IFRS 11 "Joint Arrangements" dealing with the acquisition of a stake in a joint venture;
- amendment to IAS 19 "Employee Benefits", which applies to employee or third-party contributions to defined-benefit plans. Some contributions may now be recognized as a deduction from the cost of services rendered for the period in which the service was rendered;
- annual improvements to IFRS (2012-2014 cycle) applicable as of January 1, 2016: these amendments mainly relate to employee benefits (IAS 19) and more specifically to the regional market issue regarding discount rates, the application of amendments to IFRS 7 on the necessary disclosures for the offsetting of financial assets and liabilities in the condensed interim financial statements and clarifications regarding the necessary disclosures in the event of a management mandate of transferred financial assets, the disclosures in the interim financial report but outside the interim financial statements (IAS 34) and a clarification of the treatment under IFRS 5 of changes in methods of disposal.

These new standards and amendments had no material impact on the Group's financial statements.

Standards and amendments not early-adopted by the Group

The Group did not early-adopt any standards, amendments or interpretations in 2016 that concern Group SEB and are applicable from 1 January 2017 or that are applicable despite not having been adopted by the European Union as they do not contradict any existing standards:

- amendments to IAS 7 Disclosure Initiative. This amendment specifies additional disclosures in the notes regarding changes in borrowings in the balance sheet;

- amendment to IAS 12 (Income Taxes). This amendment clarifies how to estimate whether there will be sufficient future taxable profit when recognizing deferred tax assets on unrealized losses;

IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" were published in May and July 2014 respectively and have an application date of January 1, 2018. These new standards and amendments are not expected to have a material impact on the Group's financial statements.

NOTE 1.1. BASIS AND SCOPE OF CONSOLIDATION

Material companies that are exclusively controlled by SEB S.A. either directly or indirectly are fully consolidated.

The profits of subsidiaries acquired or disposed of during the year are recognized in the consolidated income statement from the acquisition date or up to the disposal date.

Where necessary, the financial statements of subsidiaries are restated to comply with Group accounting policies.

Material companies over which SEB S.A. exercises significant influence, directly or indirectly, are accounted for by the equity method.

Certain companies fulfilling all of the above criteria are not consolidated because they are not material in relation to the Group as a whole. The materiality criteria applied by the Group are as follows:

- revenue of at least €15 million;
- total assets of at least €15 million;
- total debt of at least €5 million.

The list of consolidated companies is presented in Note 32.

All material intra-group transactions have been eliminated in consolidation.

NOTE 1.2. TRANSLATION OF FOREIGN FINANCIAL STATEMENTS AND CURRENCY TRANSACTIONS

1.2.1. Translation of the financial statements of foreign operations

The financial statements of foreign entities are prepared in their functional currency, corresponding to the currency of the primary economic environment in which the entity operates. The functional currency of most foreign entities is their local currency.

The Group's functional and reporting currency is the euro.

The financial statements of the Group's subsidiaries are translated into euros by the closing rate method, as follows:

- assets and liabilities in a functional currency other than the euro are translated at the closing rate at the balance sheet date and income statement items are translated at the weighted average rate for the year;
- the resulting exchange differences are recognized as a separate component of equity, under "Translation reserve".

The financial statements of subsidiaries whose functional currency is not the local accounting currency are initially translated into the functional currency using the historical rate method, as follows:

- non-monetary assets and liabilities: non-current assets, inventories and securities and the corresponding movements recorded in the income statement are translated at the historical exchange rate;
- monetary assets and liabilities: cash, short and long-term loans and borrowings, operating receivables and payables are translated at the closing rate at the balance sheet date;
- income statement items are translated at the weighted average exchange rate for the year, apart from depreciation, amortization and impairment losses on non-monetary items;
- the resulting exchange differences are recognized in the income statement for the year.

These financial statements in the functional currency are then translated into euros using the closing rate method.

In accordance with the option available to first-time adopters under IFRS 1, Groupe SEB elected to reset to zero at 1 January 2004 the cumulative translation differences arising on consolidation of foreign entities.

1.2.2. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the euro are initially recognized at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in currencies other than the euro are translated at the closing exchange rate. The resulting exchange gains and losses are recognized in the income statement except where they are recognized directly under other comprehensive income or refer to eligible cash-flow hedges or hedges of a net investment in a foreign entity.

Non-monetary foreign currency assets and liabilities carried at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate on the date on which this fair value was measured.

Where a profit or a loss on a non-monetary item is recognized under other comprehensive income, any exchange component of this profit or loss is recognized directly under other comprehensive income. In contrast, where a profit or a loss on a non-monetary item is recognized directly in the income statement, any exchange component of this profit or loss is recognized in the income statement.

The Group's exposure to certain currency risks is hedged using forward contracts and options (see below for the accounting methods applicable to hedging positions).

NOTE 1.3. USE OF ESTIMATES

The preparation of Consolidated Financial Statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the reported amounts of assets and liabilities – such as accumulated depreciation, amortization and impairment losses – and contingent assets and liabilities on the date of the Consolidated Financial Statements, as well as on income and expenses for the year.

These estimates are made on a going concern basis and reflect amounts and assumptions that management considers relevant and reasonable given the Group's operating environment and past experience. Forecasting and producing medium-term plans are rendered difficult by the current economic environment. The Consolidated Financial Statements for the period were prepared on the basis of financial parameters for the market available at the end of the period. The value of certain assets, such as goodwill and trademarks, is estimated at the year-end based on the long-term economic outlook and management's best estimates, taking into account the reduced visibility of future cash flows.

The assumptions used – which mainly concern impairment tests on non-current assets – and the sensitivity of reported amounts to changes in these assumptions, are presented in the relevant notes to these Consolidated Financial Statements, in accordance with IAS 36.

Estimates are adjusted following any change in the circumstances on which they were based or when any new information comes to light. Actual results may differ from these estimates and assumptions.

The main estimates and assumptions used to prepare the Consolidated Financial Statements concern the measurement of pension and other post-employment benefit obligations (Note 22.1), deferred taxes (Note 1.4.10), property, plant and equipment (Note 1.4.3), intangible assets (Notes 1.4.1 and 10), investments in associates and other investments, impairment of current assets (Notes 1.4.5 and 1.4.6), short and long-term provisions (Notes 1.4.11 and 1.4.12), certain financial instruments (Note 1.4.4 – Derivative instruments) and share-based payments (Note 1.4.11 – Share-based payments).

NOTE 1.4. ACCOUNTING POLICIES AND VALUATION METHODS

The financial statements of Group companies are prepared in accordance with local generally accepted accounting principles. They are restated to comply with Group accounting policies.

The notes to the Consolidated Financial Statements include analyses of assets and liabilities by maturity where disclosure of this information is required under IFRS.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

Under IAS 38 – Intangible Assets, research costs are recognized as an expense and development costs are recognized as an intangible asset when the Group can demonstrate (IAS 38, paragraph 57) (non-exhaustive list):

- its intention to complete the development project;
- that it is probable that the expected future economic benefits attributable to the asset will flow to the Group;
- its ability to reliably measure the cost of the asset.

Development costs that do not fulfill the above criteria are expensed during the year in which they are incurred.

In Group SEB's Consolidated Financial Statements, qualifying development costs incurred after the advance design phase and before the manufacturing phase are recognized as intangible assets.

Development costs are amortized on a straight-line basis over three to five years, corresponding to the same useful life as that applied to specific tooling.

B) OTHER INTANGIBLE ASSETS

Software licenses and internal software development costs are recognized as intangible assets when it is probable that they will generate future economic benefits. They are amortized by the straight-line method over useful lives ranging from three to five years. Other software licenses and software development costs are expensed as incurred.

Patents, licenses and trademarks with a finite useful life are amortized over the shorter of the period of legal protection and their expected useful life, not to exceed 15 years.

Trademarks with an indefinite useful life are not amortized but are tested for impairment.

C) GOODWILL

Goodwill arising from consolidated companies is recognized as a balance sheet asset under "Goodwill".

It is measured as the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired in a business combination over the consideration transferred. The consideration transferred is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred by the acquirer to the former owner on the acquisition date, plus any contingent consideration. In the case of an acquisition carried out in stages, the difference between the carrying amount of the previously held interest and its acquisition-date fair value is recorded directly in the income statement on the acquisition date under "Other operating income and expenses".

For each business combination, any non-controlling interest in the acquired company may be measured either at fair value on the acquisition date (full goodwill method) or at the non-controlling interest's proportionate share of the acquired company's identifiable net assets (partial goodwill method).

The fair values provisionally attributed to identifiable assets and liabilities, non-controlling interests measured at fair value and the various components of the consideration transferred may be adjusted by the acquirer for a period of twelve months after the acquisition date. After that period, any adjustments are recognized prospectively in profit or loss with no adjustment to goodwill.

Goodwill is not amortized but is tested for impairment at least once a year. For impairment testing purposes, goodwill is classified by cash generating units, which correspond to uniform groups jointly generating independent cash flows.

The method used to test cash generating units for impairment is described in Note 1.4.3.

When impairment is noted, difference between the carrying amount of the asset and its recoverable amount is recognized in other operating expenses. Impairment losses on goodwill are not reversible.

Negative goodwill is recognized directly in the income statement under "Other operating income and expenses" and is attributed in full to the acquirer.

1.4.2. Property, plant and equipment

Property, plant and equipment are initially recognized at cost and are depreciated by the straight-line method over their estimated useful lives.

Maintenance and repair costs are expensed as incurred.

The useful lives are as follows:

- buildings: 10-40 years;
- plant and machinery: 10 years;
- office equipment: 3-10 years;
- vehicles: 4-5 years;
- tooling: 1-5 years.

Each asset component with a useful life that is different from that of the asset to which it belongs is depreciated separately. Useful lives are reviewed at regular intervals and the effect of any adjustments are recognized prospectively.

No items of property, plant or equipment have been revalued.

In accordance with IAS 17 – Leases, finance leases that transfer substantially all the risks and rewards incidental to ownership of an asset are recognized in property, plant and equipment for an amount corresponding to the lower of the fair value of the leased asset and the present value of the minimum lease payments.

A liability for the same amount is recorded under "Finance lease liabilities".

1.4.3. Impairment of non-current assets

In accordance with IAS 36 – Impairment of Assets, the net carrying amount of property, plant and equipment and intangible assets is tested at the appearance of impairment and reviewed at each closing. Assets with an indefinite useful life – corresponding in the case of the Group to goodwill and trademarks – are tested for impairment at least once a year, irrespective of whether there is any indication of impairment.

Assets with a finite life are tested whenever events or circumstances indicate that their carrying amount may not be recovered.

Impairment tests are performed at the level of each Cash-Generating Unit (CGU). A CGU is defined as an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of these units is determined by reference to net discounted future cash flows. An impairment loss is recognized for any excess in an asset's carrying amount over its recoverable amount. Recoverable amount corresponds to the higher of the asset's fair value less costs to sell and its value in use, calculated using the discounted cash flows method. The impairment loss thus determined is first allocated against goodwill and then pro-rata to the other assets based on their carrying amounts.

The capitalised amount of development projects in progress is also tested for impairment.

Impairment losses on CGUs and on assets with an indefinite useful life is recorded in "Other operating income and expenses".

At Groupe SEB, CGUs correspond to individual production sites, broken down where appropriate by product family. The assets allocated to each CGU correspond mainly to tooling and other manufacturing assets (primarily buildings and machinery). Marketing subsidiaries and integrated manufacturing and sales entities are each treated as separate CGUs, but marketing subsidiaries that share resources are combined in a single CGU.

Impairment losses recognized for non-financial assets other than goodwill are reviewed at each annual and interim period-end and adjusted as necessary.

1.4.4. Financial instruments

Financial instruments are accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are recognized at the fair value of the consideration given or received. Transaction costs directly attributable to the acquisition or issue of the financial asset or liability are included in the initial measurement of all financial assets and liabilities. Acquisition costs include direct external transaction costs.

A) FINANCIAL ASSETS

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables, debt securities and other cash equivalents classified as current assets.

Available-for-sale

Available-for-sale financial assets are assets that are intended to be held for an indefinite period but which may be sold in response to changes in market interest rates or liquidity needs. They include to investments in non-consolidated companies.

At each period-end, they are measured at fair value and the resulting unrealised gain or loss is recognized in equity. When the assets are sold, the cumulative gains and losses previously recognized in equity are reclassified to profit.

When there is objective evidence of significant or prolonged decline in Fair Value, the impairment loss is recognized directly in the income statement.

When the fair value of investments in non-consolidated companies cannot be reliably measured, they are measured at their historical cost.

Recognized at amortized cost

These assets include loans and receivables and held-to-maturity investments.

Held-to-maturity investments are financial assets with a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are measured at amortized cost, determined by the effective interest method.

B) FINANCIAL LIABILITIES

Financial liabilities comprise borrowings and other financing, including bank overdrafts, and operating liabilities.

Borrowings and other financial liabilities are measured at amortized cost, determined by the effective interest method.

When interest rate risks on financial liabilities are hedged by swaps qualifying as cash flow hedges, the swaps are also recognized in the balance sheet at fair value. The effective portion of changes in their fair value is recognized directly in equity and the ineffective portion is recognized in profit

C) DERIVATIVE INSTRUMENTS

Market risks (interest rate, currency and commodity price risks) are hedged, generally through the use of derivative instruments.

In accordance with IAS 32 and IAS 39, derivative instruments are measured at fair value.

The accounting treatment of changes in fair value depends on the future use of the derivative and the resulting accounting classification.

Derivative instruments designated as the hedging instrument in a hedging relationship may be classified as either fair value or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, that is attributable to a particular risk and could affect profit;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, and could affect profit.

The gain or loss arising from remeasurement at fair value of derivative instruments designated as fair value hedges is recognized in profit, offsetting all or part of the gain or loss recognized on the hedged item.

In the case of cash flow hedges, the effective portion of the gain or loss arising from remeasurement of the derivative instrument at fair value is recognized in equity and the ineffective portion is recognized in profit. The cumulative gains and losses on cash flow hedges recognized in equity are reclassified into profit when the hedged item affects profit.

Hedge accounting is applied when:

- the hedging relationship is formally designated and documented at the inception of the hedge;
- the hedge is expected to be highly effective and is determined actually to have been highly effective throughout the financial reporting periods for which it was designated.

At the inception of each hedge, the hedging relationship is formally documented by the Group, specifying in particular its risk management objective and strategy for undertaking the hedge. The Group also documents how it will assess the hedging instrument's effectiveness throughout its useful life in offsetting exposure to changes in fair value or cash flows attributable to the hedged risk.

Hedge accounting is discontinued prospectively when the derivative instrument ceases to be a highly effective hedge or when it expires or is sold, terminated or exercised.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in profit.

1.4.5. Inventories

Raw materials and goods purchased for resale are measured at purchase cost, using the weighted average cost method.

Work-in-progress and finished products are measured at cost, including raw materials and labor and a portion of direct and indirect production costs.

In accordance with IAS 2, inventories are measured at the lower of cost, determined as explained above, and net realisable value.

Net realisable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale (mainly distribution costs).

The carrying amount of inventories does not include any borrowing costs.

1.4.6. Trade receivables

Trade receivables are measured at their nominal amount, which is equivalent to their fair value in view of their short-term maturity. Where necessary, these receivables are impaired, to align them to their estimated net realisable value. Provisions for impairment of trade receivables are determined on the basis of their age and identified recovery risks.

1.4.7. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term investments in money market instruments. These instruments have maturities of less than three months; they are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

The consolidated cash flow statement is presented using the indirect method and cash flows are analysed between operating, investing and financing activities.

IAS 7 – Statement of Cash Flows was amended following the publication of IAS 27R. The aggregate cash flows arising from obtaining or losing control of a subsidiary are classified as investing activities while cash flows arising from changes in ownership interests in a fully consolidated subsidiary are classified as financing activities. Transactions with jointly controlled entities or entities accounted for by the equity method continue to be classified as investing activities.

1.4.8. Net debt

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents and derivative instruments acquired as hedges of debt that mature in less than one year and are readily convertible into cash. It also includes potential short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

1.4.9. Treasury stock

Treasury stock is deducted from equity at cost. Any gains or losses arising from the purchase, sale, issue or cancellation of treasury stock are recognized directly in equity without affecting profit.

1.4.10. Income taxes

Income tax expense reported in the income statement corresponds to current tax for the period and changes in deferred taxes.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized, using the liability method, for temporary differences between the carrying amounts of assets and liabilities and their tax base. They are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Temporary differences include:

a) taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; and

b) deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets are recognized for deductible temporary differences and tax loss carry forwards to the extent that it is highly probable that future taxable profits will be available in the foreseeable future against which they can be utilised.

Deferred tax assets previously unrecognized at the date of a business combination or during the twelve-month purchase price allocation period are subsequently recognized as an adjustment to profit or loss provided they meet the recognition criteria.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

1.4.11. Employee benefits

A) PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

In some countries, the Group is required to pay length-of-service awards to employees on retirement or pension benefits under formal pension plans. The Group also pays contributions to government-sponsored pension plans in its various host countries. The accounting treatment of these pension and other post-employment benefit plans depends on the type of plan, as follows:

Defined contribution plans

Contributions to these plans are recognized as an expense for the period to which they relate.

Defined benefit plans

In accordance with IAS 19, as amended – Employee Benefits, obligations are calculated annually by independent actuaries using the projected unit credit method based on final salaries. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to calculate the obligation include staff turnover rates, mortality rates, the discount rate and the retirement age.

The assumptions vary according to local laws and regulations in the host countries concerned.

A provision is recorded in the balance sheet for any unfunded obligations, corresponding to defined benefit obligations not covered by plan assets.

Current service cost, corresponding to the increase in the present value of the defined benefit obligation resulting from employee service in the current period, and the effect of plan amendments and reductions, are recognized in the Operating Result from Activity.

Actuarial gains and losses, resulting from changes in actuarial assumptions and experience adjustments (i.e. the effects of the differences between the previous actuarial assumptions and what has actually occurred) are recognized in “Other comprehensive income”.

Interest income or interest expense calculated on the defined benefit obligation net of the value of plan assets by applying the discount rate used to determine the defined benefit obligation is recognized in “Other financial income and expenses”.

The difference between the actual return on plan assets and the interest income calculated by applying the discount rate is recorded in other comprehensive income.

For plans that have a surplus – corresponding to the excess of plan assets over the defined benefit obligation – the Group applies the limit provided for in IAS 19, as amended in determining any asset recognized in the balance sheet.

B) OTHER LONG-TERM BENEFITS

Certain subsidiaries pay jubilees to employees who have completed a certain number of years’ service or offer employees “time savings accounts”. The cost of these long-term benefits is calculated on an actuarial basis and recognized in profit over the service lives of the employees concerned. Actuarial gains and losses are recognized immediately in profit during the period in which they are generated, as their deferral is not allowed under IFRS.

Pension and other post-employment benefit costs are classified as operating expenses, except for the interest cost, which is included in other financial income and expenses in accordance with the alternative treatment allowed under IAS 19R.

Contributions to external funds and payments to employees are reported in the cash flow statement under “Cash flows from operating activities”.

In accordance with IAS 19R, which was early-adopted on 1 January 2012, unrecognized actuarial gains and losses on defined benefit obligations at 31 December 2009 and past service costs were recognized in equity in the opening balance sheet starting 1 January 2010.

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognized in accordance with IFRS 2 – Share-Based Payment. Stock options represent a benefit for the grantee and, accordingly, are treated as part of the Group's compensation costs. Option grants are not cash-settled, and the benefit is therefore recognized as an expense over the vesting period by adjusting equity for an amount corresponding to the fair value of the underlying equity instruments. As the stock options granted to employees of Group subsidiaries are only exercisable for SEB S.A. shares they are deemed to be equity-settled share-based payments.

The fair value of stock options at the grant date is determined using the Black & Scholes option pricing model. This model takes into account the option exercise price and period, market data at the grant date (risk-free interest rate, share price, volatility, expected dividends) and grantee behavior assumptions (average holding period of the options). The fair value of performance shares corresponds to the share price on the grant date less a discount covering the lock-up feature and the value of future dividends that will not be received during the vesting period.

The compensation cost recorded for each plan is determined by multiplying the fair value per option or performance share by the estimated future number of shares to be delivered. The estimated number of shares is adjusted at each balance sheet date, as necessary, based on a revised estimate of the probability of non-market-based performance criteria being met, leading to an adjustment of the compensation cost.

The compensation cost is recognized in employee benefits expense on a straight-line basis over the option or performance share vesting period by adjusting equity. When a grantee leaves the Group before the end of the vesting period, resulting in the rights to the options or performance shares being forfeited, the cumulative compensation cost is canceled by recording an equivalent amount in income. Conversely, if a grantee leaves the Group earlier than originally expected, amortization of the cost of his or her options or performance shares is accelerated.

D) EMPLOYEE SHARE OWNERSHIP PLANS

When employee rights issues are carried out, if the shares are offered at a discount to market price the difference between the offer price and the market price is recorded as an expense. The expense is measured on the date when the rights are granted, corresponding to the point at which both the Group and the employees understand the characteristics and terms of the offer.

It takes into account matching employer contributions to the plan and any discount offered on the shares, less the deemed cost to the employee of the lock-up applicable to the shares.

It is recognized in full in the income statement in the year of the rights issue provided that the shares are not subject to any vesting condition, as in this case the shares are issued in exchange for employee services rendered in prior periods. The charge is recognized on the income statement, under "Discretionary and non-discretionary profit-sharing."

1.4.12. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation:

A) PROVISIONS FOR WARRANTY COSTS

The Group provides a warranty on its products. The estimated costs of the warranty are accrued at the time of sale, based on historical data.

This item also includes provisions for product recalls, which are set up when the recall is decided.

B) PROVISION FOR CLAIMS AND LITIGATION

As a general principle, all known claims and litigation involving the Group are reviewed by management at each period-end. All necessary provisions have been recorded to cover the related risks, as estimated after obtaining advice from outside legal advisors.

C) RESTRUCTURING PROVISION

The Group is considered as having a constructive obligation when management has a detailed formal plan for the restructuring, or has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features and no inflow of economic benefits is expected that would offset the costs of the plan.

The amount of the related provision corresponds to forecast cash outflows under the plan.

1.4.13. Off-balance sheet commitments

For several years now, the Group's reporting system has included detailed reporting of off-balance sheet commitments. The process provides for the reporting by consolidated subsidiaries, in their consolidation packages, of information about the following commitments that they have given:

- guarantees, endorsements and bonds;
- security interests (mortgages and pledges);
- commitments under operating leases, firm orders for fixed assets;
- other commitments.

1.4.14. Transactions between owners

Acquisitions or disposals of non-controlling interests that do not affect the Group's control of a subsidiary are treated as transactions between owners and accounted for in equity. The carrying amounts of the subsidiary's assets (including goodwill recognized upon obtaining control) and liabilities remain unchanged.

In the event of a partial disposal leading to the loss of control of a subsidiary, the Group (a) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; (b) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost; (c) recognizes the fair value of the consideration received; (d) recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost; (e) reclassifies to profit or loss any gain or loss recognized in other comprehensive income and (f) recognizes any resulting difference as a gain or loss in profit or loss attributable to owners of the parent. The remeasurement at fair value of the retained investment therefore affects profit or loss.

NOTE 1.5. INCOME STATEMENT PRESENTATION

1.5.1. Revenue

Revenue corresponds to the value, excluding tax, of goods and services sold by consolidated companies in the course of their ordinary activities, after eliminating intra-group sales.

Revenue are recognized when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer receives a product.

Revenue are assessed for an amount corresponding to the fair value of the consideration received or receivable as determined after deducting rebates and discounts.

Advertising expense contributions billed by customers and the cost of consumer promotions that do not fulfill the criteria for recognition as revenue are recognized as a deduction from revenue. The reported amount of revenue also includes miscellaneous revenues.

Freight and other costs billed to customers are treated as an integral part of revenue.

Accruals are booked for deferred rebates granted to customers on the basis of contractual or constructive commitments identified at the period-end.

1.5.2. Operating Result from Activity and operating expenses

The Group's main performance indicator is the Operating Result from Activity. Operating Result from Activity corresponds to sales less operating expenses. Operating expenses compromise the cost of sales, research and development costs, advertising costs and distribution and administrative expenses. Statutory and discretionary employee profit sharing and other operating income and expenses, as defined in Note 1.5.4 are excluded from the calculation.

1.5.3. Recurring Operating profit

Recurring Operating profit corresponds to Operating Result from Activity less statutory and discretionary employee profit sharing.

1.5.4. Operating profit

Operating profit is comprised all the recurring and non-recurring income and expenses generated in the course of the Group's ordinary activities, including income and expenses resulting from one-off decisions or transactions that are unusual in terms of their amount. Other non-current items, reported under "Other operating income and expenses", mainly include the following (see Note 6 for details):

- costs of significant restructuring plans;
- impairment losses on property, plant and equipment and intangible assets, including goodwill;
- costs related to business combinations (excluding the costs of issuing equity instruments or of new debt contracted for the purpose of the business combination) and remeasurement at fair value any previously held investment on the date control was obtained;
- gains or losses recognized upon losing exclusive control of a subsidiary, including the remeasurement at fair value of any retained investment;
- gains and losses on highly exceptional events (litigation, asset disposals, etc. involving unusually large amounts) and changes in provisions booked for these types of events.

1.5.5. Other income statement items

Accrued interest on interest-bearing instruments is recognized by the effective interest method based on the purchase price.

Dividend income is recognized when the shareholder's right to receive payment is established.

Finance costs are recognized in the income statement in the period in which they are incurred.

1.5.6. Earnings per share

Basic earnings per share correspond to profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the period, excluding treasury stock.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to take into account the dilutive effect of stock options and other consolidated equity instruments issued by the company.

Note 2. Changes in scope of consolidation

NOTE 2.1. TRANSACTIONS IN 2016

WMF

On 20 May 2016, Groupe SEB signed an agreement with KKR to acquire the German group WMF, the world leader in professional coffee makers and the leader in cookware in Germany. This deal was subject to clearance by the relevant competition authorities, in particular at European level. This clearance was obtained on 22 November 2016 and the acquisition of WMF finalized on 30 November 2016.

Given that the date of acquisition was very close to the year-end, the Group decided to use the balance sheet as of 31 December 2016 as the opening balance sheet due to the operational difficulties in preparing reliable financial statements within a short period of time and the fact that one month of income statement is not material at Group level. In December 2016, WMF posted revenue of €118 million and an operating profit of close to €3 million.

Founded in 1853, Groupe WMF has three core businesses: professional coffee makers, small household appliances (cookware and small domestic appliances) and catering equipment. Over the years, it has built up strong positions:

- in the professional coffee segment, in which it is the global leader with 28% market share, way ahead of the no. 2;
- in the cookware segment, where WMF is the uncontested leader in Germany with 20% of the market.

Through this structuring acquisition, Groupe SEB:

- acquires a strong global leadership position in the highly attractive professional coffee makers market, which is fast growing, highly profitable and a significant source of recurring income from the service activities;
- considerably strengthens its position in the cookware segment by becoming the no. 1 in Germany with in particular a high-end stainless steel product offering;
- speeds up its development in the strategic cookware articles and accessories segment, following on from the acquisition of EMSA, generating revenue of in excess of €350 million;
- expands its trademark portfolio with the addition of new established trademark including the iconic WMF, but also Schaerer, Silit, Kaiser and HEPP;
- gains access to a network of 200 direct outlets in Germany, a strong source of brand awareness and of sales.

In addition, this acquisition will generate significant synergies. In terms of revenue, this will enable the international roll-out of the WMF trademark and products through the Groupe SEB network as well as add Group products to the WMF trademark. Furthermore, the integration of WMF provides an opportunity to ramp up productivity, generating full-year synergies estimated at around €40 million by 2020.

WMF has eight production plants worldwide: Four in Germany, one in Switzerland, one in the Czech Republic, one in China and one in India. It uses multi-channel distribution, including an extensive network of its own stores. It has 6,000 employees in 16 countries, including around 4,600 in Germany.

The expected impact of this acquisition on the Group's income statement is discussed in Note 2.2 Proforma 2016 Financial Statements.

The provisional net fair value of the identifiable assets and liabilities on 31 December 2016 are as follows:

(in € millions)	31 December 2016
Non-current assets [(a)]	365.8
Inventories	229.0
Trade receivables	199.3
Net debt	(563.0)
Trade and other payables	(108.1)
Other net liabilities	(324.3)
TOTAL NET ASSETS	**(201.3)**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**(201.3)**
Non-controlling interests	
CASH OUTFLOW FOR THE WMF GROUP ACQUISITION	**1,081.5**
Goodwill	1,282.8

(a) *Prior to measurement of intangible assets and completion of PPA*

The assets and liabilities presented above and in WMF's opening balance sheet were included in the Groupe SEB consolidated balance sheet as of 31 December 2016.

EMSA

On 28 June 2016, Groupe SEB completed the acquisition of EMSA.

Founded in 1949, the German-based EMSA specializes in the design, manufacture and sale of kitchenware articles and accessories. Its core business is built around three product categories: vacuum jugs and flasks, kitchenware articles and accessories (kitchen aids) and storage jars. The EMSA product offering is built around innovation and quality, combining functional features and design. EMSA manufactures across three plants in Germany, China and Vietnam.

A well-known trademark in German-speaking countries, EMSA primarily covers the core-range segment and boasts strong positions in Germany in thermoware and food storage containers, where it is the market leader. EMSA is also present in the rest of Europe and the Middle East. EMSA generated revenue of €85 million in 2016.

The provisional net fair value of the identifiable assets and liabilities upon takeover on 30 June 2016 are as follows:

(in € millions)	30 June 2016
Non-current assets [(a)]	23.6
Inventories	20.7
Trade receivables	10.3
Net debt	(36.2)
Trade and other payables	(11)
Other net liabilities	(14.7)
TOTAL NET ASSETS	**(7.3)**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**(7.3)**
Non-controlling interests	
CASH OUTFLOW FOR THE EMSA ACQUISITION	**21.9**
Goodwill prior to measurement of the EMSA trademark	29.2

(a) Prior to measurement of the EMSA trademark.

Legal restructuring in Germany and the United States

The legal restructuring that began in Germany and the United States in 2015 was completed in the first half of 2016. This restructuring had no impact on the Consolidated Financial Statements.

Supor

In late December 2015, Groupe SEB signed an agreement with the Su family holding company, Supor Group, to buy 50 million shares, 7.91% of the capital of Supor at a unit price of CNY 29 per share. This transaction was completed on 23 June 2016. Groupe SEB now owns 81.17% of the company.

Furthermore, as part of a legal restructuring, 25% of the shares in Zehjiang Supor EA and Wuhan Cookware, which were previously held by an intermediate holding company based in Hong-Kong, were transferred to the Supor Group parent company, thereby giving it outright ownership of these subsidiaries. At the Group level, this transaction had the following impact:

- a slight change in the ownership interest in these companies from 85.88% to 81.17% for Zehjiang Supor EA and from 85.49% to 81.17% for Wuhan Cookware;
- the transfer of €150 million from China to France.

This transaction was completed in early July 2016.

NOTE 2.2. PROFORMA 2016 FINANCIAL STATEMENTS

The proforma income statement presented below was prepared in accordance with AMF recommendation 2013-08. Its purpose is to present the 2016 profit or loss as if WMF had been acquired on January 1, 2016.

Certain income statement items are directly linked to the first-time consolidation and should therefore be considered as non-recurring. In addition, given that the fair value measurement of the identifiable assets and liabilities of WMF is provisional, this proforma income statement could be impacted by the final measurement of some of these items.

2.2.1. Proforma 2016 income statement

(in € millions)	SEB reported	WMF 2016	Group financing	Inter-company elimination	Proforma recurring	Stock step-up	Proforma
Revenue	4,999.7	1,099.7		(4.3)	6,095.1		6,095.1
Operating expenses	(4,494.5)	(1,006.2)		4.3	(5,496.4)	(13.9)	(5,510.3)
OPERATING RESULT FROM ACTIVITY	**505.2**	**93.5**	0.0	0.0	**598.7**	**(13.9)**	**584.8**
Statutory and discretionary employee profit-sharing	(36.7)	0.0			(36.7)		(36.7)
RECURRING OPERATING PROFIT	**468.5**	**93.5**	0.0	0.0	**562.0**	**(13.9)**	**548.1**
Other operating income and expenses	(42.2)	(15.6)			(57.8)		(57.8)
OPERATING PROFIT	**426.4**	**77.9**	0.0	0.0	**504.3**	**(13.9)**	**490.4**
Finance costs	(29.8)	(8.0)	(5.5)	8.0	(35.3)		(35.3)
Other financial income and expenses	(28.2)	0.1			(28.1)		(28.1)
Share of profits of associates		0.5			0.5		0.5
PROFIT BEFORE TAX	**368.4**	**70.5**	**(5.5)**	**8.0**	**441.4**	**(13.9)**	**427.5**
Income tax	(77.7)	(25.5)	1.4	(2.4)	(104.2)	4.2	(100.1)
PROFIT FOR THE PERIOD	**290.8**	**45.0**	**(4.1)**	**5.6**	**337.3**	**(9.7)**	**327.6**
Non-controlling interests	(32.2)	(0.4)			(32.6)		(32.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**258.6**	**44.6**	**(4.1)**	**5.6**	**304.7**	**(9.7)**	**295.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(UNITS)*							
Basic earnings per share	5.20				6.12		5.93
Diluted earnings per share	5.15				6.06		5.87

The "WMF 2016" income statement represents the consolidated income statement prepared by WMF plus a series of reclassifications made to bring it into line with the Groupe SEB accounting policies as detailed in Note 1 Summary of significant accounting policies herein. In addition, these financial statements were adjusted to offset the impact of intangible assets in the process of being measured and to eliminate the entries that should have impacted the opening balance sheet and not the 2016 profit (loss). Finally, the WMF cost of debt in 2016 was replaced by a standard borrowing cost determined on the basis of the financing arranged by Groupe SEB.

Proforma adjusted EBITDA accordingly totaled €719 million. The proforma net debt/adjusted EBITDA ratio is thus 2.81.

2.2.2. Notes to the Proforma 2016 income statement

2.2.2.1. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

Sales *(in € millions)*	2016			
	Reported	WMF 2016	Eliminations	Proforma
EMEA	2,494.9	848.0	(4.3)	3,338.6
Americas	918.7	186.0		1,104.7
Asia	1,586.1	65.7		1,651.8
TOTAL	**4,999.7**	**1,099.7**	**(4.3)**	**6,095.1**

Sales *(in € millions)*	2016			
	Reported	WMF 2016	Eliminations	Proforma
Cookware	1,626.1	603.5		2,229.6
Small domestic appliances	3,373.6	75.5	(4.3)	3,444.8
Professional coffee makers		420.7		420.7
TOTAL	**4,999.7**	**1,099.7**	**(4.3)**	**6,095.1**

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2.2.2.2. OPERATING EXPENSES

(in € millions)	2016			
	Reported	WMF 2016	Consolidation entries	Proforma
Purchased raw materials and goods	(2,427.0)	(432.7)	(9.6)	(2,869.3)
Labor costs	(205.2)	(145.7)		(350.9)
Freight costs	(121.7)			(121.7)
Other production costs	(267.3)			(267.3)
COST OF SALES (SUB-TOTAL)	**(3,021.2)**	**(578.4)**	**(9.6)**	**(3,609.2)**
Research and development costs	(92.2)	(20.7)		(112.9)
Advertising	(130.9)	(32.2)		(163.1)
Distribution and administrative expenses	(1,250.2)	(383.9)		(1,634.1)
OPERATING EXPENSES	**(4,494.5)**	**(1,015.2)**	**(9.6)**	**(5,519.3)**

(a) After reallocation of certain production costs.

2.2.2.3. OTHER OPERATING INCOME AND EXPENSES

(in € millions)	2016		
	Reported	WMF 2016	Proforma
Restructuring costs	(19.0)	(8.5)	(27.5)
Impairment losses	(0.8)		(0.8)
Gains and losses on asset disposals and other	(22.4)	(7.1)	(29.5)
OTHER OPERATING INCOME AND EXPENSES	**(42.2)**	**(15.6)**	**(57.8)**

The main components of other operating income and expenses of WMF relate to the restructuring of logistics activities and extraordinary costs related to the transaction.

NOTE 2.3. TRANSACTIONS IN 2015 AND 2014

OBH Nordica Group

On 31 August 2015, Groupe SEB acquired 100% of the shares of OBH Nordica Group, a major operator in the small domestic appliance (SDA) market in Scandinavia. These shares were previously owned by Triton-managed funds.

Founded in 2002 and based in Sundbyberg, north of Stockholm, OBH Nordica markets a wide range of kitchen products (electrical appliances and cookware), representing 80% of its revenue, as well as personal and home care appliances. As a result of strong in-house innovation, the company enjoys leading positions in the Nordic region, implementing a single brand strategy with high brand awareness in Sweden, Denmark, Finland and Norway. OBH Nordica has also developed a solid foothold in all distribution channels, with access to some 4,200 points of sale.

OBH Nordica generated sales of SEK 628 million in 2015 (approximately €67 million) and has a share of around 7% value market share in the Nordic SDA market. The portion of sales attributable to Groupe SEB in 2015 was €28.6 million.

The net fair value of the identifiable assets and liabilities upon takeover on August 31, 2015 was as follows:

(in € millions)	31 August 2015
Non-current assets [a]	17.5
Inventories	18.3
Trade receivables	8.8
Net debt	(3.0)
Trade and other payables	(5.4)
Other net liabilities	(8.2)
TOTAL NET ASSETS	**27.2**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**27.2**
Non-controlling interests	
CASH OUTFLOW FOR THE OBH NORDICA GROUP ACQUISITIONS	**17.7**
Negative goodwill	(9.5)

(a) Mainly comprising the OBH Nordica brand estimated at €13.3 million by an independent assessor.

Atakoy

On 30 June 2015, the Group took over part of the retail business of one of its former distributors in Turkey. This deal resulted in estimated goodwill of around €3 million.

Supor

In late December 2014, Groupe SEB acquired 10 million Supor shares (1.58% of the capital) owned by the Su founding family at a price of CNY 17.50 per share. This transaction was completed once approval had been obtained from the Chinese authorities, increasing the Groupe SEB holding to 73.13% at 31 December 2015.

Coranco

On 16 December 2013, Groupe SEB acquired the Canadian company Coranco, giving it direct control over the marketing of Lagostina products in Canada. This company has been included in the scope of consolidation since 1 January 2014.

Maharaja Whiteline

On 16 December 2011, Groupe SEB acquired a majority interest in Maharaja Whiteline, a leading producer of small electrical appliances in India. Since then, Groupe SEB holds 55% of the company's share capital, with the rest remaining with the founding family. The Group had chosen not to consolidate this company in 2012 and 2013, in particular due to insufficient reliability of the figures and its small significance in terms of the Group's aggregates. The interest in the company was therefore reported under "Other investments" on the consolidated balance sheet. On 21 April 2014, Groupe SEB acquired the 45% interest in Maharaja Whiteline previously held by its partner, thus increasing its stake to 100%. This transaction between shareholders had a direct impact on the Group's equity. Groupe SEB subsequently recapitalized this subsidiary in the amount of €8.5 million.

This company has been fully consolidated since 1 January 2014, the Group considering that it took effective control of the company at the end of 2013. The net fair value of the identifiable assets and liabilities when Groupe SEB acquired control of the company on 1 January 2014 was as follows:

(in € millions)	1 January 2014
Non-current assets [a]	14.8
Inventories	3.5
Trade and other receivables	1.6
Net debt	(7.0)
Trade and other payables	(4.4)
Other net liabilities	(8.4)
TOTAL NET ASSETS	**0.1**
PERCENT INTEREST	**55%**
NET ASSETS ACQUIRED	**0.1**
Non-controlling interests	0.0
CASH OUTFLOW FOR THE MAHARAJA WHITELINE ACQUISITION	**20.1**
Goodwill	*20.0*

(a) Including the Maharaja Whiteline trademark estimated at €9.5 million by independent assessors.

On 13 November 2014 Maharaja Whiteline was renamed Groupe SEB India.

Asia Fan

On 10 July 2014 and 17 November 2014, Groupe SEB acquired virtually all of the non-controlling interests previously held by the founding shareholders in its Vietnamese subsidiary, which was taken over on 31 May 2011. This transaction between shareholders, which increased the Group's stake to nearly 100%, had a direct impact on its equity.

Note 3. Segment information

In accordance with IFRS 8 – Operating Segments, financial information is presented by geographical segment, which is the basis of the internal information reviewed and used by the chief operating decision makers, i.e. the members of the Executive Committee.

NOTE 3.1. GEOGRAPHICAL SEGMENT INFORMATION (BY LOCATION OF ASSETS)

The 2016 information by region is presented on the basis of the new Group organization announced in September 2015.

(in € millions)	EMEA	AMERICAS	ASIA	Intra-Group transactions	Total
31/12/2016					
Revenue					
Inter-segment revenue	2,487.3	899.9	1,574.9		4,962.1
External revenue	212.7	0.6	1,032.3	(1,208.0)	37.6
TOTAL REVENUE	**2,700.0**	**900.5**	**2,607.2**	**(1,208.0)**	**4,999.7**
Operating Result from Activity	168.6	58.3	304.7	(26.4)	505.2
Operating profit	105.9	42.5	304.4	(26.4)	426.4
Finance costs and other financial income and expenses					(57.9)
Profit (loss) attributable to associates					
Income tax					(77.7)
PROFIT FOR THE PERIOD					**290.8**
Balance sheet					
Segment assets	3,798.3	925.6	1,386.1	(485.0)	5,625.0
Financial assets					712.4
Tax assets					130.9
TOTAL ASSETS					**6,468.3**
Segment liabilities	(1,384.0)	(261.5)	(598.4)	425.1	(1,818.8)
Borrowings					(2,659.9)
Tax liabilities					(153.5)
Equity					(1,836.1)
TOTAL EQUITY AND LIABILITIES					**(6,468.3)**
Other information					
Capital expenditure and purchases of intangible assets	87.6	60.5	33.4		181.5
Depreciation and amortization expense	(70.7)	(16.4)	(35.0)		(122.1)
Impairment losses	(0.7)				(0.7)

Inter-segment revenue corresponds to sales to external customers located within the geographical segment.

External revenue corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

Intra-group transactions are carried out on an arm's length basis, under terms and conditions that are similar to those that would be offered to third parties.

The geographical segment information for 2015 is based on the Group's structure prior to its reorganization at the end of 2015.

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia	Central Europe, Russia and other countries	Intra-Group transactions	Total
2015								
Revenue								
Inter-segment revenue	736.5	930.9	576.8	370.1	1,427.7	570.3		4,612.3
External revenue	729.1	81.0	0.4	7.4	1,065.7	25.5	(1,751.7)	157.4
TOTAL REVENUE	**1,465.6**	**1,011.9**	**577.2**	**377.5**	**2,493.4**	**595.8**	**(1,751.7)**	**4,769.7**
Operating Result from Activity	81.1	37.7	9.9	(1.6)	251.1	46.1	3.7	428.0
Operating profit	42.1	43.2	9.0	(23.3)	251.0	45.6	3.7	371.3
Finance costs and other financial income and expenses								(47.8)
Profit (loss) attributable to associates								
Income tax								(82.4)
PROFIT FOR THE PERIOD								**241.1**
Balance sheet								
Segment assets	762.3	536.7	465.4	364.6	1,299.7	316.9	(298.5)	3,447.1
Financial assets [b]								1,093.3
Tax assets								94.8
TOTAL ASSETS								**4,635.2**
Segment liabilities	486.3	310.1	86.3	89.5	431.7	120.3	(248.8)	1,275.4
Borrowings								1,350.6
Tax liabilities								101.6
Equity								1,907.7
TOTAL EQUITY AND LIABILITIES								**4,635.2**
Other information								
Capital expenditure and purchases of intangible assets	84.6	6.0	4.9	22.9	30.2	4.7		153.3
Depreciation and amortization expense	69.5	5.2	8.0	7.9	40.5	2.2		133.3
Impairment losses	3.7			9.4				13.1

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.
(b) Including other short-term investments.

(in € millions)	France	Other Western European countries [(a)]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-Group transactions	Total
2014								
Revenue								
Inter-segment revenue	696.2	818.0	481.5	419.7	1,021.0	597.7	0.0	4,034.2
External revenue	691.4	77.4	0.5	7.4	981.5	12.3	(1,551.4)	218.9
TOTAL REVENUE	**1,387.2**	**895.4**	**482.0**	**427.1**	**2,002.5**	**609.9**	**(1,551.4)**	**4,253.1**
Operating Result from Activity	78.7	49.9	2.0	25.3	159.1	60.6	(7.6)	368.0
Operating profit	42.5	47.4	0.9	11.6	158.7	60.2	(7.6)	313.7
Finance costs and other financial income and expenses								(49.0)
Profit (loss) attributable to associates								
Income tax								(71.2)
PROFIT FOR THE PERIOD								**193.5**
Balance sheet								
Segment assets	726.2	440.7	427.5	441.0	1,228.5	319.4	(285.2)	3,298.1
Financial assets								603.2
Tax assets								69.9
TOTAL ASSETS								**3,971.2**
Segment liabilities	474.7	272.4	88.2	93.6	376.0	116.9	(237.3)	1,184.5
Borrowings								976.1
Tax liabilities								86.0
Equity								1,724.5
TOTAL EQUITY AND LIABILITIES								**3,971.2**
Other information								
Capital expenditure and purchases of intangible assets	144.8	4.8	2.9	11.7	32.8	4.0		201.1
Depreciation and amortization expense	65.3	5.7	6.9	9.3	31.2	1.8		120.2
Impairment losses	0.2			2.6				2.8

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.

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NOTE 3.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

(in € millions)	2016	2015	2014
Western European countries	1834.0	1736.0	1549.0
Other countries	661.0	608.0	655.0
EMEA	**2,495.0**	**2,344.0**	**2,204.0**
North America	563.0	599.0	496.0
South America	355.0	374.0	421.0
AMERICAS	**919.0**	**973.0**	**917.0**
China	1122.0	1020.0	750.0
Other countries	464.0	433.0	382.0
ASIA-PACIFIC	**1,586.0**	**1,453.0**	**1,133.0**
TOTAL	**5,000.0**	**4,770.0**	**4,253.0**

(in € millions)	2016	2015	2014
Cookware	1,626.4	1,563.0	1,340.7
Small domestic appliances	3,373.6	3,206.7	2,912.4
TOTAL	**5,000.0**	**4,769.7**	**4,253.1**

Note 4. Operating expenses

(in € millions)	2016	2015	2014 (a)
Purchased raw materials and goods	(2,427.0)	(2,388.8)	(2,045.8)
Labor costs	(205.2)	(196.1)	(195.3)
Freight costs	(121.7)	(136.6)	(125.8)
Other production costs	(267.3)	(240.7)	(272.1)
COST OF SALES (SUB-TOTAL)	**(3,021.2)**	**(2,962.2)**	**(2,639.0)**
Research and development costs	(92.2)	(88.5)	(81.6)
Advertising	(130.9)	(121.6)	(104.1)
Distribution and administrative expenses	(1,250.2)	(1,169.4)	(1,060.4)
OPERATING EXPENSES	(4,494.5)	**(4,341.7)**	**(3,885.1)**

(a) After reallocation of certain production costs.

Note 5. Employee benefits expenses

(in € millions)	2016	2015	2014
Wages and salaries (excluding temporary staff costs)	(601.7)	(576.5)	(528.6)
Payroll taxes	(125.9)	(122.4)	(119.1)
Pension and other post-employment benefit plan costs	(55.5)	(54.0)	(48.8)
Service cost under defined benefit plans	(1.9)	(4.9)	(11.7)
Discretionary and non-discretionary profit sharing	(36.7)	(31.4)	(33.3)
TOTAL EMPLOYEE BENEFITS EXPENSES	**(821.7)**	**(789.2)**	**(741.4)**

Breakdown by geographical segment 2016	EMEA [a]	Americas [a]	Asia [a]	Total
Employee benefits expense (excluding temporary staff costs) [b]	(524.9)	(102.2)	(194.6)	(821.7)
Average number of employees *(in units)*	8,801	2,833	14,275	25,909

(a) *Excluding WMF.*

Breakdown by geographical segment 2015	France	Other Western European countries [a]	North America	South America	Asia	Central Europe + other countries [b]	Total
Employee benefits expense (excluding temporary staff costs) [b]	(383.2)	(82.5)	(54.6)	(46.4)	(188.6)	(33.9)	(789.2)
Average number of employees *(in units)*	5,784	1,425	680	2,246	14,541	1,273	25,949

(a) *"Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.*
(b) *Of which Groupe SEB India.*

Breakdown by geographical segment 2014	France	Other Western European countries [a]	North America	South America	Asia	Central Europe + other countries [b]	Total
Employee benefits expense (excluding temporary staff costs) [b]	(379.5)	(78.3)	(46.6)	(53.8)	(151.2)	(32.0)	(741.4)
Average number of employees *(in units)*	5,838	1,357	677	2,409	13,636	1,111	25,028

(a) *"Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.*
(b) *Of which Groupe SEB India.*

Employees by category *(%)*	2016	2015	2014
Labor costs	48.0	48.0	48.0
Employees	40.0	40.4	40.5
Managers	12.0	11.6	11.5
TOTAL	**100.0**	**100.0**	**100.0**

Note 6. Other operating income and expenses

(in € millions)	2016	2015	2014
Restructuring costs	(19.0)	(18.8)	(20.0)
Impairment losses	(0.8)	(9.9)	(1.0)
Gains and losses on asset disposals and other	(22.4)	3.4	
OTHER OPERATING INCOME AND EXPENSES	**(42.2)**	**(25.3)**	**(21.0)**

NOTE 6.1. RESTRUCTURING COSTS

2016

Restructuring costs in 2016 amounted to €19.0 million, primarily including:

- €15.7 million associated with the ongoing industrial and commercial restructuring of the Brazilian subsidiary with, in particular, the announcement of the upcoming closure of our plant in São Paulo and the progressive transfer of the small domestic appliances production lines to a new plant located in Itatiaia in the State of Rio de Janeiro;
- non-material expenses, when looked at individually, mainly relating to the ongoing implementation of the restructuring plans launched in 2015.

2015

Restructuring costs in 2015 amounted to €18.8 million, primarily including:

- €8.7 million associated with continuation of the industrial and commercial restructuring of the Brazilian subsidiary;
- €5.9 million restructuring costs to return the Lourdes site to competitiveness;
- €3.2 million restructuring costs in Scandinavia following the acquisition of OBH Nordica.

2014

In 2014, restructuring costs amounted to €20.0 million, broken down as follows:

- €7.4 million associated with the industrial and commercial restructuring of the Brazilian subsidiary;
- a rescaling of the Retail business in South America (Brazil, Chile, Peru) at a cost of approximately €3.8 million;
- costs connected with the wind-down of Pesage business and a variety of adjustments in France, partly offset by the resumption of an old lawsuit, for a net charge of €3 million;
- the announced closure of the Copacabana plant in Colombia and the transfer of production to the Rio Negro plant, at a cost of €1.9 million;
- a reorganization of the sales forces in Germany and Spain, in the amounts of €1.4 million and €0.9 million.

NOTE 6.2. IMPAIRMENT LOSSES

2016

In 2016, no material impairment losses were recognized.

In application of the principle described in Note 1.4.3, certain manufacturing CGUs were tested for impairment by comparing the carrying amount of the assets of each CGU with their value in use. The value in use is defined as the sum of discounted cash flows based on a 5-year business plan plus a terminal value based on the cash flows in the final year of the plan. All CGUs comprising intangible assets with an indefinite useful life were tested for impairment at the year end and CGUs comprising assets with finite useful lives were only tested when there was an indication that they may have been impaired. The main tests and CGUs are discussed in Note 10 – Intangible Assets. None of these tests resulted in the recognition of a material impairment loss.

The main actuarial assumptions used in 2016 for impairment tests on the manufacturing CGUs in Europe were as follows:

- the weighted average cost of capital was estimated at 7.46% (versus 7.09% in 2015 and 7.09% in 2014);
- the long-term growth rate beyond the five-year period covered by the business plan was set between 0% and +2%, depending on the business of the CGU concerned (unchanged for the past three years).

The tests performed on the European manufacturing CGUs in late 2016 generally showed little sensitivity to changes in financial assumptions (WACC and long-term growth).

2015

The impairment of assets recognized in 2016 primarily related to real estate owned by our Venezuelan subsidiary written down to market value as a result of the political and monetary climate (€6.8 million) and the partial impairment of certain cookware brands in Brazil (€2.0 million).

2014

In 2014, no material impairment losses were recognized.

NOTE 6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

2016

In 2016, acquisition costs of €15 million were incurred for the acquisitions of WMF and EMSA. Furthermore, a €6 million expense was recognized for a customs dispute in Turkey detailed in Note 29.1.2 Claims and litigation.

2015

In 2015, the €9.5 million negative goodwill arising from the initial recognition of the OBH Nordica Group was partially offset by the recognition of a €4 million charge for a provision for pollution clean-up costs in Brazil.

2014

In 2014, €1.9 million received under the liability guarantee granted as part of the acquisition of Imusa in February 2011 partly offset over €3 million of costs associated with pollution clean-up and the discontinuation of certain strategic projects in Brazil.

Note 7. Finance costs and other financial income and expenses

(in € millions)	2016	2015	2014
FINANCE COSTS	**(29.8)**	**(27.5)**	**(31.2)**
Interest cost on long-term employee benefit obligations	(3.9)	(3.0)	(4.4)
Exchange gains and losses and financial instruments	(8.9)	(9.3)	(1.7)
Other	(15.4)	(8.0)	(11.7)
OTHER FINANCIAL INCOME AND EXPENSE	**(28.2)**	**(20.3)**	**(17.8)**

The interest costs on long-term employee benefits represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses".

Income and expenses from financial instruments correspond to amortization of the time value of hedging instruments, and derivative instruments for which the hedging relationship has not been documented.

In 2016, the other line mainly relates to the €7.5 million impairment loss for the shares and current account of Key Ingredient.

Note 8. Income tax expense

NOTE 8.1. INCOME TAX EXPENSE

(in € millions)	2016	2015	2014
Current tax assets and liabilities	82.9	86.3	85.5
Deferred tax assets and liabilities	(5.2)	(3.9)	(14.3)
INCOME TAXES	**77.7**	**82.4**	**71.2**

Current income tax expense corresponds to taxes paid or payable in the short term on profit for the year, based on local tax rates and tax laws in the Group's host countries.

Group companies in France, Italy and the United States have elected for group relief. The agreements guarantee neutrality for each of the companies included in the scope (Note 32) and generate no significant tax savings apart from the immediate offset of the deficits on profits.

NOTE 8.2. ANALYSIS OF INCOME TAX EXPENSE

The difference between the effective tax rate of 21.1% (25.5% in 2015 and 26.9% in 2014) and the statutory French tax rate of 34.43% in 2016 (including additional contribution) breaks down as follows:

(in %)	2016	2015	2014
STATUTORY FRENCH TAX RATE	**34.4**	**38.0**	**38.0**
Effect of difference in tax rates [(a)]	(14.2)	(19.1)	(17.6)
Unrecognized and relieved tax loss carry forwards	3.8	6.2	4.3
Prior period tax loss carry forwards recognized and utilized during the period [(b)]	(7.3)	(0.6)	(2.2)
Other [(c)]	4.4	1.0	4.4
EFFECTIVE TAX RATE	**21.1**	**25.5**	**26.9**

(a) The caption "Effect of differences in tax rates" is affected by the large share of profits made in China.
(b) The change in this caption is mainly due to the strong performance in the USA, a country in which the Group is using its tax loss carry forwards.
(c) The "Other" caption primarily includes the dividend tax (0.7%), withholding tax (1.2%), unrecognized temporary differences (1.4%), tax risks that are not individually material (0.4%) and the non-deductibility of the impairment loss on the shares and current account of Key Ingredient (0.7%) In 2015, this caption included the dividend tax (0.7%), the non-taxation of OBH negative goodwill (1.1%) and the non-deductibility of the impairment loss on assets in Venezuela (0.8%)
In 2014, this caption included unrecognized deferred tax assets other than tax losses, changes in such items not recognized in prior periods, the dividend tax (0.8%) and some tax adjustments that were not individually material.

Profit (loss) before tax amounted to €368.5 million versus €323.5 million in 2015 and €264.7 million in 2014.

NOTE 8.3. DEFERRED TAX ASSETS AND LIABILITIES ON THE BALANCE SHEET

(in € millions)	2016	2015	2014
Intangible assets (brands)	(168.8)	(115.9)	(108.8)
Capitalized development costs	(6.0)	(3.8)	(4.4)
Property, plant and equipment	(39.4)	(31.1)	(36.4)
Net tax loss carry forwards	24.0	12.0	13.7
Provisions for pensions and other employee-related liabilities	77.2	51.5	52.8
Elimination of intra-Group gains	28.3	21.9	23.9
Other temporary differences	44.4	45.6	28.8
TOTAL DEFERRED TAX ASSETS (LIABILITIES)	**(40.3)**	**(19.8)**	**(30.4)**
Of which:			
Deferred tax assets	71.1	50.3	34.9
Deferred tax liabilities	(111.4)	(70.1)	65.3

Deferred tax liabilities on other temporary differences are principally comprised of deferred taxes on the non-deductible portion of provisions.

The change in net deferred tax liabilities on the balance sheet is explained as follows:

(in € millions)	
NET DEFERRED TAXES AT 31 DECEMBER 2014	**(30.4)**
Deferred taxes for the period recognized in profit or loss	3.9
Effect of deferred taxes recognized in equity	13.3
Effect of changes in foreign exchange rates	(5.3)
Effect of changes in the scope of consolidation	(1.3)
Other	
NET DEFERRED TAXES AT 31 DECEMBER 2015	**(19.8)**
Deferred taxes for the period recognized in profit or loss	5.2
Effect of deferred taxes recognized in equity	5.4
Effect of changes in foreign exchange rates	(0.6)
Effect of changes in the scope of consolidation	(30.3)
Other	(0.2)
NET DEFERRED TAXES AT 31 DECEMBER 2016	**(40.3)**

Deferred taxes recognized in consolidated equity principally derive from deferred tax liabilities related to actuarial gains and losses on pension liabilities derivative instruments and gains or losses on treasury shares.

NOTE 8.4. OTHER INFORMATION

At 31 December 2016, the Group had a number of unrecognized deductible temporary differences and tax loss carry forwards. These amounts are listed per category as well as per expiry date in the table below:

At 31/12/2016 *(in € millions)*	Deductible temporary differences	Tax losses	Total
2017	2.1	0.7	2.8
2018	0.4	5.9	6.3
2019	0.1	0.2	0.3
2020	0.1	0.2	0.3
2021 and beyond	4.2	2.2	6.4
Unlimited	2.5	83.0	85.5
TOTAL	**9.4**	**92.2**	**101.6**

Unrecognized tax loss carry forwards went from €92.5 million in 2015 to €92.2 million in 2016.

It mainly relates to Germany (€28.2 million in 2016, €27.8 million in 2015 and €27.6 million in 2014), the USA (€4 million in 2016, €26.5 million in 2015 and €28.3 million in 2014), Brazil (€33.9 million in 2016, €18.2 million in 2015 and €6.2 million in 2014) and Spain (€3.6 million in 2016, €4.2 million in 2015 and €4.2 million in 2014).

In 2016, given that the Group's US subsidiaries had returned to profit, almost all of the tax loss carry forwards in the USA had been capitalized.

Note 9. Earnings per share

(in € millions)	2016	2015	2014
Numerator			
Profit attributable to owners of the parent	258.6	205.9	170.0
After tax effect of dilutive potential shares			
Profit used to calculate diluted earnings per share	258.6	205.9	170.0
Denominator			
Weighted average number of ordinary shares used to calculate basic earnings per share	49,749,160	49,037,044	48,694,391
Effect of dilutive potential shares	496,356	670,030	495,319
Weighted average number of ordinary shares used to calculate diluted earnings per share	50,245,516	49,707,074	49,189,711
Basic earnings per share *(in €)*	5.20	4.20	3.49
Diluted earnings per share *(in €)*	5.15	4.14	3.45

The dilutive impact may relate to the various existing stock option and performance share plans (see Note 19.2).

Note 10. Intangible assets

In accordance with IAS 38, intangible assets with an indefinite useful life – corresponding to trademarks and goodwill – are no longer amortized but are tested for impairment at each year-end. The impairment testing method is described in Note 1.4.

Intangible assets with a finite useful life are amortized by the straight-line method over their estimated useful life. Amortization expense is included in "Operating Result from Activity".

The Group also holds certain trademarks – such as the Tefal international trademark and the SEB and Calor regional trademarks – which are not recognized in the balance sheet.

2016 *(in € millions)*	Patents and licenses	Trademarks	*Goodwill*	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	38.3	403.5	601.8	80.6	26.6	60.6	1,211.4
Acquisitions/additions		6.6		3.9	4.7	3.8	19.0
Disposals				(8.3)	(7.5)	(1.7)	(17.5)
Other movements [(a)]	8.0	145.9	1,312.0	57.5	17.4	124.6	1,665.4
Foreign currency translation adjustments	1.8	9.0	(8.2)	2.6	0.4	(0.6)	5.0
AT 31 DECEMBER	**48.1**	**565.0**	**1,905.6**	**136.3**	**41.6**	**186.7**	**2,883.3**
Depreciation and impairment losses							
At 1 January	22.2	11.0	56.8	54.3	18.1	19.1	181.5
Foreign currency translation adjustments	0.6	0.7	1.8	2.2	0.2	0.3	5.8
Additions	2.9			9.2	3.5	1.8	17.4
Impairment losses							
Depreciation and impairment written off on disposals				(8.4)	(7.1)	(0.8)	(16.3)
Other movements [(a)]	2.1	33.1		42.0	11.4	39.3	127.9
AT 31 DECEMBER	**27.8**	**44.8**	**58.6**	**99.3**	**26.1**	**59.7**	**316.3**
Carrying amount at 1 January	16.1	392.5	545.0	26.3	8.5	41.5	1,029.9
CARRYING AMOUNT AT 31 DECEMBER	**20.3**	**520.2**	**1,847.0**	**37.0**	**15.5**	**127.0**	**2,567.0**

(a) Including changes in scope of consolidation.

2015 *(in € millions)*	Patents and licenses	Trademarks	*Goodwill*	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	39.2	377.5	563.2	84.3	34.0	59.0	1,157.2
Acquisitions/additions	0.5			12.6	4.2	3.1	20.4
Disposals				(17.8)	(11.8)	(0.5)	(30.1)
Other movements [(a)]	0.1	13.9	3.1	4.1	0.7	(4.0)	17.9
Foreign currency translation adjustments	(1.5)	12.1	35.5	(2.6)	(0.5)	3.0	46.0
AT 31 DECEMBER	**38.3**	**403.5**	**601.8**	**80.6**	**26.6**	**60.6**	**1,211.4**
Depreciation and impairment losses							
At 1 January	19.5	7.8	51.2	63.3	22.9	16.3	181.0
Foreign currency translation adjustments	(0.2)	0.6	5.6	(2.2)	(0.2)	1.0	4.6
Additions	2.9			11.0	6.2	1.7	21.8
Impairment losses		2.0				0.7	2.7
Depreciation and impairment written off on disposals				(17.8)	(11.0)		(28.8)
Other movements [(a)]		0.6			0.2	(0.6)	0.2
AT 31 DECEMBER	**22.2**	**11.0**	**56.8**	**54.3**	**18.1**	**19.1**	**181.5**
Carrying amount at 1 January	19.7	369.7	512.0	21.0	11.1	42.7	976.2
CARRYING AMOUNT AT 31 DECEMBER	**16.1**	**392.5**	**545.0**	**26.3**	**8.5**	**41.5**	**1,029.9**

(a) Including changes in scope of consolidation.

2014 *(in € millions)*	Patents and licenses	Trademarks	*Goodwill*	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	19.3	340.9	493.4	74.5	36.5	56.0	1,020.6
Acquisitions/additions	0.1			4.2	4.6	4.5	13.4
Disposals	(1.0)			(2.1)	(7.1)	(1.2)	(11.4)
Other movements [(a)]	19.6	9.5	20.0	7.0		(5.3)	50.8
Foreign currency translation adjustments	1.2	27.1	49.8	0.7		5.0	83.8
AT 31 DECEMBER	**39.2**	**377.5**	**563.2**	**84.3**	**34.0**	**59.0**	**1,157.2**
Depreciation and impairment losses							
At 1 January	17.3	6.9	45.2	54.1	23.3	13.8	160.6
Foreign currency translation adjustments	0.4	0.9	6.0	0.4		1.4	9.1
Additions	2.7			10.4	5.1	1.6	19.8
Impairment losses							
Depreciation and impairment written off on disposals	(0.9)			(1.7)	(5.5)	(0.5)	(8.6)
Other movements [(a)]				0.1			0.1
AT 31 DECEMBER	**19.5**	**7.8**	**51.2**	**63.3**	**22.9**	**16.3**	**181.0**
Carrying amount at 1 January	2.0	334.0	448.2	20.4	13.2	42.2	860.0
CARRYING AMOUNT AT 31 DECEMBER	**19.7**	**369.7**	**512.0**	**21.0**	**11.1**	**42.7**	**976.2**

(a) Including changes in scope of consolidation.

Trademarks and goodwill were tested for impairment according to the method described in Note 1.4.3. by comparing their carrying amount to their value in use, with the exception of the trademarks mentioned below, which were valued using the relief from royalty method.

The discount rates used were based on a weighted average cost of capital that factors in market borrowing rates, gearing ratio, beta and country risk using Damodaran methodology. The mature country risk premium used for 2016 was 6.25%. Specific equity risk premiums ranging from 0.7% to 7.3% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

The impairment tests in 2016 were broadly based on a 2017 budget that largely assumed a continuation of the trends seen in 2016 for these CGUs.

The All-Clad CGU (including the trademark for €137.3 million and goodwill for €53.1 million at 31 December 2016) was tested for impairment by comparing the carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a 5-year business plan plus a terminal value based on the cash flows in the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.42% (versus 7.54% in 2015 and 7.34% in 2014);
- a long-term growth rate of 3%, in line with forecasts for the high-end household equipment market, and similar to the rate used since All-Clad was acquired.

This test gave rise to no additional impairment of goodwill in 2016. All-Clad's economic performance in 2016 was in line with forecasts.

The sensitivity of the test to changes, taken in isolation, in the assumptions used to calculate the value in use of the All-Clad CGU at the end of 2016 is as follows:

- use of a 11.75% discount rate (i.e. a 4.3-point increase) would have reduced the impairment test margin to zero;
- a 1-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognized;
- a 9.4-point reduction in the Operating Result from Activity for the final year of the business plan used to calculate the terminal value, would reduce the test margin to zero;
- as regards the sales trends for 2017-2021, Group management currently considers the most probable scenario to be average annual growth of 3.1%. A revision of sales forecasts to flat over the entire period would result in no additional goodwill impairment loss.

The Imusa CGU (including the trademark for €16.4 million and goodwill for €26.3 million at 31 December 2016) was tested for impairment by comparing its carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a 5-year business plan plus a terminal value based on the cash flows in the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 12.93%; and
- a long-term growth rate of 3% in line with forecasts for the sector.

The test did not lead to any impairment loss being recognized.

The sensitivity of test results to changes in the individual assumptions used in 2016 to determine the value in use of the Imusa CGU assets is as follows:

- use of a 14.0% discount rate (i.e. a 1.07-point increase) would have reduced the impairment test margin to zero;
- a 1-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognized;
- use of an unchanged percentage for Operating Result from Activity over the course of the business plan and a 3.3-reduction compared with the current year, would reduce the test margin to zero;
- as regards the sales trends for 2017-2021, Group management currently considers the most probable scenario to be average annual growth of 5.4%. A 10% downward revision in sales forecasts over the entire period would not result in any goodwill impairment loss being recognized.

At 31 December 2016, the Supor CGU (including the trademark for €116.8 million and goodwill for €394.0 million) was compared to its market value. ZJ Supor is listed on the Shenzen stock market and the share has enough liquidity to make this a good basis for comparison. At 31 December 2016, Supor shares were trading at CNY 34.92. The carrying amount at the same date was CNY 17.30 per share.

The Maharaja CGU (including the trademark for €11.3 million and goodwill for €23.9 million at 31 December 2016) was tested for impairment by comparing the carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a 10-year business plan plus a terminal value based on the cash flows in the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 16.11%; and
- a long-term growth rate of 5% in keeping with those used in this geographic area.

The test did not lead to any impairment loss being recognized.

The sensitivity of test results to changes in the individual assumptions used in 2016 to determine the value in use of the Maharaja CGU assets is as follows:

- use of a 16.38% discount rate (i.e. a 0.27-point increase) would have reduced the impairment test margin to zero;
- a 1-point decrease in the growth rate to perpetuity would have led to the recognition of an impairment loss of around €1.0 million;
- a 0.4-point drop in the Operating Result from Activity for the last year of the business plan, as used to calculate the terminal value, would reduce the test margin to zero.

The various trademarks listed below were tested using the relief from royalty method which consists of discounting the royalty revenues that would be derived from licensing the trademarks. The carrying amount of trademarks amounted to:

- Arno €28.5 million;
- Lagostina €30.4 million;
- Rowenta €23.2 million;
- Krups €7.8 million.

In addition, the Moulinex, Panex, Clock, Rochedo, Penedo, Imusa USA, Umco, MiroWearEver, AsiaVina and OBH Nordica brandswere recognized in the Consolidated Financial Statements for a total of €35.6 million.

The main assumptions used in the 2016 tests were as follows:

- royalty rate: 2.0% to 5.5% (unchanged from 2015 and 2014);
- discount rate after tax: from 6.13% (Rowenta) to 18.93% (Arno) (range between 5.93% and 18.83% in 2015);
- long-term growth rate: 1% to 3% (unchanged from 2015 and 2014).

The Group ran sensitivity analyses on the values in use of all these assets under different cash flow scenarios for 2017-2021. It also tested the sensitivity of these values in use to different assumptions on discount rate (1% increase) and perpetual growth (1% decrease). The decreases in value in use under each of these simulations taken on their own would not result in the impairment of the trademarks in the balance sheet. Furthermore, the margin of these tests is significant apart from the impairment tests for the Brazilian cookware trademarks. They were partially written down in 2015. Nevertheless, the remaining amounts are not material at Group level.

Note 11. Property, plant and equipment

2016 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	40.3	436.6	1,001.1	145.4	82.0	1,705.4
Acquisitions/additions	6.8	45.9	41.7	16.2	51.8	162.4
Disposals	(1.5)	(2.3)	(59.8)	(9.3)	(0.9)	(73.8)
Other movements (a)	5.8	162.7	182.0	236.1	(64.0)	522.6
Foreign currency translation adjustments	2.3	5.2	9.8	1.6	1.5	20.4
AT 31 DECEMBER	**53.7**	**648.1**	**1,174.8**	**390.0**	**70.4**	**2,337.0**
Depreciation and impairment losses						
At 1 January	7.2	214.6	782.8	104.3		1,108.9
Foreign currency translation adjustments		2.1	6.8	1.3		10.2
Additions	0.2	21.1	69.2	15.7		106.2
Impairment losses						
Depreciation and impairment written off on disposals		(1.9)	(58.0)	(8.2)		(68.1)
Other movements (a)		79.7	120.1	172.3		372.1
AT 31 DECEMBER	**7.4**	**315.6**	**920.9**	**285.4**		**1,529.3**
Carrying amount at 1 January	33.1	222.0	218.3	41.1	82.0	596.5
CARRYING AMOUNT AT 31 DECEMBER	**46.3**	**332.5**	**253.9**	**104.6**	**70.4**	**807.7**

(a) Including changes in scope of consolidation.

At 31 December 2016, no single asset impairment was material in its own right.

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2015 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	42.5	416.0	962.7	139.5	55.2	1,615.9
Acquisitions/additions	0.3	7.3	48.3	10.4	66.6	132.9
Disposals		(3.2)	(30.6)	(10.5)	(1.2)	(45.5)
Other movements [(a)]	0.1	11.5	22.2	6.3	(37.3)	2.8
Foreign currency translation adjustments	(2.6)	5.0	(1.5)	(0.3)	(1.3)	(0.7)
AT 31 DECEMBER	**40.3**	**436.6**	**1,001.1**	**145.4**	**82.0**	**1,705.4**
Depreciation and impairment losses						
At 1 January	7.0	192.0	732.3	97.5		1,028.8
Foreign currency translation adjustments		(0.5)	(1.8)	(0.3)		(2.6)
Additions	0.2	17.3	79.7	15.2		112.4
Impairment losses		7.4	2.8	0.3		10.5
Depreciation and impairment written off on disposals		(2.0)	(29.4)	(9.5)		(40.9)
Other movements [(a)]		0.4	(0.8)	1.1		0.7
AT 31 DECEMBER	**7.2**	**214.6**	**782.8**	**104.3**		**1,108.9**
Carrying amount at 1 January	35.5	224.0	230.4	42.0	55.2	587.1
CARRYING AMOUNT 31 AT DECEMBER	**33.1**	**222.0**	**218.3**	**41.1**	**82.0**	**596.5**

(a) *Including changes in scope of consolidation.*

2014 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	30.7	332.2	883.3	129.7	45.4	1,421.3
Acquisitions/additions	10.4	60.6	53.5	12.4	50.7	187.6
Disposals	(0.3)	(2.7)	(21.4)	(8.4)	(0.6)	(33.4)
Other movements [(a)]	2.0	12.8	27.6	4.5	(41.0)	5.9
Foreign currency translation adjustments	(0.3)	13.1	19.7	1.3	0.7	34.5
AT 31 DECEMBER	**42.5**	**416.0**	**962.7**	**139.5**	**55.2**	**1,615.9**
Depreciation and impairment losses						
At 1 January	7.1	174.2	665.7	88.4		935.4
Foreign currency translation adjustments		3.0	12.3	1.1		16.4
Additions	0.2	16.2	69.5	14.5		100.4
Impairment losses			2.6			2.6
Depreciation and impairment written off on disposals	(0.3)	(1.6)	(19.6)	(6.7)		(28.2)
Other movements [(a)]		0.2	1.8	0.2		2.2
AT 31 DECEMBER	**7.0**	**192.0**	**732.3**	**97.5**		**1,028.8**
Carrying amount at 1 January	23.6	158.0	217.6	41.3	45.4	485.9
CARRYING AMOUNT AT 31 DECEMBER	**35.5**	**224.0**	**230.4**	**42.0**	**55.2**	**587.1**

(a) *Including changes in scope of consolidation.*

Most of the Group's operations are on 40 major industrial sites. They are distributed as follows:

Region	Country	Plant	Main products
France	France	Rumilly	Cookware, informal meal appliances
		Tournus	Cookware
		Selongey	Pressure cookers
		Pont-Évêque	Irons, steam generators, epilators
		Is-sur-Tille	Deep fryers, ovens
		Saint Jean de Bournay	Plastic components
		Lourdes	Meat grinders and small food preparation appliances
		Mayenne	Food processors, *blenders*, full-automat espresso *machines*
		Saint-Lô	Electronic components
		Vernon	Vacuum cleaners
Western Europe	Germany	Erbach	Steam irons
		Emsdetten	Cookware
		Geislingen an der Steige	Cookware; professional coffee makers
		Diez	Cookware
		Riedlingen	Cookware
		Hayingen	Cutlery
	Switzerland	Zuchwill	Professional coffee makers
	Italy	Omegna	Cookware
	Czech Republic	Domazlice	Catering utensils, components
North America	United States	Canonsburg	Cookware
South America	Brazil	São Paulo (Mooca)	Fans, washing machines, *blenders*
		São Bernardo	Cookware
		Itatiaia	Electrical appliances
		Recife	Fans, washing machines, *blenders*
	Colombia	Cajica	*Blenders*, fans
		Rio Negro	Cookware, plastic items
Asia	China	Shanghai	Steam irons, steam cookers
		Yuhuan	Cookware
		Wuhan	Cookware
		Hangzhou	Rice cookers
		Shaoxing	Kettles, electric pressure cookers, induction hotplates, deep fryers, breadmakers, coffee machines, soya milk makers
		Taicang	Cookware
		Heshan	Cutlery
	India	Baddi	Food processors, *blenders*, fans
	Vietnam	Vinh Loc	Fans
		Binh duong	Components (motors)
		Ho Chi Minh	Cookware
		Binh duong	Garden products
Other countries	Russia	Saint-Petersburg	Cookware
	Egypt	Borg el Arab	Blenders and small food preparation appliances

The Group owns all of its plants, except for those in São Bernardo (Brazil) and Shanghai (China).

Logistics warehouses and commercial and office buildings are generally leased, except for the Group's headquarters building in Écully.

As previously reported, on 13 January 2014, Groupe SEB bought the Parc Mail office complex in Écully, already used by some of its activities and corporate teams. In March 2016, all head-office functions were thus moved to this site in the Lyon region, bringing them under one roof with a view to improving the functioning and efficiency of the Group's organization. All leases are with unrelated lessors and reflect normal market terms.

Note 12. Leases

Finance leases can be analysed as follows:

Carrying amounts *(in € millions)*	2016	2015	2014
Land			
Buildings			
Machinery and equipment	5.1	2.9	2.6
Other	1.0	1.0	1.2
CARRYING AMOUNT	**6.1**	**3.9**	**3.8**

These amounts are included in Note 11 – Property, plant and equipment.

Groupe SEB does not have any finance leases related to intangible assets or investment property.

Commitments under leases are as follows:

2016 *(in € millions)*	Finance leases	Operating leases
LEASE COMMITMENTS:		
Due within one year	1.9	83.1
Due in one to five years	3.9	166.0
Due beyond five years	0.2	59.8
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**6.0**	**308.9**
Future interest costs	0.4	
DISCOUNTED PRESENT VALUE OF LEASE COMMITMENTS	**5.6**	**308.9**

Lease payments recorded in expenses for the year totaled:

(in € millions)	2016	2015	2014
Lease payments	63.3	57.8	61.7

Note 13. Investments in other financial assets

NOTE 13.1. INVESTMENTS

13.1.1. Investments in associates

Equity accounted investments worth €11 million were also consolidated following the WMF acquisition.

13.1.2. Other investments

At 31 December 2016, "Other investments" amounted to €29.1 million. This largely consists of non-controlling interests in several entities and investments in non-consolidated entities due to their non-material size in the Group.

NOTE 13.2. OTHER NON-CURRENT FINANCIAL ASSETS

These assets are mainly comprised of endorsements and guarantees, chiefly for property leases.

Note 14. Product development costs

(in € millions)	2016	2015	2014
RESEARCH AND DEVELOPMENT GROSS EXPENDITURE	**(104.0)**	**(99.8)**	**(93.5)**
Research tax credit	7.4	7.1	7.3
RESEARCH AND DEVELOPMENT NET EXPENDITURE	**(96.6)**	**(92.6)**	**(86.2)**
as a % of revenue	1.9%	1.9%	2.0%
CAPITALISED DEVELOPMENT COSTS	**4.3**	**4.2**	**4.6**
as a % of R&D expenditure	4.50%	4.5%	5.3%
RESEARCH AND DEVELOPMENT COSTS RECOGNIZED DIRECTLY IN THE INCOME STATEMENT (NOTE 4)	**(92.2)**	**(88.5)**	**(81.6)**
AMORTIZATION FOR THE PERIOD RECOGNIZED IN COST OF SALES	**(3.4)**	**(6.1)**	**(5.1)**
TOTAL COST RECOGNIZED IN THE INCOME STATEMENT	**(95.7)**	**(94.5)**	**(86.7)**
as a % of revenue	1.90%	2.0%	2.0%

In 2016, research and development expenditure totaled €96.6 million, compared with €92.6 million in 2015.

Capitalized development costs amounted to €4.3 million, versus €4.2 million in 2015 and €4.6 million in 2014.

Overall, research and development costs recognized in the income statement came to €95.7 million, versus €94.5 million in 2015 and €86.7 million in 2014.

Note 15. Inventories

	2016			2015			2014		
(in € millions)	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	253.6	(9.9)	243.7	190.7	(9.6)	181.1	209.3	(11.0)	198.3
Work in progress	22.4	(0.2)	22.2	6.8	(0.3)	6.5	6.5	(0.2)	6.3
Finished products and goods purchased for resale	837.7	(27.3)	810.4	658.2	(24.9)	633.3	635.2	(17.0)	618.2
TOTAL	**1,113.7**	**(37.4)**	**1,076.3**	**855.7**	**(34.8)**	**820.9**	**851.0**	**(28.2)**	**822.8**

Note 16. Trade receivables

(in € millions)	2016	2015	2014
Trade receivables (including discounted bills)	1,080.1	898.0	782.5
Provision for doubtful debt	(20.0)	(12.0)	(14.2)
TOTAL	**1,060.1**	**886.0**	**768.3**

The fair value of trade receivables is equivalent to their carrying amount, in view of their short maturities.

At 31 December 2016, the Group sold €50 million worth of trade receivables to Société Générale. As the sale of receivables was without recourse, the receivables were deconsolidated.

A receivables aging analysis is presented in Note 26.4.

Note 17. Other receivables and non-current assets

(in € millions)	2016	2015	2014
OTHER NON-CURRENT ASSETS (1)	**13.3**	**23.6**	**5.9**
Prepaid expenses	8.8	5.7	7.8
Prepaid and recoverable taxes and other receivables [(1)]	91.8	84.5	130.0
OTHER CURRENT RECEIVABLES	**100.6**	**90.2**	**137.8**

(1) *Including VAT claims amounting to €82.6 million at 31 December 2016.*

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At the period-end, other receivables broke down as follows:

(in € millions)	Short term	Long term	Total
Prepaid expenses	8.8	1.5	10.3
Prepaid and recoverable taxes and other receivables	91.8	11.8	103.6
TOTAL	**100.6**	**13.3**	**113.9**

Note 18. Cash and cash equivalents

(in € millions)	2016	2015	2014
Cash at bank	378.8	713.7	341.4
Marketable securities	35.7	57.1	
TOTAL	**414.5**	**770.8**	**341.4**

Cash equivalent are mainly composed of very short-term investments, such as SICAV money market funds, whose market value corresponds to their carrying amount at the balance sheet date.

Note 19. Equity

NOTE 19.1. SHARE CAPITAL

At 31 December 2016, 2015 and 2014, the share capital was made up of 50,169,049 shares with a par value of €1 each.

One class of shares carries double voting rights and the right to a supplementary dividend. Shares acquire double voting rights when they are fully paid-up and have been registered in the name of the same owner for five years.

After deducting treasury shares, the weighted average number of shares outstanding in 2016 was 49,749,160 (49,037,044 in 2015 and 48,694,391 in 2014).

At 31 December 2016, the Founder Group held 40.94% of the share capital (of which FÉDÉRACTIVE: 21.29% and VENELLE INVESTISSEMENT: 19.65%). These shares represent 53.37% of the voting rights.

NOTE 19.2. SHARE-BASED PAYMENTS

19.2.1. Stock-options

Information about stock option plans at 31 December 2016 is provided below:

EXERCISE OF STOCK OPTIONS

At 31/12/2016	Date			Number of options				Exercise price
Type	of grant [(a)]	of exercise	of expiry	granted	exercised	canceled	Outstanding	*(in €)*
Purchase plan	13/05/2008	13/05/2012	13/05/2016	1,005,900	926,699	79,201	0	38.35
Purchase plan	12/06/2009	12/06/2013	12/06/2017	371,300	327,421	15,266	28,613	28.05
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	332,150	18,513	61,929	53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	190,940	17,621	200,364	54.12
TOTAL				**2,198,717**	**1,777,210**	**130,601**	**290,906**	
Of which, movements in 2016					448,548	48,572		

(a) The grant date corresponds to the date of the Board Meeting when the option grants were decided.

In accordance with IFRS 2 – Share-Based Payment, stock options are measured at the grant date. The valuation method used is the Black & Scholes option pricing model. The initial valuation is not adjusted for any subsequent changes in value after the grant date.

The value is recorded in employee benefits expense on a straight-line basis over the option vesting period offset in consolidated equity.

A €0.5 million expense was recognized in respect of stock option grants, versus €1.1 million in 2015 and €1.5 million in 2014. The assumptions used to value options under the Black & Scholes model are as follows:

	2012 plan
INITIAL VALUE *(IN € MILLIONS)*	**5.0**
AMOUNT RECOGNIZED IN EMPLOYEE BENEFITS EXPENSES IN 2016 *(IN € MILLIONS)*	**0.5**
ASSUMPTIONS	
Share price on the grant date *(in €)*	51.00
Expected volatility	28.0%
Risk-free interest rate	2.80%
Exercise price *(in €)*	54.12
Option term *(in years)* [(a)]	5
Expected dividend yield	2.3%

(a) The option term represents the average exercise period.

19.2.2. Performance shares

In 2013, 2014, 2015 and 2016, the Board of Directors granted performance shares to certain employees and corporate officers.

Performance shares granted under the plans are subject to vesting periods of three years (2013, 2014, 2015 and 2016 plans). The performance targets concern growth in revenue and Operating Result from Activity and are the same as those used to determine senior management bonuses. Vested shares are subject to a two-year lock-up.

Further information on the performance share plans is provided in the table below:

At 31/12/2016	Date			Number of shares				
Type	of grant [a]	of vesting	of end of lock-up	granted	vested	canceled	Outstanding	Share price at the grant date [b]
Performance shares	23/07/2013	23/07/2016	23/07/2018	233,475	221,350	12,125	0	63.00
Performance shares	22/07/2014	22/07/2017	22/07/2019	169,175	0	0	169,175	64.00
Performance shares	12/05/2015	12/05/2018	12/05/2020	169,450	0	875	168,575	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	0	1,500	167,105	96.63
TOTAL				**740,705**	**221,350**	**14,500**	**504,855**	

(a) The grant date corresponds to the date of the Board Meeting when the performance share were decided.
(b) Share price on the date of the Board Meeting.

The fair value of performance shares includes a discount to reflect the impact of the restriction on the sale of the shares represented by the lock-up. The measurement method used to determine this discount is based on a strategy that consists of selling the shares at the end of the lock-up period and immediately purchasing an equivalent number of shares free of any restrictions, with the purchase financed by debt repayable at the end of the lock-up using the proceeds from the forward sale and dividends received during the lock-up period.

The main assumptions used to determine the fair value of performance shares were as follows:

Assumptions	2016 plan	2015 plan	2014 plan	2013 plan
Share price on the grant date *(in €)*	96.63	81.41	64.00	63.00
Risk-free interest rate (5-year rate in 2016, 2015 and 2014)	-0.16%	0.19%	0.47%	2.10%
Average interest rate on a 5-year general purpose loan	6.13%	6.19%	5.97%	5.10%
Expected dividend yield	1.96%	2.11%	2.34%	2.30%
Discount for the lock-up *(as a % of the price on the vesting date)*	15.30%	14.77%	12.00%	19.97%
INITIAL VALUE *(IN € MILLIONS)*	**14.0**	**11.9**	**13.1**	**11.8**
AMOUNT RECOGNIZED IN EMPLOYEE BENEFITS EXPENSES IN 2016 *(IN € MILLIONS)*	**2.9**	**3.8**	**2.9**	**1.5**

NOTE 19.3. RESERVES AND RETAINED EARNINGS (BEFORE APPROPRIATION OF PROFIT)

Retained earnings include the reserves recorded in the balance sheet of SEB S.A. (of which €971 million available for distribution at 31 December 2016, €1,004 million at 31 December 2015 and €875 million at 31 December 2014), and SEB S.A.'s share of the post-acquisition retained earnings of consolidated subsidiaries.

SEB S.A.'s share of the retained earnings of foreign subsidiaries is considered to be permanently invested. Any withholding taxes or additional taxes on distributed income are only recognized when distribution of these amounts is planned or considered probable.

NOTE 19.4. TREASURY SHARES

The Group buys back shares for the following purposes:

- for cancellation in order to reduce the company's share capital;
- for allocation to employees, managers or senior executives of the company or of related companies upon exercise of stock options or vesting of performance shares;
- for delivery on redemption, conversion, exchange or exercise of share equivalents.

Share buybacks are carried out based on market opportunities and only when the Group has sufficient cash to fund the transactions.

In 2016, the Group bought back 545,589 shares at a weighted average price of €108.35 and sold 997,932 shares at an average price of €56.53. The €11.2 million after-tax loss on the sales was recognized directly in equity without affecting profit (loss) for the period.

At 31 December 2016, the Group held 622,110 treasury shares purchased at an average price of €91.23.

Movements in treasury shares were as follows:

(in number of shares)	2016	2015	2014
Shares held in treasury at 1st January	1,074,453	1,291,242	1,412,347
Purchases			
Buyback plan	218,633	350,000	425,000
Liquidity contract	326,956	664,174	604,510
Sales			
Shares sold on the market	(328,034)	(673,909)	(616,859)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(669,898)	(557,054)	(533,756)
Shares canceled during the period			
SHARES HELD IN TREASURY AT 31 DECEMBER	**622,110**	**1,074,453**	**1,291,242**

Note 20. Non-controlling interests

Changes in non-controlling interests are as follows:

(in € millions)	2016	2015	2014
AT 1ST JANUARY	**200.1**	**173.5**	**142.6**
Non-controlling interests in profit	32.2	35.2	23.6
Dividends paid	(13.2)	(11.8)	(7.8)
Exercise of stock options			
Non-controlling interests in shares issues by subsidiaries			
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	(43.7)	(8.1)	(0.8)
Foreign currency translation adjustments	(10.2)	11.3	15.9
TOTAL AT 31 DECEMBER	**165.2**	**200.1**	**173.5**

Since 31 December, 2008, non-controlling interests have primarily concerned the non-controlling interests of the ZJ Supor group. The share of non-controlling interests has therefore essentially changed according to the ZJ Supor group's reserves (net income and foreign currency translation adjustments in particular), and exceptionally as a result of purchases, sales or any other voluntary adjustments to SEB's stake in ZJ Supor.

In late December 2014, Groupe SEB acquired 10 million Supor shares (1.58% of the share capital) owned by the Su founding family at a price of CNY 17.50 per share. This transaction was completed once approval had been obtained from the Chinese authorities, increasing the Groupe SEB's interest to 73.13% as at 31 December 2015.

In late December 2015, Groupe SEB signed an agreement with the Su family holding company, Supor Group, to buy 50 million shares, 7.91% of the share capital of Supor at a unit price of CNY 29 per share. This deal was completed on June 23, 2016. Groupe SEB now owns 81.17% of the company.

The ZJ Supor group is made up of various subsidiaries, whose name, line of business, location and percentage of interest are shown in Note 32 to these notes. The 2015 dividends paid to non-controlling interests in 2016 were €13.2 million. The 2016 net income of this sub-group taken by itself was €155.6 million on revenues of €1,600.00 million. The impact of the sub-group on the consolidated statement of comprehensive income consists solely of foreign currency translation adjustments.

Summary 2016 balance sheet of the Supor sub-group *(in € millions)*

ASSETS		**EQUITY AND LIABILITIES**	
Non-current assets	686	Shareholders' equity	1105
Working Capital Requirement	142	Long-term provisions	10
Net cash and cash equivalents and financial investments	342	Other current assets and liabilities	55
TOTAL	**1,170**	**TOTAL**	**1,170**

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Summary 2016 cash flow statement of the Supor sub-group *(in € millions)*

Net cash from operating activities	211
Net cash from used by investing activities	(190)
Net cash from used by financing activities	(48)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(28)**

Investing activities were impacted by the legal restructuring carried out in 2016, which saw 25% of the shares in Zehjiang Supor EA and Wuhan Cookware, which were previously held by an intermediate holding company based in Hong-Kong, transferred to the Supor Group parent company, thereby giving it outright ownership of these subsidiaries.

Since this group is located in China, the cash it generates is subject to the foreign exchange controls in effect in that country.

Note 21. Other provisions

Provisions are classified as short-term or long-term according to whether the obligation is expected to be settled within or beyond one year.

	2016		2015		2014	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations (Note 22)	305.8	20.2	143.5	9.6	146.4	12.7
Product warranties (21.1)	7.5	35.9	4.8	22.9	5.0	19.7
Claims and litigation and other contingencies (21.2)	61.6	27.5	32.5	16.1	36.2	16.3
Restructuring provisions (21.3)	3.8	18.9	5.0	12.4	5.3	6.9
TOTAL	**378.7**	**102.5**	**185.8**	**61.0**	**192.9**	**55.6**

Provision movements (other than provisions for pensions and other post-employment benefits) over the year are as follows:

(in € millions)	01/01/2016	Increases	Reversals	Utilizations	Other movements (a)	31/12/2016
Product warranties (21.1)	27.7	16.8	0.4	13.7	13.0	43.4
Claims and litigation and other contingencies (21.2)	48.6	12.8	6.1	11.3	45.1	89.1
Restructuring provisions (21.3)	17.4	14.4	1.0	9.6	1.5	22.7
TOTAL	**93.7**	**44.0**	**7.5**	**34.6**	**59.7**	**155.2**

(a) "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

(in € millions)	01/01/2015	Increases	Reversals	Utilizations	Other movements (a)	31/12/2015
Product warranties (21.1)	24.7	17.7	0.8	15.9	2.0	27.7
Claims and litigation and other contingencies (21.2)	52.5	16.4	5.6	15.8	1.1	48.6
Restructuring provisions (21.3)	12.2	12.0	0.6	5.0	(1.2)	17.4
TOTAL	89.4	46.1	7.0	36.7	1.9	93.7

(a) "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

(in € millions)	01/01/2014	Increases	Reversals	Utilizations	Other movements (a)	31/12/2014
Product warranties (21.1)	24.2	16.7		16.5	0.3	24.7
Claims and litigation and other contingencies (21.2)	47.8	10.3	2.9	9.3	6.6	52.5
Restructuring provisions (21.3)	12.9	7.0	1.7	5.9	(0.1)	12.2
TOTAL	**84.9**	**34.0**	**4.6**	**31.7**	**6.8**	**89.4**

(a) "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

NOTE 21.1. PRODUCT WARRANTIES

Provisions are recorded for the estimated cost of repairing or replacing products sold under warranty to customers and consumers. The warranty, which is either legal or contractual, generally covers a period of one or two years. Provisions for product recalls are recorded as soon as the recall is decided.

NOTE 21.2. CLAIMS AND LITIGATION AND OTHER CONTINGENCIES

Certain subsidiaries are involved in claims and litigation with third parties. The corresponding provisions have been determined in accordance with the principle described in Note 1.4.

At 31 December, this item included:

(in € millions)	2016	2015	2014
Supplier claims and litigation	2.3	3.5	2.5
Local government claims, litigation and contingencies	6.8	6.2	13.1
Commercial claims, litigation and contingencies	2.3	1.8	1.7
Employee claims, litigation and contingencies	13.3	14.9	13.6
Sales returns			
Other claims, litigation and contingencies	64.4	22.2	21.6
TOTAL	**89.1**	**48.6**	**52.5**

Except for the litigation described in Note 29.1.2., and the contingent liabilities included in Note 29.2, "other claims, litigation and contingencies" are individually immaterial.

NOTE 21.3. RESTRUCTURING PROVISION

Restructuring provisions break down as follows:

(in € millions)	2016	2015	2014
Severance costs	20.7	15.6	11.7
Site closure costs	2.0	1.8	0.5
TOTAL	**22.7**	**17.4**	**12.2**

The short-term portion of restructuring provisions amounted to €18.9 million. The remaining €3.8 million concerns costs expected to be incurred over the next one to five years, mainly for early retirement schemes and for rent on sites no longer being used.

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Note 22. Employee benefits

NOTE 22.1. ASSUMPTIONS

Provisions for pension and other post-employment benefit obligations, determined as explained in Note 1.4, mainly concern France and Germany. The obligations are determined by qualified actuaries using a certain number of assumptions. These assumptions are revised once a year.

Discount rates are determined based on the yields of investment grade corporate bonds with maturities that match the remaining life of the benefit obligations at the measurement date.

Assumptions	France 2016	Germany 2016	WMF 2016
Economic assumptions			
Rate of salary increases	between 2.50% and 3.50%	between 1.75% and 2.50%	1.75%
Discount rate (based on Iboxx AA)	1.00% and 0.65%	1.00%	1.50%
Average remaining service life of participations employees	variable	21 years	15 years
Demographic assumptions			
Retirement age	60 to 65	65	65
Staff turnover	0% to 12%		7.50%
Mortality tables	INSEE TD/TV 2012-2014	HEUBECK RT 2005 G	HEUBECK RT 2005 G

(a) *Depending on the age of employees and their category (management or other).*

Assumptions	France 2015	Germany 2015
Economic assumptions		
Rate of salary increases	between 2.50% and 3.50%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	2.00% and 1.50%	2.00%
Average remaining service life of participations employees	variable depending on entity	11 to 16 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	65 to 67
Staff turnover	0% to 8.3%	
Mortality tables	INSEE TD/TV 2011-2013	HEUBECK RT 2005 G

(a) *Depending on the age of employees and their category (management or other).*

Assumptions	France 2014	Germany 2014
Economic assumptions		
Rate of salary increases	between 2.50% and 3.50%	2.00%
Discount rate (based on Iboxx AA)	2.00% and 1.50%	2.00%
Average remaining service life of participations employees	variable depending on entity	11 to 15 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	65
Staff turnover	0% to 8%	
Mortality tables	INSEE TD/TV 2010-2012	HEUBECK RT 2005 G

(a) *Depending on the age of employees and their category (management or other).*

NOTE 22.2. ANALYSIS OF THE PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The total obligation breaks down as follows:

	2016				
(in € millions)	France	Germany	WMF	Other countries	Total
Projected benefit obligation based on final salaries	144.1	89.5	140.7	16.8	391.1
Present value of plan assets	(55.5)	(4.6)		(5.0)	(65.1)
DEFICIT	**88.6**	**84.9**	**140.7**	**11.8**	**326.0**
Recognized liability	88.6	84.9	140.7	11.8	326.0
Recognized asset					
NET	**88.6**	**84.9**	**140.7**	**11.8**	**326.0**

	2015			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	130.3	70.9	15.6	216.8
Present value of plan assets	(55.1)	(4.2)	(4.4)	(63.7)
DEFICIT	**75.2**	**66.7**	**11.2**	**153.1**
Recognized liability	75.2	66.7	11.2	153.1
Recognized asset				
NET	**75.2**	**66.7**	**11.2**	**153.1**

	2014			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	123.5	74.9	36.7	235.1
Present value of plan assets	(50.6)	(3.8)	(21.6)	(76.0)
DEFICIT	**72.9**	**71.1**	**15.1**	**159.1**
Recognized liability	72.9	71.1	15.1	159.1
Recognized asset				
NET	**72.9**	**71.1**	**15.1**	**159.1**

Obligations for the payment of jubilees were €8.6 million at 31 December 2016 (€7.9 million at 31 December 2015 and €7.5 million at 31 December 2014).

NOTE 22.3. RECOGNIZED COSTS

The cost recognized in the income statement for pension and other post-employment benefit plans breaks down as follows:

	2016			
(in € millions)	France	Germany	Other countries	Total
Service cost	6.8	0.6	1.7	9.1
Interest cost	2.2	1.5	0.6	4.3
Expected return on plan assets	(0.9)	(0.1)	(0.1)	(1.1)
Other	(5.5)	(1.0)	(0.3)	(6.8)
COST FOR THE PERIOD	**2.6**	**1.0**	**1.9**	**5.5**

(in € millions)	France	Germany	Other countries	Total
	2015			
Service cost	7.6	0.6	1.6	9.8
Interest cost	2.2	1.5	0.4	4.1
Expected return on plan assets	(0.9)	(0.1)	(0.1)	(1.1)
Other	(2.4)		(2.4)	(4.8)
COST FOR THE PERIOD	**6.5**	**2.0**	**(0.5)**	**8.0**

(in € millions)	France	Germany	Other countries	Total
	2014			
Service cost	8.7	0.5	2.5	11.7
Interest cost	3.1	2.0	1.0	6.1
Expected return on plan assets	(1.3)	(0.1)	(0.6)	(2.0)
Other	0.4			0.4
COST FOR THE PERIOD	**10.9**	**2.4**	**2.9**	**16.2**

NOTE 22.4. CHANGE IN GAINS AND LOSSES RECORDED IN OTHER COMPREHENSIVE INCOME

(in € millions)	France	Germany	Other countries	Total
	2016			
At 1 January	(46.0)	(22.8)	(3.7)	(72.5)
Actuarial gains and losses	(16.5)	(9.6)	(0.7)	(26.8)
Return on plan assets greater/(less than) expected return	1.0			1.0
Other				
AT 31 DECEMBER	**(61.5)**	**(32.4)**	**(4.4)**	**(98.3)**

Actuarial gains and losses for the period were mainly due to changes in the discount rate.

(in € millions)	France	Germany	Other countries	Total
	2015			
At 1 January	(43.3)	(25.0)	(6.0)	(74.3)
Actuarial gains and losses	(4.2)	2.2	(0.4)	(2.4)
Return on plan assets greater/(less than) expected return	1.5			1.5
Other			2.7	2.7
AT 31 DECEMBER	**(46.0)**	**(22.8)**	**(3.7)**	**(72.5)**

(in € millions)	France	Germany	Other countries	Total
	2014			
At 1 January	(39.2)	(16.2)	(3.9)	(59.3)
Actuarial gains and losses	(6.3)	(8.8)	(2.2)	(17.3)
Return on plan assets greater/(less than) expected return	2.2		1.2	3.4
Other			(1.1)	(1.1)
AT 31 DECEMBER	**(43.3)**	**(25.0)**	**(6.0)**	**(74.3)**

NOTE 22.5. MOVEMENTS IN PROVISIONS

Movements in provisions break down as follows:

(in € millions)	2016	2015	2014
Net at 1 January	153.1	159.1	141.6
Cost for the period	5.5	8.0	16.2
Contributions paid	(11.5)	(14.7)	(12.4)
Actuarial gains and losses and other changes [(a)]	178.9	0.7	13.7
NET AMOUNT AT 31 DECEMBER	**326.0**	**153.1**	**159.1**

(a) *Of which newly consolidated companies: €140.7 million WMF and €12.2 million EMSA*

NOTE 22.6. MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS 2016

(in € millions)	France	Germany	WMF	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY, 2016	**130.3**	**70.9**		**15.6**	**216.8**
Service cost	6.8	0.6		1.7	9.1
Interest cost	2.2	1.5		0.6	4.3
Benefits paid	(6.2)	(4.2)		(1.7)	(12.1)
Plan amendments					
Actuarial gains and losses	17.0	9.6		0.7	27.3
Curtailments/Settlements	(1.0)			(0.3)	(1.3)
Other [(a)]	(5.0)	11.1	140.7	0.2	147.0
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2016	**144.1**	**89.5**	**140.7**	**16.8**	**391.1**

(a) *Of which newly consolidated companies: €140.7 million WMF and €12.2 million EMSA*

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS 2015

(in € millions)	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2015	**123.5**	**74.9**	**36.7**	**235.1**
Service cost	7.6	0.6	1.6	9.8
Interest cost	2.2	1.5	0.4	4.1
Benefits paid	(4.8)	(3.9)	(3.5)	(12.2)
Plan amendments				
Actuarial gains and losses	4.3	(2.2)	0.4	2.5
Curtailments/Settlements [(a)]	(0.4)		(19.9)	(20.3)
Other	(2.1)		(0.1)	(2.2)
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2015	**130.3**	**70.9**	**15.6**	**216.8**

(a) *Of which €(19.4) million associated with the change of plan in the Netherlands which now has a defined-contribution plan.*

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MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS 2014

(in € millions)	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2014	**112.7**	**67.7**	**32.9**	**213.3**
Service cost	9.3	0.5	2.0	11.8
Interest cost	3.1	2.0	0.9	6.0
Benefits paid	(7.7)	(4.0)	(2.0)	(13.7)
Plan amendments				
Actuarial gains and losses	6.6	8.7	2.2	17.5
Curtailments/Settlements	(0.5)			(0.5)
Other			0.7	0.7
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2014	**123.5**	**74.9**	**36.7**	**235.1**

NOTE 22.7. ANALYSIS OF PLAN ASSETS

CHANGE IN PLAN ASSETS IN 2016

(in € millions)	France	Germany	WMF	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2016	**55.1**	**4.2**		**4.4**	**63.7**
Expected return on plan assets	0.9	0.1		0.1	1.1
Contributions paid		0.4		0.8	1.2
Benefits paid	(1.5)	(0.1)		(0.3)	(1.9)
Actuarial gains and losses and other	1.0				1.0
PLAN ASSETS AT 31 DECEMBER 2016	**55.5**	**4.6**		**5.0**	**65.1**

CHANGE IN PLAN ASSETS IN 2015

(in € millions)	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2015	**50.6**	**3.8**	**21.6**	**76.0**
Expected return on plan assets	0.9	0.1	0.1	1.1
Contributions paid	2.0	0.4	1.0	3.4
Benefits paid		(0.1)	(0.8)	(0.9)
Actuarial gains and losses and other [(a)]	1.6		(17.5)	(15.9)
PLAN ASSETS AT 31 DECEMBER 2015	**55.1**	**4.2**	**4.4**	**63.7**

(a) *Of which €(17.5) million associated with the change of plan in the Netherlands which now has a defined-contribution plan.*

CHANGE IN PLAN ASSETS IN 2014

(in € millions)	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2014	**49.1**	**3.5**	**19.1**	**71.7**
Expected return on plan assets	1.3	0.1	0.6	2.0
Contributions paid		0.3	1.0	1.3
Benefits paid	(1.9)		(0.6)	(2.5)
Actuarial gains and losses and other	2.1	(0.1)	1.5	3.5
PLAN ASSETS AT 31 DECEMBER 2014	**50.6**	**3.8**	**21.6**	**76.0**

Plan assets in France are managed by two insurance companies and are invested as follows:

- approximately 50% in the insurance company's general portfolio, primarily composed of government bonds, corporate bonds mostly rated AAA or AA, shares in blue-chip international companies (managed directly) and high-yield office property;
- approximately 10% in bond funds;
- the balance in equity funds.

The return on these funds was 4.13% in 2016.

The actual return on plan assets for 2016 should be in line with the expected rate and actuarial gains and losses generated in 2017 are not expected to be material.

The only contributions to these plans are paid by the employer. Plan members make no contributions.

NOTE 22.8. OTHER INFORMATION

22.8.1. Cash outflows expected in future periods

Expected cash outflows *(in € millions)*	France	Germany	WMF	Total
In less than 1 year	13.3	4.5	5.9	23.7
1 to 5 years	19.4	17.9	23.6	60.9
TOTAL 5 YEARS	**32.7**	**22.4**	**29.5**	**84.6**

22.8.2. Expected contributions to plans in the following year

No material contribution is currently planned.

22.8.3. Sensitivity analysis

A 0.25% reduction in the discount rate would increase the projected benefit obligation by around €12.7 million and a 0.25% increase in the discount rate would reduce the obligation by approximately €11.4 million. The impact on 2016 service cost of a change in the projected benefit obligation resulting from the application of either of the above discount rates would not be material.

Changes in other assumptions such as the rate of salary increases or pension rate would have no material impact on the projected benefit obligation.

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Note 23. Trade payables and other liabilities

(in € millions)	2016	2015	2014
TRADE PAYABLES	**911.7**	**695.2**	**637.3**
Accrued taxes and employee benefits expenses	350.0	299.0	274.9
Due to trade payables of non-current assets	15.7	16.5	14.1
Other payables	60.0	17.8	9.7
OTHER LIABILITIES	**425.7**	**333.3**	**298.7**

At 31 December 2016 trade payables and other liabilities broke down as follows by maturity:

(in € millions)	Current	Non-current	Total
TRADE PAYABLES	**911.7**	0.0	**911.7**
Accrued taxes and employee benefits expenses	307.4	42.6	350.0
Due to trade payables of non-current assets	15.7	0.0	15.7
Other payables	56.9	3.1	60.0
OTHER LIABILITIES	**380.0**	**45.7**	**425.7**

Non-current accrued taxes and employee benefits expense corresponds mainly to employee time savings accounts in France.

Note 24. Borrowings

NOTE 24.1. TOTAL BORROWINGS

(in € millions)	2016	2015	2014
Bonds	642.1	497.4	299.9
Bank borrowings	(0.0)	1.5	23.4
Finance lease liabilities	3.9	2.2	2.2
Other debts (including private placements)	887.5	181.8	220.8
Non-discretionary profit-sharing	20.1	24.1	30.6
LONG-TERM BORROWINGS	**1,553.6**	**707.0**	**576.9**
Bonds		299.8	
Bank borrowings	8.0	34.2	49.6
Commercial paper	849.0	110.0	155.0
Current portion of long-term borrowings	215.7	179.5	184.5
SHORT-TERM BORROWINGS	**1,072.7**	**623.5**	**389.1**
TOTAL BORROWINGS	**2,626.3**	**1,330.5**	**966.0**

At 31 December 2016, Group debt was composed of short-term and long-term borrowings. The Group has diversified its financing sources and borrowings now comprise:

- €962 million of private placement notes (Schuldschein instruments);
- a €500.0 million bond debt due in 2022;
- €849.0 million of French commercial paper drawn from a €1 billion program with an A2 short-term rating from Standard & Poor's.

At 31 December 2016, the weighted average interest rate on long-term bank borrowings (falling due in over a year) was 1.88%, compared with 4.06% at 31 December 2015.

Characteristics of borrowings (nominal amounts)

At 31/12/2016 *(in € millions)*	Issuing currency	Term	Outstanding balance	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years	Original interest rate
Schuldschein 2	EUR	2017	20.0	20			Euribor variable (b)
Schuldschein 2	EUR	2017	40.0	40			Fixed
Schuldschein 2	EUR	2017	58.0	58			Euribor variable (b)
Schuldschein 2	EUR	2019	5.0		5		Euribor variable
Schuldschein 2	EUR	2019	57.0		57		Fixed
Schuldschein 3	EUR	2019	49.0		49		Fixed
Schuldschein 3	EUR	2019	126.0		126		Euribor variable
Schuldschein 3	EUR	2021	130.0		130		Euribor variable (b)
Schuldschein 3	EUR	2021	146.5		146.5		Fixed
Schuldschein 3	EUR	2023	102.5			102.5	Euribor variable (b)
Schuldschein 3	EUR	2023	180.0			180	Fixed
Schuldschein 3	EUR	2026	48.0			48	Fixed
ORNAE (c)	EUR	2021	150.0		150.0		
Bonds	EUR	2022	500.0			500.0	Fixed
Commercial paper (a)	EUR	2017	849.0	849.0			
Other bank borrowings (including overdrafts)			131.9	96.3	35.8	(0.2)	Variable
Finance lease liabilities			5.7	1.8	3.7	0.2	
Non-discretionary profit-sharing liability	EUR		27.7	7.6	20.1	0.0	
TOTAL			**2,626.3**	**1,072.7**	**723.1**	**830.5**	

(a) All commercial paper is due in less than a year.
(b) Partly hedged by variable rate for fixed rate swaps.
(c) Excluding the ORNAE option component

Loan maturities (un-discounted nominal amounts, including accrued interest)

At 31/12/2016 *(in € millions)*	Issuing currency	Term	Expected cash outflows	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years
Schuldschein 2	EUR	2017	20.4	20.4		
Schuldschein 2	EUR	2017	41.2	41.2		
Schuldschein 2	EUR	2017	59.1	59.1		
Schuldschein 2	EUR	2019	5.4	0.1	5.2	
Schuldschein 2	EUR	2019	63.7	2.2	61.4	
Schuldschein 3	EUR	2019	50.1	0.4	49.7	
Schuldschein 3	EUR	2019	128.9	1.0	128.0	
Schuldschein 3	EUR	2021	137.6	1.3	136.3	
Schuldschein 3	EUR	2021	154.7	1.6	153.0	
Schuldschein 3	EUR	2023	114.3	1.3	6.0	107.0
Schuldschein 3	EUR	2023	200.3	2.9	11.6	185.8
Schuldschein 3	EUR	2026	58.9	1.1	4.4	53.4
ORNAE	EUR	2021	150.0		150.0	
Bonds	EUR	2022	571.3	11.9	47.5	511.9
TOTAL			**1,755.8**	**144.5**	**753.2**	**858.1**

Confirmed credit facilities

The Group also has unused, confirmed credit facilities that break down as follows by maturity:

At 31 December *(in € millions)*	Confirmed credit facilities 2016 [(a)]
2017	960
2018	960
2019	960
2020	960
2021	960

(a) Outstanding confirmed lines of credit at year-end, of which: a syndicated credit facility for €960.0 million, expiring in July 2021.

None of these credit lines include any acceleration clauses.

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NOTE 24.2. NET DEBT

(in € millions)	2016	2015	2014
Long-term borrowings	1,553.6	707.0	576.9
Short-term borrowings	1,072.7	623.5	389.1
TOTAL BORROWINGS	**2,626.3**	**1,330.5**	**966.0**
Net cash and cash equivalents [(a)]	(414.5)	(770.8)	(341.4)
Other current financial investments [(a)]	(203.5)	(243.6)	(172.5)
Derivative instruments (net)	11.2	(0.5)	1.0
NET DEBT	**2,019.5**	**315.6**	**453.1**

(a) Of which €342 million in China (Note 20 – Non-controlling interests).

Net financial debt corresponds to total long and short-term borrowings less cash and cash equivalents, other current financial assets and derivative instruments used for Group financing purposes that are readily convertible into cash. It also includes short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

At 31 December 2016, none of these borrowings were subject to early repayment clauses based on covenants.

Note 25. Fair value of financial instruments

NOTE 25.1. FINANCIAL INSTRUMENTS

(in € millions)	2016		Financial instruments by category				
	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	28.4	28.4		28.4			
Other non-current financial assets	13.3	13.3			13.3		
Other non-current assets	2.8	2.8			2.8		
Trade receivables	1,060.1	1,060.1			1,060.1		
Other current receivables, excl. prepaid expenses	13.3	13.3			13.3		
Derivative instruments	51.1	51.1					51.1
Other financial assets	203.5	203.5	203.5				
Cash and cash equivalents	414.5	414.5	414.5				
TOTAL FINANCIAL ASSETS	**1,787.0**	**1,787.0**	**618.0**	**28.4**	**1,089.5**		**51.1**
LIABILITIES							
Long-term borrowings	1,553.6	1,607.8				1,607.8	
Other non-current liabilities	3.1	3.1				3.1	
Trade payables	911.7	911.7				911.7	
Other current liabilities	72.6	72.6				72.6	
Derivative instruments	33.6	33.6					33.6
Short-term borrowings	1,072.7	1,073.0				1,073.0	
TOTAL FINANCIAL LIABILITIES	**3,647.3**	**3,701.8**				**3,668.2**	**33.6**

(in € millions)	2015		Financial instruments by category				
	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	11.1	11.1		11.1			
Other non-current financial assets	10.4	10.4			10.4		
Other non-current assets	1.9	1.9			1.9		
Trade receivables	886.0	886.0			886.0		
Other current receivables, excl. prepaid expenses	17.9	17.9			17.9		
Derivative instruments	50.9	50.9					50.9
Other financial assets	243.6	243.6	243.6				
Cash and cash equivalents	770.8	770.8	770.8				
TOTAL FINANCIAL ASSETS	**1,992.5**	**1,992.5**	**1,014.4**	**11.1**	**916.2**		**50.9**
LIABILITIES							
Long-term borrowings	707.0	719.3				719.3	
Other non-current liabilities	1.7	1.7				1.7	
Trade payables	695.2	695.2				695.2	
Other current liabilities	32.6	32.6				32.6	
Derivative instruments	20.1	20.1					20.1
Short-term borrowings	623.5	630.4				630.4	
TOTAL FINANCIAL LIABILITIES	**2,080.1**	**2,099.2**				**2,079.1**	**20.1**

	2014		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	10.3	10.3		10.3			
Other non-current financial assets	13.9	13.9			13.9		
Other non-current assets	5.9	5.9			5.9		
Trade receivables	768.3	768.3			768.3		
Other current receivables, excl. prepaid expenses	16.1	16.1			16.1		
Derivative instruments	59.4	59.4					59.4
Other financial assets	172.5	172.5	172.5				
Cash and cash equivalents	341.4	341.4	341.4				
TOTAL FINANCIAL ASSETS	**1,387.9**	**1,387.9**	**514.0**	**10.3**	**804.2**		**59.4**
LIABILITIES							
Long-term borrowings	576.9	594.4				594.4	
Other non-current liabilities	2.2	2.2				2.2	
Trade payables	637.3	637.3				637.3	
Other current liabilities	21.7	21.7				21.7	
Derivative instruments	10.1	10.1					10.1
Short-term borrowings	389.1	390.7				390.7	
TOTAL FINANCIAL LIABILITIES	**1,637.3**	**1,656.3**				**1,646.2**	**10.1**

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), debt securities and other cash equivalents classified as current assets.

The fair value of trade and other receivables (classified as held-to-maturity investments) is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in non-consolidated companies, certain receivables related to those investments and operating receivables due beyond one year.

Financial assets that are not quoted in an active market are recognized in the balance sheet at cost, which is representative of their fair value.

Financial liabilities include borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period-end for similar facilities and the average spread obtained by the Group for its own issues.

NOTE 25.2. DERIVATIVE INSTRUMENTS

The fair value of derivative instruments is as follows:

	2016				2015			
	Assets		Liabilities		Assets		Liabilities	
(in € millions)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FAIR VALUE HEDGES								
Forward sales of foreign currencies*	38.2	1.4	41.2	(1.5)	46.8	1.4	35.5	(0.9)
Forward purchases of foreign currencies*	52.1	2.7	110.4	(4.3)	37.9	2.8	129.2	(3.3)
Call option purchases	6.9	0.7						
Put option purchases	1.2							
TOTAL		**4.7**		**(5.8)**		**4.2**		**(4.2)**
SUPERHEDGES AND TRADING TRANSACTIONS								
Currency swaps								
GBP	9.3						15.7	(0.1)
AUD	17.0	0.1					13.8	(0.2)
ARS			4.0	(0.1)				
CAD	18.0						16.1	(0.2)
CHF			5.9		5.4			
CZK			4.5				4.3	
DKK	3.1		11.6				15.4	
HKD			6.2	(0.1)				
HUF			5.5				7.4	
MXN	7.6				15.8	0.1		
SEK	3.1		0.9					
USD	27.5	0.4	8.5				97.5	(0.9)
JPY	43.6	0.2					45.0	(0.4)
THB	18.9	0.1					15.9	(0.2)
SGD			0.3				0.6	
ZAR			3.8		2.8			
Other hedges of debt		4.3		(4.2)		2.6		(1.0)
TOTAL		**5.1**		**(4.5)**		**2.7**		**(3.1)**
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies	561.2	32.8	289.5	(10.1)	487.0	39.4	245.9	(9.1)
Zero-premium collars (currencies)	125.4	6.1	94.7	(2.5)				
Floating/fixed rate swaps	0.0		245.5	(1.6)			78.0	(1.6)
Aluminum derivatives	24.3	1.9	4.5	(0.1)			18.4	(1.4)
Nickel derivatives	0.2		1.3				1.0	(0.1)
TOTAL		**40.9**		**(14.4)**		**39.4**		**(12.3)**
HEDGES OF THE NET INVESTMENT IN FOREIGN OPERATIONS						**39.4**		**(12.3)**
Currency swaps	39.4	0.4			93.8	4.6	55.0	(0.5)
TOTAL	**39.4**	**0.4**				**4.6**		**(0.5)**
ORNAE								
Redemption option				(8.9)				
TOTAL				**(8.9)**				
TOTAL DERIVATIVES INSTRUMENTS		**51.1**		**(33.6)**		**50.9**		**(20.1)**
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNIZED IN PROFIT)				17.5				**30.8**

* *The notional amount of forward purchases and sales of foreign currencies shown in the above table does not include positions taken at 31 December, representing notional amounts of €34.1 million for forward purchases and €19.1 million for forward sales. These derivative instruments have a zero fair value.*

The derivatives expiring beyond one year are cash flow hedges. They also include the value of the option embedded in the convertible bond (ORNAE - optional reimbursement in cash and/or existing shares). At 31 December 2016, the fair value of these instruments broke down as follows:

At 31 December 2016 *(in € millions)*	In less than 1 year	1 to 5 years	In more than 5 years	Total
Forward purchases and sales of foreign currencies	22.7			22.7
Zero-premium collars (currencies)	3.6	0.1		3.7
Floating/fixed rate swaps	(0.6)	(0.2)	(0.8)	(1.6)
Aluminum derivatives	1.8			1.8
Nickel derivatives				
ORNAE		(8.9)		(8.9)
TOTAL	**27.5**	**(9.0)**	**(0.8)**	**17.7**

The fair value of derivative instruments is determined by the discounted future cash flows method using forward exchange rates (exchange), market interest rates (interest rate hedges) and aluminum and nickel prices (metal) at 31 December 2016.

NOTE 25.3. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AT FAIR VALUE

In accordance with the amended IFRS 7, fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy breaks down into three levels as follows:

- level 1: instrument quoted in active markets;
- level 2: valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

	31 December 2016			
(in € millions)	Total	Level 1	Level 2	Level 3
ASSETS				
Derivative instruments	51.1		51.1	
Other financial assets	203.5	203.5		
Cash and cash equivalents	414.5	414.5		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**669.1**	**618.0**	**51.1**	
LIABILITIES				
Derivative instruments	33.6		33.6	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**33.6**		**33.6**	

The portfolio of derivative instruments used by the Group to manage risk mainly includes forward purchases and sales of foreign currencies, zero-premium options, interest rate swaps, currency swaps and commodity swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

Note 26. Financial risk management

NOTE 26.1. RISK MANAGEMENT

Risks are managed centrally by Group Corporate Finance, Treasury and Tax department.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Hedging transactions are managed centrally. They are carried out in specific cases by Group subsidiaries when required by local regulations but these transactions remain under the control of the Group Finance, Treasury and Tax department.

NOTE 26.2. FINANCIAL MARKET RISKS

26.2.1. Currency risks

The majority of Group sales are billed in currencies other than the euro, mainly the US dollar, Chinese yuan, Russian ruble, Brazilian real and Japanese yen. Most billing currencies correspond to the functional currencies of the subsidiaries concerned and do not give rise to any transactional currency risk at the local level.

Similarly, goods purchased for resale (sourced products) billed in US dollars are bought from Asian suppliers by SEB Asia, whose functional currency is also the US dollar.

The main sources of transactional currency risks therefore arise from:

- intra-group billings between two Group companies with different functional currencies, as follows:
  - exports by manufacturing subsidiaries in the euro zone billed in the local currency of the marketing subsidiaries,
  - imports of goods from SEB Asia billed in US dollars by marketing subsidiaries whose functional currency is not the US dollar;
- purchases of industrial components from external suppliers by the manufacturing subsidiaries, that are billed in a currency other than their functional currency (for example, components purchased by French subsidiaries that are billed in US dollars).

These risks are managed at Group level by SEB S.A., which acts as the subsidiaries' sole counterparty, except where this is not possible due to local regulations. In the main currencies, resulting balance sheet currency positions are partly hedged by means of forward sales and purchases of foreign currency against the euro. With respect to the US dollar and the Chinese yuan, currencies in which the Group has a net buying position, the Group hedges a portion of SEB Asia billings with Group subsidiaries.

The Group's overall currency risk management policy sets very strict rules for the hedging of currency risks associated with highly probable future transactions.

ANALYSIS OF CURRENCY RISKS ON INTER-COMPANY COMMERCIAL TRANSACTIONS

The Group's net exposure to notional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies):

In 2016 *(in € millions)*	USD	CNY	PLN	RUB	GBP	JPY	Other
Total assets			13	7	8	10	49
Total liabilities	(81)	(109)					
Future transactions							
NET POSITION BEFORE HEDGING	**(81)**	**(109)**	**13**	**7**	**8**	**10**	**49**
Forward purchases of foreign currencies [(a)]	52	110					1
Forward sales of foreign currencies [(a)]			(11)	(7)	(5)	(8)	(35)
Call option purchases	7						
Put option purchases					(1)		
NET POSITION AFTER HEDGING	**(23)**	**2**	**2**	**1**	**1**	**1**	**15**

(a) The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 31 December. See Note 25.2.

In 2015 *(in € millions)*	USD	CNY	RUB	PLN	GBP	JPY	Other
Total assets			5	9	8	10	49
Total liabilities	(64)	(86)					
Future transactions							
NET POSITION BEFORE HEDGING	**(64)**	**(86)**	**5**	**9**	**8**	**10**	**49**
Forward purchases of foreign currencies [(a)]	65	103					
Forward sales of foreign currencies [(a)]		(5)	(4)	(8)	(6)	(11)	(35)
NET POSITION AFTER HEDGING	**1**	**12**	**1**	**1**	**2**	**(1)**	**14**

(a) The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 31 December.

In 2014 *(in € millions)*	USD	CNY	RUB	PLN	GBP	Other
Total assets			7	9	8	53
Total liabilities	(56)	(94)				
Future transactions						
NET POSITION BEFORE HEDGING	**(56)**	**(94)**	**7**	**9**	**8**	**53**
Forward purchases of foreign currencies [(a)]	50	96				
Forward sales of foreign currencies [(a)]		(9)	(8)	(7)	(11)	(37)
NET POSITION AFTER HEDGING	**(6)**	**(7)**	**(1)**	**2**	**(2)**	**16**

(a) The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 31 December.

At 31 December 2016, the euro was trading at USD 1.0541, RUB 64.3, CNY 7.3202 and JPY 123.4.

An appreciation of these currencies, assuming all other variables remained constant, would have a negative impact on profit. However, because the Group hedges dollar exposure in its budget, appreciation of the dollar would generate a gain.

At 31 December 2016, the sensitivity analysis of the position after hedging was as follows:

(in € millions)	USD	CNY	PLN	RUB	GBP	JPY	Other
Hypothetical currency appreciation	10%	10%	10%	10%	10%	10%	10%
IMPACT ON PROFIT	**(2.5)**	**0.2**	**0.3**	**0.1**	**0.1**	**0.1**	**1.6**

CURRENCY RISKS ON FINANCING

SEB S.A. is the main provider of financing for its subsidiaries. Current account advances are made in the subsidiaries' functional currency. As SEB S.A. raises long-term financing in euros, it is exposed to currency risks on these advances. This exposure is hedged by borrowing or lending in the subsidiary's functional currency using currency swaps, so as to offset the current account positions. Currency risks on financing are therefore systematically hedged from the moment there are competitive derivative instruments available on the market.

The Group does not, however, apply hedge accounting to these transactions.

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At 31 December 2016 *(in € millions)*	USD	Other
Total assets	339	205
Total liabilities	(316)	(37)
NET POSITION BEFORE HEDGING	**23**	**168**
Hedging positions	(19)	(112)
NET POSITION AFTER HEDGING	**4**	**55**

At 31 December 2015 *(in € millions)*	USD	Other
Total assets	423	138
Total liabilities	(267)	(26)
NET POSITION BEFORE HEDGING	**156**	**112**
Hedging positions	(153)	(124)
NET POSITION AFTER HEDGING	**3**	**(12)**

At 31 December 2014 *(in € millions)*	USD	Other
Total assets	398	140
Total liabilities	(223)	(12)
NET POSITION BEFORE HEDGING	**175**	**129**
Hedging positions	(177)	(144)
NET POSITION AFTER HEDGING	**(2)**	**(15)**

The appreciation or depreciation of these currencies, assuming all other variables remained the same, would have an impact on profit.

At 31 December 2016, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	USD	Other
Hypothetical currency appreciation	10%	10%
IMPACT ON PROFIT	**0.4**	**6.0**

CURRENCY RISKS ON NET INVESTMENTS IN FOREIGN OPERATIONS

Groupe SEB is also exposed to currency risks on its net investment in foreign operations, corresponding to the impact of changes in exchange rates for the subsidiaries' functional currencies on SEB S.A.'s share in their net assets. Group policy does not require these risks to be hedged.

However, the Group decided in 2012 to hedge the exposure on a long-term intra-group loan to its Colombian subsidiary denominated in dollars, which is treated as part of its net investment in this subsidiary. In 2016, this loan was replaced by a loan denominated in Colombian pesos. The balance of this loan at 31 December 2016 was COP 124 million. It is hedged by currency swaps, whose fair value at 31 December 2016 was €0.4 million, recorded in equity

26.2.2. Interest rate risk

Group policy consists of hedging interest rate risks based on trends in market interest rates and changes in the Group's overall debt structure.

The following table analyses financial assets and liabilities at 31 December 2016, based on interest rate re-set dates:

	Overnight to 1 year		1 to 5 years		More than 5 years	
In 2016 *(in € millions)*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Total assets	618.0					
Total liabilities	(174.3)	(898.4)	(296.8)	(426.3)	(102.3)	(728.2)
NET POSITION BEFORE HEDGING	**443.7**	**(898.4)**	**(296.8)**	**(426.3)**	**(102.3)**	**(728.2)**

A floating/fixed interest rate swap was arranged to hedge interest payable between August 2013 and December 2023.

AT 31 DECEMBER 2016

(in € millions)	Due within one year	1 to 5 years	More than 5 years
Floating/fixed rate swaps	78	65	102.5

Assuming total borrowings remain constant at 31 December 2016 levels throughout the year and with the same currency breakdown, an immediate 1% rise in interest rates would add an estimated €4.3 million to financial expenses and would have no material impact on net debt.

The change in the impact on equity of the interest rate swap at 31 December 2016 was as follows:

(in € millions)	31/12/2016
FAIR VALUE AT 31 DECEMBER	**(1.6)**
Change in fair value	
Amount recognized in income statement	
FAIR VALUE AT 31 DECEMBER	**(1.6)**

26.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminum, copper and nickel used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for China) and hedges them on a conservative basis, covering about 70% of its estimated purchases for the next six months.

At 31 December 2016, 18965 tons of aluminum and 156 tons of nickel purchases were hedged.

The Group uses swaps to set the prices of these commodities. These hedges of raw material purchases are qualified as cash flow hedges under IAS 39 when the criteria listed in Note 1.4.4 are met.

At 31 December 2016, the commodity derivative instruments showed an unrealized gain of €1.8 million. In 2015, there was an unrealized loss of €1.5 million. And in 2014, there was an unrealized gain of €0.4 million.

Derivative instruments expiring in 2016 let to a loss of €0.1 million, compared with losses of €1.5 million in 2015 and €1.8 million in 2014.

SENSITIVITY ANALYSIS

A 10% increase in metal prices at 31 December 2016 would have had a €3.2 million positive impact on equity, while 10% decrease would have had an equivalent negative impact, assuming all other variables remained constant.

A 10% increase or decrease in metal prices versus their average prices in 2016 would have had a €11.9 million positive or negative impact on the Operating Result from Activity.

26.2.4. Equity risk and treasury stock

It is not Group policy to hold significant portfolios of equities or equity funds.

The Group does, however, hold a portfolio of treasury stock. It thus established:

- a liquidity contract set up in order to ensure that there is a sufficiently liquid market for SEB shares and to stabilize the share price; and
- the share buyback program, mainly for allocation on exercise of employee stocks options and of performance shares awarded to employees.

Treasury stock is deducted directly from equity. Gains and losses from sales of treasury shares are also recognized in consolidated equity.

Based on the closing SEB share price on 31 December 2016 (€128.75), the market value of shares held in treasury at that date stood at €80.1 million. A 10% increase or decrease in the SEB share price would therefore result in a €8.0 million change in the market value of the treasury stock.

ZJ Supor, which is now 81.17%-owned by Groupe SEB, is listed on the Shenzhen Stock Exchange. At 31 December 2016, the share price was CNY 34.92, valuing Groupe SEB's investment at €2,446.4 million. Changes in the Supor share price have no impact on Groupe SEB's Consolidated Financial Statements, as ZJ Supor is fully consolidated. Similarly, changes in the share price have no impact on the company accounts of SEB Internationale because its interest in ZJ Supor is classified as a long-term investment and is not marked to market.

NOTE 26.3. LIQUIDITY RISK

To manage the liquidity risk that may arise due to financial liabilities reaching maturity or needing to be settled early, the Group implements a financing strategy based on:

- maintaining cash, cash equivalents and other financial investments at a certain level at all times (€618 million at 31 December 2016); and

additional liquid resources including:

- a €1.0 billion commercial paper program. As of 31 December 2016, €849 million had been drawn down;
- other debt facilities including:
  - a €960.0 million syndicated credit facilities expiring in 2021,
  - a €50.0 million bilateral credit facility expiring in 2017,
  - several Schuldschein loan credit lines totaling €962 million maturing in 2017, 2019, 2021, 2023 and 2026,
  - a €497.3 million bond debt due in 2022,
  - a €150.0 million convertible bond issue (ORNAE - bonds with optional reimbursement in cash and/or existing shares) maturing in 2021.

Cash and cash equivalents and debt are described in Note 18 and Note 24, respectively.

NOTE 26.4. CREDIT RISK

At the period-end, trade receivables broke down as follows based on their age:

(in € millions)	Current	Past due 0-90 days	Past due 91-180 days	Past due Over 181 days	Total
Net trade receivables	895.8	150.9	8.2	5.2	1060.1

To avoid default risks, Groupe SEB sets individual credit limits that are regularly updated based on the customer's financial position and payment history.

Groupe SEB's main customers are well-known international retailers, and for the year ended 31 December 2016, no single customer accounted for more than 5% of total sales.

For more than five years, the customer credit risk has been covered by credit insurance taken out with COFACE. At 31 December 2016, 92.10% of net trade receivables (excluding WMF) were covered by insurance that would apply in the event of non-recovery.

Note 27. Environmental expenditure

Environmental expenditure and capital expenditure amounted to €8.6 million in 2016, compared with €9.1 million in 2015 and €7.7 million in 2014.

These amounts include routine environmental management system costs, covering areas such as water and waste management. They do not include taxes on packaging or the cost of disposing of waste electrical and electronic equipment.

The main costs are presented below, including the breakdown between amounts recognized as expenses and as capital expenditure.

	2016			2015			2014		
(in € millions)	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total
Ambient air quality	0.5	0.6	1.1	0.6	1.0	1.6	0.6	0.4	1.0
Waste water management and water saving systems	1.8	0.4	2.2	2.2	0.4	2.6	1.5	0.3	1.8
Waste management	1.7	0.1	1.8	2.4		2.4	1.7	0.3	2.0
Soil protection and decontamination	2.4	0.1	2.5	1.0	0.2	1.2	1.4	0.6	2.0
Other environmental protection measures	0.9	0.1	1.0	1.0	0.3	1.3	0.8	0.1	0.9
TOTAL	**7.3**	**1.3**	**8.6**	**7.2**	**1.9**	**9.1**	**6.0**	**1.7**	**7.7**

At 31 December 2016, the total provisions for environmental risk amounted to €3.8 million and mainly related to depollution costs at the "plant 3" site in Brazil.

Note 28. Off-balance sheet commitments

NOTE 28.1. SPECIFIC COMMITMENTS

Specific commitments are discussed in the following notes:

- note 22 – Employee benefits;
- note 24 – Borrowings;
- note 25 – Fair value of financial instruments.

NOTE 28.2. COMMITMENTS ARISING IN THE ORDINARY COURSE OF BUSINESS

Commitments related to operating activities

(in € millions)	2016	2015	2014
Firm orders for property, plant and equipment	35.6	44.9	30.3
Guarantees and bonds given*		0.3	
Commitments under non-cancelable operating leases	308.9	132.4	119.3
Miscellaneous financial commitments	6.0	6.8	6.5
TOTAL COMMITMENTS GIVEN	**350.5**	**184.4**	**156.1**
Guarantees received for trade receivables under credit insurance policies	714.9	662.9	622.8
Miscellaneous financial commitments			
TOTAL COMMITMENTS RECEIVED	**714.9**	**662.9**	**622.8**

* *Financial guarantees given by the Group to banks within the context of external financing of subsidiaries were reclassified as Related party transactions (Note 30.1).*

At year-end 2016, commitments given were primarily caused by the acquisition of WMF and the rise in commitment under non-cancelable operating leases of €141.3 million.

In 2015, the Supor Group signed a contract worth €7.1 million, enabling it, from 2016, to extend the right to use the Supor brand to other small domestic appliance segments.

Supor Group also committed to acquiring the right to land in Shaoxin for €13 million. This transaction should be completed in 2017.

In 2014, firm orders for the acquisition of industrial assets mainly included commitments made in relation to the building of the Group's headquarter and various improvements to the Parc Mail site in Écully, at a cost of €16.4 million.

Note 29. Significant events, litigation and contingent liabilities

NOTE 29.1. SIGNIFICANT EVENTS AND LITIGATION

29.1.1. Significant events

A) ORNAE

Groupe SEB successfully placed ORNAE (bonds with optional reimbursement in cash and/or existing shares) maturing in November 2021 for a nominal amount of around €150 million. This transaction will not result in the dilution of the company's shareholders.

The Bonds will not bear interest and were issued on 17 November 2016, the foreseen delivery date of the Bonds, at an issue price of 102.125% of par, corresponding to a gross discounted yield rate of -0.42%. They will be refunded at par on 17 November 2021.

The nominal value of each Bond was set at €181.62, representing an exchange premium of 42.50% compared with the SEB stock benchmark price on the Euronext regulated market in Paris ("Euronext Paris").

It should be noted that, in the event of the exercise of the right to the allocation of shares, representing the delivery of existing shares, the company will not issue any new shares.

This transaction was designed to partly refinance the acquisition, announced on 23 May 2016, of the German Group WMF, the global leader in professional automatic coffee machines and the leader in the cookware market in Germany.

The Bonds will grant to, in the manner detailed below, the allocation of existing SEB shares, at a rate of one share for one Bond (subject to any subsequent adjustments) at any time from 17 November 2016 to the twenty-eighth Stock Exchange day (exclusive) preceding the date of maturity of the Bonds or, where applicable, the date of early refund.

In the event of the exercise of the right to the allocation of shares, the Bond holders will receive an amount in cash and, where applicable, an amount payable in existing SEB shares. The company will also have the option to only deliver existing SEB shares.

The number of existing shares that may be delivered to the bond holders will in particular be determined by the Bond exchange ratio. Initially one share for one Bond, this ratio may be adjusted in certain common scenarios for such financial securities. The exchange ratio may in particular be adjusted up or down in the event of dividend payouts by the company between the issue date and the redemption date.

The Bonds are a private investment as per Article L. 411-2-II of the French Monetary and Financial Code in France and outside France (excluding the United States, Canada, Australia and Japan).

B) NEW SCHULDSCHEIN PRIVATE LOAN

As part of the refinancing of the WMF acquisition, Groupe SEB successfully issued a new Schuldschein private loan.

Initially planned to be between €300 million and €500 million, the placement was raised to €800 million as a result of significant over-subscription.

The €800 million issue is split into four tranches, of 3, 5, 7 and 10 years, making it possible to optimize the Group's debt profile. The very attractive cost of financing will be substantially under 1.5%.

The success of this new Schuldschein reflects international investor confidence in Groupe SEB and in its strategy, and in particular in its ability to accelerate its growth following the acquisition of WMF.

Thanks to this new loan, the expanded commercial paper program (backed by a syndicated credit) and the issue of a convertible bond (ORNAE), the Group completed the refinancing of the €1.3 billion bridge loan signed in May. It thereby underpins the structure of its financings and extends the average maturity of its debt.

This loan is the largest Schuldschein ever arranged by a French issuer. BNP Paribas, Citi, Commerzbank AG and HSBC were lead managers for this issue.

29.1.2. Litigation

A) SUPPLIER DISPUTES

A provision for contingencies was set aside in 2009 following a dispute with a Chinese supplier concerning a shipment. The current estimated maximum expense of around €3.8 million (see Note 21.2) although, at the time of writing, the Group is disputing the entire amount and the ongoing lawsuit is expected to be lengthy.

B) FRENCH COMPETITION AUTHORITY INQUIRY

The French Competition Authority conducted an inquiry into the pricing and listing practices of several domestic appliance manufacturers, including Groupe SEB France and Groupe SEB Retailing, with regard to certain online retailers.

No significant developments are expected in this case until year-end 2017 and no provision was funded in the financial statements at 31 December 2016, given the uncertain outcome of the proceedings.

C) CUSTOMS DISPUTE IN TURKEY

On 1 February 2016, Groupe SEB Istanbul, the Group's Turkish subsidiary, received notification from the Customs Authorities stating that, according to their interpretation, our imports are liable for an additional tax which has, to date, not been settled. The notification received covered the period from 1 January 2013 to 28 September 2015 and involved a tax adjustment of €4.5 million and penalties of €13.5 million. The Group has challenged the full amount of this tax adjustment, while at the same time signing up to an amnesty offered by the Turkish government that limits the exposure to around €6 million. This amount was fully recorded in the 2016 financial statements.

In the past 12 months, other than the proceedings reflected in the financial statements and described in the accompanying notes, there have been no other government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past significant effects on the Group and/or its financial position or profitability.

NOTE 29.2. CONTINGENT LIABILITIES

Provisions were funded for contingent liabilities provisionally estimated at €33 million in connection with the acquisition of WMF covering tax, environmental and regulatory risks.

No other contingent liabilities have been identified to date.

Note 30. Related party transactions

NOTE 30.1. TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

The Consolidated Financial Statements include transactions carried out in the normal course of business with associates and non-consolidated companies.

All of these transactions are carried out on arm's length terms.

(in € millions)	2016	2015	2014
Revenue			
Other income			
Purchases and expenses	0.5	0.6	0.8
Other non-current financial assets		0.7	4.3
Customers			
Suppliers			0.8

The Key Ingredient company (non-consolidated due to its non-material size within the Group) invoices research and development services. €0.1 million in 2016 (€0.4 million in 2015). In 2015, Groupe SEB acquired the Key Ingredient "CMS" application for €6.2 million. This is a search engine which provides the basis for digital applications in connected products.

In 2015, Groupe SEB paid Ethera €0.2 million in royalties for the use of its technology and to purchase filters used in the manufacture of air purifiers. Royalties amounted to €0.2 million in 2016.

Finally, in 2016, Groupe SEB paid Robart €0.2 million for studies and research.

Financial guarantees given by the Group to banks in connection within the context of the external financing of subsidiaries stood at €15.2 million at 31 December 2016 (versus €60.7 million at 31 December 2015 and €20.5 million at 31 December 2014).

NOTE 30.2. DIRECTORS' AND OFFICERS' REMUNERATION AND BENEFITS

Details of the members of the Board of Directors and the Executive Committee, including current members and those who retired in 2016, are provided in the Corporate Governance section of this document.

The following table provides an analysis of the remuneration and benefits paid to the members of the Board of Directors and the Executive Committee:

(in € millions)	2016	2015	2014
SHORT-TERM BENEFITS			
Fixed remuneration	4.0	3.9	2.9
Variable remuneration	4.0	3.9	2.2
Directors' fees	0.4	0.4	0.4
OTHER BENEFITS			
Post-employment benefits	2.9	2.9	4.5
Share-based payments (stock options)	4.7	3.6	1.9
TOTAL	**16.0**	**14.7**	**11.9**

Pension commitments

The two corporate officers are members of the collective supplementary pension scheme which includes Groupe SEB's French senior managers (members of the Executive and Management Committees).

The scheme complements the statutory schemes and is composed as follows:

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
- a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority, i.e. a maximum of 16% of the reference remuneration. A collective defined-benefit scheme is available for top management, with a contribution, equal to 8% of salary. Pensions earned under this plan are deducted from the supplementary pension originating from the defined-benefit supplementary pension plan.

To be eligible for the defined-benefit plan, Groupe SEB executives must have been a member of the Executive or Management Committee for at least eight years.

The scheme is capped at 41% of the reference remuneration (including the income from compulsory plans), this reference remuneration being itself capped at 36 times the annual social security ceiling in force at the time of retirement.

As a result, the supplementary pension scheme for French top management (including the Chairman and CEO and the Chief Operating Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum eight years on the Executive Committee or Management Committee;
- rate of progression: entitlements based on seniority up to a maximum of 3.0% annually and capped at 20 years' seniority;
- reference period used: average of the target remuneration for the past three years;
- maximum of 41% including benefits from statutory schemes.

Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.

The various conditions of the retirement plan imply that, at legal retirement age, Thierry de La Tour d'Artaise will be entitled to receive a gross replacement ratio (including statutory plans) of 34.14% of his reference remuneration and that, at legal retirement age, Bertrand Neuschwander will be entitled to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference remuneration.

The supplementary and top-up plan expense relating to Thierry de La Tour d'Artaise and Bertrand Neuschwander, recognized in the Consolidated Financial Statements at 31 December 2016, amounts to €49,428.

Severance allowance and non-compete Payments

FOR MR THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of termination of his corporate mandate.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term as corporate officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at two years' remuneration (calculated on the average remuneration earned

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during the last two full financial years), will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:

- if the average percentage achieved is below 50%, no termination benefits will be paid;
- if average actual performance represents 50% to 100% of the targets, the termination benefit will be comprised between 75% and 100%, based on a straight-line calculation;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors retains the right to reduce such termination benefits, by a maximum of one-half, if the previous year-end presents a net loss, without such benefits falling below the fixed salary plus bonuses for the previous full financial year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of termination benefits.

Thierry de La Tour d'Artaise's employment contract does not contain a non-competition clause.

Entitlement to stock options in the event of termination:

In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision will also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated pursuant to resignation from the Group, were such resignation to arise from a change in the control of the Group.

However, he will forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

FOR MR BERTRAND NEUSCHWANDER

In the event of dismissal, he will be entitled to severance payment equal to two years' remuneration, minus the amounts paid under the non-competition clause and any termination benefits connected to the termination of the employment contract.

The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Bertrand Neuschwander received in his capacity as Chief Operating Officer.

In accordance with Article L. 225-42-1 of the French Commercial Code, payment of the allowance will be subject to performance conditions, measured in the following manner:

- if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:
  - as corporate officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, over the last four full years of service;
- for both scenarios,
  - if the average percentage achieved is below 50%: no termination benefits is paid,
  - if average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
  - if the average percentage achieved is above 100%: 100% of the benefit is paid.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any contractual compensation for dismissal.

Pursuant to the non-compete agreement, in case of termination of his appointment as Chief Operating Officer, by means of dismissal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.

In consideration of this non-compete clause and for its entire duration, Bertrand Neuschwander will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.

The Board of Directors may release Bertrand Neuschwander from this non-compete clause.

This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 22 April 2014. They were also disclosed as part of the permanent information related to compensation and benefits. Furthermore, it was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related party agreements.

Continuation of the employment contract

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000 In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, on 22 April 2014, the Board of Directors decided that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

Note 31. Subsequent events

PLAN TO CREATE AN INNOVATION HUB IN ECULLY FOR THE SMALL DOMESTIC APPLIANCE BUSINESS

Following on from the creation, some 18 months ago, of the Products and Innovation department, the Group decided to relocate the Marketing and Research teams from Kitchen Electrics, which are currently based in Selongey, alongside those from Home and personal care at its global headquarters in Écully. The goal is to accelerate the development and launch of new electrical products. The teams will be gradually transferred over beginning in summer 2017.

ONGOING INDUSTRIAL RESTRUCTURING IN BRAZIL

On 16 February 2017, Groupe SEB Brésil announced its decision to transfer the production of cookware done at the São Bernardo site (São Paulo metropolitan area) to the new site at Itatiaia (State of Rio de Janeiro), where industrial and logistical operations began a few months ago. This transfer of operations follows the transfer of small domestic appliance production underway since November 2016, which is gradually being transferred from the historical plant in Mooca, in central Sao Paulo, to Itatiaia. The transfer of the operations of the Sao Bernardo plant, which could concern around 170 people, is scheduled to begin in July 2017.

To the best of the Group's knowledge, no event likely to have a material impact on the Group's Consolidated Financial Statements has occurred since 31 December 2016.

Note 32. List of consolidated companies at 31 December 2016 (% of group ownership)

NOTE 32.1. FULLY CONSOLIDATED COMPANIES

Company	Core business [b]	Headquarters	Registration no.	% voting rights	% interest
EMEA					
EUROPE					
SEB S.A. [a]	Parent company	France	300,349,636		
Calor S.A.S. [a]	*	France	956,512,495	100	100
S.A.S. SEB [a]	*	France	302,412,226	100	100
Tefal S.A.S. [a]	*	France	301,520,920	100	100
Rowenta France S.A.S. [a]	*	France	301,859,880	100	100
Groupe SEB Moulinex S.A.S. [a]	*	France	407,982,214	100	100
SIS S.A.S. [a]	***	France	399,014,216	100	100
SEB Développement S.A.S. [a]	***	France	016,950,842	100	100
Groupe SEB France S.A.S. [a]	**	France	440,410,637	100	100
Groupe SEB Retailing [a]	**	France	440,410,884	100	100
SEB Internationale S.A.S. [a]	Holding company	France	301,189,718	100	100
Groupe SEB Export [a]	**	France	421,266,271	100	100
SEB Alliance S.A.S. [a]	Holding company	France	440,410,918	100	100
Immobilière Groupe SEB [a]	***	France	799,230,388	100	100
Rowenta Werke GmbH	*	Germany		100	100
Groupe SEB Deutschland GmbH	**	Germany		100	100
EMSA GmbH	*	Germany		100	100
EMSA Domo	**	Germany		100	100
SEB Osterreich GmbH	**	Austria		100	100
Groupe SEB Belgium S.A. NV	**	Belgium		100	100
Groupe SEB Nordic AS	**	Denmark		100	100
OBH Nordica Denmark	**	Denmark		100	100
Groupe SEB Iberica S.A.	**	Spain		100	99.8
OBH Nordica Finland	**	Finland		100	100
Groupe SEB UK Ltd.	**	United Kingdom		100	100
Tefal UK	Dormant	United Kingdom		100	100
Groupe SEB Hellados S.A.	**	Greece		100	100
Groupe SEB Italia SpA	**	Italy		100	100
Lagostina SpA	*	Italy		100	100
Casa Lagostina S.R.L.	**	Italy		100	100
EMSA Italia	**	Italy		100	100
OBH Nordica Norway	**	Norway		100	100
Groupe SEB Nederland BV	**	Netherlands		100	100
Rowenta Invest BV	Holding company	Netherlands		100	100
Groupe SEB Portugal Ltd.	**	Portugal		100	100
OBH Nordica Group	***	Sweden		100	100
OBH Nordica Fastighets	***	Sweden		100	100
Groupe SEB Schweiz GmbH	**	Switzerland		100	100
EURASIA					
Groupe SEB South Africa	**	South Africa		100	100
Groupe SEB Bulgaria EOOD	**	Bulgaria		100	100

Company		Core business (b)	Headquarters	Registration no.	% voting rights	% interest
Groupe SEB Croatia		**	Croatia		100	100
Groupe SEB Egypt holding		Holding company	Egypt		100	100
Groupe SEB Egypt import		**	Egypt		100	93.8
Groupe SEB Egypt JV		**	Egypt		75	75
Groupe SEB Central Europe		**	Hungary		100	100
Groupe SEB India		*	India		100	100
Groupe SEB Baltic		**	Latvia		100	100
Groupe SEB Polska Zoo		**	Poland		100	100
Groupe SEB CR s.r.o		**	Czech Republic		100	100
Groupe SEB Romania		**	Romania		100	100
Groupe SEB Vostok		*	Russia		100	100
Groupe SEB Slovensko s.r.o		**	Slovakia		100	100
Groupe SEB d.o.o.		**	Slovenia		100	100
Groupe SEB Istanbul A.S.		**	Turkey		100	100
Groupe SEB Ukraine		**	Ukraine		100	100
AMERICAS						
NORTH AMERICA						
Groupe SEB Canada Inc.		**	Canada		100	100
Coranco Corporation Ltd.		**	Canada		100	100
Groupe SEB USA		**	United States		100	100
All-Clad Metal-Crafters LLC		*	United States		100	100
Groupe SEB Holdings USA		Holding company	United States		100	100
Imusa USA LLC		**	United States		100	100
Groupe SEB Mexico		**	Mexico		100	100
Groupe SEB Servicios Mexico		***	Mexico		100	100
SOUTH AMERICA						
Groupe SEB Argentina S.A.		**	Argentina		100	100
Grupo SEB do Brasil		*	Brazil		100	100
Groupe SEB Comercial do Brasil		**	Brazil		100	100
Lojas SEB		**	Brazil		100	100
SEB Brazil Real Estate		***	Brazil		100	0
Groupe SEB Chile Ltda.		**	Chile		100	100
Groupe SEB Colombia S.A.		*	Colombia		100	99.5
Groupe SEB Peru S.R.L.		**	Peru		100	100
Groupe SEB Venezuela S.A.		**	Venezuela		100	100
Corporación GSV 2015, C.A.		***	Venezuela		100	100
ASIA						
CHINA						
ZJ Supor	Zehjiang Supor Co., Ltd	Holding company	China		81.2	81.2
SX Supor	Shaoxing Supor Life Electrical Appliances Co., Ltd	*	China		100	81.2
WH CKW	Wuhan Supor Cookware Co., Ltd	*	China		100	80.8
WH Pressure	Wuhan Supor Pressure Cooker Co., Ltd	Holding company	China		99.4	80.7
WH Supor	Wuhan Supor Co., Ltd	***	China		96.5	78.4

Company		Core business (b)	Headquarters	Registration no.	% voting rights	% interest
WH Waste	Wuhan Supor Waste Recovery Co., Ltd	***	China		100	81.2
YH Waste	Yuhuan Supor Waste Recovery Co., Ltd	***	China		60	48.7
ZJ Rubber	Zhejiang Supor Rubber & Plastics Products Co., Ltd.	*	China		93.2	75.7
ZJ Supor EA	Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd	*	China		100	81.2
Hangzhou Omegna trad.		**	China		100	81.2
Shanghai Cookware Supor sales Co.		**	China		100	81.2
SSEAC Co. Ltd.		*	China		100	100
EMSA Taicang		**	China		100	100
ASIA-PACIFIC						
Groupe SEB Australia Ltd.		**	Australia		100	100
Groupe SEB Korea		**	South Korea		100	100
SEB Asia Ltd.		**/***	Hong Kong		100	100
Grain Harvest Development Ltd		Holding company	Hong Kong		100	100
EMSA Hong Kong		***	Hong Kong		100	100
Groupe SEB Japan Co. Ltd.		**	Japan		100	100
Groupe SEB Malaysia SDN. BHD		**	Malaysia		100	100
Groupe SEB Singapore Pty Ltd		**	Singapore		100	100
Groupe SEB Thailand		**	Thailand		100	100
Vina Electric Fan	Joint stock company	*	Vietnam		100	99.9
Vietnam Supor	Supor (Vietnam) Co., Ltd	*	Vietnam		100	81.2
EMSA Vietnam		*	Vietnam		100	100

(a) Companies within the tax consolidation group in France.
(b) Core business:
* *manufacturing, sales and marketing;*
** *sales and marketing;*
*** *services.*

Company	Core business (a)	Headquarters	Registration no.	% voting rights	% interest
WMF					
Finedening TopCo GmbH	Holding company	Germany		100	100
Finedening HoldCo GmbH	Holding company	Germany		100	100
WMF Group GmbH	*	Germany		100	100
Silit-Werke Beteiligungsgesellschaft GmbH	***	Germany		100	100
Silit Haushaltswaren GmbH	***	Germany		100	100
Silit-Werke GmbH & Co. KG	*	Germany		100	100
ProHeq GmbH	*	Germany		100	100
Boehringer Gastro Profi GmbH	**	Germany		100	100
W. F. Kaiser u. Co. GmbH	*	Germany		100	100
ProLOG - Brand Logistics GmbH & Co.KG	***	Germany		100	100
ProLOG – Logistics Services GmbH	***	Germany		100	100
ProLOG Temp GmbH	***	Germany		100	100
WMF Consumer-Electric GmbH	**	Germany		100	100
ProMONT GmbH	*	Germany		100	100
Schaerer Deutschland GmbH	**	Germany		100	100
WMF Gastronomie Service GmbH	***	Germany		100	100
WMF Versicherungsdienst GmbH	***	Germany		100	100
WMF Immobilienverwaltungs GmbH	***	Germany		100	100
WMF in Österreich Ges.m.b.H.	**	Austria		100	100
Guy Van Bogaert BVBA	**	Belgium		100	100
WMF Bulgaria EOOD	**	Bulgaria		100	100
WMF Shanghai Co. Ltd.	***	China		100	100
WMF Consumer Goods (Shanghai) Co., Ltd.	**	China		100	100
WMF (He Shan) Manufacturing Company Limited	*	China		100	100
WMF Group Operations Far East	***	China		100	100
WMF Singapore Pte. Ltd.	**	China		100	100
WMF Española S.A.	**	Spain		100	100
Schaerer USA	**	United States		100	100
WMF Americas, Inc.	**	United States		100	100
WMF Americas Group Inc.	**	United States		100	100
WMF France S.à.r.l.	**	France		100	100
WMF France Consumer Goods	**	France		100	100
WMF United Kingdom Ltd.	**	United Kingdom		100	100
WMF (Hong Kong) Manufacturing Company Limited	Holding company	Hong Kong		100	100
WMF Group Hong Kong	***	Hong Kong		100	100
Coffee Day Schaerer Technologies p.l.	*	India		51	51
WMF Italia S.p.A.	**	Italy		100	100
WMF Japan Corporation K.K.	**	Japan		100	100
WMF Far East	**	Japan		100	100
WMF Nederland B.V.	**	Netherlands		100	100
ProHeq (CZ) s.r.o.	*	Czech Republic		100	100
WMF Schweiz AG	**	Switzerland		100	100
Schaerer AG, Schweiz	*	Switzerland		100	100

(a) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

NOTE 32.2. ASSOCIATES

Company	Core business [(a)]	Headquarters	Registration no.	% interest
BHS Tabletop AG	*	Germany		24.9
Bauscher Hepp Inc.	Holding company	United States		49
Invenido GmbH	***	Germany		30

(a) Core business:
* manufacturing, sales and marketing;
** sales and marketing;
*** services.

NOTE 32.3. NON-CONSOLIDATED COMPANIES WHERE GROUPE SEB HAS A % INTEREST OF AT LEAST 20%

Company	Core business [(a)]	Headquarters	Registration no.	% interest
Tefal India	Dormant	India		100
Groupe SEB Pars (not material in relation to the Group as a whole)	**	Iran		72
Key Ingredient (not material in relation to the Group as a whole)	**	United States		100
ANZAI (not material in relation to the Group as a whole)	*	China		30
EMSA Natura	**	Germany		100
WMF Japan C.G. Co. Ltd.	**	Japan		20
Gastromedia Sp.z.o.o.	***	Poland		20

(a) Core business:
* manufacturing, sales and marketing;
** sales and marketing;
*** services.

5.5 Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2016

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Consolidated Financial Statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Consolidated Financial Statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Consolidated Financial Statements. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2016 on:

- the audit of the accompanying Consolidated Financial Statements of SEB S.A.;
- the justification of our assessments;
- the specific verification required by law.

These Consolidated Financial Statements have been approved by the Board of Directors. Our role is to express an opinion on these Consolidated Financial Statements based on our audit.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis or by selection, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- at each balance sheet date, the Group assesses whether there is any indication that non-current assets belonging to various cash-generating units (CGUs) may be impaired and performs annual impairment tests on goodwill and assets with indefinite lives, as described in Notes 1.4.1 and 1.4.3 to the Consolidated Financial Statements. We have examined the impairment testing methods as well as the cash flow forecasts and assumptions used and we have verified that Notes 6.2 and 10 contain the appropriate disclosures;
- note 1.4.10 to the Consolidated Financial Statements describes how deferred tax has been determined and Note 8.4 discloses the amount of deductible temporary differences and tax losses carried forward without any corresponding deferred tax assets.

Our work has consisted in the assessment of the data and assumption retained by the Group for their estimations and in the verification of the pertinence of disclosures made in the notes to the Consolidated Financial Statements.

These assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the Consolidated Financial Statements.

Lyon and Courbevoie, 29 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Nicolas Brunetaud	Thierry Colin

6 Company financial statements

6.1. Financial statements

BALANCE SHEET OF SEB S.A. AT 31 DECEMBER

Assets *(in € millions)*	2016 Gross	2016 Depreciation/ Amortization	2016 Net	2015 Net
NON-CURRENT ASSETS				
Patents, licenses and other rights	7.7	7.6	0.1	0.1
Investments	1,770.4	150.5	1,619.9	864.1
Loans to subsidiaries and affiliates	2,692.8	2.3	2,690.5	1,679.4
Other non-current assets	1.1	0.0	1.1	1.0
TOTAL NON-CURRENT ASSETS	**4,472.0**	**160.4**	**4,311.5**	**2,544.6**
CURRENT ASSETS				
Trade accounts receivable	12.6	0.0	12.6	7.0
Other receivables	61.1	0.0	61.1	56.9
Marketable securities	55.8	0.0	55.8	127.5
Cash	135.3	0.0	135.3	446.1
Prepaid expenses	0.1	0.0	0.1	0.3
TOTAL CURRENT ASSETS	**264.9**	0.0	**264.9**	**637.8**
Deferred financing costs	8.0	0.0	8.0	4.3
Bond redemption premium	0.0	0.0	0.0	1.0
Conversion losses	113.5	0.0	113.5	102.8
TOTAL ASSETS	**4,858.4**	**160.4**	**4,697.9**	**3,290.5**

Equity and liabilities (before appropriation of profit) *(in € millions)*	2016	2015
EQUITY		
Share capital	50.2	50.2
Additional paid-in capital	99.3	99.3
Revaluation reserve	16.9	16.9
Legal reserve	5.2	5.2
Regulatory reserves	0.8	0.8
Revenue reserves	7.9	7.9
Retained earnings	818.0	693.3
Profit(loss) for the period	45.6	203.6
TOTAL	**1,043.9**	**1,077.2**
PROVISIONS FOR CONTINGENCIES AND CHARGES		
Provisions for contingencies	149.4	139.5
Provisions for charges	189.4	195.2
TOTAL	**338.8**	**334.7**
PAYABLES		
Bank borrowings	1,628.4	1,056.8
Other borrowings	1,549.5	695.8
Trade payables	1.5	2.3
Accrued taxes and employee benefits expenses	3.0	3.4
Other payables	32.4	34.8
TOTAL	**3,214.8**	**1,793.1**
Conversion gains	100.4	85.5
TOTAL EQUITY AND LIABILITIES	**4,697.9**	**3,290.5**

INCOME STATEMENT AT 31 DECEMBER

(in € millions)	2016	2015
OPERATING INCOME		
Service revenues		
Reversals of depreciation, amortization and provisions, expense transfers	6.8	0.0
Other income	0.5	0.4
TOTAL	**7.3**	**0.4**
OPERATING EXPENSES		
Other purchases and external charges	14.1	9.7
Taxes other than on income	1.5	1.7
Wages and salaries	3.1	3.3
Payroll taxes	1.0	1.9
Depreciation and amortization expense	6.2	1.0
Other expenses	0.9	0.8
TOTAL	**26.8**	**18.4**
OPERATING PROFIT	**(19.5)**	**(18.1)**
FINANCIAL INCOME		
Income from investments in subsidiaries and affiliates	131.2	262.5
Other interest income	0.7	27.3
Reversals of provisions expense transfers	104.3	77.0
Foreign exchange gains	78.5	95.9
Net income from sales of marketable securities	0.0	0.0
TOTAL	**314.7**	**462.7**
FINANCIAL EXPENSES		
Provisions for impairment of financial assets	9.6	39.3
Interest and financial expenses	27.3	38.7
Charges to provisions for currency risks	113.4	102.7
Foreign exchange losses	115.8	99.5
TOTAL	**266.1**	**280.2**
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE	**48.6**	**182.5**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES	**29.1**	**164.4**
NON-RECURRING INCOME		
Non-recurring income from revenue transactions		
Non-recurring income from capital transactions	1.0	1.0
Reversals of provisions, expense transfers	49.9	63.6
TOTAL	**50.9**	**64.6**
NON-RECURRING EXPENSES		
Non-recurring expenses on revenue transactions	2.4	0.0
Non-recurring expenses on capital transactions	18.1	12.4
Non-recurring charges to provisions	35.7	35.8
TOTAL	**56.2**	**48.2**
EXTRAORDINARY NET INCOME	**(5.3)**	**16.4**
Income tax (income)	(21.8)	(22.8)
PROFIT (LOSS)	**45.6**	**203.6**

6.2. Notes to the SEB S.A. financial statements

SIGNIFICANT EVENTS OF THE YEAR

APPOINTMENTS TO THE BOARD OF DIRECTORS

On 19 May 2016, the General Meeting of the Shareholders of SEB S.A. approved the appointment of Jérôme Lescure as a member of the Board of Directors for a period of four years, to replace Jérôme Wittlin, whose term of office was ending. He has a great deal of expertise in the field of strategy and entrepreneurship and also has an excellent knowledge of Groupe SEB, how it operates and the challenges it faces, having been a director of SEB S.A. from 1994 to 2005.

As the terms of office of Thierry de La Tour d'Artaise, VENELLE INVESTISSEMENT, represented by Damarys Braida and Fonds Stratégique de Participation, represented by Catherine Pourre, are due to expire this year, they were renewed for another four years.

FINANCING

Issue of a new Schuldschein instrument

As part of the refinancing of the WMF acquisition, SEB S.A. successfully arranged a new Schuldschein private placement.

Initially planned to be between €300 and €500 million, the placement was raised to €800 million as a result of significant over-subscription. The €800 million issue is split into four tranches, of 3, 5, 7 and 10 years, making it possible to optimise the Group's debt profile. The very attractive cost of financing will be substantially under 1.5%.

This placement comprises the largest Schuldschein instrument ever arranged by a French issuer. BNP Paribas, Citi, Commerzbank AG and HSBC were joint lead managers for this issue.

ORNAE bond issue

SEB S.A. successfully placed ORNAE bonds (bonds with optional reimbursement in cash and/or existing shares) maturing in November 2021 for a nominal amount of around €150 million.

The Bonds will not bear interest and were issued on 17 November 2016, the expected settlement date of the Bonds, at an issue price of 102.125% of par, corresponding to a redemption yield of -0.42%. They will be redeemed at par on 17 November 2021.

The nominal value of each Bond was set at €181.62, representing an exchange premium of 42.50% vis-à-vis the benchmark price1 of the SEB stock on the Euronext regulated market in Paris ("Euronext Paris").

The Bonds were placed privately as per Article L. 411-2-II of the French Monetary and Financial Code (*Code monétaire et financier*) in France and outside France (excluding the United States, Canada, Australia and Japan).

A YEAR OF MAJOR ACQUISITIONS BY ITS SUBSIDIARY SEB INTERNATIONALE

In March and November 2016, SEB S.A. subscribed to two capital increases by its subsidiary SEB Internationale for €250 and €500 million respectively. This recapitalisation is part of the subsidiary's financing of the following major acquisitions:

Further strengthening of Supor's capital

In late December 2015, Groupe SEB had signed an agreement with the Su family holding company, Supor Group, to buy 50 million shares, i.e. 7.91% of the capital of Supor at a unit price of CNY 29 per share. This transaction followed the 10 million share purchase already made in the first half of 2015 and finalised in 2016, following approval by the Chinese authorities.

SEB Internationale now owns 81.17% of the company. The Group does not foresee taking full control of Supor which will continue to be listed on the Shenzhen stock market. Transaction costs totaled CNY 1,450 million, or around €200 million.

Acquisition of EMSA

Groupe SEB, via SEB Internationale, finalised the acquisition of EMSA in June. Founded in 1949, this German company specializes in the design, manufacture and sale of kitchen tools and gadgets. Its core business is built around three product categories: vacuum jugs and flasks, kitchen utensils and gadgets (kitchen aids) and storage jars. Its product offering is built around innovation and quality, combining functional features and design.

Acquisition of WMF

On 30 November 2016, Groupe SEB, via SEB Internationale, finalised the acquisition of the German-based WMF Group. Founded in 1853, WMF Group has three core businesses: professional coffee makers, small household appliances (cookware and small domestic appliances) and catering equipment. It is the undisputed global leader in the professional coffee segment with a market share of 28%. In the cookware segment, WMF is also the uncontested leader in Germany with 20% of the market.

OTHER INFORMATION

Payment in settlement of unpaid share capital of SEB Alliance

On 20 December 2016, SEB S.A. made an additional payment of €11.4 million in settlement of its unpaid share capital in SEB Alliance. Following this transaction, made in cash into the subsidiary's bank account, the company has paid up its initial commitment in full.

Transfer of head office

In order to manage its growing workforce, meet increasing demand for synergies between the entities, and modernise its infrastructure, Senior Management established a new head office for SEB S.A. at the SEB Campus in Écully at the heart of Techlid, the Greater Lyon Western Economic Cluster.

Campus SEB, covering a 6-hectare site, is organized around a series of innovative modern office buildings designed to enhance the professional effectiveness of employees and improve their quality of life. Major effort thus went into space planning and workstation ergonomics, with the creation of open-plan offices, collaborative workspaces and quiet areas.

Note 1. Accounting policies

NOTE 1.1. PRINCIPLES

General accounting conventions were applied, in line with the principle of prudence and in compliance with the general rules on the preparation and presentation of annual financial statements set out in French law and France's new Chart of Accounts (*Plan Comptable Général*) governed by regulation 2014-03 issued by the French Accounting Standards Authority on 5 June 2014.

NOTE 1.2. INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, excluding transaction and financing costs. They mainly consist of patents depreciated over periods ranging from three to ten years.

NOTE 1.3. SHARES IN SUBSIDIARIES AND AFFILIATES

Cost corresponds to acquisition cost, except for shares acquired before 31 December 1976 and included in the legal revaluation, which are stated at valuation. Shares in subsidiaries and affiliates are stated at the lower of cost and net realizable value. Net realizable value is determined based on the company's equity in the subsidiary's or affiliate's net assets, its market value or its earnings outlook.

NOTE 1.4. TREASURY SHARES

Treasury shares are classified as follows:

- all shares bought back for allocation under existing or future stock option or performance share plans are classified under "Marketable securities";
- all other movements – mainly under the liquidity contract – are classified under "Other non-current assets".

At year-end, an impairment loss is recognized whenever the shares' average portfolio purchase price is lower than the average share price for the last month of the year.

NOTE 1.5. CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS

SEB S.A. manages cash and cash equivalents and currency risk on behalf of the Group.

- SEB S.A. takes care of the Group's long-term and short-term financing needs. With respect to the financing of subsidiaries, SEB S.A. has set up an automatic daily bank balance reporting system for the French, German, Belgian, Dutch, Spanish, Italian, Hungarian, Czech, Austrian, Swiss, US and Hong Kong subsidiaries. For other subsidiaries, cash requirements or surpluses are transferred manually. Short-term loans or borrowings between Group companies and SEB S.A. pay interest at the overnight rate for the currency concerned, plus or minus an intermediation margin.

  For subsidiaries in receipt of medium or long-term financing, in particular, SEB Internationale, Colombia, Brazil, Thailand, Immobilière Groupe SEB, etc., interest is based on the 3-month rate for the currency concerned, plus an intermediation margin.

  SEB S.A. raises capital on the financial market and/or from financial institutions in euros. SEB S.A. buys and sells currency swaps enabling it to convert its euro financing into its subsidiaries' local currency. The foreign exchange exposure on the financing of non-euro subsidiaries is hedged in this way. A provision may be set aside to cover the unhedged portion of the risk.

  The cost of swap is recorded in the income statement upon the maturity of the swap.
- SEB S.A. puts competitiveness and transactional hedges in place to cover exposure to currency risks. The hedged transactions are then recorded for the guaranteed price by SEB S.A. for the operating subsidiaries and in their own currency for market subsidiaries. The unrealized gain or loss, i.e. the difference between the guaranteed rate and the closing rate, is recognized in the financial statements of SEB S.A. at the period-end. Any unrealized losses arising on such transactions are recognized on the assets side of the balance sheet under "Conversion losses" and lead to the recognition of a provision for contingencies. Unrealized gains are recognized in liabilities under "Conversion gains" without affecting profit for the year.

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NOTE 1.6. CONVERSION AND MEASUREMENT OF CASH AND SHORT-TERM BANK LOANS IN FOREIGN CURRENCY

Cash and short-term bank loans denominated in foreign currency at the period-end are converted into local currency at the exchange rate on the last business day of the period, and foreign exchange translation adjustments are recognized in profit for the period under "Foreign Exchange gains" or "Foreign Exchange losses".

NOTE 1.7. PROVISIONS FOR CONTINGENCIES AND CHARGES

In addition to the principles described in Note 1.5 above, a provision for unrealized losses on stock options is recorded to cover the outflow of funds arising in connection with the exercise of the options granted under current plans.

The company also records provisions on the balance sheet for the tax savings resulting from the implementation of group relief, relating to the utilization of losses incurred by certain subsidiaries, which may have to be transferred back to them if and when they return to profit. Further details can be found in Note 1.8, on the allocation of the remaining provision.

NOTE 1.8. INCOME TAX

In the past period, SEB S.A. signed a group relief agreement with all its subsidiaries benefiting from the group relief system, setting the rules for the tax group. The contract specifies that the tax group will take effect retroactively from 1 January 2013 and, pursuant to the provisions of Article 223 A et seq. of the French General Tax Code, will be tacitly renewed for additional 5-year periods.

The agreement also provides that subsidiary companies which are members of the tax group should be placed in a situation during consolidation comparable to the situation that they would have been in if the group did not exist.

With regard to the calculation of tax liability, each subsidiary "shall pay the parent company, by way of contribution to the tax on Group companies, irrespective of the actual amount of said tax, a sum equal to the tax that it would have paid on income and/or net long-term capital gains for the financial year if it had been taxed separately, less all the tax deductions to which the subsidiary would have been entitled in the absence of consolidation, including its tax loss carry forwards."

The agreement also states that at the "end of a loss-making financial year, the subsidiary shall not be entitled to make any claim on the parent company on this basis, even if the parent company establishes a claim against the French Treasury by opting to carry back the total loss".

Concerning tax credits, the subsidiaries' liability to the parent company shall be reduced:

- for tax credits that cannot be carried forward and cannot be refunded. If the subsidiary is loss-making, these claims shall be offset by the parent company against the income tax owed by the Group;
- for all tax credits that cannot be carried forward but can be refunded. The fraction of the claim in excess of the income tax on Group companies owing by the subsidiary shall be repaid to the subsidiary by the parent company.

Lastly, if the subsidiary leaves the tax consolidation group, the agreement provides that compensation shall be paid insofar as it can be determined, by mutual agreement, that the subsidiary has paid too much tax as a result of its membership of the Group.

Note 2. Movements in non-current assets

NOTE 2.1. INTANGIBLE ASSETS

There were no material acquisitions or disposals of intangible assets during the year.

NOTE 2.2. PROPERTY, PLANT AND EQUIPMENT

There were no material acquisitions, disposals or retirements of property, plant and equipment during the year.

NOTE 2.3. NON-CURRENT FINANCIAL ASSETS

(in € millions)	2015	Increase	Decrease	2016
Investments	1,009.0	761.4		1,770.4
Loans to subsidiaries and affiliates	1,679.5	1,781.2	767.9	2,692.8
Treasury stock	0.8	34.2	34.1	0.9
Other non-current assets	0.2	0.0	0.0	0.2
TOTAL GROSS VALUE	**2,689.5**	**2,576.8**	**802.0**	**4,464.3**
Impairment of equity investments	(144.9)	(7.1)	(1.5)	(150.5)
Impairment of other non-current assets	0.0	0.0	0.0	0.0
Impairment of receivables	0	(2.3)	0.0	(2.3)
TOTAL PROVISIONS	**(144.9)**	**(9.4)**	**(1.5)**	**(152.8)**
TOTAL NET VALUE	**2,544.6**	**2,567.4**	**803.5**	**4,311.5**

(in € millions)	2014	Increase	Decrease	2015
Investments	928.0	81.0	0.0	1,009.0
Loans to subsidiaries and affiliates	1,441.6	360.9	123.0	1,679.5
Treasury stock	1.1	52.6	52.9	0.8
Other non-current assets	0.2	0.0	0.0	0.2
TOTAL GROSS VALUE	**2,370.9**	**494.5**	**175.9**	**2,689.5**
Impairment of equity investments	(109.7)	(39.2)	(4.0)	(144.9)
Impairment of other non-current assets	0.0	0.0	0.0	0.0
TOTAL PROVISIONS	**(109.7)**	**(39.2)**	**(4.0)**	**(144.9)**
TOTAL NET VALUE	**2,261.2**	**455.3**	**171.9**	**2,544.6**

Loans to subsidiaries and affiliates include advances by SEB S.A. to its subsidiaries in connection with the Group's financial policy (see Note 1.5). The main increases are connected with the acquisitions during the year and involve the new €1,082 million long-term loan for SEB Internationale and the new current accounts with WMF GmbH and EMSA GmbH for €550 million and €30 million respectively. In addition, during the year the SEB Internationale and Groupe SEB USA subsidiaries repaid their current loans of €674 million and €36.5 million respectively.

Over the period, the company recognized additional net impairment losses on its investments in its subsidiaries of €5.6 million, including €3.9 million for SEB Alliance, €1.1 million for SEB S.A.S., €0.4 million for Calor, €0.8 million for Seb Developpement, €0.6 for GS Retail and €0.4 million for GS Moulinex in addition to a €1.5 million reversal for Rowenta France.

The treasury shares recognized in non-current financial assets are held under the liquidity contract. Over the period, 326,956 shares were bought at an average price of €104.65, and 328,034 shares were sold at an average price of €105.69. At 31 December 2016, SEB S.A. held a total of 622,110 treasury shares at an average price of €91.23, in particular to cover SEB share purchase option plans.

Note 3. List of subsidiaries and affiliates

NOTE 3.1. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND AFFILIATES

3.1.1. Subsidiaries (more than 50%-owned)

(in € millions)	Equity before appropriation	Percentage share of capital held	Aggregate carrying amount of shares in other subsidiaries and affiliates	Loans and advances granted	Guarantees and bonds given	Dividends received over the period
Calor S.A.S.	14.3	100%	83.5	4.9	0.0	
S.A.S. SEB	13.2	100%	117.3	23.7	0.0	
Tefal S.A.S.	37.3	100%	6.6	0.9	0.0	21.8
Rowenta France S.A.S.	4.7	100%	17.7	(3.0)	0.0	
SEB Développement S.A.S.	(6.1)	100%	4.4	(3.4)	0.0	
Rowenta Invest BV	(0.2)	100%	211.8	0.3	0.0	
SEB Internationale S.A.S.	1,236.0	100%	963.4	1,243.2	0.0	20.8
Groupe SEB France	132.6	98%	73.9	(99.3)	0.0	42.0
Groupe SEB Export	30.8	100%	38.0	14.0	0.0	14.9
Groupe SEB Moulinex	6.9	100%	73.2	(3.8)	0.0	
Groupe SEB Retailing	1.2	100%	0.1	0.0	0.0	0.4
SEB Alliance	21.2	100%	19.6	(2.5)	0.0	
Immobilière Groupe SEB	7.2	100%	10.0	90.4	0.0	

3.1.2. Affiliates (10% to 50%-owned)

(in € millions)	Equity	Percentage share of capital held	Aggregate carrying amount of shares in other subsidiaries and affiliates	Loans and advances granted	Guarantees and bonds given	Dividends received over the period
SIS	1.2	46.81%	0.5	8.6	-	0.4

As allowed by Article 24 paragraph 11 of decree 83.1020 dated 29 November 1983, the results of individual subsidiaries are not disclosed because the company considers that disclosure of this information could be seriously prejudicial to its interests. Additional information analyzed by geographic segment is provided at consolidated level. Group consolidated sales generated by direct and indirect subsidiaries and affiliates totaled €4,999.7 million, and profit (loss) attributable to owners of the parent came to €258.6 million.

NOTE 3.2. GENERAL INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES

Carrying amount of securities: €0.2 million.

Note 4. Other receivables

Other receivables, totaling €61.1 million, largely consisted of the following items:

- €31.9 million in income tax receivables, comprising prepayments to the tax authorities offset by the excess €4.1 million income tax in previous periods, the €12.5 million in tax credits receivable, the net tax income from group relief for the period of €14.6 million and the €0.7 million tax current account of a subsidiary that is a member of the tax group;
- €9.8 million from the valuation of financial instruments (assets);
- €19.4 million in deferred income from grantee companies for rebilling unrealized losses on options still to be exercised.

Note 5. Provisions for contingencies and charges

Changes in provisions for contingencies and charges for the year are as follows:

(in € millions)	2015	Increases	Releases of surplus provisions	Utilizations	2016
Provisions for claims and litigation					
Provisions for currency risks	102.8	113.4	102.8	0.0	113.4
Provisions for other contingencies	36.7	35.7	35.8	0.6	36.0
TOTAL PROVISIONS FOR CONTINGENCIES	**139.5**	**149.1**	**138.6**	**0.6**	**149.4**
Provisions for group relief	195.2	0.0	5.8	0.0	189.4
TOTAL PROVISIONS FOR CHARGES	**195.2**	**0.0**	**5.8**	**0.0**	**189.4**
TOTAL	**334.7**	**149.1**	**144.4**	**0.6**	**338.8**

(in € millions)	2014	Increases	Releases of surplus provisions	Utilizations	2015
Provisions for claims and litigation					
Provisions for currency risks	73.0	102.8	73.0	0.0	102.8
Provisions for other contingencies	25.5	36.7	25.5	0.0	36.7
TOTAL PROVISIONS FOR CONTINGENCIES	**98.5**	**139.5**	**98.5**	**0.0**	**139.5**
Provisions for group relief	202.6	0.0	7.4	0.0	195.2
TOTAL PROVISIONS FOR CHARGES	**202.6**	**0.0**	**7.4**	**0.0**	**195.2**
TOTAL	**301.1**	**139.5**	**105.9**	**0.0**	**334.7**

Provisions for other contingencies consist entirely of the provision for unrealized losses on stock option exercises and performance shares in relation to all Group grantees for €35.7 million. In addition, deferred income from option-holder companies is recognized as a €19.4 million asset.

The reversal of the €5.8 million provision for group relief related to the use of losses for which provisions had been funded in subsidiaries that returned to profit this year.

Note 6. Maturities of receivables and payables

All receivables are due within one year, apart from:

- medium-term inter-company loans including new loans to WMF GmbH for €550.0 million, SEB Internationale for the acquisition of the WMF Group for €1,082 million, and further loans of €87.1 million for SEB Internationale, and Immobilière Groupe SEB for €80.3 million;
- €19.2 million in deferred income from unrealized losses on option exercises;
- €5.7 million in deferred arrangement fees, including €1.9 million for the new Schuldschein instrument, €1.3 million for the new ORNAE bond issue, €1.3 million for the €500 million bond issue and €1.2 million in commitment fees for the €960 million Syndicated Credit Facility.

(in € millions)	2015	2016	Due by 31/12/2016 Due within 1 year	Due in 1 to 5 years	Due beyond five years
Bonds	809.0	501.2			501.2
Bank borrowings	25.3	10.1	10.1		
Other debts (including private placements)	222.4	1,114.7	120.7	663.5	330.5
Commercial paper	110.0	849.0	849.0		
Group borrowings	551.5	672.5	672.5		
Other borrowings	0.2	0.3			0.3
Non-discretionary profit-sharing	34.2	27.8	7.6	20.1	
Bond redemption premium	0.0	2.4	0.5	1.9	
TOTAL	**1752.6**	**3177.9**	**1660.4**	**685.5**	**832.0**

All payables are due within one year, with the exception of:

- the €500 million bond issue redeemable in full in November 2022;
- the new Schuldschein instrument, €175 million of which is repayable in December 2019, €276.5 million in December 2021, €282.5 million in December 2023, €48 million in December 2026;
- the €180 million Schuldschein instrument, €62 million due in August 2019;
- the new €150 million ORNAE bond issue due in November 2021;
- non-discretionary employee profit-sharing accounts due in more than one year are as follows: €6.3 million due in 2018, €5.0 million due in 2019, €4.4 million due in 2020, and €4.4 million due in 2021;
- the €2.5 million bond redemption premium for the ORNAE bond issue and the -€0.6 million bond redemption premium for the €500 million bond issue.

A source of financing for the Group is its €1,000 million commercial paper program, which has had a short-term rating of A2 from Standard & Poor's for several years. As of 31 December 2016, €849 million had been issued. All commercial paper is due in less than three months.

Note 7. Related party transactions

Certain balance sheet items contain amounts concerning related party transactions, as follows:

	2016		2015	
(in € millions)	Related parties	Direct shareholding	Related parties	Direct shareholding
Non-current financial assets	1,373.2	1,319.6	709.4	969.7
Receivables	31.2	1.2	30.0	0.2
Payables	(137.0)	(558.9)	(340.6)	(222.8)
TOTAL	**1,267.4**	**761.9**	**394.5**	**747.1**

The advances granted to related parties mainly concerned, beginning this year, WMF GmbH (€599.7 million), and previously Groupe SEB Holdings (€275.5 million) and All-Clad Metal Crafter (€41.3 million).

Note 8. Income and expenses concerning related parties

(in € millions)	2016	2015
OPERATING EXPENSES		
Trademark registration fees	0.2	0.2
Management fees	3.0	3.4
OPERATING INCOME		
Royalties	0.3	0.2
FINANCIAL EXPENSES		
Interest and financial expenses	0.7	0.1
FINANCIAL INCOME		
Investment income	100.3	229.6
Interest income on receivables	30.8	32.8
NON-RECURRING INCOME		
Expense transfers	7.7	30.7

Dividends are primarily paid by Group SEB France (€42.0 million), SEB Internationale (€20.8 million) and Groupe SEB Export (€14.9 million). Transfers of non-recurring expenses were down year-over-year as they included €11.3 million for the rebilling of subsidiaries for losses realized during the year on option exercises and -€3.6 million in respect of the discounting of deferred income from unrealized losses.

Note 9. Accruals accounts

NOTE 9.1. DEFERRED CHARGES

(in € millions)	2016	2015
Financial expenses	7.9	4.3
TOTAL	**7.9**	**4.3**

Deferred charges included the €1.7 million in charges to be amortized for the new ORNAE bond issue and €2.5 million for the Schuldschein.

NOTE 9.2. CONVERSION GAINS AND LOSSES

(in € millions)	2016	2015
Receivables and payables denominated in foreign currency	105.1	98.3
Financial instruments	8.4	4.5
TOTAL ASSETS	**113.5**	**102.8**

(in € millions)	2016	2015
Receivables and payables denominated in foreign currency	91.7	79.7
Financial instruments	8.7	5.8
TOTAL EQUITY AND LIABILITIES	**100.3**	**85.5**

NOTE 9.3. DEFERRED INCOME

(in € millions)	2016	2015
Loans to subsidiaries and affiliates	8.0	9.0
TOTAL	**8.0**	**9.0**

NOTE 9.4. ACCRUED LIABILITIES

(in € millions)	2016	2015
Bank borrowings	4.2	11.6
Other borrowings	0.2	0.3
Trade payables	0.6	0.4
Accrued taxes and employee benefits expenses	2.2	2.4
Other payables	0.5	0.3
TOTAL	**7.7**	**15.0**

Note 10. Extraordinary net income

(in € millions)	2016	2015
Provisions for group relief to be transferred to subsidiaries	6.5	7.5
Gains and (losses) on sales of treasury shares	(17.1)	(21.7)
Other	(2.4)	(0.1)
Non-recurring expense transfer	7.7	30.7
TOTAL	**(5.3)**	**16.4**

The reversal of the net provision for group relief totaled €5.8 million and is discussed in the next section on the consolidated tax group.

During the period, the sale of a total of 997,932 treasury shares, including 328,034 under the liquidity contract and 669,898 shares to be granted under stock option exercises, generated a total net capital loss of €17.1 million. In addition, the discounting of the provision for unrealized losses had virtually no effect during the period.

Transfers of non-recurring expenses correspond to rebilling of grantee companies for unrealized and realized losses during the period of €19.4 million and €11.3 million respectively.

Note 11. Consolidated tax group

The consolidated tax group recorded a profit for the 2016 financial year. The tax savings were recognized in the company's financial statements and comprised tax income of €23.5 million, breaking down into:

- €0.6 million in definitively acquired tax savings for the year;
- €28.7 million in tax losses by consolidated subsidiaries used during the period;
- an expense of €5.8 million for use of prior losses for profit-making subsidiaries.

Moreover, an additional income tax charge of €2.4 million for the contribution on distributed income was recognized during the period.

In addition, under the tax agreement signed with member companies, the tax savings made by the Group as a result of consolidating loss-making companies are retained by the parent company.

From now on, a provision will no longer be recorded under "non-recurring expenses" to cover the tax loss carryforwards generated by members of the tax group other than SEB S.A. Only reversals of provisions are recognized when tax loss carryforwards are used. On this basis, a €5.8 million reversal was recognized over the period.

Note 12. Income tax analysis

Income tax for the year ended 31 December 2016 breaks down as follows:

(in € millions)	Before tax	Tax	Profit (loss)
Profit (loss) from ordinary activities	29.0	(13.9)	15.1
Extraordinary net income	(5.3)	(0.8)	(6.1)
Tax loss carryforwards generated/(used)		14.7	14.7
Group relief	21.8	0.0	21.8
TOTAL	**45.5**	**0.0**	**45.5**

Note 13. Off-balance sheet commitments

	31/12/2016		31/12/2015	
(in € millions)	Notional amount	Market value	Notional amount	Market value
VIS-A-VIS MARKET				
Currency swaps (foreign currency borrower)	204.7	1.0	387.3	2.2
Currency swaps (foreign currency lender)	33.9	(0.1)	17.1	(0.1)
Forward sales of foreign currencies*	189.7	2.2	205.0	(0.5)
Forward purchases of foreign currencies*	792.4	12.0	988.2	28.3
Call option purchases	133.4	6.8	0.0	0.0
Put option purchases	101.6	(2.5)	0.0	0.0
Floating/fixed rate swaps	245.5	(1.6)	78.0	(1.6)
Aluminum derivatives	28.8	1.8	18.4	(1.4)
Nickel derivatives	1.5	0.0	1.0	(0.1)
WITH SUBSIDIARIES				
Currency swaps (foreign currency lender)	0.0	0.0	93.7	(4.6)
Forward purchases of foreign currencies	188.8	0.8	148.8	(1.7)
Forward sales of foreign currencies	87.0	0.8	81.2	0.2
Aluminum derivatives	28.8	1.8	18.4	1.4
Nickel derivatives	1.5	0.0	1.0	0.1

* *The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 30 December, which included notional amounts of €34.1 million in forward purchases and €19.1 million in forward sales.*
The fair value of these derivative instruments is zero.

The use and accounting treatment of financial instruments are discussed in Note 1.5. Notional amounts represent the notional amounts of the contracts. The market value of financial instruments represents the gain or loss that would have been recognized had the contracts been settled on the market at 31 December 2016. It is estimated based on the exchange rate and interest rate on 31 December 2016, or obtained from the counterparty banks with which the commitments have been entered into.

Commitment for the new ORNAE bond issue

With respect to the new ORNAE bond issue, it should be noted that, in the event of the exercise of the right to the allocation of shares, representing the delivery of existing shares, the company will not issue any new shares.

The Bonds will grant entitlement to, in the manner detailed below, the allocation of existing SEB shares, at a rate of one share for every Bond (subject to any subsequent adjustments) at any time from 17 November 2016 to the twenty-eighth trading day (exclusive) preceding the date of maturity of the Bonds or, where applicable, the date of early redemption.

In the event of the exercise of the right to the allocation of shares, the Bondholders will receive an amount in cash and, where applicable, an amount payable in existing SEB shares. The company will also have the option to only deliver existing SEB shares.

The number of existing shares that may be delivered to bondholders will in particular be determined by the Bond exchange ratio. Initially one share for every Bond, this ratio may be adjusted in certain common scenarios for such financial securities. The exchange ratio may in particular be adjusted up or down in the event of dividend payouts by the company between the issue date and the redemption date.

Commitment for the new Schuldschein instrument

At 31 December 2016, the company still had to receive a final tranche of €18 million under the new Schuldschein instrument.

Note 14. Pension commitments

The two corporate officers are members of the Group supplementary pension plan which includes Groupe SEB's French senior managers (members of the Executive and Management Committees).

The plan supplements the statutory plans and is composed as follows:

- a differential defined benefit plan, subject to seniority and service conditions, with the benefits payable under this plan supplementing the benefits payable under statutory plans by as much as 25% of the reference compensation calculated on the average of the annual target compensation over the preceding three years;
- a supplementary defined benefit plan, subject to seniority and service conditions, with the potential benefits accruing per year of service being 0.8% of the reference compensation calculated on the average of the annual target compensation over the preceding three years and capped at 20 years' service, i.e. a maximum of 16% of the reference compensation. A group defined benefit scheme is available for top management, with a contribution equal to 8% of salary. Benefits payable under this plan are deducted from the supplementary pension originating from the supplementary defined benefit plan.

To be eligible for the defined benefit plans, Groupe SEB executives must have been a member of the Group Executive Committee or Management Board for at least eight years.

The scheme is capped at 41% of the reference compensation (including the income from compulsory plans), this reference compensation being itself capped at 36 times the annual social security ceiling in force at the time of retirement.

As a result, the supplementary pension scheme for French senior managers (including the Chairman and CEO and the Chief Operating Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum of eight years on the Group Executive Committee or Group Management Board;
- rate of progression: entitlements based on seniority up to a maximum of 3.0% annually and capped after 20 years' seniority;
- reference period used: average of the target remuneration for the past three years;
- maximum of 41% including benefits from statutory schemes.

Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.

The various conditions of the retirement plan imply that, at legal retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory plans) of 34.14% of his reference compensation, and that Bertrand Neuschwander will be able to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference compensation.

Severance allowance and non-compete payments

FOR THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of dismissal from his corporate office.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term of office as corporate officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised benefit is set at two years' remuneration (calculated on the average remuneration earned during the last two complete financial years), will be adjusted based on actual performance in relation to targets over the last four years of service, as follows:

- if the average percentage is below 50%, no termination benefits shall be paid;
- if average performance is between 50% and 100%, the termination benefit will be comprised between 75% and 100%, according to a straight-line calculation;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors reserves the right to reduce such termination benefits, by a maximum of one-half, if a net loss is recorded for the previous year, without such benefits falling below the fixed salary plus bonuses for the previous year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of termination benefits.

Thierry de La Tour d'Artaise's employment contract does not provide for any indemnity under a non-compete clause.

Entitlement to stock options in the event of termination:

In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision shall also apply in the event that his employment contract is terminated pursuant to his resignation from the Group, were such decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

FOR BERTRAND NEUSCHWANDER

In the event of dismissal, he will be entitled to a severance allowance equal to two years' remuneration, minus the amounts paid under the non-compete clause and any termination benefits associated with the termination of the employment contract.

The reference compensation used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Bertrand Neuschwander received in his capacity as Chief Operating Officer.

In accordance with Article L. 225-42-1 of the French Commercial Code, the allowance will be subject to performance conditions, measured in the following manner:

- if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:
  - as corporate officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, over the last four years of service;
- for both scenarios:
  - if the average percentage achieved is below 50%: no termination benefit is paid,
  - if average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, according to a straight-line calculation,
  - if the average percentage achieved exceeds 100%: 100% of the benefit is paid.

Furthermore, the severance allowance will only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any compensation for dismissal.

Pursuant to the non-compete agreement, in case of termination of his term of office as Chief Operating Officer, through removal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.

In consideration for this non-compete clause and for its entire duration, Bertrand Neuschwander will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.

The Board of Directors may release Bertrand Neuschwander from this non-compete clause.

This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 22 April 2014. They were also disclosed as part of the permanent information related to remuneration and benefits. Furthermore, it was submitted for approval by the shareholders at the Annual General Meeting on 12 May 2015, in accordance with the procedures provided for related-party agreements.

Continuation of the employment contract

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, the Chief Operating Officer, the Board of Directors decided on 22 April 2014 that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

Details of the remuneration policy and the components of the remuneration of these two people appear in Note 2.5 Remuneration Policy and are not reiterated in this note.

Note 15. Deferred tax assets and liabilities

At 31 December 2016, the company had a liability of €34.6 million (€29.4 million at 31 December 2015), corresponding to unrealized exchange gains deductible in the year following their recognition.

Note 16. Stock option plans and performance shares

Information about stock option and performance share plans at 31 December 2016 is provided below:

At 31/12/2016	Date			Number of options				Exercise price
Type	of grant [(a)]	of exercise	of expiry	granted	exercised	cancelled	outstanding	*(in €)*
Purchase plan	13/05/2008	13/05/2012	13/05/2016	1,005,900	926,699	79,201	0.0	38.35
Purchase plan	12/06/2009	12/06/2013	12/06/2017	371,300	327,421	15,266	28,613	28.05
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	332,150	18,513	61,929	53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	190,940	17,621	200,364	54.12
TOTAL*				**2,198,717**	**1,777,210**	**130,601**	**290,906**	
* *Of which movements in 2016.*					*448,548*	*48,572*		

At 31/12/2016	Date			Number of shares				
Type	of grant [(a)]	of vesting	of end of lock-up	granted	vested	cancelled	Outstanding	Share price on the grant date [(b)]
Performance shares	23/07/2013	23/07/2016	23/07/2018	233,475	221,350	12,125	0.0	63.00
Performance shares	22/07/2014	22/07/2017	22/07/2017	169,175	0.0	0.0	169,175	64.00
Performance shares	12/05/2015	12/05/2018	12/05/2020	169,450	0.0	875	168,575	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	0.0	1,500	167,105	96.63
TOTAL				**740,705**	**221,350**	**14,500**	**504,855**	

(a) The grant date corresponds to the date of the Board Meeting when the option grants were decided.
(b) Share price on the date of the Board Meeting.

Note 17. Equity

Share capital

At 31 December 2016, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 72,481,776 total "theoretical" voting rights and 73,859,666 effective voting rights (excluding treasury shares).

Changes in shareholders' equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2015 BEFORE APPROPRIATION OF PROFIT	**1,077.2**
2015 dividend paid in 2016	(78.8)
Profit(loss) for the period	45.6
Premiums on shares issued to employees	
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2016	**1,044.0**

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014 BEFORE APPROPRIATION OF PROFIT	**947.2**
2014 dividend paid in 2015	(73.6)
Profit(loss) for the period	203.6
Premiums on shares issued to employees	
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2015	**1,077.2**

Potential ordinary shares at 31 December 2016

There are no convertible bonds or equity notes outstanding or securities not representing capital.

Note 18. employees

The average number of employees was 2 people (against 2 people at 31 December 2015).

Note 19. subsequent events

None

6.3. Five-year financial summary

(in € thousands)	2016	2015	2014	2013	2012
SHARE CAPITAL AT YEAR-END					
a) share capital	50,169	50,169	50,169	50,169	50,169
b) number of shares outstanding	50,169,049	50,169,049	50,169,049	50,169,049	50,169,049
c) number of convertible bonds outstanding		-	-	-	-
OPERATIONS AND PROFIT(LOSS) FOR THE PERIOD					
a) net revenue, excluding tax	-	-	-	-	-
b) profit before tax, depreciation, amortization and provisions	42,155	249,746	104,853	170,977	70,279
c) income taxes	(21,847)	(22,768)	(20,520)	(24,590)	(32,186)
d) profit after tax, depreciation, amortization and provisions	45,555	203,562	82,712	153,091	61,289
e) dividend payout [(a)]	89,339	79,161	73,700	67,351	64,144
EARNINGS PER SHARE *(IN UNITS)*					
a) profit after tax but before depreciation, amortization and provisions	1.27	4.52	2.47	3.90	2.04
b) profit after tax, depreciation, amortization and provisions	0.91	4.06	1.65	3.05	1.22
c) dividend per share	1.72	1.54	1.44	1.39	1.32
EMPLOYEES					
a) number of employees	2.00	2.00	1.60	1.00	1.00
b) total payroll	3,127	3,344	2,419	1,795	1,681
c) benefits paid (payroll taxes)	993	1,895	1,163	817	1,152

(a) Estimated in 2016.

6.4. Statutory auditors' report on the financial statements

YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of the statutory auditors' report on regulated agreements and commitments issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended 31 December 2016 on:

- the audit of the accompanying financial statements of SEB S.A.;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter: As indicated in Note 1.3 to the financial statements, the company records impairment depreciation of its equity investments when their carrying value falls below their historical cost. Depreciations are determined based on the share of equity held, the market value of the securities, when it can be known and the medium and longterm profitability outlook of the equity investments concerned. Our procedures consisted in assessing the data and assumptions on which such provisions are based and verifying the company's calculations. These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Lyon and Courbevoie, 29 March 2017

The statutory auditors

PricewaterhouseCoopers Audit
Nicolas BRUNETAUD

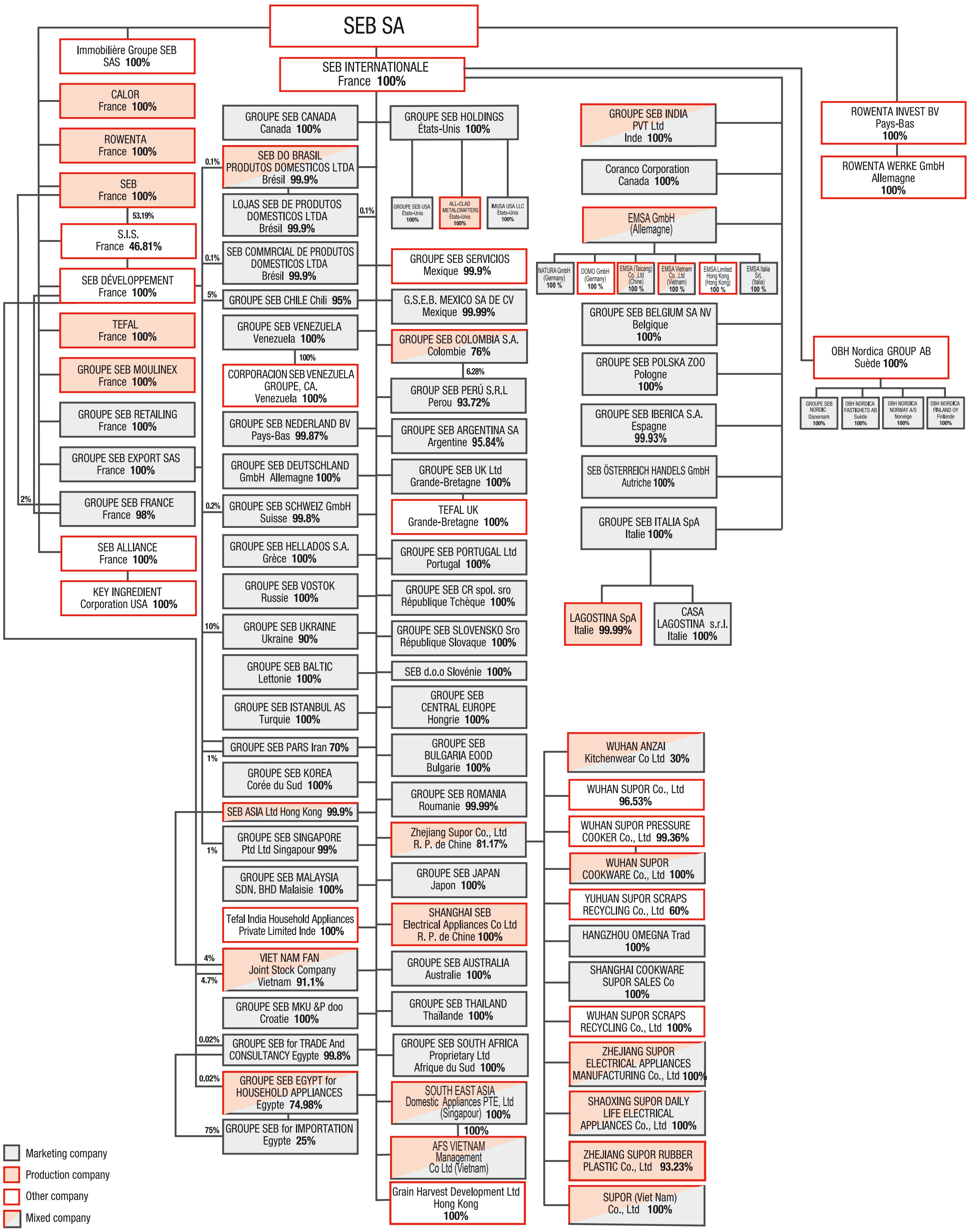
Mazars
Thierry COLIN

7

Information concerning the company and its share capital

7.1. Information concerning the company

GROUPE SEB LEGAL ORGANIZATION CHART AS AT 1ST JANUARY 2017



Corporate name: SEB S.A.

Registered head office: Campus SEB – 112, Chemin du Moulin Carron 69130 Écully – France

Tel.: +33 (0) 472 18 18 18 – Fax: +33 (0) 472 18 16 55

Business registration number: 300 349 636 RCS Lyon

Industrial classification (NACE) Code: 6420 Z

LEI Code: 969500WP61NBK098AC47

SEB share ISIN Code: FR0000121709

Form: limited company (*société anonyme*)

Financial year: 1 January to 31 December

Law: French

Duration: 99 years from 27 December 1973

CONSULTATION OF LEGAL DOCUMENTS

The Company's bylaws, minutes of Annual General Meetings and other company documents may be consulted at the company's registered office.

Company regulatory documents may be consulted on the Groupe SEB website: www.groupeseb.com

CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The purpose of the company in France and abroad covers:

- investment in any company involved in any form of business and, therefore, the acquisition or subscription of all types of shares, debentures, capital holdings and interests, all types of marketable securities, as well as the disposal of the said investments and marketable securities;
- all operations concerning the financing of its subsidiaries and other companies in which it owns or may acquire a holding;
- the acquisition and registration of patents or inventions and the granting of all forms of licenses for the use of these patents;
- the acquisition, construction and management of real estate and its disposal;
- all operations contributing to the development of the company and to the achievement of the purpose specified above.

ALLOCATION OF PROFITS (ARTICLE 46 OF THE BYLAWS)

Profits are allocated in accordance with legal requirements and regulations. Dividends are drawn, as a priority, from distributable profits.

The Annual General Meeting may offer shareholders an option to choose payment of dividends in cash or in the form of new shares.

A supplementary dividend payment per share of 10% of the unit value of the reference dividend, which may be rounded down to the nearest even number of euro cents, will be paid in respect of shares registered without interruption by the same shareholder in the nominal register for at least two financial years preceding the dividend payment, and which are still registered on the ex-dividend date. For any one shareholder, this supplement is limited to a number of shares which may not exceed 0.5% of the share capital. This supplement can be altered or canceled by decision of an Extraordinary General Meeting which will then decide on any new terms and conditions.

The General Meeting may, in addition, decide to distribute sums drawn from the reserves at its disposal. In this case, the decision will expressly indicate the reserve items from which the drawings have been made.

ANNUAL GENERAL MEETINGS (ARTICLE 30 ET SEQ. OF THE BYLAWS)

Shareholders are notified of Annual General Meetings in accordance with legal requirements.

Each shareholder has the right to attend Annual General Meetings or to be represented, regardless of the number of shares that they hold, provided that said shares are fully paid up and registered in either their name or the name of the intermediary registered on the shareholder's behalf, at midnight, French time, on the second business day preceding the Annual General Meeting, either in registered share accounts held by the company, or in bearer share accounts held by the qualified intermediary.

DOUBLE VOTING RIGHTS (ARTICLE 35 OF THE BYLAWS)

Each member attending the Annual General Meeting is entitled to exercise one vote for every share they hold or represent. Double voting rights are allocated to any fully paid-up share providing that it has been held long enough in registered form in the name of the same shareholder. This registered holding period requirement set by the founders at two years when the company was established in 1973, was extended to five years at the Annual General Meeting of 15 June 1985. Entitlement to double voting rights expires if the shares concerned are converted to bearer form or if their ownership is transferred, except in cases where the transfer involves a change of name in the register subsequent to family inheritance or gift. In the event of a capital increase by incorporation of reserves, profit or issue premiums, double voting rights are granted, as from their issuance, to registered shares allocated free of charge to a shareholder as a result of the shares already held which benefit from said right.

LIMITATION OF VOTING RIGHTS

There is no statutory limitation on voting rights.

THRESHOLD CLAUSE (ARTICLE 8 OF THE BYLAWS)

There is an obligation to disclose any holding which exceeds the threshold, within the meaning of Articles L. 223-7 and L. 233-9 of the French Commercial Code, of 2.5% (or any multiple thereof) of the company's share capital or voting rights.

IDENTITY OF BEARER SHAREHOLDERS

The company may at any time, in accordance with the legal provisions and regulations in force, ask the Euroclear France securities settlement agency to provide:

- the personal name or company name, year of birth, address, and nationality of holders of shares of the company;
- the number of shares held by each of them;
- where applicable, any restrictions to which these shares may be subject.

SEB S.A. made such a request to know the identity of its shareholders on 31 December 2016.

SHARE CAPITAL AT 31 DECEMBER 2016

At 31 December 2016, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 74,481,776 total "theoretical" voting rights and 73,859,666 effective voting rights (excluding treasury shares).

There are no stricter conditions than the law to modify shareholder rights.

FACTORS WHICH COULD AFFECT A TAKEOVER BID

Pursuant to Article L. 225-100-3 of the French Commercial Code, the factors which could affect a takeover bid are as follows:

CAPITAL STRUCTURE OF THE COMPANY

See following page: "Breakdown of share capital and voting rights as of 31 December 2016".

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See following page: "Shareholder agreements - concerted voting blocks".

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The Annual General Meeting of 19 May 2016 authorized the Board of Directors to implement a share buyback program in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. Information on share capital

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2016

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2016	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
FÉDÉRACTIVE	4,360,202	8.69%	3	0.00%	8,620,655	11.67%	11.57%	6	0.00%	0.00%
Associates	6,265,675	12.49%	10,680,874	21.29%	11,098,968	15.03%	14.90%	19,829,617	26.85%	26.62%
SUB-TOTAL	**10,625,877**	**21.18%**	**10,680,877**	**21.29%**	**19,719,623**	**26.70%**	**26.48%**	**19,829,623**	**26.85%**	**26.62%**
VENELLE INVESTISSE-MENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,110,214	18.16%	9,842,214	19.62%	18,086,605	24.49%	24.28%	19,550,605	26.47%	26.25%
SUB-TOTAL	**9,128,116**	**18.19%**	**9,860,116**	**19.65%**	**18,122,409**	**24.54%**	**24.33%**	**19,586,409**	**26.52%**	**26.30%**
FOUNDER GROUP	**19,753,993**	**39.37%**	**20,540,993**	**40.94%**	**37,842,032**	**51.24%**	**50.81%**	**39,416,032**	**53.37%**	**52.92%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.57%	3.54%	2,633,876	3.57%	3.54%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.83%	6.77%	5,043,044	6.83%	6.77%
Employees	1,851,530	3.69%	1,851,530	3.69%	2,877,877	3.90%	3.86%	2,877,877	3.90%	3.86%
French investors	5,420,681	10.80%	4,633,681	9.24%	7,007,456	9.49%	9.41%	5,433,456	7.36%	7.30%
Foreign shareholders	15,086,206	30.07%	15,087,136	30.07%	15,290,252	20.70%	20.53%	15,292,111	20.70%	20.53%
Individual shareholders	2,279,131	4.54%	2,278,202	4.54%	3,165,129	4.29%	4.25%	3,163,270	4.28%	4.25%
Treasury shares	622,110	1.24%	622,110	1.24%			0.84%			0.84%
TOTAL	**50,169,049**	**100.00%**	**50,169,049**	**100.00%**		**73,859,666**	**74,481,776**		**73,859,666**	**74,481,776**

As a reminder, voting rights attached to stripped shares belong to the bare holder for decisions covered by the Extraordinary General Meeting ("EGM") and to the usufruct holder for those covered by the Ordinary General Meeting ("OGM").

Registered nominal shares held by the same person for at least five years give entitlement to double voting rights.

The total number of "effective" voting rights or voting rights that are "exercisable at the Annual General Meeting" total 73,859,666, not including non-voting shares, i.e. those held by SEB S.A. at 31 December 2016.

The total number of "theoretical" voting rights is 74,481,776. This number includes, under the terms of Article 223-11 of the AMF's General regulations, all shares with voting rights attached, as well as non-voting shares.

The term "Founder Group", used in the table above, refers to a group of natural persons who are either direct descendants of the Lescure family or related to the family through marriage, and any legal entities that they control.

Some individuals who are partners of FÉDÉRACTIVE have temporarily granted the usufruct of their shares to FÉDÉRACTIVE, the controlling holding company, which represents the equity interests of some members of the founding family.

Some individuals who are partners of FÉDÉRACTIVE or VENELLE INVESTISSEMENT have granted the usufruct of their shares to foundations. These shares are included under "French investors" at the OGM and under "FÉDÉRACTIVE Partners" or "VENELLE INVESTISSEMENT Partners" at the EGM.

SHAREHOLDER AGREEMENTS - CONCERTED VOTING BLOCKS

The FÉDÉRACTIVE and VENELLE INVESTISSEMENT family holding companies, representing, together with their associates, 53.37% of the voting rights exercisable at the EGM, confirmed their intention to implement a sustainable management policy for Groupe SEB in writing to the AMF (French Markets Authority) in letters dated 11 May and 12 May 2009, with a view to ensuring the longevity of their control and thus maintaining the concerted voting block formed by the members of the Founder Group in May 1989.

The non-renewal of the shareholder agreement of 5 November 2005, which expired on 5 November 2009, did not, therefore, bring an end to the concerted voting block formed by the parties to the agreement within the meaning of Article L. 233-10 of the French Commercial Code (AMF D&I no. 209C0644 of 12 May 2009).

Representatives of the two family holding companies also expressed their wish to the Board of Directors to exchange views prior to any significant decision and to maintain their previous agreement on the composition of the Board of Directors as determined in the 2005 agreement. As such, FÉDÉRACTIVE may propose the appointment of five directors and VENELLE INVESTISSEMENT may propose the appointment of four directors, with equal representation on Board Committees.

On the occasion of the changes to the composition of the Board of Directors detailed in Chapter 2 of this Registration Document, the holding companies worked together to reduce the number of their members on the Board of Directors, namely four positions for FÉDÉRACTIVE and three for VENELLE INVESTISSEMENT.

FÉDÉRACTIVE agreement

On 9 July 2008, FÉDÉRACTIVE, its associates and member shareholders concluded a shareholder agreement reinforcing their commitment to the Group.

The provisions of this agreement set down preferential conditions between its signatories for the sale or acquisition of SEB shares held, as well as a joint exit clause. They also provide for the participation of other investors willing to support the long-term development of Groupe SEB and to take part in shareholder policies alongside the FÉDÉRACTIVE founding members (AMF D&I no. 208C1659 dated 11 September 2008).

VENELLE INVESTISSEMENT agreement

On 12 May 2009, VENELLE INVESTISSEMENT, its associates and member shareholders entered into a shareholder agreement to ensure that VENELLE INVESTISSEMENT, its associates and its member shareholders mutually agreed as a matter of priority to a right of first refusal applicable to any transfer or sale of shares subject to first refusal (AMF D&I no. 209C0743 dated 27 May 2009).

In order to maintain the commitment to SEB's share capital and take account of the interests of family shareholders including those that are neither partners nor members of VENELLE INVESTISSEMENT or of FÉDÉRACTIVE, a new agreement was entered into on 19 November 2016. It brings together VENELLE INVESTISSEMENT, VENELLE PLUS, the partners and members of VENELLE INVESTISSEMENT and is intended to be open to all other family shareholders.

This new agreement is designed to strengthen the agreement of 12 May 2009, without replacing it, the latter continuing to bind the parties thereto. It fleshes out and facilitates the exercise of pre-emption rights, introduces practical steps to ensure prior notification of all planned transfers of SEB securities, including those under the pre-emption thresholds. Finally, it includes provisions organizing tag-along rights and a subsidiary pre-emption right for SEB S.A. (AMF D&I no. 216C2696 dated 1 December 2016).

COLLECTIVE COMMITMENTS TO HOLD SHARES

Existing agreements at 31/12/2016	2013	2014			2016			
Regime	Dutreil Art 885 I bis of the French General Tax Code	Dutreil Art 885 I bis of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Dutreil Art 885 I bis of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code
Date of signing	12/12/2013	03/12/2014	03/12/2014	03/12/2014	01/12/2016	01/12/2016	01/12/2016	01/12/2016
Term of collective commitment	6 years	5 years	2.5 years	5 years	6 years	2 years	4 years	6 years
Expiry date of commitment	12/12/2019	03/12/2019	03/06/2017	03/12/2019	01/12/2022	01/12/2018	01/12/2020	01/12/2022
Renewal procedures	1 year by tacit renewal	1 year by tacit renewal	None	None	1 year by tacit renewal	None	None	None
Shares pledged upon signing the agreement, as a percentage of the share capital	22.78	27.34	27.34	27.34	26.48	26.48	26.48	26.48
Shares pledged upon signing the agreement, as a percentage of the voting rights	29.06	36.15	36.15	36.15	36.43	36.43	36.43	36.43
Names of signatory executive officers	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise
Names of signatories holding at least 5% of the share capital and/or voting rights	FSP	FSP	FSP	FSP	-	-	-	-

CHANGES IN THE SHARE CAPITAL BREAKDOWN AND VOTING RIGHTS OVER THE LAST THREE YEARS

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2016	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
FÉDÉRACTIVE	4,360,202	8.69%	3	0.00%	8,620,655	11.67%	11.57%	6	0.00%	0.00%
Associates	6,265,675	12.49%	10,680,874	21.29%	11,098,968	15.03%	14.90%	19,829,617	26.85%	26.62%
SUB-TOTAL	**10,625,877**	**21.18%**	**10,680,877**	**21.29%**	**19,719,623**	**26.70%**	**26.48%**	**19,829,623**	**26.85%**	**26.62%**
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,110,214	18.16%	9,842,214	19.62%	18,086,605	24.49%	24.28%	19,550,605	26.47%	26.25%
SUB-TOTAL	**9,128,116**	**18.19%**	**9,860,116**	**19.65%**	**18,122,409**	**24.54%**	**24.33%**	**19,586,409**	**26.52%**	**26.30%**
FOUNDER GROUP	**19,753,993**	**39.37%**	**20,540,993**	**40.94%**	**37,842,032**	**51.24%**	**50.81%**	**39,416,032**	**53.37%**	**52.92%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.57%	3.54%	2,633,876	3.57%	3.54%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.83%	6.77%	5,043,044	6.83%	6.77%
Employees	1,851,530	3.69%	1,851,530	3.69%	2,877,877	3.90%	3.86%	2,877,877	3.90%	3.86%
French investors	5,420,681	10.80%	4,633,681	9.24%	7,007,456	9.49%	9.41%	5,433,456	7.36%	7.30%
Foreign shareholders	15,086,206	30.07%	15,087,136	30.07%	15,290,252	20.70%	20.53%	15,292,111	20.70%	20.53%
Individual shareholders	2,279,131	4.54%	2,278,202	4.54%	3,165,129	4.29%	4.25%	3,163,270	4.28%	4.25%
Treasury shares	622,110	1.24%	622,110	1.24%			0.84%			0.84%
TOTAL	**50,169,049**		**50,169,049**			**73,859,666**	**74,481,776**		**73,859,666**	**74,481,776**

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2015	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
FÉDÉRACTIVE	5,929,938	11.82%	3	0.00%	11,754,363	16.47%	16.22%	6	0.00%	0.00%
Associates	4,751,921	9.47%	10,736,856	21.40%	8,350,058	11.70%	11.53%	20,214,415	28.32%	27.90%
SUB-TOTAL	**10,681,859**	**21.29%**	**10,736,859**	**21.40%**	**20,104,421**	**28.17%**	**27.75%**	**20,214,421**	**28.32%**	**27.90%**
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,215,372	18.37%	9,947,372	19.83%	18,255,787	25.58%	25.20%	19,719,787	27.63%	27.22%
SUB-TOTAL	**9,233,274**	**18.40%**	**9,965,274**	**19.86%**	**18,291,591**	**25.63%**	**25.25%**	**19,755,591**	**27.68%**	**27.27%**
FOUNDER GROUP	**19,915,133**	**39.70%**	**20,702,133**	**41.26%**	**38,396,012**	**53.80%**	**53.00%**	**39,970,012**	**56.00%**	**55.17%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.69%	3.64%	2,633,876	3.69%	3.64%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	2,521,522	3.53%	3.48%	2,521,522	3.53%	3.48%
Employees	1,652,695	3.29%	1,652,695	3.29%	2,730,128	3.83%	3.77%	2,730,128	3.83%	3.77%
French investors	6,135,174	12.23%	5,348,174	10.66%	7,832,506	10.97%	10.81%	6,258,506	8.77%	8.64%
Foreign shareholders	13,914,926	27.74%	13,915,855	27.74%	14,055,425	19.69%	19.40%	14,057,284	19.70%	19.40%
Individual shareholders	2,321,270	4.63%	2,320,341	4.63%	3,203,300	4.49%	4.42%	3,201,441	4.49%	4.42%
Treasury shares	1,074,453	2.14%	1,074,453	2.14%			1.48%			1.48%
TOTAL	**50,169,049**		**50,169,049**			**71,372,769**	**72,447,222**		**71,372,769**	**72,447,222**

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	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2014	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
FÉDÉRACTIVE	6,632,226	13.22%	3	0.00%	12,919,114	17.95%	17.63%	6	0.00%	0.00%
Associates	4,602,405	9.17%	11,289,628	22.50%	8,380,661	11.64%	11.44%	21,409,769	29.74%	29.22%
SUB-TOTAL	**11,234,631**	**22.39%**	**11,289,631**	**22.50%**	**21,299,775**	**29.59%**	**29.07%**	**21,409,775**	**29.74%**	**29.22%**
VENELLE INVESTISSE-MENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,329,788	18.60%	10,061,788	20.06%	18,415,486	25.58%	25.13%	19,879,486	27.62%	27.13%
SUB-TOTAL	**9,347,690**	**18.63%**	**10,079,690**	**20.09%**	**18,451,290**	**25.63%**	**25.18%**	**19,915,290**	**27.67%**	**27.18%**
FOUNDER GROUP	**20,582,321**	**41.03%**	**21,369,321**	**42.59%**	**39,751,065**	**55.22%**	**54.25%**	**41,325,065**	**57.41%**	**56.40%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.66%	3.59%	2,633,876	3.66%	3.59%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	2,521,522	3.50%	3.44%	2,521,522	3.50%	3.44%
Employees	1,734,506	3.46%	1,734,506	3.46%	2,917,617	4.05%	3.98%	2,917,617	4.05%	3.98%
French investors	6,176,256	12.31%	5,389,256	10.74%	7,896,644	10.97%	10.78%	6,322,644	8.78%	8.63%
Foreign shareholders	12,375,797	24.67%	12,376,726	24.67%	12,522,129	17.40%	17.09%	12,523,988	17.40%	17.09%
Individual shareholders	2,853,529	5.69%	2,852,600	5.69%	3,738,435	5.19%	5.10%	3,736,576	5.19%	5.10%
Treasury shares	1,291,242	2.57%	1,291,242	2.57%			1.76%			1.76%
TOTAL	**50,169,049**		**50,169,049**			**71,981,288**	**73,272,530**		**71,981,288**	**73,272,530**

As of 31 December 2016, nearly 6,500 shareholders owned registered SEB shares and 13,300 shareholders held SEB bearer shares (request for information about the identity of bearer shareholders dated 31 December 2016).

Not including the shareholders mentioned in the tables above, and to the best of the company's knowledge, only OppenheimerFunds, Inc., acting on behalf of the funds that it manages, holds more than 5% of the share capital: declaration of 19 January 2015 stating that the threshold had been exceeded by the company with its holding of 2,518,825 shares, i.e., 5.02% of the share capital and 3.38% of the theoretical voting rights, on 31 December 2016.

PURE REGISTERED SEB S.A. SHARES USED AS COLLATERAL AS AT 31 DECEMBER 2016

During the year, 15 individual shareholders used pure registered SEB shares as collateral for loans for the benefit of their financial intermediaries. This concerned a total of 182,311 shares, or 0.36% of the share capital.

CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Year	Nature of the capital increase	Changes in number of shares	Par value *(in €)*	Issue premium *(in €)*	Subsequent capital amounts *(in €)*
2012	Employee rights issues	217,223	217,223	9,023,192	50,169,049
2013	No change to share capital				50,169,049
2014	No change to share capital				50,169,049
2015	No change to share capital				50,169,049
2016	No change to share capital				50,169,049

POTENTIAL SHARE CAPITAL AS AT 31 DECEMBER 2016

There are no stock options granted to employees and none that can be exercised, and no convertible bonds or equity notes outstanding or securities not representing capital.

On 17 November 2016, as part of the financing of the WMF acquisition, the company issued €150 million in ORNAE bonds (bonds with optional reimbursement in cash and/or existing shares). In accordance with the provisions of the issue contract, were the conversion price to be hit, the only equity securities to be provided to holders of these ORNAE would be existing company shares. The conversion would thus not be dilutive for shareholders.

CHANGES IN THE SHARE CAPITAL AND VOTING RIGHTS BREAKDOWN OVER THE LAST THREE YEARS

In 2014:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates. These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates;
- in December, a reclassification of 314,600 shares with double voting rights impacted the voting rights held by FÉDÉRACTIVE associates.

In 2015:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates. These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates;
- in September, a reclassification of 340,250 shares with double voting rights impacted the voting rights held by FÉDÉRACTIVE associates.

In 2016:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates. These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates;
- two reclassifications of shares with double voting rights impacted the voting rights held by FÉDÉRACTIVE associates in the amount of 180,199 shares in November and 30,000 shares in December;
- the voting rights attached to the shares held by FFP Invest, amounting to 5.03% of the share capital, were doubled after being held in registered form for five years, which had a slight dilutive effect on the other shareholders' voting rights.

7.3. Financial authorizations

EXISTING AUTHORIZATIONS IN RELATION TO THE SHARE CAPITAL AND SHARE EQUIVALENTS

Type of operation	Resolution no.	Authorization date	End of authorization	Maximum authorized	Used at 31/12/2016
Treasury share purchases in 2016 for no more than €130 per share	12	19/05/2016	19/07/2017	5,016,904 shares €501,690,400	218,633
Cancellation of treasury shares	13	19/05/2016	19/07/2017	5,016,904 shares	
Authorization to award performance shares to Group executive officers and employees	14	19/05/2016	19/07/2017	0.341% of the share capital 171,075 shares	168,605
Issuing of all shares or share equivalents with pre-emptive subscription rights*	15	19/05/2016	19/07/2017	Shares: 5 million aggregate par value Debt securities: €150 million	
Issuing of all shares or share equivalents without pre-emptive subscription rights*	16	19/05/2016	19/07/2017	Shares: 5 million aggregate par value Debt securities: €150 million	
* Blanket ceiling of 2 authorizations to issue shares or share equivalents	17	19/05/2016	19/07/2017	€10 million aggregate par value of shares to be issued	
Capital increase by capitalization of reserves, profit or premiums or additional paid-in capital	18	19/05/2016	19/07/2017	€10 million aggregate par value	

AUTHORIZATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

Further to the authorizations conferred upon it by the General Meetings of 2015 and 2016 and pursuant to Article 225-209 of the French Commercial Code, 218,633 shares have been acquired in 2016 at an average price of €113.88.

In accordance with Article 6.3 (b) of European Commission regulation no. 2273/2003 of 22 December 2003, these 218,633 shares were acquired within the context of three contracts concluded between the company and Natixis Corporate Broking, which is responsible for the buyback program. The first contract, signed for a period running from 1 June to 31 July 2016, resulted in the acquisition of 170,000 shares, while the second contract, concluded for 17 November and 18 November 2016, resulted in the acquisition of 16,662 shares, and the third contract, concluded for 1 December and 2 December 2016, resulted in the acquisition of 31,971 shares.

448,548 shares have been sold following the exercising of purchase options at an average price of €48.49, and 221,350 performance shares under the 2013 plan were permanently vested.

In addition, the Company concluded a liquidity contract with Natixis Corporate Broking, with effect from 1 September 2013. The contract complies with the code of ethics issued by the French association of financial markets (*Association française des marchés financiers*), which was approved by the AMF on 8 March 2011.

In 2016, a total of 326,956 shares were purchased at an average price of €104.65, and 328,034 shares were sold at an average price of €105.69, under the liquidity contract. Transaction costs amounted to €127,253 (this includes the annual fee for the liquidity contract, commissions and the Tax on Financial Transactions).

At 31 December 2016, the company held 622,110 of its own shares with a par value of €1, and a gross value of €80,096,662.50. These treasury shares represent 1.24% of the company's share capital, of which 614,811 under the buyback agreement and 7,299 under the liquidity contract.

The company will renew its request to the Annual General Meeting of 11 May 2017 for authorization to trade in its own shares.

7.4. Employee shareholding

STAFF MUTUAL INVESTMENT FUND AND DIRECT EMPLOYEE SHAREHOLDING

As of 31 December 2016, employees of Groupe SEB companies held 1,200,755 shares, 807,220 of which were owned via an Employee mutual investment fund and 393,535 were directly owned, representing 2.39% of the share capital and 2.84% of the voting rights. With the addition of SEB shares held by employees outside the savings scheme, employees held a total of 3.69% of the share capital and 3.90% of the voting rights.

BONUS AND PROFIT-SHARING SCHEMES

To attract competent and motivated employees at all levels, Groupe SEB has always combined its dynamic remuneration and career management policies with an active policy of long-term employee shareholding and staff participation in profits, through:

- an exceptional Group profit-sharing agreement, which involves all employees of the French companies in shareholding and profit-sharing with significantly more attractive terms than legally required. Depending on the year, the exceptional share is between two and four times the legal amount of profit-sharing;
- a Group bonus plan agreement, based on a statutory plan, but which is discretionary. This Group-level agreement allows a fair distribution of the sums from the bonus plan between the employees of the different French companies, regardless of their business sector and performance.

In 2016, charges recognized for profit-sharing and bonus plans amounted to €36.7 million.

Over the past five years, the sums assigned were as follows:

(in € millions)	2011	2012	2013	2014	2015	2016
Sum allocated	44.0	43.6	37.2	33.3	31.4	36.7
Of which employer's social tax contribution	3.3	7.1	6.2	5.3	5.2	6.1

STOCK OPTION AND PERFORMANCE SHARE ALLOCATION POLICY

Groupe SEB operates two types of stock option award plans:

- periodically, an allocation of stock options to members of management, extended to the Group's various entities, according to their individual responsibilities, performance and potential;
- occasionally, a broader allocation aimed at rallying employees around a specific project.

Furthermore, all recipients of stock options and/or performance shares receive an internal directive put out each year for the following annual reporting period, defining the blackout periods in accordance with the recommendations of the French Markets Authority in terms of the company's accounting calendar, and particularly the announcement of earnings. The Stock Market Ethics Charter memo also reminds its recipients of the rules regarding the use of information deemed privileged by stock market regulations.

CHARACTERISTICS OF THE PERFORMANCE SHARES AWARDED

The Group started issuing performance shares in 2009.

The shares are awarded to recipients following a three-year vesting period (two years for plans before 2013), subject to performance and continued employment requirements. Recipients of awarded programs are required to retain the shares for an additional two years.

The performance-based criteria are related to the achievement of targets for Sales and Operating Result from Activity over the vesting period.

CHARACTERISTICS OF STOCK OPTIONS AWARDED

The Group awarded stock options until 2012.

The exercise price is equal to the average of the last twenty stock market prices preceding the date of award by the Board. No discount is proposed on this average price.

The stock options last for eight years. They can only be exercised four years from their award date.

The stock options awarded to the Chief Executive Officer and to the other members of the Executive Committee are subject to performance-based criteria related to targets for Sales and Operating Result from Activity. Some of these criteria are yearly, while others pertain to a four-year period.

HISTORY OF STOCK OPTION AWARDS FOR SHARE PURCHASE

As at 31 December 2016	Purchase plan	Purchase plan	Purchase plan	Purchase plan
General Meeting date	13/05/2008	13/05/2009	12/05/2010	10/05/2012
Number of options authorized by the General Meeting	1,017,761	598,945	649,373	415,000
Duration of the authorization	3 years	14 months	14 months	14 months
Date of Board of Directors' Meeting	13/05/2008	12/06/2009	18/06/2010	15/06/2012
Number of options granted [(a)]	1,005,900	371,300	412,592	408,925
of which to the Management Committee	261,600	254,250	259,442	175,500
of which to executive officers [(a)]	105,000	71,250	59,942	54,000
of which employee recipients of the largest number of options [(a)]	104,400	72,900	57,600	49,400
Number of initial recipients:	395	111	144	186
Stock option exercise start date	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiry date	13/05/2016	12/06/2017	18/06/2018	15/06/2020
PURCHASE PRICE ***(IN €)*** **[(a)]**	**38.35**	**28.05**	**53.86**	**54.12**
Average of last 20 prices prior to Board Meeting *(in €)* [(a)]	38.35	28.05	53.85	54.11
Number of options exercised [(a)]	926,699	327,421	332,150	190,940
Number of options canceled [(a)]	79,201	15,266	18,513	17,621
BALANCE OF STOCK OPTIONS NOT YET EXERCISED	**0**	**28,613**	**61,929**	**200,364**

(a) Takes into account the three-way split on 16 June 2008.

PERFORMANCE SHARES AWARDED TO STAFF

As at 31 December 2016

General Meeting date	14/05/2013	15/05/2014	12/05/2015	19/05/2016
Number of options authorized by the General Meeting	240,811	171,325	171,075	171,075
Duration of the authorization	14 months	14 months	14 months	14 months
Date of Board of Directors' Meeting	23/07/2013	22/07/2014	12/05/2015	19/05/2016
Number of shares granted:	233,475	169,175	169,450	168,605
of which to executive officers	18,000	27,000	27,000	27,000
of which to the Management Committee/ Executive Committee [(a)]	64,500	61,950	62,750	74,250
of which employee recipients of the largest number of shares	24,625	22,515	37,750	16,200
Number of initial recipients:	357	183	189	199
of which Management Committee/Executive Committee [(a)]	15	15	9	9
of which senior employee recipients	26	25	30	10
Award date	23/07/2013	22/07/2014	12/05/2015	19/05/2016
Vesting date	23/07/2016	22/07/2017	12/05/2018	19/05/2019
Expiry of lock-up period	23/07/2018	22/07/2019	12/05/2020	19/05/2021
Number of shares canceled	12,125	0	875	1500
Number of shares awarded	221,350	0	0	0
BALANCE OF SHARES YET TO BE ALLOCATED	**0**	**169,175**	**168,575**	**167,105**

(a) The Management Committee was discontinued on 1 September 2015, to simplify operations and ensure faster decision-making. The Group's Management is now concentrated in one structure, the Executive Committee, which has gained three new members, bringing the total to nine.

Stock options granted in 2016

OPTIONS GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER OF STOCK OPTIONS GRANTED IS THE HIGHEST

Total number of options allocated	Weighted average price	Plan in question
Not applicable	NA	NA

Stock options exercised in 2016

OPTIONS EXERCISED BY THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER OF STOCK OPTIONS EXERCISED IS THE HIGHEST

Date of the plan	13/05/2008	16/06/2009	18/06/2010	15/06/2012
Type of stock options	Purchase	Purchase	Purchase	Purchase
Price of option	€38.35	€28.05	€53.86	€54.12
Quantity of options exercised	31,426	32,059	96,247	84,166

Performance shares granted in 2016

PERFORMANCE SHARES GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of shares granted	53,650

Performance shares vested in 2016

PERFORMANCE SHARES VESTED IN THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER VESTED IS THE HIGHEST

Date of the plan	23/07/2013
Quantity	47,500

7.5. Stock market and dividend information

STOCK MARKET

The company's shares are listed on Paris Euronext, compartment A, under ISIN Code FR0000121709. They are included in the Euronext 3722 Durable Household Products index.

STOCK MARKET INFORMATION OVER THREE YEARS

	2016	2015	2014
Stock market capitalization at 31 December *(in €m)*	6,459	4,746	3,089
Highest price mid-session	€136.000	€97.450	€68.990
Lowest price mid-session	€79.900	€58.010	€56.850
Closing price on the last trading day	€128.750	€94.600	€61.570
Average of the last 30 prices for the year	€128.135	€93.653	€63.970
Average of the closing prices for the year	€109.626	€80.180	€62.653
Average daily trading volume (number of shares)	60,252	79,811	56,210

TRANSACTIONS IN 2016 ON NYSE EURONEXT

	Highest price *(in €)*	Lowest price *(in €)*	Daily averages: Number of shares traded	Daily averages: Capital traded *(in € thousands)*
2016	**110.61**	**108.46**	**60,252**	**6,741**
1	94.45	86.30	64,989	5,830
2	92.90	**79.90**	55,513	4,756
3	91.64	83.97	38,783	3,407
4	102.10	85.00	48,204	4,428
5	112.85	95.62	48,785	5,013
6	116.50	103.20	77,285	8,478
7	124.00	107.30	51,936	5,922
8	123.10	118.10	34,765	4,176
9	127.30	117.25	43,936	5,400
10	135.00	125.50	52,220	6,857
11	**136.00**	123.75	133,922	17,181
12	131.00	124.55	72,346	9,212

DIVIDENDS – DIVIDEND SUPPLEMENT

It is the Group's policy to ensure that its shareholders are given a fair return on the capital they invest in the Group. The Board of Directors aims to ensure regular and continuous growth in dividend payments.

A 10% dividend supplement, rounded down to the nearest even number of euro cents, will be paid in 2017 to long-term shareholders in respect of shares registered in the same shareholder's name since at least 31 December 2014 and still held on the ex-dividend date of 16 May 2017. No single shareholder will be entitled to the dividend supplement on any shares in excess of 0.5% of the company's share capital.

The term of dividend limitation is five years, as from the payment date. After this time, unclaimed dividends are paid over to the State.

Years	Number of remunerated shares	Ordinary dividend per share *(in €)*
2012		
Dividend	47,619,235	1.25
Dividend supplement	18,714,482	0.125
2013		
Dividend	48,234,105	1.32
Dividend supplement	18,759,948	0.132
2014		
Dividend	48,621,121	1.39
Dividend supplement	17,434,675	0.139
2015		
Dividend	49,237,120	1.44
Dividend supplement	18,902,996	0.144
2016		
Dividend	49,283,700	1.54
Dividend supplement	19,067,423	0.154

Based on the 2016 results, a net dividend of €1.72 per share will be proposed at the Annual General Meeting of 11 May 2017.

The ex-dividend date will be 16 May and the dividend will be paid on 18 May 2017.

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8.1. Agenda for the Combined General Meeting of 11 May 2017

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

1. Approval of the separate financial statements for the year ended 31 December 2016.
2. Approval of the consolidated financial statements for the year ended 31 December 2016.
3. Allocation of the result for the year ended 31 December 2016 and setting of the dividend.
4. Reappointment of Yseulys Costes as director.
5. Reappointment of FFP Invest, represented by Bertrand Finet, as director.
6. Ratification of the appointment of Delphine Bertrand as director to replace Tristan Boiteux.
7. Appointment of Brigitte Forestier as director representing employee shareholders.
8. Approval of the principles and criteria for determining, distributing and awarding the components of the remuneration and benefits in kind awarded to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and to Bertrand Neuschwander, Chief Operating Officer (Sapin 2 law).
9. Advisory vote on the remuneration's components due or granted for 2016 to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer.
10. Advisory vote on the remuneration's components due or granted for 2016 to Bertrand Neuschwander, Chief Operating Officer.
11. Authorisation to be granted to the Board of Directors for the company to buy back its own shares.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

12. Authorisation to be granted to the Board of Directors enabling the company to cancel its own shares.
13. Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or share equivalents and/or debt securities, with pre-emption rights.
14. Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights in the course of a public offering.
15. Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights as part of an offering governed by Article L. 411-2 II of the French Monetary and Financial Code (private placement).
16. Blanket ceiling on financial authorisations.
17. Delegation of authority to be granted to the Board of Directors to increase the share capital by capitalising retained earnings, profit, premiums or other items that may be capitalised.
18. Authorisation to be granted to the Board of Directors to grant performance shares.
19. Authorisation to be granted to the Board of Directors to carry out share capital increases restricted to members of a company or Group savings plan with waiving of pre-emption rights.
20. Amendment of Article 16 of the bylaws to allow the appointment of a director to represent employees.
21. Amendment of Articles 17, 19 and 22 of the bylaws setting the age limit for directors, the Chairman, the Chief Executive Officer and the Chief Operating Officer.
22. Powers to carry out formalities.

8.2. Draft resolutions and Board of Directors' report to the Combined General Meeting of 11 May 2017

This Chapter presents the Board of Directors' report on the draft resolutions as well as the full text of the resolutions that will be submitted to the Combined General Meeting of SEB S.A. to be held in Paris on 11 May 2017.

ORDINARY RESOLUTIONS

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED), ALLOCATION OF THE RESULT FOR 2016 AND SETTING OF DIVIDEND

Board of Directors' report

By voting on resolutions **1** and **2**, the Board of Directors invites shareholders to approve:

- the separate financial statements for the year ended 31 December 2016 which show a net profit of €45,554,698.03, compared with €203,562,204.92 for 2015;
- the consolidated financial statements for the year ended 31 December 2016 which show a net profit attributable to owners of the parent of €258,574,000, compared with €205,914,000 for 2015.

Details of these financial statements appear in the 2016 Annual Financial Report, the main elements of which were contained in the meeting notice relating to the Annual General Meeting of 11 May 2017.

The aim of resolution **3** is to invite shareholders to allocate the net profit for 2016 and to set the dividend amount as follows:

- a net dividend per ordinary share of €1.72, up 11.7% compared to the 2015 dividend;
- a supplementary dividend of 10%, amounting to €0.172 per share.

The supplementary dividend will be paid on shares registered prior to 31 December 2014 and continuing to be registered in the name of the same holder until the ex-dividend date of 16 May 2017. These shares represent 62.10% of the outstanding total. No single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the company's share capital.

The ex-dividend date will be 16 May 2017. The dividend will be paid as from 18 May 2017.

The dividend and the supplementary dividend qualify for the exemption referred to in Article 158-3 of the French General Tax Code.

FIRST RESOLUTION: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the reports of the Board of Directors, the Chairman and the statutory auditors on the company's operations and results for the year ended 31 December 2016, approves the financial statements as presented, which show net profit of €45,554,698.03.

SECOND RESOLUTION: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the reports of the Board of Directors and the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2016, which show net profit attributable to owners of the parent of €258,574,000.

THIRD RESOLUTION: ALLOCATION OF THE RESULT FOR THE YEAR ENDED 31 DECEMBER 2016 AND SETTING OF THE DIVIDEND

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, on the proposal of the Board of Directors, resolves to appropriate the net profit for 2016 of €45,554,698.03, as follows:

Net profit	45,554,698.03
Retained earnings brought forward from prior year	818,049,269.43
Dividends on treasury shares credited to retained earnings	569,670.88
Profit available for distribution	864,173,638.34
Dividend	85,721,093.40
Supplementary dividend	3,617,991.96
Retained earnings	774,834,552.98

The dividend per share amounts to €1.72.

The ex-dividend date will be 16 May 2017 and the dividend will be paid as from 18 May 2017.

Furthermore, as provided for in Article 46 of the Company's bylaws, a supplementary dividend of 10% of the dividend, amounting to €0.172 per share, will be paid on shares registered in the name of the same holder throughout the period between 31 December 2014 and the ex-dividend date, 16 May 2017.

However, no single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the company's capital.

The dividend distributed qualifies for the 40% exemption for natural persons who are tax residents of France, per Article 158.3-2 of the French General Tax Code.

The Annual General Meeting formally declares that dividends distributed for the last three years were as follows:

Financial year	Dividend per share	Premium per share	Dividend qualifying for 40% abatement		Dividend not qualifying for 40% abatement
			Dividend	Premium	
2013	1.39	0.139	1.39	0.139	-
2014	1.44	0.144	1.44	0.144	-
2015	1.54	0.154	1.54	0.154	-

RESOLUTIONS 4, 5, 6 AND 7: REAPPOINTMENT AND APPOINTMENT OF FOUR MEMBERS OF THE BOARD OF DIRECTORS

Board of Directors' report

The Board of Directors had 15 members in 2016. The coming into effect of provisions on employee representation and increased female representation led the Board of Directors to review its composition. Accordingly, at its meeting of 16 December 2016, the Board of Directors, having heard the recommendations of the Nominations and Remuneration Committee, took note of the need to reduce its size to 12 members in order to facilitate the inclusion of employee directors without at the same time undermining its agility.

The change in the composition of the Board of Directors also takes account of the need for one third independent directors and 40% women.

In view of this, we hereby inform shareholders that the Board of Directors took note of the expiry of the terms of office of Yseulys Costes, Sarah Chauleur, FFP Invest, represented by Christian Peugeot, and Laure Thomas at the end of the Annual General Meeting.

In order to achieve the aforementioned reduction target, Laure Thomas, a member of VENELLE INVESTISSEMENT and Sarah Chauleur, a member of FÉDÉRACTIVE agreed not to be reappointed and Bruno Bich agreed to resign before the end of his term of office in 2018.

On the recommendation of the Nominations and Remuneration Committee, resolutions **4** and **5** invite shareholders to approve the reappointment as directors, for four years, of Yseulys Costes and FFP INVEST, represented by Bertrand Finet as permanent representative to replace Christian Peugeot, whose membership of the Board of Directors for 12 years means he can no longer be classified as independent following the AFEP-MEDEF Code criteria.

Bertrand Finet, aged 51, is a graduate of the ESSEC and was appointed Chief Operating Officer of FFP in January 2017. He has proven expertise in finance where he began his career in 1991.

We also add that Yseulys Costes did not seek reappointment to Vivendi's Supervisory Board, the term of office expiring on 25 April 2017.

In order to comply with the requirements regarding the gender balance on the Board of Directors and on the recommendation of the Nominations and Remuneration Committee, resolution **6** invites shareholders to approve the co-option of Delphine Bertrand to replace Tristan Boiteux, who resigned, for the remainder of his term of office.

Delphine Bertrand, aged 52, has been Communications Officer for FÉDÉRACTIVE since 2013. She co-founded Fondation Première Pierre (FPP) and just finished a specific training in corporate governance "*objectif administratrice*" provided by the EM Lyon Business School.

We hereby also inform shareholders that Sarah Chauleur, whose term of office is not renewed, will be appointed permanent representative of FÉDÉRACTIVE, replacing Pascal Girardot, prior to the Annual General Meeting.

On the recommendation of the Nominations and Remuneration Committee, resolution **7** invites shareholders to approve the appointment, for four years, of Brigitte Forestier as director representing employee shareholders. Aged 46, she has a Masters in Human Resources and joined Groupe SEB in 1997. Since 2009, she has held Human Resource managerial positions at Groupe SEB Retailing and is on the Supervisory Board of FCPE SEB1.

In accordance with Article L. 225-27-1 of the French Commercial Code, the changes to the bylaws submitted to the meeting in Resolution 20 will allow the appointment of a director to represent employees within six months of this Annual General Meeting. Accordingly, at the end of 2017, the Board of Directors will have a director representing employee shareholders and a director representing employees, bringing the total to 14 directors.

At its meetings on 17 February 2017 and 7 March 2017, the Board of Directors deemed Bertrand Finet, Delphine Bertrand and Brigitte Forestier capable of assuming the duties of director and of making an effective contribution to the work of the Board of Directors.

Please also note that information on directors whose appointment or reappointment is proposed can be found in Chapter 2 "Corporate Governance" of the Registration Document 2016.

FOURTH RESOLUTION: REAPPOINTMENT OF YSEULYS COSTES AS DIRECTOR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, reappoints Yseulys Costes as director for a period of four years expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2020.

FIFTH RESOLUTION: REAPPOINTMENT OF FFP INVEST, REPRESENTED BY BERTRAND FINET, AS DIRECTOR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, reappoints FFP INVEST, represented by Bertrand Finet, as director for a period of four years expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2020.

SIXTH RESOLUTION: RATIFICATION OF THE APPOINTMENT OF DELPHINE BERTRAND AS DIRECTOR TO REPLACE TRISTAN BOITEUX

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, appoints Delphine Bertrand as director for the remaining term of office of her predecessor, Tristan Boiteux, who resigned, namely expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2017.

SEVENTH RESOLUTION: APPOINTMENT OF BRIGITTE FORESTIER AS DIRECTOR REPRESENTING EMPLOYEE SHAREHOLDERS

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, appoints Brigitte Forestier as director representing employee shareholders for a period of four years expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2020.

RESOLUTION 8: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING THE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND

Board of Directors' report

Pursuant to Article L. 225-37-2 of the French Commercial Code, resolution **8** invites shareholders to approve the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded to the Chairman and Chief Executive Officer and the Chief Operating Officer in consideration for the performance of their duties in 2017 constituting the remuneration policy applying to them.

These principles and criteria are determined annually by the Board of Directors on a proposal from the Nominations and Remuneration Committee. Full details of these components can be found in the report in Chapter 2.5 of the Registration Document 2016.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the application of these principles and criteria will be submitted for shareholder approval at the Annual General Meeting to be held to approve the 2017 financial statements.

EIGHTH RESOLUTION: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING THE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS IN KIND AWARDED TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AND TO BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded, in consideration for their duties, to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, as well as to Bertrand Neuschwander, Chief Operating Officer, as detailed in the report accompanying the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code, presented in the Registration Document 2016.

RESOLUTIONS 9 AND 10: ADVISORY VOTE ON THE REMUNERATION COMPONENTS DUE OR AWARDED TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AND BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER, FOR FINANCIAL YEAR 2016

Board of Directors' report

In accordance with the recommendations in the AFEP-MEDEF Code as updated in November 2016 which the company applies, the purpose of resolutions **9** and **10** is to submit for your consultation all the remuneration's components of the Chairman and Chief Executive Officer as well as of the Chief Operating Officer.

Details of these components can be found in the "Say on pay - Remuneration of executive officers" section of Chapter 2 "Governance" of the Registration Document 2016.

NINTH RESOLUTION: ADVISORY VOTE ON THE REMUNERATION'S COMPONENTS DUE OR GRANTED FOR 2016 TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, consulted pursuant to the recommendation in section 26.2 of the AFEP-MEDEF Code, which it applies, gives a favourable opinion on the components of remuneration due or granted to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, in respect of 2016, as set out in the "Say on pay - Remuneration of executive officers" section of Chapter 2 "Governance" of the 2016 Registration Document.

TENTH RESOLUTION: ADVISORY VOTE ON THE REMUNERATION COMPONENTS DUE OR GRANTED FOR 2016 TO BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, consulted pursuant to the recommendation in section 26 of the AFEP-MEDEF Code, which it applies, gives a favourable opinion on the components of remuneration due or awarded to Bertrand Neuschwander, Chief Operating Officer, in respect of 2016, as set out in the "Say on pay - Remuneration of executive officers" section of Chapter 2 "Governance" of the 2016 Registration Document.

RESOLUTION 11: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS FOR THE COMPANY TO BUY BACK ITS OWN SHARES

Board of Directors' report

The Annual General Meeting of 19 May 2016 authorised the Board of Directors to trade in the company's shares. In 2016, under its share buyback program, the company bought back 218,633 shares at an average price of €113.88 and sold 448,548 shares upon exercise of stock options at an average price of €48.49. In addition, a total of 326,956 shares were purchased at an average price of €104.65 and 328,034 shares sold at an average price of €105.69 under the liquidity contract.

At 31 December 2016, the company held 622,110 treasury shares with a par value of €1 and a gross value of €80,096,662.50. These treasury shares represent 1.24% of the company's share capital, of which 614,811 under the buyback agreement and 7,299 under the liquidity contract.

These transactions are also described in Chapter 7 of the Registration Document, "Information on the company and its share capital".

Since the existing authorisation is due to expire in July 2017, resolution **11** invites shareholders to once again authorise the Board of Directors to, for a period of 14 months, trade in company shares at a maximum price of €190 per share, excluding trading fees.

The authorisation would represent a maximum of 10% of the share capital. The company may buy back its own shares with a view to:

- maintaining a liquid market for the company's shares through an investment service provider acting on a fully independent basis;
- allocating shares to eligible employees and officers of the company;
- cancelling shares in order to increase return on equity and earnings per share or to offset the dilutive impact of any capital increases on existing shareholders' interests;
- delivering or exchanging shares in connection with any future external growth transactions;
- allocating shares on exercise of rights attached to securities.

In accordance with the law, these shares have been stripped of their voting rights.

ELEVENTH RESOLUTION: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS FOR THE COMPANY TO BUY BACK ITS OWN SHARES

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, resolves:

- to terminate the share buyback program authorised by the Combined General Meeting of 19 May 2016;
- to adopt the program described below and accordingly:
  - to authorise the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to buy back shares of the company representing up to 10% of the share capital, subject to the limits set down by law,
  - that the shares may be bought back for the following purposes:

i) to maintain a liquid market for the company's shares through an independent investment service provider under a liquidity contract that complies with the AMAFI code of ethics recognized by the Autorité des Marchés Financiers,

ii) for allocation to eligible employees and officers of the company or the Group in the form of performance shares governed by Articles L. 225-197-1 et seq. of the French Commercial Code, or in payment of statutory employee profit-shares or in connection with an employee stock ownership or stock saving plan,

iii) for cancellation, in order to increase return on equity and earnings per share and/or to offset the dilutive impact of any capital increases on existing shareholders' interests, provided that such cancellation is authorised by the Extraordinary General Meeting,

iv) representing up to 5% of the capital, for delivery or exchange in connection with any future external growth transactions,

v) for allocation on exercise of rights attached to securities that are convertible, exchangeable, redeemable or otherwise exercisable for company shares, in accordance with the applicable securities regulations;

- that shares may not be bought back under this authorisation for more than €190 per share, excluding trading fees;
- that the Board of Directors may adjust the above price, in the case of any change in the shares' par value, by capitalising reserves, any stock-split or reverse stock-split, any return of capital or capital reduction, any distribution of reserves or assets, or any other corporate action, to take into account the effect thereof on the share price. In this case, the price will be adjusted based on the ratio between the number of shares outstanding before and after the corporate action;
- that the total amount invested in the share buyback program may not exceed €953,211,931;
- that the shares may be bought back by any appropriate method and accordingly that all or part of the program may be implemented on the market or through block purchases – and, if appropriate, through over-the-counter sales – or by means of public buyback or exchange offers, or through the use of options and derivative instruments, other than written puts. The buybacks may be carried

out at any time at the Board's discretion, subject to compliance with the applicable securities regulations. The shares purchased under this authorisation may be kept, sold or transferred by any method, including through block sales, at any time including while a public tender offer is in progress;

- to give full powers to the Board of Directors, including the power of delegation, to:

i) carry out the transactions and set the related terms and conditions,

ii) place any and all buy and sell orders, on or off-market,

iii) adjust the maximum purchase price of the shares to take into account the effect on the share price of any of the corporate actions referred to above,

iv) enter into any and all agreements for the keeping of a register of share purchases and sales or for any other purpose,

v) fulfil any and all reporting obligations with the Autorité des Marchés Financiers and any other organisations,

vi) carry out any and all formalities;

- that this authorisation is given for a period expiring at the Ordinary General Meeting to be called to approve the financial statements for the year ending 31 December 2017 or fourteen (14) months, whichever is shorter.

EXTRAORDINARY RESOLUTIONS

RESOLUTION 12: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS ENABLING THE COMPANY TO CANCEL ITS OWN SHARES

Board of Directors' report

The Annual General Meeting of 19 May 2016 authorised the Board of Directors to cancel some or all of the shares acquired under the share buyback program, provided the number of shares cancelled in any 24-month period does not exceed 10% of the share capital.

Seeing that the existing authorisation is due to expire in July 2017, resolution **12** invites shareholders to once again authorise the Board of Directors to cancel some or all of its shares, under the same terms and conditions.

This authorisation would be given for a period of 14 months from the date of the Annual General Meeting.

TWELFTH RESOLUTION: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS ENABLING THE COMPANY TO CANCEL ITS OWN SHARES

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' report:

- authorises the Board of Directors to cancel, on one or more occasions at its discretion, some or all of the shares currently held or that may be held in the future by the company following share buybacks carried out pursuant to Article L. 225-209 of the French Commercial Code, provided the number of shares cancelled in any 24-month period does not exceed 10% of the total shares outstanding. The difference between the purchase price of the cancelled shares and their par value will be deducted from additional paid-in capital and retained earnings, with an amount corresponding to 10% of the share capital reduction being deducted from the legal reserve;
- authorises the Board of Directors to place on record the capital reduction(s), amend the bylaws to reflect the new capital and carry out any and all formalities, make all declarations to any organisations and generally undertake whatever is necessary;
- authorises the Board of Directors to delegate all necessary powers to permit the implementation of its decisions, subject to compliance with the laws and regulations in force when this authorisation is used;
- grants this authorisation to the Board of Directors for a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

RESOLUTIONS 13, 14, 15 AND 16: DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO ISSUE SHARE EQUIVALENTS WITH OR WAIVING PRE-EMPTION RIGHTS IN THE COURSE OF PUBLIC OFFERINGS OR PRIVATE PLACEMENTS. AGGREGATE LIMIT OF TRANSACTIONS UNDER THESE DELEGATIONS SET AT A PAR VALUE OF €10 MILLION, REPRESENTING AROUND 20% OF THE SHARE CAPITAL AT 31 DECEMBER 2016

Board of Directors' report

We would ask that shareholders give the Board of Directors the necessary powers to issue share equivalents that give immediate or future access to equity in the company or any company in which it directly or indirectly owns more than half of the share capital, in order to give the freedom to raise the funds the Group needs to grow, as it sees fit and as market opportunities allow.

Shareholders will be asked, by voting on resolution **13**, to give the Board of Directors the power to decide to carry out one or more share capital increases, while maintaining pre-emption rights. The maximum par value of share capital increases that may be carried out under this delegation would be set at €5 million, or circa 10% of the share capital at 31 December 2016.

In order to readily take any opportunities that may arise, we would ask shareholders to pass resolutions **14** and **15** and thereby delegate the authority to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, in the course of public offerings or private placements. Pre-emption rights shall be waived for these issues, although the Board of Directors may grant shareholders a preferential right to subscribe for such issues, for the period and in the manner of its choosing.

By law, the issue price must be at least equal to the weighted average price over the three trading sessions prior to being set, with a maximum possible discount of 5%.

Given the significance of using these delegations, we would point out that the Board of Directors may only use them if the decision is approved by a qualified majority of 12/14th of the directors. Previously set at 12/15th, this majority was adjusted to reflect the new composition of the Board of Directors.

The maximum par value of the share capital increases that may be made under these delegations would be set at €5 million, or circa 10% of the share capital. In addition, the nominal value of debt securities that may be issued shall not exceed €500 million. All of these delegations of authority would thus be valid for a period of 14 months.

If and when the authorisations are used, the Board of Directors will prepare an additional report describing the final terms of the issue, including the basis for setting the issue price, the impact of the issue on the situation of existing shareholders and the estimated impact on the share price, as required by law.

In its previous delegations, the Annual General Meeting of 19 May 2016 had given the Board of Directors the power to increase the share capital within the same limits as those stated above. These authorisations, given for 14 months, were not used.

In addition, in resolution 16, we invite shareholders to set at €10 million the maximum par value of the share capital increases that can be carried out by the Board of Directors pursuant solely to the delegations granted in resolutions 13, 14 and 15.

THIRTEENTH RESOLUTION: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH PRE-EMPTION RIGHTS

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-132, L. 225-133, L. 225-134 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue, on one or more occasions, company shares and securities giving immediate or future access, by any means, to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that issues of preference shares or securities convertible by any means, immediately or in the future, into preference shares are expressly excluded from this delegation of authority;

- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the amount of share capital increases that shall be carried out, immediately and/or in the future, under this delegation shall not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- moreover resolves that the nominal value of debt securities issued pursuant to this delegation shall not exceed €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall, in the manner provided for by law, have pre-emption rights to subscribe pro-rata to their existing interest in the company's capital. In addition, the Board of Directors may grant shareholders a pre-emption right to subscribe any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emption right shall also be exercisable pro-rata to the existing interest in the company's capital of the shareholders concerned.

  If the issue is not taken up in full by shareholders exercising their pre-emption rights as described above, the Board of Directors may take one or other of the following courses of action, in the order of its choice:
  - limit the amount of the issue to the subscriptions received provided at least three-quarters of the issue is taken up,
  - freely allocate some or all of the unsubscribed securities,
  - offer some or all of the unsubscribed securities to the public;
- resolves that company warrants may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
- establishes that this authorisation may automatically entail the waiver in favour of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means by shareholders of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- resolves that the amount to be received by the company for each share issued immediately or in the future under this delegation shall not represent less than the par value of the shares, after taking account in the case of the issue of stand-alone warrants or other primary securities of the issue price of said warrants or securities;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the power to further delegate in the manner provided for by law and regulation, to in particular increase the share capital and determine the securities to be issued, determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back on the open market, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital. In the case of any issue of debt securities, the Board of Directors shall have full powers, including the right to delegate such powers in the conditions set by law and regulation, to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the company;
- grants this authorisation to the Board of Directors for a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

FOURTEENTH RESOLUTION: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH WAIVING OF PRE-EMPTION RIGHTS IN THE COURSE OF A PUBLIC OFFERING

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue by way of a public offering, on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;

- resolves that the amount of share capital increases that shall be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents, in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- resolves that the nominal value of debt securities issued pursuant to this delegation shall not exceed €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities issued under this resolution, but that the Board of Directors may grant shareholders a preferential right to subscribe for some or all of the issue, for a period and on terms to be decided in accordance with applicable laws and regulations. Said priority right shall not be transferable but the Board of Directors may allow shareholders to subscribe the issue and any securities not taken up by other shareholders pro-rata to their existing shareholdings;
- resolves that if any issue of the aforementioned securities is not taken up in full by existing shareholders and the public, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up or freely allocate some or all of the unsubscribed securities;
- establishes that this authorisation may automatically entail the waiver in favour of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means by shareholders of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- establishes that public offerings of shares and/or of securities decided under this delegation of authority may be combined, as part of a single issue or of multiple issues of shares and/or of securities, with offerings falling within the scope of Article L. 411-2 II of the French Monetary and Financial Code decided pursuant to the delegation of authority in resolution 15 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the power to further delegate in the manner provided for by law and regulation, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, allocate where necessary to the issue premiums any costs incurred in arranging the issues and more broadly take all necessary or appropriate measures and enter into any and all agreements to successfully complete the planned issues and record the share capital increases resulting from any issue carried out under this delegation and accordingly amend the bylaws.

  The Board of Directors shall be fully empowered, with the power to further delegate in the manner provided for by law and regulation, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorisation to the Board of Directors for a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

FIFTEENTH RESOLUTION: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH WAIVING OF PRE-EMPTION RIGHTS AS PART OF AN OFFERING GOVERNED BY ARTICLE L. 411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue by way of an offering falling within the scope of Article 411-2 II of the French Monetary and Financial Code (private placement), on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;

- resolves that the amount of share capital increases that shall be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents, in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the nominal value of debt securities issued pursuant to this delegation shall not exceed €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities to be issued pursuant to this resolution;
- resolves that if any issue of the aforementioned securities is not taken up in full, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up or freely allocate some or all of the unsubscribed securities;
- establishes that this authorisation may automatically entail the waiver in favour of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means by shareholders of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- establishes that the offerings that fall within the scope of Article L. 411-2 II of the French Monetary and Financial Code decided under this resolution may be combined, as part of a single issue or of multiple issues of shares and/or of securities, with public offerings decided pursuant to the delegation of authority in resolution 14 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the power to further delegate in the manner provided for by applicable laws, regulations and, as the case may be, contractual provisions, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, allocate where necessary to the issue premiums any costs incurred in arranging the issues and more broadly take all necessary or appropriate measures and enter into any and all agreements to successfully complete the planned issues and record the share capital increases resulting from any issue carried out under this delegation and accordingly amend the bylaws.

  The Board of Directors shall be fully empowered, with the power to further delegate in the manner provided for by law and regulation, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorisation to the Board of Directors for a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

SIXTEENTH RESOLUTION: BLANKET CEILING ON FINANCIAL AUTHORISATIONS

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors, resolves to set at €10 million the maximum par value of immediate and/or future share capital increases that may be carried out pursuant to the authorisations in resolutions 13, 14 and 15, not including the par value of any additional shares to be issued to protect the rights of existing holders of share equivalents, in accordance with laws, regulations and, as the case may be, contractual provisions.

Consequently, the value of each issue carried out under any of the abovementioned resolutions will be deducted from this ceiling.

RESOLUTION 17: DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY CAPITALISING RETAINED EARNINGS, PROFIT, PREMIUMS OR OTHER ITEMS THAT MAY BE CAPITALISED

Board of Directors' report

The shareholders are asked, by voting on resolution **17**, to enable the Board of Directors to increase the share capital by capitalising retained earnings, profit, premiums or additional paid-in capital with a view to granting performance shares.

This authorisation would enable the Board of Directors to resolve to increase the share capital by a maximum of €10 million and would be valid for a period of fourteen months.

SEVENTEENTH RESOLUTION: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY CAPITALISING RETAINED EARNINGS, PROFIT, PREMIUMS OR OTHER ITEMS THAT MAY BE CAPITALISED

The Annual General Meeting, meeting as an Extraordinary General Meeting but voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to carry out one or more share capital increases by successively or simultaneously capitalising some or all of the company's retained earnings, profit or additional paid-in capital or any items that may be capitalised under the bylaws or by law, and to issue and award bonus shares and/or raise the par value of existing shares or a combination of both.

The Annual General Meeting resolves that the maximum par value of share capital increases that shall be made under this delegation may not exceed €10 million, it being noted that this ceiling is independent of the ceiling provided for in resolution 16.

The Annual General Meeting resolves that the Board of Directors shall have the power to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to the rights holders no later than thirty (30) days following the date on which the whole number of shares allocated to them is recorded in their account.

The Annual General Meeting fully empowers the Board of Directors, with the power to further delegate in the manner provided for by law and regulation, to determine the timing and terms of the issues, set the amounts thereof, take the necessary action to protect the rights of holders of share equivalents that give immediate or future access to equity, deduct any sums necessary to top up the legal reserve and more broadly take all appropriate measures to enable the successful completion, carry out all actions and formalities required to effect the capital increase(s) and accordingly amend the bylaws.

The Annual General Meeting sets this authorisation given to the Board of Directors at a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

RESOLUTION 18: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS FOR THE GRANTING OF PERFORMANCE SHARES

Board of Directors' report

In order to provide an ongoing incentive to key Group employees by offering them an opportunity to share in the Group's growth and results, shareholders will be asked, in resolution **18**, to authorise the Board to grant bonus shares representing up to 0.3907% of the company's share capital or 196,000 shares, comprising existing shares bought back for this purpose by the company. The grants would be made to some or all employees of the company and its subsidiaries, to certain categories of those employees and/or to the senior executives referred to in Article L. 225-197-1 II of the French Commercial Code.

We would add that the 25,000 increase in the maximum number of shares compared to last year is linked to the integration of WMF and the corresponding increase in the number of managers eligible for awards of company performance shares.

All performance shares will vest only if certain performance targets for sales and Operating Result from Activity are met, as set by the Board of Directors each year, based on budgetary objectives assigned to the Group.

The number of shares awarded to the corporate officers is unchanged and will be limited to 18,000 shares (0.0359% of the share capital) for Thierry de La Tour d'Artaise and to 9,000 shares (0.0179% of the share capital) for Bertrand Neuschwander. We would ask shareholders to set the operational performance measurement period at three years, following which the shares shall vest for beneficiaries.

The Board of Directors feels that assessing performance criteria over a sufficiently long period, namely three years, is in accordance with the Group's long-term outlook while remaining a source of motivation for beneficiaries.

The performance shares awarded will not be subject to any additional lock-up period for either French or foreign residents. This practice complies with statutory provisions and best practice among listed companies and takes account of the tax constraints on foreign residents (particularly in the US and in Germany), the number of whom has risen significantly within the Group following the acquisition of WMF.

We would ask shareholders to fully empower the Board of Directors to set the terms and conditions of these grants, including in order to determine the identity of the beneficiaries of the performance share grants.

This authorisation would be given for a period of 14 months from the date of the Annual General Meeting.

EIGHTEENTH RESOLUTION: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO GRANT PERFORMANCE SHARES

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report:

- authorises the Board of Directors, in accordance with Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to award existing bonus shares in the company on one or more occasions, to employees of the company or certain categories of employee and/or to the top management referred to in Article L. 225-197-1 II of the French Commercial Code, and to employees and top management of companies or economic interest groupings affiliated to the company within the meaning of Article L. 225-197-2 of the French Commercial Code;
- resolves that the total number of shares that may be granted shall not exceed 196,000 or 0.3907% of the company's share capital on the date of this Annual General Meeting, with a maximum of 18,000 shares or 0.0359% of the share capital on the date of this Annual General Meeting for Thierry de La Tour d'Artaise and 9,000 shares or 0.0179% of the share capital for Bertrand Neuschwander.

The Annual General Meeting authorises the Board of Directors to make the stock grants, within the limits set out in the preceding paragraph, using shares bought back by the company in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code;

The Annual General Meeting resolves to set a vesting period of three years with effect from the date of grant by the Board of Directors during which period the rights shall not be transferable and at the end of which the rights shall vest to the beneficiaries, provided the performance targets for sales and Operating Result from Activity, assessed over the three-year vesting period, have been met, in accordance with Article L. 225-197-3 of the French Commercial Code.

The Annual General Meeting fully empowers the Board of Directors, within the limits set out above, to:

- draw up the list of beneficiaries or decide the category/categories of beneficiaries, provided no shares may be awarded to employees or corporate officers who individually hold over 3% of the share capital and that the bonus shares may not have the effect of raising the interest held by any such person to above the 3% ceiling;
- determine, on one or more occasions, the amounts and timing of the share awards;

- set the criteria and any other conditions of eligibility for share awards, including but not limited to years of service and continued employment by the company throughout the vesting period;
- set the vesting period, within the limits specified above by the Annual General Meeting;
- if any of the financial transactions governed by Article L. 228-99 I of the French Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust the rights of grantees, in accordance with the provisions of said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, the Board of Directors shall prepare a special report for each Ordinary General Meeting on the transactions carried out under this authorisation.

The Annual General Meeting grants this authorisation to the Board of Directors for a period of fourteen (14) months and consequently decides that this authorisation cancels all authorisations given previously for the same purpose.

RESOLUTION 19: SHARE CAPITAL INCREASES RESTRICTED TO MEMBERS OF A COMPANY OR GROUP SAVINGS SCHEME

Board of Directors' report

Pursuant to the provisions of the French Commercial Code, we would ask shareholders, by voting for resolution **19**, to empower the Board of Directors, with the power to further delegate, to decide to carry out one or more share capital increases that are restricted to members of a company or Group savings scheme, with waiving of pre-emption rights, up to a maximum of €501,690 (1% of the share capital).

It should be noted that this delegation is not included in the share capital increase ceiling set in resolution 16.

The issue price of these new shares or share equivalents to be issued may not be more than 20% below the average SEB share price on the NYSE Euronext Paris regulated market over the twenty trading sessions preceding the date on which the decision is taken setting the opening date of the subscription period, it being noted that this discount may be raised to 30% for members of a saving scheme, the rules of which specify a lock-up period of at least ten years.

This delegation would be given for a period of 26 months from the date of this Annual General Meeting and would cancel the delegation given in Resolution 21 of the Annual General Meeting of 12 May 2015.

NINETEENTH RESOLUTION: AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO CARRY OUT SHARE CAPITAL INCREASES RESTRICTED TO MEMBERS OF A COMPANY OR GROUP SAVINGS SCHEME WITH WAIVING OF PRE-EMPTION RIGHTS

The Annual General Meeting, having considered the report of the Board of Directors and of the statutory auditors' special report, as required by law and in particular Articles L. 225-129 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Article L. 3332-1 et seq. of the French Labour Code:

- authorises the Board of Directors, with the power to further delegate in the manner provided for by law and regulation, to decide to carry out one or more share capital increases as and when it sees fits, by issuing ordinary shares (other than preference shares) or equity securities giving access to future company shares, restricted to members of a company or Group savings scheme: eligible corporate officers, employees and former employees of the companies and of French and foreign companies affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code;
- resolves to set at €501,690 the maximum par value of the share capital increases that may be carried out through the issue of shares, it being noted that the ceiling is independent of the ceiling provided for in resolution 16;
- accordingly resolves to waive pre-emption rights in favour of these members of a company or Group savings scheme, to the shares and equity securities giving access to shares to be issued pursuant to this resolution, this decision including a waiver by shareholders of the pre-emption rights to any shares to which the equity securities issued under this delegation may give rise;
- resolves that, pursuant to Articles L. 3332-18 et seq. of the French Labour Code, the subscription price may include a 20% discount off the average company share price on NYSE Euronext Paris over the twenty trading sessions preceding the date on which the decision is taken setting the opening date of the subscription period, it being noted that this discount may be raised to 30% for members of a saving scheme, the rules of which specify a lock-up period of at least ten years. Nevertheless, the Annual General Meeting authorises the Board of Directors to replace some or all of the discount with a grant of bonus shares or equity securities giving access to future company shares, to reduce or not grant this discount, to the extent permitted by law and regulation;

- resolves that the Board of Directors may, within the limits set by Article L. 3332-21 of the French Labour Code, make matching payments in the form of grants of new or existing bonus shares or equity securities giving access to future company shares, where necessary by capitalising retained earnings, profit or additional paid-in capital;
- sets the period of validity of this authorisation at 26 months from the date hereof and cancels the previous delegation with the same purpose;
- fully empowers the Board of Directors, with the power to delegate in the manner provided for by law and regulation, to determine all the terms and conditions for the various operations and in particular:
  - exclude companies eligible for the company or Group savings scheme from the scope of the offering,
  - set the terms and conditions of the issues to be carried out under this delegation of authority, in particular decide the subscription amounts, set the issue prices, dates, deadlines, terms and conditions regarding subscription, paying up, settlement and enjoyment of the shares or equity securities giving access to future shares in the company,
  - as it sees fit, following each capital increase, set the costs of the share capital increases against the related premiums and deduct therefrom the sums necessary to raise the legal reserve to one tenth of the new share capital,
  - carry out all actions and formalities required to effect the capital increase(s) carried out under this authorisation, and in particular accordingly amend the bylaws and, more broadly, do whatever is necessary.

RESOLUTION 20: AMENDMENT OF ARTICLE 16 OF THE BYLAWS TO ALLOW THE APPOINTMENT OF A DIRECTOR TO REPRESENT EMPLOYEES

Board of Directors' report

In accordance with Article L. 225-27-1 of the French Commercial Code introduced by French Act no. 2015-994 of 17 August 2015 on social dialog and employment, shareholders are asked, in resolution **20**, to amend Article 16 of the Company's bylaws to cover the appointment of one or more directors representing employees on the Board of Directors.

This provides for the appointment of one director to represent employees by the Works Council (France) when there are 12 or less directors. When there are more than 12 directors, a second director representing employees will be appointed by the European Works Council.

Subject to the approval of the resolutions on its composition, the Board of Directors will have 13 members following the Annual General Meeting of 11 May 2017. As the director representing employee shareholders is not included in the calculation of thresholds relating to the appointment of employee directors provided for in Article L. 225-27-1 of the French Commercial Code, one director representing employees must be appointed by the Works Council (France) within six months of the date of the Annual General Meeting.

TWENTIETH RESOLUTION: AMENDMENT OF ARTICLE 16 OF THE COMPANY'S BYLAWS ON THE COMPOSITION OF THE BOARD OF DIRECTORS IN ORDER TO ALLOW THE APPOINTMENT OF A DIRECTOR REPRESENTING THE EMPLOYEES

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having read the report of the Board of Directors and following consultation with the France Works Council, resolves to amend Article 16 of the Company's bylaws, in order to insert the statutory provisions relating to directors representing employees. The following provisions are added to Article 16:

Article 16: Management of the company - Composition of the Board of Directors

Old Wording	New Wording
The company shall be managed by a Board of Directors composed of members whose minimum and maximum number shall be set by the law. The directors shall be appointed by the Ordinary General Meeting which may dismiss them at any time. Legal entities appointed directors shall be obliged to appoint a permanent representative subject to the same terms, conditions and obligations as if they were a director in their own name. An employee of the company may only be appointed director if his or her employment contract corresponds to an actual position of employment. The number of directors tied to the company by an employment contract may not exceed one third of the directors in office. Each director must own at least one pure registered share during his or her term of office.	The company shall be managed by a Board of Directors composed of members whose minimum and maximum number shall be set by the law. The directors shall be appointed by the Ordinary General Meeting which may dismiss them at any time. Legal entities appointed directors shall be obliged to appoint a permanent representative subject to the same terms, conditions and obligations as if they were a director in their own name. An employee of the company may only be appointed director if his or her employment contract corresponds to an actual position of employment. The number of directors tied to the company by an employment contract may not exceed one third of the directors in office. Each director must own at least one pure registered share during his or her term of office. As required by law, when the number of members of the Board of Directors appointed by the Ordinary General Meeting is less than or equal to twelve, a director representing employees is appointed by the Works Council (France). When the Board of Directors has more than twelve members, a second director representing employees is appointed by the European Works Council. Neither the directors elected by employees under Article L. 225-27 of the French Commercial Code, nor the employee shareholder directors appointed pursuant to Article L. 225-23 of the French Commercial Code are included when determining the number of directors covered by the provisions of Article L. 225-17 of the French Commercial Code. Directors representing employees serve a four-year term. The provisions of this Article shall cease to apply when, at a reporting date, the company no longer satisfies the prerequisites for the appointment of directors representing employees, it being noted that the term of office of any director representing employees appointed under this Article shall run its full term. Unlike directors appointed pursuant to the provisions of Article L. 225-23 of the French Commercial Code, directors representing employees are not included in the calculation of the gender balance. By way of exception from the provisions of these bylaws, directors representing employees are not required to hold a minimum number of company shares throughout their term of office.

RESOLUTION 21: AMENDMENT OF ARTICLES 17, 19 AND 22 OF THE BYLAWS REGARDING THE AGE LIMIT FOR DIRECTORS, THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICER

Board of Directors' report

The Company's bylaws currently limit the number of directors over 70 to one sixth and set 65 as the age limit for the Chairman, Chief Executive Officer and Chief Operating Officer.

In order to bring the age limits for directors, the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officer into line with best practice among listed companies, shareholders are asked, in resolution **21**, on the recommendation of the Nominations and Remuneration Committee, to amend Articles 17, 19 and 20 of the Company's bylaws to set the limit for the number of directors who have reached 70 years of age at one third, to allow the Chairman to remain in office until 75 and the Chief Executive Officer and Chief Operating Officer to remain in office until 70.

It should be noted that when the same person is Chairman and Chief Executive Officer, the applicable age limit is that of the Chief Executive Officer.

TWENTY-FIRST RESOLUTION: AMENDMENT OF ARTICLES 17, 19 AND 22 OF THE BYLAWS SETTING THE AGE LIMIT FOR DIRECTORS, THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICER FOR THE YEAR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having read the report of the Board of Directors, resolves to amend Articles 17, 19 and 22 of the bylaws of the company in order to raise the age limit for the year for the positions of director, Chairman and CEO and Chief Operating Officers, which shall now read as follows:

Article 17 - Term of Office - Age Limit

The final paragraph of Article 17 shall henceforth read as follows:

Old Wording	New Wording
All outgoing directors may be re-elected. The number of directors having reached the age of 70 May not exceed one sixth of the total members of the Board of Directors. In the event of this limit being reached, the situation must be rectified at the next Annual General Meeting at the latest. Failing that, the oldest director shall be deemed to have resigned from office.	All outgoing directors may be re-elected. The number of directors having reached the age of 70 May not exceed one third of the total members of the Board of Directors. In the event of this limit being reached, the situation must be rectified at the next Annual General Meeting at the latest. Failing that, the oldest director shall be deemed to have resigned from office.

Article 19 - Board Chair and Secretariat

The first paragraph of Article 19 shall henceforth read as follows:

Old Wording	New Wording
From among its members the Board shall elect a chair, who must be a natural person, for a term which may not exceed his or her term as director. The Board of Directors may terminate his or her appointment at any time. Regardless of the term for which they were conferred, the Chair's duties shall end automatically upon completion of the General Shareholders' Meeting held to approve the accounts for the year in which the Chair reaches the age of 65.	From among its members the Board shall elect a chair, who must be a natural person, for a term which may not exceed his or her term as director. The Board of Directors may terminate his or her appointment at any time. Regardless of the term for which they were conferred, the Chair's duties shall end automatically upon completion of the General Shareholders' Meeting held to approve the accounts for the year in which the Chair reaches the age of 75. When the Chairman also acts as the company's Chief Executive Officer, the functions of the Chairman and Chief Executive Officer shall end automatically upon completion of the General Shareholders Meeting held to approve the accounts for the year in which the Chair reaches the age of 70.

Article 22 - General Management - delegation of powers

The fourth paragraph of Article 22 shall henceforth read as follows:

Old Wording	New Wording
Upon proposal by the Chief Executive Officer, the Board of Directors may appoint a Chief Operating Officer, an individual, to assist the Chief Executive Officer. Five Chief Operating Officers may be appointed. The functions of the Chief Operating Officer shall end automatically upon completion of the General Shareholders' Meeting held to approve the accounts for the year in which the Chief Operating Officer reaches the age of 65.	Upon proposal by the Chief Executive Officer, the Board of Directors may appoint a Chief Operating Officer, an individual, to assist the Chief Executive Officer. Five Chief Operating Officers may be appointed. The functions of the Chief Executive Officer and of the Chief Operating Officer shall end automatically upon completion of the General Shareholders' Meeting held to approve the accounts for the year in which the person in question reaches the age of 70.

RESOLUTION 22: POWERS TO CARRY OUT FORMALITIES

Board of Directors' report

Resolution **22** is a customary resolution whose purpose is to submit for shareholder approval the powers given in order to carry out any public announcements and legal formalities that result from the decisions of the meeting.

TWENTY-SECOND RESOLUTION: POWERS TO CARRY OUT FORMALITIES

The Annual General Meeting gives full powers to the bearer of an original, extract or copy of the minutes of this meeting to carry out any and all formalities required by law.

8.3. Statutory auditors' report on regulated agreements and commitments

SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on regulated agreements and commitments issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of statutory auditors (*Compagnie nationale des Commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the last year

We have been informed of no agreements and commitments authorized during the last year and requiring the approval of the Shareholders' Meeting by virtue of Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years and which remained current during the last year.

WITH THE COMPANY ZHEJIANG SUPOR CO. LTD

Nature and purpose: "Master Joint Research and Development Agreement" aimed at conducting joint research and development projects on products and technologies of interest to both SEB S.A. and Zhejiang Supor Co. Ltd, so as to pool the experience and know-how of both parties with respect to cookware and electrical cooking appliances.

Terms and conditions: The "Master Joint Research and Development Agreement" covers reciprocal exclusivities in relation with projects jointly developed. Industrial property rights that may be registered will be jointly managed and registered by Zhejiang Supor Co. Ltd and SEB S.A. in their respective territories. For its manufacturing needs, SEB S.A. will nevertheless be granted a free and permanent license for rights registered in Zhejiang Supor Co. Ltd territories.

This agreement was authorised by the Board of Directors on 13 April 2012 and concerns Mr Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of your company and member of the Board of Directors of Zhejiang Supor Co. Ltd.

In 2016, the cooperation agreement resulted only in the sharing of employees and resources, as in 2015, for one project concerning developments on rice cookers.

WITH MR BERTRAND NEUSCHWANDER

1. Nature: Termination benefits in the event of the revocation of the mandate.

   Terms and conditions: In the event the mandate is withdrawn, Mr Bertrand Neuschwander shall receive a severance payment equivalent to two years' compensation (fixed and variable) less any amounts due in respect of a non-competition clause and any termination benefits relating to his employment contract (it being said that this contract does not provide for any departure or non-compete compensation). Payment of this indemnity is subject to the performance criteria described in the agreement below.

2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Deputy CEO in the event of the revocation of his mandate.

   Terms and conditions: The termination benefit, equivalent to two years' earned compensation is adjusted for the percentage of objectives achieved over the four previous year-ends:

   - if the average percentage is below 50%, no termination benefits shall be paid;
   - if the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
   - if the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for the calculation.

   If the revocation arises during the first four years of the appointment as Deputy CEO, the objectives to be taken into consideration are, for the duration of his appointment to date, those determined for this mandate and, for the remaining time, those determined in connection with the salaried activities performed prior to the appointment.

3. Nature: Non-compete compensation in the event of revocation or dismissal.

   Terms and conditions: In the event of the interruption of his mandate, by revocation or dismissal, Mr Bertrand Neuschwander, Deputy CEO, agrees to refrain from any form of professional activity for a Groupe SEB competitor engaged in the development, manufacture or commercialization of products which have, are or shall be developed, manufactured or commercialized by Groupe SEB in the future. In return for the fulfillment of this obligation, and for the period for which it is applicable (one year renewable once), Mr Neuschwander will receive a monthly amount of non-compete compensation from the company equivalent to 50% of the average monthly salary (fix and variable) paid to him over the last twelve months of his presence within the Group.

   The Board of Directors can release Mr Neuschwander from this obligation by waivering the non-competition clause.

4. Nature: Individual life insurance plan for Mr Bertrand Neuschwander, Deputy CEO of Groupe SEB.

   Terms and conditions: In addition to the Group death, disability and related benefit insurance plan, Mr Bertrand Neuschwander is the beneficiary of an individual death-in-service policy with a capital totalling €942,581. The expense recorded for the year ended 31 December 2016 totals €3,054.

5. Nature: Supplementary and top-up retirement plan.

   Terms and conditions: As a corporate officer Mr Bertrand Neuschwander will continue to be entitled to the Group supplementary pension scheme on the basis of the seniority acquired prior to his nomination as Deputy CEO and in accordance with the same rules as those applicable for senior management and the provisions of the Group death, disability and related benefit insurance plan.

   This plan guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of the calculation. Payment is subject to the following conditions:

   - the executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans;
   - the executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity;
   - the executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

WITH MR THIERRY DE LA TOUR D'ARTAISE

1. Nature: Termination benefits and maintenance of stock options stipulated in the employment contract of Mr Thierry de La Tour d'Artaise, Chairman of SEB S.A.

   Terms and conditions:

   - in the event the employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or due to forced departure as a result of a change in the control of Groupe SEB, his overall termination benefits shall be equivalent to two years' compensation, payable subject to the performance criteria described in the agreement below;
   - in the event Mr Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same exercise terms and conditions that would have applied had he remained in office. This provision shall also apply in the event Mr Thierry de La Tour d'Artaise's employment contract is terminated pursuant to a decision from the Group, were such decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Chairman, as stipulated in his employment contract.

   Terms and conditions: The Chairman's termination benefits, equivalent to two years' earned compensation plus bonuses, are adjusted for the percentage of objectives achieved over the four previous year-ends:

   - if the average percentage achieved is below 50%, no termination benefits shall be paid;
   - if the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
   - if the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for calculation.

The Board of Directors retains the right to reduce such termination benefits, by half at most, if the previous year-end presents a net loss, without such benefits falling below the fixed compensation plus bonuses of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

3. Nature and purpose: Individual life insurance plan for Mr Thierry de La Tour d'Artaise, Chairman of SEB S.A.

   Terms and conditions: In addition to senior management's Group death, disability and related benefit insurance plan, Mr Thierry de La Tour d'Artaise is the beneficiary of an individual life insurance policy with a capital totalling €3,652,134. The expense recorded for the year ended 31 December 2016 totals €64,318.

4. Nature and purpose: Supplementary and top-up retirement plan.

   Terms and conditions: As with all other members of the Executive and Management Committees, Mr Thierry de La Tour d'Artaise is entitled to a supplementary and top-up retirement plan guaranteeing annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation. Payment is subject to the following conditions:

- the executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans;
- the executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity;
- the executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

Lyon and Courbevoie, 29 March 2017
The statutory auditors

PricewaterhouseCoopers Audit	**Mazars**
Nicolas BRUNETAUD	Thierry COLIN

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9.1. Declaration by the person responsible for the Registration Document containing the annual report

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I hereby declare that, to my knowledge, the financial statements have been prepared in accordance with relevant accounting standards and provide a true and fair view of the assets, financial situation and performance of the company and of all companies included under the Consolidated Financial Statements. I furthermore declare that the management report referenced in the cross-reference table in section 9.3 provides a true and fair picture of changes in the business, performance and financial situation of the company and all companies included under the Consolidated Financial Statements, as well as a description of the main risks and uncertainties they face.

I obtained a statement from the Statutory auditors at the end of their engagement affirming that they have read the entire Registration Document and verified the information regarding the financial situation and the financial statements contained therein.

20 April 2017

Chairman and CEO

Thierry de La Tour d'Artaise

9.2. Statutory auditors and audit fees

STATUTORY AUDITORS

- **PricewaterhouseCoopers Audit, represented by:**
  Nicolas Brunetaud
  63, rue de Villiers — 92200 Neuilly-sur-Seine, France,
  appointed by the Ordinary General Meeting of 19 May 2015.
  Term: Ordinary General Meeting of 2021.

- **Mazars, represented by:**
  Thierry Colin
  61, rue Henri Regnault — 92075 Paris La Défense Cedex, France,
  appointed by the Ordinary General Meeting of 19 May 2015.
  Term: Ordinary General Meeting of 2021.

Each of these Statutory auditors is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

SUBSTITUTE STATUTORY AUDITORS

- **For PricewaterhouseCoopers Audit:**
  Jean-Christophe Georghiou
  63, rue de Villiers — 92200 Neuilly-sur-Seine, France,
  appointed by the General Meeting of 19 May 2015.
  Term: Ordinary General Meeting of 2021.

- **For Mazars:**
  Gilles Rainaut
  131, boulevard de Stalingrad — 69624 Villeurbanne Cedex, France,
  appointed by the Ordinary General Meeting of 19 May 2015.
  Term: Ordinary General Meeting of 2021.

FEES PAID TO STATUTORY AUDITORS

The breakdown of fees paid to Statutory auditors and members of their networks is as follows:

	PricewaterhouseCoopers Audit				Mazars			
	Amount (excluding tax)		In %		Amount (excluding tax)		In %	
(in € thousands)	2016	2015	2016	2015	2016	2015	2016	2015
AUDIT								
Statutory auditor, certification, review of individual and consolidated financial statements								
SEB S.A., issuer coordination and consolidation	180	180			196	161		
Fully integrated subsidiaries	1,501	1,342			1,338	1,264		
SUB-TOTAL	**1,681**	**1,522**	**95%**	**89%**	**1,534**	**1,425**	**68%**	**100%**
Other services performed by the networks for fully integrated subsidiaries								
SEB S.A., issuer coordination and consolidation	67	83			709			
Fully integrated subsidiaries	29	109			7	4		
SUB-TOTAL	**97**	**192**	**5%**	**11%**	**716**	**4**	**32%**	**0%**
TOTAL	**1,778**	**1,714**	**100%**	**100%**	**2,249**	**1,429**	**100%**	**100%**

9.3. Cross-reference table for the Annual Financial Report and management report

	Page numbers	Annual Financial Report	Management report
Commentary on the financial year			
Objective and exhaustive analysis of developments in the company's and Group's business, performance and financial position	139-151, 233-234	X	X
Key non-financial performance indicators relevant to the company's specific business activity	89-138		X
Significant stakes acquired during the financial year in companies headquartered in France	-	-	-
Significant events that occurred between the financial year-end and the date on which the report was drawn up	-	-	-
Foreseeable developments regarding the position of the company and the Group	151	X	X
Dividends distributed over the three preceding financial years and amount of income distributed for these years	259		X
Presentation of the Group			
Description of the main risks and uncertainties faced by the company	20-26	X	X
The company's use of financial instruments: objectives and policy in relation to financial risk management	202-211	X	X
Company's exposure to price, credit, liquidity or cash flow risks	207-211	X	X
Social and environmental consequences of business (including "Seveso" facilities)	89-138		X
Research and development activities	13-14	X	X
Corporate governance			
List of all offices and positions held in any company by each of the executive officers during the financial year	33-48		X
Total compensation and benefits of any kind paid to each executive officer during the financial year	59-80		X
Commitments of any nature made by the company for the benefit of its executive officers, such as remuneration, compensation or benefits due or likely to become due when, or after, they assume, cease or change positions	62-70		X
Stock options granted, subscribed or purchased during the financial year by the executive officers and the ten highest-earning non-executive employees of the company, and stock options granted to all eligible employees, by category	66-70, 72-74, 77, 80, 256-257		X
Conditions for the exercise and retention of stock options by executive officers	255-256		X
Conditions for the retention of performance shares awarded to executive officers	255-256		X
Transactions by senior executives and associated persons involving the company's shares	80		X
Information on the company and its share capital			
Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board, as well as to changes in the Company's bylaws	31, 51-57		X
Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares	254	X	X
Purchases and sales of treasury stock during the financial year	254	X	X
Adjustments for share equivalents in the event of share buybacks or financial transactions	-	-	-
Table summarising the outstanding delegations granted by the General Shareholders' Meeting to the Board of Directors or Management Board in relation to issues of share capital	254	X	X
Structure of and changes to the company's share capital	249-253	X	X
Statutory limitations on the exercise of voting rights and transfer of shares or clauses in agreements brought to the attention of the company	248-250	X	X
Factors wich could affect a takeover bid	248	X	X

	Page numbers	Annual Financial Report	Management report
Direct or indirect shareholdings in the company of which the company is aware	249-252	X	X
Employee shareholding in the company's share capital on the last day of the financial year and portion of the share capital represented by the shares held by employees under the company savings scheme and by the employees and former employees under employee mutual investment funds	255-257		X
Holders of any securities conferring special control rights and a description of those rights	-		-
Control mechanisms within any employee shareholding system, where control rights are not exercised by the employees	-		-
Agreements between shareholders of which the company is aware and which may give rise to restrictions on share transfers and voting rights	249-250	X	X
Agreements entered into by the company that are amended or terminated in the event of a change in control, with the exception of those agreements whose disclosure would seriously harm its interests (except in the event of a legal obligation to disclose)	-		-
Agreements providing for indemnities payable to employees or members of the Board of Directors or Management Board if they resign or are dismissed without real or serious cause or if their employment contract is terminated as a result of a public tender offer	65, 68, 75,78		X
Injunctions or fines as a result of anti-competitive practices	-		-
Financial statements			
Changes in the presentation of the financial statements or in the valuation methods used	161-162	X	
Profit over the last five financial years	241	X	
Consolidated financial statements	153-222	X	
Separate financial statements	225-241	X	
Statutory auditors' reports on the separate and Consolidated Financial Statements	223-224 242-243	X	
Fees paid to the Statutory auditors	286	X	
Chairman's report	81-87		X
Report by one of the statutory auditors on the consolidated human resources, environmental and social information included in the management report	136-138	X	X
Statutory auditors' report on regulated agreements and commitments	280-282	X	
Declaration by the person responsible for the Annual Financial Report	284	X	

9.4. Cross-reference table for the Registration Document

The following information is incorporated by reference in this Registration Document:

- The Registration Document for the 2015 financial year was filed with the French Financial Markets Authority on 31 March 2016, under number D. 16-0236. The Consolidated Financial Statements appear on pages 135 to 199 and the corresponding audit report appears on pages 200 and 201 of this document.
- The Registration Document for the 2014 financial year was filed with the French Financial Markets Authority on 26 March 2015, under number D. 15-0206. The Consolidated Financial Statements appear on pages 121 to 184 and the corresponding audit report appears on pages 185 and 186 of this document.

9.5. Cross-reference table, Grenelle II, GRI and global compact

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website Sustainable development section
SOCIAL PERFORMANCE INDICATORS					
Employment					
Total employees	1.a-1	LA1		page 105	Key figures
Breakdown of employees by gender	1.a-1	LA1/LA13		page 109	
Breakdown of employees by age group	1.a-1	LA13		page 108	
Breakdown of employees by geographical region	1.a-1	LA1		page 105	
Breakdown of employees by type of work		LA1		page 109	
Breakdown of employees by employment contract type		LA1		page 107	
Hires	1.a-2	LA2		page 106	
Redundancies	1.a-2	LA2		page 106	
Compensation	1.a-3	LA3/LA14		page 114	Social, Diversity and fairness
Change in compensation over time	1.a-3	LA3		page 114	
Organization of work					
Organization of working hours	1.b-1			pages 107 et 117	
Absenteeism	1.b-2	LA7		page 117	
Labour relations					
Organization of employee-management dialogue	1.c-1	LA4/LA5	3	page 110	Social, Dialogue
Collective bargaining agreements	1.c-2	LA4/LA5		page 110	Social, Dialogue
Health and safety					
Workplace health and safety conditions	1.d-1	LA6/LA8	4 -5	pages 111-114	Social, Health/Safety
Agreements signed with trade unions in relation to workplace health and safety	1.d-2	LA9		page 110	
Frequency and severity of workplace accidents	1.d-3	LA7		page 113	
Work-related illness	1.d-3	LA7		page 112 and 114	Social, Health/Safety
Training					
Policies in place with regard to training	1.e-1	LA11		pages 115-116	Social, Expertise
Total number of training hours	1.e-2	LA10		page 115	
Number of employees receiving regular performance and career development reviews		LA11		page 104-115	Social, Expertise
Equal opportunity					
Measures taken to promote gender equality	1.f-1	LA14		page 109	Social, Diversity and fairness
Measures taken to promote employment opportunities for and integration of disabled people	1.f-2	LA13		page 110	
Anti-discrimination policy	1.f-3	LA13		page 108-110	Social, Diversity and fairness
Governance					
Composition of corporate governance bodies		LA13		chapter 2	Governance
Promotion of and adherence to the ILO's fundamental conventions					

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website Sustainable development section
Respect for freedom of association and the right to collective bargaining	1.g-1	HR5/LA4/LA5	3	page 110	Social, Dialogue
Elimination of discrimination in employment and occupation	1.g-2	HR4/LA13/ LA14	6	pages 108-110	Social, Diversity and fairness
Elimination of forced or compulsory labour	1.g-3	HR6/HR7	4 -5	pages 100-103	Commitments and management
Effective abolition of child labour	1.g-4	HR6		pages 100-103	Commitments and management
Other actions taken to promote Human Rights	3.e				
Investment and procurement practices					
Percentage of major suppliers and contractors verified as compliant with Human Rights; measures taken		HR2		pages 101-103	Ethics, Responsible purchasing
Total number of training hours for employees on policies and procedures regarding Human Rights relevant to their job; percentage of employees trained		HR3		pages 100-103	
Evaluation					
Percentage or number of activities for which the organization has conducted Human Rights reviews or impact assessments		HR10	1 and 2	page 101-103	Social, Respect
Corrective action					
Number of Human Rights grievances filed, handled and resolved according to a Human Rights grievance management procedure		HR11	1 and 2	page 101-102	
ENVIRONMENTAL PERFORMANCE INDICATORS					
General policy toward the environment					
Company organization to address environmental issues. Environmental evaluation or certification procedures, where applicable	2.a-1		7 to 9	pages 127-135	Environment
Employee training and education initiatives taken with regard to safeguarding the environment	2.a-2			page 127	
Resources allocated to prevent environmental risks and pollution	2.a-3	EN30		pages 127-135	Eco-production
Provisions and guarantees for environmental risks (unless this information could be detrimental to the company)	2.a-4	EN28/EC2		page 212	
Pollution					
Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment	2.b-1	EN22/EN23/ EN24	7 to 9	pages 129-132	Eco-production
Measures to prevent noise pollution and any other form of pollution stemming from operations	2.b-3	EN25		page 132	Eco-production
Total discharge into water		EN21		page 132	

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Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website Sustainable development section
Circular Economy					
Prevention and waste management					
Measures to prevent recycle, reuse, other ways of waste recovery and dispose of waste	2.b-2	EN27		page 132	Eco-production; End of product life
Total waste produced		EN22/EN24		page 132	
Measures against food waste				page 124	Consumers
Sustainable use of resources					
Water consumption and supply according to local constraints	2.c-1	EN8/EN9/EN21	7 to 9	page 131	Eco-production
Consumption of raw materials	2.c-2	EN1		pages 130-131	Eco-production
Consumption of recycled materials		EN2		pages 128-129	Eco-design
Measures taken to improve the efficient use of raw materials	2.c-2	EN10		pages 128	Eco-design; Eco-production
Energy consumption	2.c-4	EN1/EN3/EN4		page 131	Eco-design; Eco-production
Measures taken to improve energy efficiency and use of renewable energy	2.c-4	EN5/EN6/EN7		page 129-130	Eco-design
Land use	2.c-3			page 131	
Climate change					
Significant sources of greenhouse gas emissions generated by Company activities, as well as by the use of the goods and services produced by the Company	2.d-1	EN16/EN17/ EN19/EN20	7 to 9	pages 128 and 132-134	Eco-production; Eco-logistics
Adaptation to the consequences of climate change	2.d-2	EN18/EC2		page 132	
Biodiversity protection					
Measures taken to preserve or promote biodiversity	2.e-1	EN11 to EN15/ EN25	7 to 9	page 132	Eco-production
Products and services					
Initiatives to reduce the environmental impact of products and services; scope of these initiatives		EN26	7 to 9	pages 127-129	Eco-design; Products end-of-life
Transport					
Significant environmental impacts stemming from the transport of products, other goods and materials used by the organization in the course of its operations and the transport of staff members		EN29	7 to 9	pages 133-134	Eco-logistics
INFORMATION ON CORPORATE CITIZENSHIP COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT					
Regional, economic and social impact of the company's operations					
With regard to employment and regional development	3.a-1	EC8/EC9		page 119-121	Communities
On neighbouring or local populations	3.a-2	EC1/EC6/SO1/ SO9/SO10		page 119-121	Communities
Relations with individuals or organisations that have a stake in the company's operations					
Conditions for dialogue with these individuals or organisations	3.b-1			page 93	Communities
Corporate partnership or philantropy actions	3.b-2	EC1		pages 119-121	Communities; Fonds Groupe SEB

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website Sustainable development section
Contractors and suppliers					
Inclusion of social and environmental criteria in the procurement policy	3.c-1	EC6/HR2/HR 5 to 7	1 and 2	pages 101-103	Ethics, Responsible purchasing
Extent of sub-contracting and consideration of CSR factors in relations with suppliers and contractors	3.c-2			pages 101-103	Ethics, Responsible purchasing
Fair business practices					
Actions taken to prevent corruption	3.d-1	SO2 to SO4/ SO7/SO8	10	page 103	Commitments and management
Measures taken to promote consumer health and safety	3.d-2	PR1/PR2		page 122-123	Consumers
Anti-competitive practices					
Total number of legal proceedings for anti-competitive practices, violation of anti-trust laws and monopolistic practices and outcomes of these proceedings		SO7		-	

Financial agenda

April 27, AFTER MARKET CLOSING

2017 First-quarter Sales and Financial Data

May 11 AT 2:30 PM

Annual General Meeting in Paris

July 26, BEFORE TRADING

2017 First-Half Results

October 23, AFTER MARKET CLOSING

Nine-month 2017 Sales and Financial Data.

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