GROUPE SEB

FINANCIAL REPORT AND REGISTRATION DOCUMENT

2012

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FINANCIAL REPORT AND REGISTRATION DOCUMENT 2012

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the French Financial Markets Authority *(Autorité des marchés financiers or AMF)* on 2 April 2013, 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 the 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.

Groupe SEB, in touch with changing times

With a presence in almost 150 countries, Groupe SEB has earned strong positions on all continents through a wide, diversified product range and an exceptional brand portfolio. Today it is the world leader in Small Domestic Equipment.

Its success is rooted in its ability to innovate and invent for daily life in tomorrow's world.

REVENUE
4,060 M€ | + 2.4%

OPERATING RESULT FROM ACTIVITY
415 M€ | - 8.7%

PROFIT FOR THE PERIOD
194 M€ | - 17.7%

NET DEBT*
556 M€ | - 117 M€

CAPITAL EXPENDITURE
128 M€ | - 2.2%

EMPLOYEES
24,758 | 31/12/12 PEOPLE WORLDWIDE

See definition in note 25.2 of consolidated financial statements.

A multi-specialist Group

COOKWARE

Frying pans, saucepans, casseroles, baking trays, oven dishes, pressure cookers, low-pressure steam pots, kitchen utensils, etc.

KITCHEN ELECTRICS

Electrical cooking: deep fryers, table-top ovens, rice cookers, induction hobs, electric pressure cookers, barbecues, informal meal appliances, waffle makers, meat grills, toasters, steam cookers, breadmakers, etc.

Preparation: food processors, beaters, mixers, blenders, centrifugal juice extractors, small food-preparation equipment, coffee makers (pod, filter and espresso), electric kettles, instant hot-water dispensers, home beer-tapping machines, soya milk makers, etc.

HOME AND PERSONAL CARE PRODUCTS

Personal care: hair care equipment, depilators, bathroom scales, foot massage appliances, baby-care equipment (bottles, bottle warmers, sterilisers, night lights), etc.

Linen care: steam irons and steam systems, semi-automatic washing machines, garment steam brushes, etc.

Home care: vacuum cleaners (upright or canister, with and without dust bag, compact and cordless), fans, heaters and air-conditioners, etc.

World ranking

n° 1 Cookware – Pressure cookers – Steam irons and steam systems – Kettles – Steam cookers – Toasters – Fryers – Informal meal appliances – Scales (bathroom scales and kitchen scales)

n° 2 Espresso coffee machines – Table top ovens – Breadmakers – Grills and barbecues – Waffles makers and toasted sandwich makers – Juicers

n° 3 Food preparation appliances – Drip coffee makers – Electric depilators

OUR MARKET LEADERSHIP IS SUPPORTED BY FAMOUS BRANDS:

- **World brands:** All-Clad, Krups, Lagostina, Moulinex, Rowenta and Tefal
- **Regional brands:** Calor/Seb (France and Belgium), T-fal/Mirro/WearEver/AirBake/Regal (North America), Arno/Panex/Rochedo/Penedo/Clock/Samurai/Imusa/Umco (South America), Supor (China), AsiaVina (Vietnam) and Maharaja Whiteline (India).

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1.1. KEY FIGURES

(in € millions)	2012	2011**	2010**
Sales	4,060	3,963	3,652
Organic sales growth	(0.9)%	+6.9%	+9.6%
Operating result from activity*	415	455	438
Operating profit	368	402	349
Profit attributable to SEB S.A.	194	236	220
Net debt	556	673	131
Diluted earnings per share (€)	4.01	4.81	4.54

* *Formerly known as operating margin.*
** *Restated following application of IAS 19R.*

1.2. MILESTONES IN THE HISTORY OF THE GROUP

Groupe SEB dates from 1857 with the creation of the company Antoine Lescure, in Burgundy, France. Beginning as a tinware company specialised in making buckets and watering cans, it gradually expanded its activities to include kitchen utensils, zinc tubs and other articles. It began to mechanise production when it bought its first press at the beginning of the 20th century. At that time, the company's business was confined to its local region.

It took a major stride forward in 1953 when it launched the pressure cooker. This gave the company, thereafter called Société d'Emboutissage de Bourgogne, a new national dimension.

The subsequent history of the Group would take shape through successive phases of acquisitions and organic growth.

External growth: a dynamic acquisition strategy

A series of acquisitions over the last 50 years has enabled Groupe SEB to diversify its activities and expand internationally.

CREATION OF THE GROUP

In 1968, SEB acquired Tefal, a company specialised in nonstick cookware; in 1972, it took over the Lyon-based company Calor, a maker of irons, hair dryers, small washing machines and portable radiators. This established SEB as a leading operator in Small Domestic Equipment in France. In 1973, it decided to form a group structure under a lead holding company, SEB S.A., which would be listed on the Paris Stock Exchange in 1975.

GLOBAL STATUS

The 1988 acquisition of Rowenta, whose German and French factories made irons, electric coffee makers, toasters and vacuum cleaners, was a crucial step in the Group's international expansion. In 1997-1998, the takeover of Arno, Brazil's market leader in small domestic appliances, established the Group in South America. Arno was a specialist in the manufacture and sale of food-preparation appliances (mixers/blenders), non-automatic washing machines and fans. At the same time, the Group acquired Volmo, a leading producer of small domestic appliances in Colombia and Venezuela, with its own product range in food-preparation appliances (mixers/blenders), fans and irons.

September 2001 saw Moulinex, the Group's main rival in France, file for bankruptcy. Groupe SEB's offer of a partial takeover of the assets of Moulinex and its subsidiary Krups was accepted by the Nanterre Commercial Court in October 2001. The integration of that portion of Moulinex-Krups confirmed the global stature of Groupe SEB through a stronger presence in certain product categories and the addition of two international brands. After much legal debate at the European Commission and in France, the final authorisations for the takeover were obtained in 2005.

Meanwhile, in the summer of 2004 the Group took the opportunity to strengthen its base in the United States with the acquisition of All-Clad, a premium-range cookware specialist whose product offer was an ideal complement to the fairly broad T-fal brand on the US market. In May and June 2005, the successive acquisitions of Lagostina (Italy) and Panex (Brazil) further strengthened the Group's cookware business. Lagostina, Italy's leader in top-of-the-range stainless steel saucepans, frying pans and pressure cookers, has a prestige brand image and provides the Group with access to new markets. Meanwhile, Panex, with its four brands at the top of ranges which extend over several market segments, helped us to penetrate the Brazilian market with an extensive cookware offer and instantly occupy a front-ranking position. The acquisition of Panex further bolstered our strong presence in the country in small domestic appliances with the Arno brand.

In August 2006, the acquisition of selected assets of the American company Mirro WearEver, which deals in entry-level cookware, helped bolster the Group's infrastructure in this area, allowing for a more focused repositioning on mid-range T-fal articles and the introduction of new dynamics. Groupe SEB accordingly became leader of the North American market in cookware with an exhaustive offering covering all market segments – from simple and functional "basic" products to All-Clad premium products.

In the same year, the Group initiated a process to buy a majority stake in Supor, China's domestic market leader in cookware and no. 3 in small electric cooking appliances. As Supor is listed on the Shenzhen Stock Exchange and as this kind of transaction was without a precedent in China, the deal required various authorisations from China's Trade Ministry (MOFCOM) and the country's securities regulator (CSRC). Having acquired an initial 30% stake in Supor's capital on 31 August 2007, the Group raised this to a 52.74% controlling stake in Supor on 21 December 2007 following a successful public share purchase offer. Further to exercises of stock options by some Supor executives, the Group's shareholding in the Chinese company was slightly diluted, to 51.31%. Acquiring controlling interests in Supor is a major strategic step forward because it allows the Group to tap into the huge potential of the Chinese market. These interests were strengthened in December when the Group finalised the acquisition of an additional 20% stake in the company, purchased from Supor's founders (the Su family), who wished to reduce their capital-intensive commitment. This transaction consolidated the initial investment made in 2007 with a view to ensuring Supor's ability to sustain growth over the medium-to-long term with a stable shareholder base.

The year 2011 was very active in terms of external growth. In addition to the larger stake in Supor acquired at the end of the year, in February the Group finalised the acquisition of the Colombian company Imusa, which specialises in cookware and is a leader in its domestic market. Imusa's core business goes hand-in-hand with Samurai's small domestic appliances in a booming market driven by strong demand and by a fairly well-structured distribution network. In May, Vietnamese company Asia Fan was acquired (65% stake). Asia Fan, whose industrial and commercial activities focus on fans, ranks among the leading companies within the Vietnamese market. This transaction was part of a decisive expansion policy targeting certain countries in South-East Asia that represent major growth drivers for the future. Asia Fan allows the Group to build up its presence, which has until now been limited, in a market that is already substantial and is quickly growing, and to complement Supor, which focuses exclusively on cookware in Vietnam. Finally, in December the Group acquired a 55% majority stake in the Indian company Maharaja Whiteline, which specialises in mixer grinders, a product symbolic of India's small domestic appliance industry. This acquisition allows the Group to establish a presence in this major market, which is undergoing rapid transformation and growth.

Organic growth: innovation and international expansion

New product development and the conquest of new markets are two key pillars of Groupe SEB's strategy. Innovation is critical to the vitality of the Small Domestic Equipment sector and it gives the Group the head start it requires to stay in front of the competition and to fight commoditisation. At the same time, geographic expansion offers new opportunities, with, among other things, a better international balance of trading activities and enhanced exposure to the high growth potential of emerging nations.

A STRONG INNOVATION POLICY

Both SEB and Moulinex, ever since they were founded, have set out to offer innovative products that contribute to the daily well-being of consumers. Emblematic products such as the SEB pressure cooker and the Moulinex purée handpress paved the way for the first electrical appliances in the 50s and 60s: irons, coffee grinders, odourless fryers, and the Charlotte and Marie multi-purpose appliances, etc. The 70s and 80s marked the arrival of more sophisticated functions with the introduction of electronics-enhanced new products: bathroom scales, programmable coffee machines, etc. This era also saw the emergence of new lifestyles, reflected in the launch of convivial products such as the raclette grill and home espresso coffee maker. In the decade up to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of small domestic equipment: pressure cookers with simplified closing mechanisms, removable handles for frying pans and saucepans, compact vacuum cleaners with triangular-shaped heads, coffee makers incorporating grinder-dosers, frying pans with a visual heat indicator, food processors designed for easy storage, etc.

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

- its first partnerships, developed by the Group from 2006 with leading food-industry operators which gave it access to new product categories such as pod coffee makers and beer-tapping machines;
- the introduction of several innovative concepts, answers to new consumer expectations (nutrition and health, home-made, ease, well-being, etc.), often accompanied by major commercial success: the Actifry minimal-oil fryer; the Silence Force and Silence Force Extreme vacuum cleaners, which combine power with very low sound level; washable, dismountable and silent fans; anti-mosquito devices, smart and/or «connected» appliances (Cookeo);
- the introduction of new functional features such as a self-cleaning iron soleplate and an anti-scaling system for steam generators in linen care or a heating blender for food preparation, etc.

HEADING FOR NEW MARKETS

In the 1970s, Groupe SEB turned its attention to international growth. Building on its "cookware" expertise, it began by penetrating the Japanese and American markets with its nonstick Tefal frying pans and saucepans. In 1992 and 1993, it took advantage of the opening up of Eastern Europe, by creating retail distribution operations in Central European countries and by gaining greater access to the Russian market. From 1994 to 2000, it focused on building up its commercial operations worldwide and, where appropriate, its industrial presence by setting up factories in South America, China and elsewhere. Over the years, the Group expanded its activities to all the continents and built its international manufacturing bases. It continued expanding in Asia with marketing subsidiaries created in Thailand and Taiwan in 2003, and in Singapore and Malaysia in 2004. It then reinforced its presence in South America by opening a subsidiary in Peru. In 2005, the Group created a subsidiary in Switzerland to manage its operations in that country directly. Meanwhile, to support emerging markets in Northern, Central and Eastern Europe, the Group strengthened its presence in these zones by setting up subsidiaries in Romania in 2005, in Ukraine and Slovenia in 2006 and in Latvia in 2007. This drive continued in Bulgaria in 2008, while in South-East Asia, Supor opened a new factory in Vietnam. At the same time, the Group created Lojas in Brazil, a company that comprises the own-brand stores opened in Brazil to give the Group a direct sales channel and create an additional influx of sales.

The strength of Groupe SEB lies in its ability to blend innovation – a key factor in success – with international operations that bring it closer to its retail clients and consumers. These are the two pillars upon which the Group continues to build its development.

1.3. BUSINESS SECTORS

As a global leader in small domestic equipment, Groupe SEB deploys its strategy via a portfolio of diversified and complementary brands in multi-region or local markets. Groupe SEB stands out from its main rivals by being present in both the small domestic appliance sector (which accounts for 70% of its sales) – estimated to be worth approximately €30 billion – and cookware (a sector worth around €13 billion). These figures are estimates for the Group, calculated based on GFK and Nielsen surveys and from third-party organisations such as Estin & Co. and Strategic Analysis Inc.

Overall, the small domestic equipment sector is characterised by:

- low-to-moderate, yet steady, demand in the majority of mature markets – where although the equipment rate is already high, it is heterogeneous in terms of product families. This demand is, however, mixed and driven by strong reactivity to innovation (new products and concepts), by the need to upgrade the range in search of more status-related products, and by the desire for basic products at low prices; At the same time, demand is sharply on the rise in emerging markets (double digit growth, on average, in Asia over recent years and near double digit growth in Latin America). These markets are in an equipment phase and their intense growth is fuelled by rapid urbanisation and the development of the real estate market, increased buying power, booming middle class access to consumption, development of modern retail distribution, etc.;
- an average sale price of around €50 for a small domestic appliance in developed countries, being accessible for most consumers and requiring no or very limited use of credit;
- shorter product replacement cycles in addition to an increasing average equipment rate in certain categories which are driving these renewal markets;
- steady and increasingly unavoidable increase in industrial partnerships between manufacturers of small domestic appliances and actors of various mass consumer goods, especially through joining forces to propose new offerings and services. Development of the single-portion coffee concept is a significant example;
- tighter market fundamentals, as mass retailing increasingly imposes a low price policy and continues to exert pressure on supply, pushing some products toward the entry-level end of the spectrum and resulting in commoditisation. While such trends have been the norm in the USA and the UK for many years, this phenomenon is beginning to spread into other markets;
- the emergence of new consumer trends worldwide: more “Western” in Asian or South American countries, more “ethnic” in Western countries, back to “home-made” and control over food in Europe, heightened environmental awareness, etc.;
- the very rapid growth of alternative retail channels, especially the Internet. The trend has given rise to very active new «pure-players» (e.g. Amazon, Taobao, Nova Pontocom, etc.) and retailer websites over the last few years, while traditional retail sales via physical channels have declined.

Breakdown of the small household equipment market by product family in 2012

Source: Estin & Co-Groupe SEB

From a geographical viewpoint, the global market of Small Domestic Equipment does not present any real homogeneity because it is fragmented into numerous national/regional markets. These are fuelled by a complex and multi-faceted retail distribution network that varies depending on regional consumption habits, the maturity of markets, targets or product ranges and the development of distribution systems.

Multiple forms of competition

The Small Domestic Equipment market is very fragmented globally, both in small domestic appliances and in cookware. In practice, changes in the sector over the last ten years – with, in particular, the increased relocation of production to countries with low production costs – have greatly changed the way of approaching markets, more local today than global. The launch of international brands, which can in some cases be marketed under local/regional brands, falls in line with this two-sided market approach that makes it possible to take advantage of economies of scale as well as a strong local reputation. To this end, Groupe SEB is the only player with such a broad international spectrum, and it draws on this strength and on the prime positioning of its local brands when marketing its six international brands.

The Group has numerous and various competitors worldwide, but few of them have truly global coverage:

- Philips is certainly the Group's foremost rival through its large range of small electrical appliances and its presence on almost all of the world's continents (both mature and emerging economies).

  De Longhi (De Longhi, Kenwood, etc.), a major player in coffee and food preparation appliances, also enjoys a presence in many regions (primarily mature markets) and recently expanded its line by purchasing rights to manufacture Braun branded Kitchen Electrics.

  Other industry giants with extensive offering and global coverage include Procter & Gamble (Braun, Oral-B), Bosch-Siemens (which acquired Zelmer in Polandin 2012) and Conair (Babyliss, Cuisinart, etc.) in electricals and the U.S. group Meyer (Silverstone, Farberware, Prestige, Anolon, Circulon, etc.) and German companies WMF (WMF, Silit, Kaiser, etc.) and Fissler in cookware;
- other players are primarily present in their domestic market or a few reference markets: Magimix, Taurus, Imetec, Severin, Zwilling/Staub, in particular in various European countries; Spectrum Brands (Black & Decker, George Foreman, Russell Hobbs, Remington, etc.) and Jarden (Sunbeam, Mr Coffee, Oster, etc.) in North America for example; Mallory, Mondial, Britania and Tramontina in South America; Panasonic (also including the National brand) in Asia.

  Midea is the Group's main competitor in China. It has greatly expanded over the last ten years, not only in the Chinese market but also in South-East Asia. It sells numerous types of small and large electrical appliances and, to a lesser degree, cookware. Other major competitors include Joyoung and Airmate in small electrical appliances and ASD in cookware;
- numerous high-end specialists concentrate on one or two product segments – such as Dyson, Vorwerk, Jura and Laurastar, etc. in small electrical appliances – or on a special area of expertise, like French company Le Creuset, which specialises in cast iron cookware.

At the same time, another form of competition continues to grow with "non-branded" products and retailer brands. These competitors offer a predominantly entry-level range, which is aggressively priced. Certain promotional or loyalty-building campaigns, with products manufactured under one-off contracts with Chinese subcontractors, that aim mainly to generate traffic at points of sale also drive their sale. Nevertheless, their market share remains low on the whole.

The market dynamism remains primarily driven by:

- large European groups such as Groupe SEB, Philips, Bosch Siemens or DeLonghi, which develop new products and concepts, open up new categories and set up in new territories;
- local competitors in booming Asian emerging markets (China, India, Indonesia), driven by buoyant domestic markets and, in the case of China, by an increase in exports, either regionally (in particular South-East Asia) or worldwide.

In general, competition has become fierce in recent years, both with regard to small domestic appliances and cookware, largely as a result of retail distribution, especially supermarkets, which enjoy an ever-increasing presence in this market with their own product lines and are able to exert stronger pressure on prices.

1.4. GROUP STRATEGY

A long-term strategy

Groupe SEB implements a long-term strategy focused on creating value through two major approaches:

- **promoting growth by:**
  - aggressively implementing a strong product innovation and brand differentiation policy, placing market expectations at the centre of design, and ensuring it stands out from the competition in each country, by organising point-of-sale promotions and asserting itself as a key market player, in both retail distribution and final consumption. In this way the Group creates value for its retailer clients and consumers, defends the quality of its offering and contributes to improving and upgrading the market and reaffirming its product leadership,
  - leveraging the strength and complementarity of its brands. Thanks to its large portfolio of six global (All-Clad, Krups, Lagostina, Moulinex, Rowenta and Tefal) and 18 regional/local brands (including Calor and Seb in France; Arno, Panex and Samurai, among others, in South America; T-fal in the US; Supor in China; AsiaVina in Vietnam; Maharaja Whiteline in India, etc.), the Group has an unrivalled international presence as well as coverage of all market segments, from entry-level to premium products,
  - deploying a clear and well-segmented approach by retail distribution channel and brand and reinforcing its presence in all existing channels in the country, regardless of their format, to ensure the most extensive coverage possible of markets and taking account of specific local features. The goal is to develop a long-term constructive relationship with distributors on the basis of the most extensive product offer on the market and with strong brands, vectors of growth and profitability for each of the parties. Furthermore, the Group is developing a network of its own retail brand outlets (Home & Cook, Tefal shops, Super Lifestores, etc.) in order to expand its sales operations in areas that are not or only partially covered by modern or traditional networks. At the same time, it has jumped into the booming business of e-commerce,
  - continuing its unique international expansion, in mature markets as well as emerging markets, and targeting local leadership positions, or in any case, the significant improvement of its competitive position in the market. This geographical development involves continued organic growth – through new commercial operations in certain countries – and an external growth policy via new acquisitions. The principle underlying this basic approach is to develop as a priority in structurally growing markets;
- **maintaining its competitiveness over time thanks to:**
  - the permanent and responsible adaptation of its industrial facilities as well as its organisation and structures (administrative, logistics, etc.), in order to be able to rely on some of the best standards in the world and preserve the head start forged over the years. Beyond the required industrial flexibility, the systematic implementation of best practices, shorter product times to market, plans to improve the effectiveness of structures, the very upstream integration of a demanding quality process and the optimisation of the supply chain are all recurring focus points for the Group,
  - rigorous daily management through strict control over all operating costs, pooling of support services through shared services centres and clusters, reduction of purchase costs – whether industrial, linked to sourced products or non-production costs, in the context of an extended scope year after year – and management of working capital requirements.

These two fundamental approaches are closely linked since one of the major pillars for improving the Group's profitability is the growth of sales linked to innovation. The capacity to launch new concepts and products, through differentiation and resulting improvement in the product mix, justifies high sales prices and generates better margins. This enhanced profitability allows the Group to invest again in R&D, marketing and advertising, with a boosting effect on turnover, thereby creating a virtuous circle.

Innovation – Research and development

In a highly competitive market, innovation – whether applied to technology or products – generates competitive advantages and competitiveness. The Group uses innovation to offer unique concepts, new functional features, 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.

The innovation strategy is consistent with a pragmatic approach to product creation that involves teams from research and development, industry, procurement, logistics and strategic marketing, design and quality. New products are the result of the in-depth analysis of consumer needs (which include both expressed needs and latent needs), the invention of breakthrough concepts, the evaluation of new technologies and the creation of unusual or one-of-a-kind designs, as well as, of course, the development and industrialisation of new technology platforms. The process obviously needs to be collective and collaborative both in-house and when working with outside partners.

This realisation led the Group to structure relations within its innovation community and among the 1,200 employees who comprise it, using collaborative tools that make it possible to enrich the collective point of view on strategic issues and to promote the sharing of knowledge and best practices. This same reasoning is behind the Group research partnerships with highly prestigious universities and a variety of private and public centres for research.

In 2012 Groupe SEB's cross-disciplinary development initiatives focused on the ageing of the population, wired households, health/beauty/well-being assets, energy and environmental responsibility.

For innovation to be a sustainable advantage, it must be part of a constant flow and must be protected. To this end, Groupe SEB pursues an active industrial property policy by filing numerous patents every year. In France, the Group has been one of the top 20 patent filers for several years now. 2012 was a very busy year with 127 registered patents (121 in 2011), 288 Soleau envelopes established (250 in 2011) and is in line with the Group's culture of protecting its inventions.

R&D investment amounted to €75 million in 2012 (€69 million in 2011), including Research Tax Credits (€7 million versus €6 million in 2011) and capitalised R&D costs (€6 million versus €5 million in 2011). R&D teams have been significantly strengthened over the last years, in terms of both number of employees and employee qualifications, with the hiring of highly specialised engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, man-machine interfaces and batteries, nano-technology, etc.

For more information on R&D investments, see Note 15 to the Consolidated Financial Statements.

SEB Alliance: an additional tool to boost innovation

In May 2011 the Group created an investment fund – SEB Alliance – with initial capital of €30 million. As a result of stricter regulatory requirements that have caused many banks and insurance companies to stop investing directly in corporate capital, companies that rely heavily on innovation have been creating corporate venture capital structures in recent years. The creation of SEB Alliance is an example of this.

In addition to the fact that it serves as a monitoring tool for new technologies outside the Group, SEB Alliance also allows the Group to invest in innovative, technology-focused companies in areas such as the ageing of the population, the preservation of health, beauty and well-being, new energies, "connected products" and robotics, digital applications, etc. These companies furnish the technological "bricks" that the Group can use to develop its products. It thus offers an attractive opportunity for start-ups and helps them to grow and expand.

SEB Alliance has made various direct investments since its founding, including investments in the Technocom 2 fund, which brings together the Fonds National d'Amorçage (fund of funds put in place by the French Government), Orange, Alcatel-Lucent and Soitec.

Partnerships

The Group enters into partnerships to develop new concepts and boost its sales. Representing almost 10% of sales, these partnerships are major growth drivers for the Group. These partnerships may take the form of joint development agreements or distribution agreements that combine the expertise of the Group and its partner in order to develop and market a new product. The Group has, for instance, signed joint development agreements with major names in the food industry, such as Nestlé for Nespresso and Dolce Gusto and Heineken for BeerTender, or in the cosmetics industry, such as L'Oréal for Steampod. These arrangements can also take the form of "image partnerships" that associate our products with other brands or organisations (Relais et Châteaux, UNICEF, etc.), licensing agreements with brands like Elite or Weight Watchers, endorsement contracts where, for example, we develop cookware lines in collaboration with notable chefs such as Jamie Oliver or Emeril Lagasse.

At the same time, the Group enjoys partnerships with universities and research institutes, working together on major projects which enable it to widen its field of activities and benefit from additional tools and skills. Notable examples include in particular, projects concerning health and nutrition with Nutrition-Santé-Longévité, Vitagora or Q@limed.

Industrial strategy

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

Throughout the world, the production plan is deployed in a way that responds to market specificities:

- 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);
- the Group relies on out-sourcing for basic, everyday products or in the case of partnerships.

The Group's industrial facility includes 29 plants, which produce 73% of products sold worldwide. The other 27% are outsourced, in particular to China.

Location of sales production

In 2012, the Group's manufacturing facilities were forced to adjust to weaker demand than had been anticipated. This led to under-absorption of fixed production costs and less use of temporary employees. Specific, targeted measures were taken on sites where capacity utilisation was lower.

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

- centres of product expertise bring together the specific expertise in research and development, industrialisation and production for a given product category;
- technological centres reinforce the centres 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 centres of industrial expertise in the development of product offerings.

To ensure and optimise the competitiveness of its industrial capacity, the Group constantly upgrades its plants, taking account of the economic reality of markets, e.g. adjustment of production volumes, specialisation of the Rio Negro (aluminium) and Copacabana (plastics) sites in Colombia, upgrades to the Recife site in Brazil, strict control of manufacturing costs, refocusing of production and greater use of out-sourcing, according to needs.

Our operational excellence programme continued with the roll-out of basic principles (5S, TPM, etc.) and the training of project leaders across the Group's European sites. Exemplary performance was recognised in 2012 by holding a contest among the sites. Similar actions were carried out within Supor and by the SEB Asia teams with regard to Chinese subcontractors. In addition, the Group works to optimise the economic value of the materials and components used. Several major products were reviewed in 2012 with a view to boosting their competitive edge.

Upgrades to the Shaoxing plant, built in 2009, were driven by the launch of new electrical appliance categories. For example, the Group re-integrated a portion of its production (including electric kettle production) that had previously been outsourced to Chinese subcontractors. The Group now has an industrial presence in Vietnam, thanks to its Asia Fan production facilities, which supplement the Group's non-culinary product business.

The Group also strives to constantly improve employee safety in the workplace. In this regard, a three-year plan has been launched, aiming for a steady decrease in the number of workplace accidents. In 2012 this plan was effective in reducing the number of accidents.

The Group has also introduced a global Supply Chain Management system intended to rationalise stocks of finished products, optimise the quality of these stocks and implement a process to improve customer service. Results vary from continent to continent, however, and the Group continues its efforts to bring all markets into line with these stricter standards.

Purchasing

Purchasing covers requirements for materials (metals, plastics, paper/cardboard packaging, etc.) and components (parts, sub-systems, etc.) for industry, non-production purchasing (transport and logistics, services, information systems, travel, etc.) and purchases of sourced finished products. Purchases are increasingly managed at Group level, to allow optimum negotiation conditions, not only in terms of pricing, but also in terms of quality, on-time delivery, etc. For several years now, production purchases have benefited from a centralised organisation tailored to each project and each contract. In 2012, for production purchases, the Group had a panel of 374 suppliers representing approximately 59% of global purchasing.

Non-production purchases currently 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 (400 at year-end 2012). To this end, the team was significantly reinforced, increasing from 15 to 28 people since 2010 with the aim of covering a much wider spectrum of expenditures and a broader international scope (integration of Russia and greater coverage in Colombia).

For purchases of sourced finished products, in 2010 the Group introduced a Group Finished Products Purchasing department, created a Finished Products Purchasing function in operations and strengthened its dedicated teams within its SEB Asia subsidiary in Hong Kong. This reorganisation has helped to strengthen purchasing quality processes for finished products by guaranteeing technical and methodological assistance for Group teams with suppliers. At the same time, it demonstrates the Group's desire to integrate suppliers upstream in the product development process in order to foster greater fluidity in creating products. Through this approach, the Group was able to obtain a more concentrated panel of approved finished product suppliers, which, at year-end 2012, comprised 46 companies representing 79% 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.).

1.5. RISK MANAGEMENT

Groupe SEB pursues a policy of active, prudent management of the risks inherent in its business, the purpose of which is to defend the Group's assets and/or interests of its stakeholders: shareholders, employees, clients, consumers, suppliers, etc., without forgetting the environmental aspects. This approach is based on a detailed mapping and analysis of the main risks faced by the Company, which makes it possible to rank them on the basis of their potential impact on the Group's operations and performance, and on the probability of such risks occurring. A comprehensive review of these risks is carried out regularly with the Group Executive Committee and the Audit Committee.

Risks inherent to operations

COUNTRY-SPECIFIC AND ECONOMIC SITUATION RISKS

The international nature of the Group's business exposes it to currency risk (covered in Note 27.2.1 to the Consolidated Financial Statements) but also to risks of political instability, economic, monetary or labour risks, especially in Asia, the Middle East and South America. In addition to these risks, certain countries have less developed legal systems or offer little in the way of intellectual property protection, import taxes (e.g. Turkey for certain small electrical products), restrictive measures (e.g. in Argentina for electronics and cookware), or exchange controls (Argentina, Venezuela), etc. These factors may disturb or even penalise the Group's business or financial position. Nonetheless, this major international presence also offers protection through wide geographical coverage and risk diversification.

In consideration of the very nature of the business (focus on the home) and the limited investment represented by the purchase of small equipment for the home, the Small Domestic Equipment sector tends to hold up better than others in crisis situations. In the past, the Group's results have sometimes been in contrast to the economic situation in certain markets.

Consequently, the Group's operations depend on the economic climate and whether consumption holds up or not, which, in turn, is related to consumer purchasing power and the financial and economic health of the Group's retail distribution network. The Group's highly globalised presence also helps to balance out sales and offset different countries and geographic regions.

After two years of strong growth, Groupe SEB was forced to cope with less favourable macroeconomic circumstances in 2012 in many countries: a severe recession and a collapse in demand in Southern Europe (Greece, Spain and Portugal); a decline in Central and Eastern European markets; and a drop in consumer spending in Brazil, China and in other European countries that had been weathering the recession relatively well up to this point (France, Germany, Belgium, the Netherlands, etc.). Certain countries, nevertheless, such as the United States, the United Kingdom, Colombia, Turkey and Russia, were able to profit from a more favourable environment.

RISKS RELATING TO SOLD PRODUCTS

Risks of warranty or liability claims

Groupe SEB considers consumer safety and the safety of its products an absolute priority. In this respect, it affords maximum attention to safety precautions in terms of raw materials, components and finished products. Nevertheless it is exposed to a risk of warranty or liability claims from its clients and consumers; these risks have been reasonably provided for. In particular, the impact of the change to a two-year guarantee for small domestic appliances in the European Union has been integrated into these provisions. Additionally, to protect itself against cases of defective products causing damage, the Group has taken out civil liability insurance (see Insurance section).

Recovering and recycling end-of-life products

European directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE) requires manufacturers to factor in the reprocessing or recycling of end-of-life products, which then leads to financial consequences. Transposed into the legislation of a large majority of European countries since late 2005, it requires the collection and treatment of electrical and electronic appliances at the end of their lives.

In European countries concerned by this Directive, Groupe SEB decided to participate in eco-organisations which will handle the recycling of "new" and "historical" waste on behalf of manufacturers. The obligation to collect and process WEEE is prorata to the equipment put on the market during the year of collection, and is payable in advance. In consequence, there is no need to accrue provisions for this at the time the electrical products are released on the market.

RISKS RELATING TO BRAND ASSETS

Groupe SEB has built its business on a powerful portfolio of brands, some of which are treated as assets in its balance sheet. For Groupe SEB, the total book value of its brands at 31 December 2012 amounted to €358 million, and concerned mainly Rowenta, All-Clad, Lagostina and Supor.

Moreover, as Groupe SEB regularly engages in external growth transactions, goodwill is shown in the Consolidated Financial Statements at the end of 2012 for an amount of €462 million, most of this having been recognised at the time of the All-Clad and Supor acquisitions.

Under IFRS accounting standards, the value of brands and goodwill must be reviewed annually to check that the value entered in the balance sheet is consistent with the actual performance of the brands and subsidiaries in their own markets. Any significant disparities, notably with regard to expected cash flow, a brand's commercial under-performance, or increased costs incurred by 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.

For example, the Group recognised multiple impairments for the goodwill of All-Clad in the United States between 2009 and 2011 to reflect the deterioration in the subsidiary's economic performance and the discrepancy in relation to the original business plan.

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

Supplementary information is provided in Note 11 to the Consolidated Financial Statements.

CLIENT RISKS

The Group's broad geographical distribution, as well as the variety and number of its retail distribution networks, limits risk and the probability of major impact on a consolidated level. On a country level, however, a client bankruptcy (especially a major client) may have significant consequences on the trading activity of the subsidiary in question. After emerging from the crisis in 2010, the situation worsened again in 2011. The tension surrounding the sovereign debt of many European countries gave rise to austerity plans which when, combined with the crisis in consumer and corporate confidence, plunged many countries into recession. This situation caused store traffic to drop, forcing certain stores to close or to be put into administration. For example, the Group had to contend with the bankruptcy of the UK retail chain Comet (240 stores closed).

In this context, the Group's cautious policy toward its retailing clients, based on the subscription of client coverage insurance, made it possible to limit claims to a negligible sum. Although the very harsh economic climate in certain countries in 2009 and the significant increase in claim rates had led to a sharp reduction in cover (COFACE or bank guarantees), this was restored to a high level in 2010 and continued to cover almost 90% of consolidated sales in 2012, despite the recessionary environment. At the same time, the Group maintained the policy adopted in 2009 and allowed client receivables to exceed the guarantees in certain cases with a view to the long-term management of its relationships with retailers. Nonetheless, these risks are subject to strict supervision at the Group level: support from the "Credit Management" function and systematic validation by two members of the Executive Committee of any non-covered risk greater than €0.5 million. The risk of a major impact subsequent to potentially inadequate results is therefore limited.

Supplementary information is provided in Notes 17 and 27.4 to the Consolidated Financial Statements.

RISKS RELATING TO COMPETITION

In recent years, the competitive climate has become more severe in both mature and emerging markets, although the issues faced by the Group differ in both.

Given that mature markets are already well equipped, they are driven more by supply than by demand and are clearly structured into three segments, the entry level with plain, standardised products, mid-range, the largest in size and where momentum is key, and premium, dedicated to exceptional products (in terms of technology, design or status). Competition is particularly fierce in these markets: major established brands, whether national, regional or international, compete alongside entry-level, low-cost no-brand products and distributor brands, which are growing stronger, taking advantage of the difficult times. In addition, retail distributors often and increasingly, play a catalyst role in competition and can thus exert great pressure on prices. Groupe SEB is long-established and occupies strong front-ranking positions in mature markets thanks, in particular, to its powerful brand portfolio and extensive offer which allows it to cover all segments.

Emerging markets are still in an equipment phase. Rapid urbanisation and the development of a middle class with higher purchasing power generally foster rapid growth in demand for higher-value product ranges. This phenomenon is supported by the increasing implantation of modern retail distribution circuits in these markets. Aware from the start that these countries had high potential and that their consumers sought status through products, top brands built up strong positions – in particular Groupe SEB, which is a leader in many of these countries today. These markets have a pyramid structure, with a broad though shallow base in entry-level products, a substantial mid-range section, and a niche high-end segment. Competition – especially in terms of pricing – is fiercer and fiercer in these markets, as they quickly rise to meet the standards of mature markets.

It is essential to gain market share in this highly competitive climate. This can be achieved by brand reputation and the relevance of the product offer, spurred by innovation alongside strong advertising and marketing support.

A capacity to develop and launch genuinely differentiating, added-value innovations at the right time is therefore fundamental. An entire product family can be affected both abruptly and for long periods by the introduction of a new concept popular with consumers, with significant impact on results: highly positive for the breakout product in question, very negative for its competitor(s). Groupe SEB therefore strives to limit the risk of competition by boosting its R&D efforts in order to stay ahead and lead the market (this area has regularly seen growing budget allocations in recent years in both skills and investment).

INDUSTRIAL RISKS

As in all industrial processes, Groupe SEB is exposed to events of varying origins (natural catastrophes, fire, technical failures, contamination, etc.) that can affect or interrupt the operations of a plant or even endanger the safety of its production resources, with major consequences for people and equipment. It has therefore always implemented an active industrial risk prevention approach through regular audits, investment in maintenance and optimisation of certain processes in order to limit the probability of occurrence of such risks. In addition, Note 30.2 to the Consolidated Financial Statements details potential liabilities regarding the recycling of products at the end of their life cycle.

In practice, European and American sites are in general not, or only slightly, exposed to major natural risks (tornadoes, floods, earthquakes, etc.). However, due to the globalisation of the Group's business, it may have operations in exposed zones, especially in earthquake-prone regions. In addition, the industrial operations themselves do not generate any particular risks. Besides metal stamping (pressure cookers, frying pans and saucepans), surface treatments (nonstick) and the production of certain components that occupy less than 10% of total industrial resources, 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 precautions (training in ergonomics, mentors and Steering Committee on each site, etc.) to minimise their occurrence.

Concerning the Chinese company Supor, consolidated since 1 January 2008, a detailed audit carried out in 2008 enabled us to measure potential areas for improvement in terms of safety (personnel, manufacturing and storage processes, etc.) on production sites in China. Although no major breaches were pinpointed in terms of industrial risk management, it nevertheless failed to meet the Group's standards. The action plans carried out in the last four years have helped to reduce the gap with respect to the Group's required level, although there are still disparities in relation to Europe. The progress made in this area is reflected in the triple certification (ISO 9001, ISO 14001 and OHSAS 18001) granted to the Group's Chinese sites.

In parallel, the Group has for a long time prioritised safeguarding the environment through its eco-production policy, which involves ISO 14001 certification of its industrial sites. At year end 2012, 84% of the Group's entities (vs. 74% at year end 2011) had obtained this certification worldwide.

COMMODITY RISKS

Groupe SEB's operations involve the use of several major raw materials in its industrial processes: aluminium (for cookware), nickel (for certain steel alloys), copper (mainly wire for motors and electric cables), plastic (a key material in small domestic appliances) and paper products for printed documents and packaging. These materials have varying significance on the Group's purchasing budget, Supor included: in 2012, aluminium represented approximately 14% of direct manufacturing purchases (11% in 2011), steels represented 14% (10% in 2011) and plastics/plastic pieces represented 19% (unchanged from 2011).

Groupe SEB is therefore exposed to risks concerning the availability of raw materials and fluctuations in their prices insofar as it could suffer from a shortage and/or have to pass on any price increases – whether partially or totally – to its retail prices. This would have a potential impact on the level of trading activity, profitability and cash flow. Since 2007, the trend has been one of high price volatility for raw materials and metal prices in particular, with occasionally erratic, sharp fluctuations, without any direct or logical connection to supply and demand. In the wake of the easing of prices seen during the second half of 2011, the price of metal (aluminium, nickel, copper being the most relevant to Groupe SEB) and plastics remained steady in 2012, hovering around the late 2011 levels.

To face this intrinsic exposure related to its industrial operations, Groupe SEB deploys a partial hedging policy on a rolling 12-month basis intended to protect it against the effects of abrupt variations in metal prices and to enable it to forecast or limit any price hikes that it may have to pass on to its clients. This policy is not for speculative purposes but, for any given year and in relation to actual market prices, may produce:

- positive results when raw material prices are rising;
- negative results when the same prices are dropping.

The hedging and sensitivity of commodity risks are dealt with in Note 27.2.3 to the Consolidated Financial Statements.

RISKS CONCERNING INFORMATION SYSTEMS

The Group continues to deploy consistent IT systems in all its subsidiaries to ensure better management and client service and to minimise the inherent risks 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).

This increased dependency on information systems and the greater integration with outside partners poses risks concerning the integrity and confidentiality of data and possible interruption of IT services. 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 put 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 centre. 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.

LABOUR RELATIONS RISKS

Groupe SEB is constantly adapting its structures, particularly its industrial 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 gives high priority to the quality of employee-management dialogue to solve difficult labour issues responsibly and in the best possible conditions for everyone. Throughout its history, Groupe SEB has carried out industrial 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 deploying substantial resources in order to provide every employee concerned with a solution and retraining and to ensure that concrete actions are taken to re-industrialise the employment areas in question.

RISKS RELATING TO ACQUISITIONS

Over the last 40 years, while pursuing its leadership strategy, Groupe SEB has alternated its development through organic growth and acquisitions. Today, it continues to play a key active role in consolidating the still-fragmented Small Domestic Equipment sector.

External growth requires an ability to merge new acquisitions effectively and generate synergies. With its many acquisitions over the years, Groupe SEB has built up experience in integrating newly acquired companies. Having integrated Moulinex-Krups in 2001-2002, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005 and Mirro WearEver in the United States in 2006. It went on to take majority control of the Chinese company Supor at the end of 2007. This latest operation stands out because of the major challenges it presents: separation both in terms of distance and culture, language barrier, more complex integration, coordination of communications between two listed companies, harnessing synergies, etc. Coordinated by a Steering Committee and organised into specific projects involving both Chinese and Western employees, the integration has been carried out under good terms. The technology transfers and synergies identified were implemented, on the whole, by the deadlines that had been set. In December 2011, Groupe SEB acquired an additional 20% stake in Supor, bolstering the initial long-term investment made but not affecting the effective control or collaboration between the two entities.

Furthermore, in February 2011 the Group acquired Imusa, a Colombian cookware company. Integration of Imusa has progressed rapidly, at an exemplary pace, with strong support from the Group's pre-existing subsidiary, Groupe SEB Colombia. In May 2011, the Group took control of a Vietnamese company – Asia Fan – specialising in the production and sale of fans, and in December it acquired a 55% stake in an Indian company – Maharaja Whiteline – specialising 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 Household Appliances. The Group owns a 75% stake in this venture.

These companies are not yet equipped with highly-developed structures or tools that meet the Group's standards in respect of information systems, reporting, auditing, safety and security, etc., and it can take time to integrate new acquisitions. Because of this, even if the amounts in question are currently insignificant, integration is a key issue and a focus of the Group.

Success is never guaranteed from the outset and may depend on external factors, even with every effort and the allocation of resources to the integration process. An Integration Committee regularly monitors the progress of each project and the synergies implemented in order to limit the risk of failure and to re-target our actions, as necessary. Groupe SEB implements this approach consistently to optimise the integration of newly acquired companies.

Dependency risks

DEPENDENCE ON SUPPLIERS

As part of its policy of bulk buying, Groupe SEB relies on an approved panel of suppliers for production (374 in 2012 versus 365 in 2011), which accounted for approximately 59% of its worldwide needs last year. Excluding outsourcing, the top 50 suppliers accounted for 42% of direct production purchases in value (52% in 2011). With respect to the procurement of finished products, Groupe SEB has established a panel of some 50 suppliers who account for 79% of total purchases (78% in 2011);

On the basis of the 2012 figures, the top three production suppliers account for almost 6% of total purchases (2-3% each in 2011); the top three suppliers of finished products account for around 32% of the total (33% in 2011), with the largest representing around 23% alone (unchanged from 2011), and the second and third each representing 5% (unchanged from 2011). Excluding the leading supplier, the low numbers of the next-in-line show that the Group's policy of optimising purchasing procedures (in particular procuring from a smaller number of suppliers) did not result in concentration of risks. The Group is effectively dependent on external suppliers, where a late service or delivery or even bankruptcy could be highly prejudicial to its trading activity; it is therefore especially vigilant in spreading its risk base and limiting its reliance. 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.

DEPENDENCE ON CLIENTS

The retailer is Groupe SEB's direct client, and the consumer is its final customer. In recent years, the retail distribution scene has been impacted by the disappearance of brands and the high incidence of mergers and acquisitions (in Russia and central Europe, Brazil, etc.), resulting in a concentration of major international retail distribution chains. This trend has had various consequences for suppliers, such as Groupe SEB:

- fewer clients;
- altered negotiating power, the trend being to tighten conditions (requirements concerning suppliers, financial conditions, logistics or other services);
- greater risk in the event of business failure.

The Group's position in the cookware and small electrical appliance market contributes to a diversified client base. The retail sale of cookware occurs, in large part, in supermarkets, while specialised distributors play an important role in the sale of small electrical appliances.

In 2012, the Group's ten largest clients represented just over 30% of consolidated sales, versus approximately 32% in 2011 and 29% in 2009. It should be noted that the share made up by the most major clients has been dropping for the past three years, reflecting the diversification of the Group's exposure vis-à-vis its retailers. As in 2011, the Group's number one client was Metro/MediaSaturn, representing approximately 5.5% of consolidated sales (unchanged from 2010 and 2011). The Group's number two client is Auchan, representing about 4% of sales, followed by Carrefour, representing just under 4% of sales (4% in 2011 and just under 5% in 2010). In general, and especially in volatile markets, the Group has adopted a proactive policy of diversifying its distribution networks by capitalising on the sharp rise of online sales, the strong momentum of specialised outlets and independent retail groups and the importance, in many countries, of neighbourhood stores. This is a movement away from supermarkets, whose market share has been trailing off. The percentage of sales made online continues to increase, both via pure players like Amazon, C-discount, Pixmania, Nova Pontocom and Taobao or via retailer websites. Online sales of small household equipment are growing at a rate of more than 30%. This structural trend stems from the simplicity of the act of purchasing, the Internet user's brand/price approach, the increased security of online methods of payment and ever-improving online services for price and product comparison, delivery, after-sales service, etc. For instance, Amazon was the Group's tenth largest client in 2012, whereas it was the 14th largest in 2010. Whatever the case, the Group's international presence and the wide diversity of the retail distribution channels it uses around the world help to guarantee some level of dilution of customer risk.

Legal risks

RISKS RELATING TO INDUSTRIAL PROPERTY

Groupe SEB sells its products throughout the world, based on a portfolio of internationally or regionally known brands and on innovation. It must therefore constantly defend these brands and protect its business assets by filing patents and registering trademarks and designs. In 2012, the Group registered 127 patents, an all-time record, versus 121 in 2011. These measures are not always sufficient on a global scale, as some countries offer less protection than the Group's traditional markets in Europe and North America. As a result, sales are often "appropriated" by copied and counterfeited products and this can have a significant effect on growth and profitability. This obliges the Group to defend its rights by being extremely vigilant in the most critical zones (China and the Middle East), by having these products seized and destroyed by the local authorities, or by taking legal action. In 2012, for example, it had copies of the Fresh Express food processor and Actifry minimal-oil fryer seized and destroyed, as well as the moulds that had been used to produce them. Such measures inevitably come at a cost, in addition to the loss of earnings as a result of counterfeiting. For this reason, the Group works pre-emptively in collaboration with customs authorities to limit the impact of these practices on its business.

In 2012, Groupe SEB maintained its investments in terms of industrial property rights, with a specific allocation for each type of action carried out (registration of patents, measures to combat infringement, litigation management, etc.).

Financial market risks

FINANCING RISK AND LIQUIDITY RISK

Groupe SEB's business is based on a short-term cycle and does not demand heavy capital investment.

Liquidity risk and counterparty risk are managed centrally by the Finance and Treasury department. The Group's financing policy is to ensure the liquidity needed to finance its assets, working capital requirements and business development on a sound financial basis. This is structured around diversified short and medium-term financing sources: commercial paper, syndicated loans, private Schuldschein-type investments and bonds, without restrictions on their use. Groupe SEB also has permanent access to unused confirmed medium-term credit lines with leading banks. In this way, the Group's financing is assured over the long term.

Details of the maturity dates of the instruments used and the financing sources available are provided in Notes 25, 26 and 27 to the Consolidated Financial Statements.

INTEREST-RATE RISK AND CURRENCY RISK

The Group sells its products in more than 150 countries. With a substantial proportion of our manufacturing still based in Europe (36% of products sold), the Group's business is strongly export-oriented. Exchange rate swings thus affect our ability to be competitive, so that these must be effectively managed from a long-term perspective. To limit the direct impact of currency fluctuations, Groupe SEB strives to balance incoming flows (products) and outgoing flows (expense) in each currency and especially in terms of procurement, by diversifying sources geographically. However, this cannot fully redress imbalances, as the Group's dollar position is short-term, while for several other currencies it is long-term. To limit this risk, the Group also uses financial instruments to hedge transaction risks.

For several years, the Group's trading activity has been strongly disrupted by volatile exchange rates. Given the sometimes drastic fluctuations in exchange rates, the Group is constantly forced to adapt its pricing policy: increasing sale prices to preserve the local profitability of commercial subsidiaries where the relevant currency depreciates against the euro and adjusting prices downwards to preserve market momentum and competitiveness where foreign currency/euro exchange rates improve. The effects on the Group's turnover are therefore very different from one year to another. For example, exchange rate effects had a negative impact of €26 million on sales in 2011, while in 2012 they had a positive impact of €114 million. The effects also impacted income albeit less dramatically.

Group financing uses mostly fixed-rate loans in currencies that correspond to its needs (mainly the euro and the US dollar). The longest-term among these loans, extending to 2019, has been financed at a fixed rate, making it possible for the Group to protect itself against the likelihood of interest-rate rises.

Details of interest rate and exchange rate risks are given in Notes 27.2.1 and 27.2.2 to the Consolidated Financial Statements.

RISKS RELATING TO SHARES

At 31 December 2012, Groupe SEB held 2,050,102 treasury shares for a total value of €91.1 million. This treasury stock is deducted from shareholders' equity at acquisition cost.

On the basis of the closing price of the SEB share at 31 December 2012 (€55.71), the market value of treasury stock was €114.2 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 a €11.4 million change in the fair value of treasury stock. This variation has no impact on the consolidated income statement or shareholders' equity.

In 2012, SEB's share price underperformed the main market indexes rather significantly (-19% with respect to the CAC 40 index and -27% with respect to the CAC Mid 60 index). This decline in the share price appears to be related to less interest on the part of investors for companies exposed to emerging economies and a downgrading of analysts' expectations for the Group's 2012 profit. Nevertheless, it is important to put this weak performance into perspective, because it could be considered a consolidation of the very strong performances seen in 2009 and 2010. Over the past five years, SEB's share price has actually significantly outperformed the CAC 40 by almost 130%.

Further information on share risks is given in Note 27.2.4 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 of data published in 2012 to assess the impact of euro-dollar exchange rate variations on its operating result from activity and the effect of interest-rate variations on profit before tax.

Concerning the euro-dollar exchange rate, as a regular buyer of dollars or in "dollar zones" (raw materials, products sourced in Asia, etc.), Groupe SEB has held a "short-term" position in this currency for several years. The sensitivity analysis shows that a 1% variation in the euro-dollar exchange rate would have an impact of about €4 million on the operating result from activity. The Group also holds a significant "short" position on the Chinese yuan as a result of the development of a manufacturing base in China. A 1% variation in the euro-yuan exchange rate would have an impact of about €2 million on the operating result from activity. However, other important operating currencies for the Group could also have a significant impact on operating result from activity. These include the yen, the rouble, the pound sterling, the Turkish lira, the Korean won, the Polish zloty, the Brazilian real and the Mexican peso. The depreciation of important currencies for the Group can have a strong negative impact, such as in 2009, while their appreciation in relation to the euro can result in a very positive effect (as it was the case in 2010). At any rate, the final impact is the result of all fluctuations in the rates between the euro and other currencies, which may vary greatly from one currency to another. These fluctuations may partially offset one another, cancel each other out, combine for an even greater impact, etc. In 2012, because the average euro-dollar exchange rate was higher than it was in 2011 (average euro-dollar rate of 1.29 in 2012 vs. 1.39 in 2011), the Group's operating result from activity was negatively impacted.

This sensitivity analysis does not take into account the impact of currency exchange fluctuations on the competitive capacity of our European industrial facilities, which still represent a large share 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. Inversely, a stronger dollar could be a source of better competitiveness for our European production sources. Since Groupe SEB relies less on sourced finished products than its competitors, its exposure to the US dollar (which remains the standard currency for the procurement of outsourced products) is ultimately less than that of other companies.

With regard to interest rates, the analysis shows that the impact of a variation of 100 base points in short-term interest rates on profit before tax would be €4 million, based on 2012 corporate debt.

Notes 27.2.1, 27.2.2 and 27.2.3 to the Consolidated Financial Statements provide additional information on the Group's sensitivity to currency fluctuations, variations in interest rates and raw material prices.

Insurance

GROUP GENERAL INSURANCE COVER

Groupe SEB's policy concerning insurance cover is to protect its assets against risks which could affect the Group. This transfer of risk to our insurers is nonetheless accompanied by risk protection and prevention measures. In 2010, the Group decided to re-assess its insurance costs and coverage by issuing a comprehensive, worldwide call for tenders (broker and insurance companies). This served to optimise costs and to tailor the Group's coverage to its specific risks and profile.

INTEGRATED WORLDWIDE COVER

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

DAMAGE TO ASSETS AND LOSS OF EARNINGS

Cover for risk of damage to property and consequent loss of earnings due to the customary risks (fire, explosion, etc.) amounts to €250 million per claim for factories and warehouses.

This cover ceiling was calculated on the basis of the maximum possible risk, in consultation with the insurers and their assessors. This valuation assumes total destruction, in a single year, of one of the Group's main production sites. Lower thresholds are fixed for other categories of more specific or localised risk, such as the risk of earthquake in certain zones where the Group operates abroad.

This insurance cover 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 scheme that covers liability relating to their operations, their responsibilities in relation to their manufactured products and the cost of product recalls.

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

The Group also guarantees the civil liability of its management under a specific insurance policy.

ENVIRONMENT

A multi-risk environmental insurance policy covers environmental risks.

Cover applies to:

- accidental, historical and gradual pollution;
- damage to biodiversity;
- depollution 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 loss occurrence.

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

CLIENT RISK

The Group's subsidiaries subscribe to credit risk insurance to cover their risk on client receivables.

LOCAL INSURANCE POLICIES

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

Contingent assets

There were no exceptional events or litigation proceedings other than those referred to in Note 30.1 to the Consolidated Financial Statements.

In the past twelve 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.

2

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2.1. BOARD OF DIRECTORS

FOUNDING CHAIRMEN

FRÉDÉRIC LESCURE †
HENRI LESCURE †

HONORARY CHAIRMAN

EMMANUEL LESCURE

Chairman and CEO

THIERRY DE LA TOUR D'ARTAISE

First appointment: 1999 – Expiration of term: 2016.

58 years old.

CEO of SEB S.A. since 2000.

Entered Groupe SEB in 1994 when he joined Calor, of which he became Chairman and was appointed Deputy Chairman of SEB S.A. in 1999.

Number of SEB shares held: 190,801 shares.

Other current appointments and duties:
Board member of Club Méditerranée SA and Legrand,

Member of the Board of Lyonnaise de Banque, as permanent representative of Sofinaction,

Appointments within Groupe SEB Companies: Chairman of SEB Internationale, Board member of Zhejiang Supor Co, Ltd (China).

Appointments and duties held in the last five years (excluding Groupe SEB companies) and now expired:
Board member of Plastic Omnium.

Board members

TRISTAN BOITEUX

Member of the Founder Group (founding family shareholder group), member of FÉDÉRACTIVE.

First appointment: 2002 – Expiration of term: 2014.

50 years old.

After having held various roles within Alcatel over a period of 11 years, since November 2000 he has been with Gemalto, where he currently serves as Product Manager, having previously held the position of commercial engineer.

Number of SEB shares held: 102,932 (of which 99,917 bare-owner shares).

Other current appointments and duties:
Member of the Advisory Board of FÉDÉRACTIVE,

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

Other appointments and duties held in the last five years and now expired:
None.

DAMARYS BRAIDA [1]

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 2001 – Expiration of term: 2013.

45 years old.

An engineer from Mines ParisTech, Damarys Braida joined L'Oreal in 1991, subsequently serving as head of its Hair R&D Assets department, Effectiveness Testing, Colour Laboratories, and the Luxury Division's Complexion unit. She has been in charge of managing the Make-Up Division internationally since 2012.

Number of SEB shares held: 187,194 (of which 173,243 bare-owner shares).

Other current appointments and duties:

Chair of VENELLE INVESTISSEMENT,

Managing Director of Venelle Plus.

Other appointments and duties held in the last five years and now expired:

None.

NORBERT DENTRESSANGLE

Independent director.

First appointment: 2002 – Expiration of term: 2014.

58 years old.

In 1979 Norbert Dentressangle founded the Norbert Dentressangle group, a company specialising in transport and logistics, serving as its Chairman until 1998. He currently serves as Chairman of its Supervisory Board. He also serves as Chairman of DENTRESSANGLE INITIATIVES, a family holding company which, in addition to a majority stake in Norbert Dentressangle SA, holds equity interest in real estate, industrial and business services companies.

Number of SEB shares held: 4,950 shares.

Other current appointments and duties:

Chairman of Dentressangle Initiatives (SAS),

Chair of the Supervisory Board of Norbert Dentressangle (Sadir),

Chairman of ND Investissements (SAS),

Managing Director of Sofade (SAS),

Joint Managing Officer of Versailles Richaud ND (SARL),

Member of the Supervisory Board of HDL (SCA),

Vice-Chairman of the Board of AXA, Senior Independent Director,

Member of the Board of Sogebail.

Other appointments and duties held in the last five years and now expired:

AXA, member and Vice-Chairman of the Supervisory Board,

Finaixam, member of the Board,

Chairman of Financiere Norbert Dentressangle (SAS).

FÉDÉRACTIVE

Member of the Founder Group.

First appointment: 2005 (coopted by the Board on 16 December 2005) – Expiry of term: 2014.

Controlling holding company.

FÉDÉRACTIVE is represented by its Chairman, Pascal Girardot.

Pascal Girardot, 57 years old, is a member of the French Institute of Actuaries. After fifteen years in financial markets and financial engineering with the Caisse des Dépôts et Consignations, as a member of the Markets Directorate, and then with CPR as Risk Manager with responsibility for its New York operations, since 1997 he has been Founder-Chairman of CERTUAL, a company specialising in financial engineering.

Former Chairman of the Treasury department's advisory committee on mandatory standards.

Number of SEB shares held by FÉDÉRACTIVE: 10,165,645 (of which 10,165,642 are nominee shares held as beneficiary).

Other current appointments and duties:

Board member of Gaggione SA, Babylone SA, NewCore SA and Tugak SAS,

Member of the Advisory Board of Proxinvest,

Member of the Ethics Committee of Ecofi Investissements (Groupe Crédit Coopératif).

Other appointments and duties held by FÉDÉRACTIVE in the last five years and now expired:

None.

(1) Terms expiring at the General Meeting of 14 May 2013.

HUBERT FÈVRE

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 2003 – Expiration of term: 2015.

48 years old.

Chartered accountant.

Based in Geneva, he is Financial Officer for Banque Pasche.

He previously held financial positions in London with Sonatrach Petroleum Corporation, VSNL International, Addax & Oryx and Finacor.

Number of SEB shares held: 533,503 (of which 533,503 are held as nominee).

Other current appointments and duties:

Member of the Advisory Board of FÉDÉRACTIVE.

Other appointments and duties held in the last five years and now expired:

None.

FFP [1]

First appointment: 2005 – Expiration of term: 2013.

FFP is a holding company listed on the Paris stock exchange and majority-owned by the Peugeot family group.

FFP is represented by Christian Peugeot.

An HEC graduate, Christian Peugeot, 58 years old, has spent his whole career with the PSA group. He currently serves as Executive Vice-president of Public Affairs and External Relations Representative of PSA.

Number of SEB shares held by FFP INVEST, a wholly owned subsidiary of FFP: 2,521,522 shares.

Other current appointments and duties:

Member of the Supervisory Board of Zodiac Aerospace,

Chairman of FFP Invest.

Other appointments and duties held in the last five years and now expired:

Board member of Marco Polo Investments,

Managing Officer of Marne-FFP,

Managing Officer of FFP-Les Grésillons,

Managing Officer of Valmy-FFP,

Member of the Supervisory Board of Immobilière Dassault.

JACQUES GAIRARD

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 1976 – Expiration of term: 2015.

73 years old.

Having joined Groupe SEB in 1967, he was appointed Managing Director of SEB S.A. in 1976, Vice-Chairman in 1988 and Chairman and CEO from 1990 to 2000.

Number of SEB shares held: 48,950 shares.

Other current appointments and duties:

Member of the Board of Directors of Maison Rouge, a contemporary art foundation,

Member of the Management Board of VENELLE INVESTISSEMENT.

Other appointments and duties held in the last five years and now expired:

Member of the Supervisory Board of the Norbert Dentressangle group,

Board member of Bongrain SA,

Member of the Supervisory Board of Soparind SCA.

(1) Terms expiring at the General Meeting of 14 May 2013.

JEAN-NOËL LABROUE

Independent director.

First appointment: 2010 – Expiration of term: 2014.

65 years old.

Has spent practically his entire career with the Darty group, successively holding the positions of Chairman of the Board of the Darty group, Managing Director of Kingfisher Electricals UK and Managing Director of Kesa PLC until 2009.

Jean-Noël Labroue is an engineer by training, and holds a Master of Science degree from Northwestern University Chicago.

Number of SEB shares held: 800 shares.

Other current appointments and duties:

None.

Other appointments and duties held in the last five years and now expired:

Managing Director and member of the Board of Kesa Electricals Plc (UK),

Member of the Supervisory Board of Établissements Darty et Fils,

Chairman and CEO of Kesa France,

Chairman of the Boards of New Vanden Borre and Kesa International Plc,

Board member of Datart Investments SA, Datart Megastore S.R.O., Datart International as, Kesa Holding Ltd, Kesa Electricals Plc, Kesa Sourcing Ltd, Kesa Spain Ltd, Kesa Turquey Ltd, Kesa Electricals Asia Ltd.

PHILIPPE LENAIN

Independent director.

First appointment: 2000 – Expiration of term: 2016.

76 years old.

Former Vice-president and Managing Director of the Danone group.

Number of SEB shares held: 1,650 shares.

Other current appointments and duties:

None.

Other appointments and duties held in the last five years and now expired:

Member of the Board of Carlson Wagonlit France, Nord-Est and Éco Emballages.

CÉDRIC LESCURE

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 1998, then 2009.

Expiration of term: 2015.

45 years old.

Veterinary Surgeon.

Number of SEB shares held: 530,451 (of which 520,410 bare-owner shares).

Other current appointments and duties:

Managing Officer of Rallye Charmoy SARL,

Managing Director of Vetshop 21 SAS,

Member of the Advisory Board of FÉDÉRACTIVE.

Other appointments and duties held in the last five years and now expired:

Manager of the Forestier La Pépine group,

Managing Officer of Vetshop Creation SARL.

FRÉDÉRIC LESCURE [1]

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 2005 – Expiration of term: 2013.

52 years old.

A graduate of the DESEM programme at the Reims Management School and the CSS programme of Harvard University, Frédéric Lescure is Chairman of Socomore, which specialises in the preparation and treatment of critical surfaces.

Number of SEB shares held: 46,148 (of which 38,889 bare-owner shares).

Other current appointments and duties:

Chairman of Socomore GmbH (Germany), Socomore Iberia (Spain) and Socomore Ltd (England), Socomore Shanghai Ltd (China), Socomore OOO (Russia) and Socomore Ltd (Hong Kong), Auxiliary Chemicals (Ireland), Magchem (Canada) and Vice-Chairman of Groupement des Fédérations Industrielles Bretagne,

Member of the Board of Dysol (Fort Worth, Texas) and the EMC2 competitiveness cluster.

Other appointments and duties held in the last five years and now expired:

Chairman of GFI Bretagne.

(1) Terms expiring at the General Meeting of 14 May 2013.

JEAN-DOMINIQUE SENARD [1]

Independent director.

First appointment: 2009 – Expiration of term: 2013.

60 years old.

Jean-Dominique Senard spent the early part of his career in various financial and operational roles with Groupe Total, from 1979 to 1987, and then with Saint-Gobain from 1987 to 1996.

From September 1996 to March 2001, he was Finance Director of Groupe Péchiney and a member of its Executive Committee. He later became head of Péchiney's Primary Aluminium Division until 2004. As a member of Alcan's Executive Committee, he was responsible for the integration of Péchiney, and served as Chairman of Péchiney SA

Jean-Dominique Senard joined Michelin in March 2005 as Finance Director and a member of Michelin's Executive Committee.

In May 2007, Jean-Dominique Senard became a Non-general Managing Officer of Groupe Michelin.

Jean-Dominique Senard was appointed General Management Partner, along with Michel Rollier, at the General Shareholders' Meeting of the Michelin group on 13 May 2011.

On 11 May 2012 he succeeded Michel Rollier as Chairman of the Michelin group.

Number of SEB shares held: 2,000 shares.

Other current appointments and duties:

Member of the Board of Saint-Gobain.

Other appointments and duties held in the last five years and now expired:

None.

VENELLE INVESTISSEMENT

Member of the Founder Group.

First appointment: 1998 – Expiration of term: 2016.

VENELLE INVESTISSEMENT, a family shareholder company, is represented by Olivier Roclore.

Following six years with CAD software company Cisigraph as Head of Legal and Tax Affairs, Olivier Roclore, 58 years old, has been Head of Groupe Ortec's Legal and Tax department since 1992.

Number of SEB shares held by VENELLE INVESTISSEMENT: 7,461,243 (of which 7,443,341 are nominee shares held as beneficiary).

Other current appointments and duties:

Chairman of the Management Board of VENELLE INVESTISSEMENT.

Other appointments and duties held by VENELLE INVESTISSEMENT in the last five years and now expired:

None.

JÉRÔME WITTLIN

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 2004 – Expiration of term: 2016.

53 years old.

Jerome Wittlin began his professional career in 1984 with the Credit Lyonnais group where, notably, he was Director of Clinvest, a subsidiary specialising in mergers and acquisitions. From 2004 he was an Executive Director of Crédit Agricole Corporate and Investment Bank.

Beginning in 2006 he served as Executive Director of Goldman Sachs Private Wealth Management in France. He joined Crédit Mutuel CIC in 2011. He is currently Director of the Large Private Investors department of Crédit Mutuel CIC and a member of the Executive Committee of Banque Transatlantique.

Number of SEB shares held: 6,338 (of which 330 bare-owner shares).

Other current appointments and duties:

Managing Director of VENELLE INVESTISSEMENT,

Managing Director of Venelle Plus,

Managing Officer of Trois Rivieres Holding,

Member of the Board of Trajectoire,

Member of the Board of the French Association for Brain Tumour Research (ARTC).

Other appointments and duties held in the last five years and now expired:

Member of the Management Board of VENELLE INVESTISSEMENT.

At 31 December 2012, Board members held 40.82% of the Company's share capital and 52.34% of its voting rights.

Each Board member is required to hold a minimum number of shares in the SEB S.A. nominal share register equivalent to about two years of attendance fees.

(1) Terms expiring at the General Meeting of 14 May 2013.

Re-election of one Board member, appointment of three Board members and replacement of the permanent representative of VENELLE INVESTISSEMENT

Since the terms of four Board members will be ending at the General Meeting of 14 May 2013, shareholders will be asked, at the recommendation of the Nominations and Remuneration Committee, re re-elect one Board member and to replace three Board members in accordance with the provisions of the Company bylaws for staggered re-appointment of Board members.

Shareholders will be invited to re-elect the company FFP as a member of the Board of Directors for a term of four years.

They will then be invited to replace Ms Damarys Braida with Ms Laure Thomas and Mr Frédéric Lescure with Ms Sarah Chauleur as members of the Board of Directors, each for a term of four years.

In order to replace Mr Jean-Dominique Senard, the Board of Directors decided, at the recommendation of the Nominations and Remuneration Committee, to invite shareholders to appoint Ms Yseulys Costes as member of the Board of Directors for a term of four years.

Furthermore, the company VENELLE INVESTISSEMENT notified the Company that it will be replacing Mr Olivier Roclore with Ms Damarys Braida as its representative beginning on 14 May 2013.

Founder family connection

- All Board members belonging to the Founder Group are descendants, directly or by marriage, of Founder-Chairmen Frédéric Lescure and Henri Lescure.
- There is no family connection between Board members and members of the Group Executive Committee, with the exception of Thierry de La Tour d'Artaise.

Convictions for fraud, involvement in bankruptcy or official public sanction

To the Company's knowledge:

- no member of the Board of Directors or Group Executive Committee has been convicted of fraud in the last five years;
- no member of the Board of Directors or Group Executive Committee has been the subject of a bankruptcy, receivership or liquidation in the last five years;
- no member of the Board of Directors or Group Executive Committee has been the subject of any official charge or sanction by statutory or regulatory authorities;
- no member of the Board of Directors or Group Executive Committee has been subject to any court order or restriction from 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 in the last five years.

Potential conflicts of interest

As far as the Company is aware, there is no potential conflict between their duties with regard to SEB S.A., and the individual interests of any member of the Board or general management.

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, the terms of which would bestow advantages on the member.

2.2. ORGANISATION AND OPERATION OF THE BOARD OF DIRECTORS

Information regarding the organisation and operation of the Group's administrative and management bodies is included in the Chairman's report on internal control (page 38).

The activities of the Group's governing and management bodies are compliant with corporate governance rules generally applied by French companies whose shares are traded on a regulated market.

Groupe SEB complies with the AFEP-MEDEF Corporate Governance Code for listed companies, issued in December 2008 and updated in April 2010 (hereinafter referred to as the «AFEP-MEDEF Code»). This code may be consulted on the MEDEF's website.

Operation of the Board of Directors

- The Board of Directors is a collective body which represents all the shareholders and acts solely in the interests of the Company.

On the proposal of the Chairman and Chief Executive Officer, the Board of Directors decides on Group strategy, capital expenditure and budgets, deliberates on the management structures of the Group and decides on acquisitions.

The Board of Directors has made it an internal rule that, in view of their importance, decisions on the cancellation of shares or the possible use of General Meeting authorisations to increase capital should be subject to a qualified majority vote of 12/15^{ths} of the members present or represented.

- The Board of Directors has 15 members:
  - the Chairman,
  - nine Board members representing the Founder Group: five Board members are proposed by FÉDÉRACTIVE and four by VENELLE INVESTISSEMENT,
  - the company FFP,
  - four independent directors.

In light of the fact that the capital is controlled by two major shareholders, the Board of Directors has slightly less than one third of independent members, as recommended by the AFEP-MEDEF Corporate Governance Code.

To be considered independent, a director must have no relationship with the Company, the Group or its management, which could compromise the impartiality of the director's judgement (AFEP-MEDEF Code definition).

After examining the Board member situation, the Board considered that Norbert Dentressangle, Jean-Noël Labroue, Philippe Lenain and Jean-Dominique Senard are independent directors as defined by the AFEP-MEDEF Code.

- The term of office of Board members is four years.
- Board membership is renewed by rotation, so that shareholders can have a more frequent influence on the make-up of the Board.
- In June 2002 the Board of Directors confirmed the unitary organisation of the Company's management authority. This decision has been re-affirmed each time that Thierry de La Tour d'Artaise has been re-elected, on 2004, 2008 and 2012. The Chairman, Thierry de La Tour d'Artaise, therefore assumes the function of Chief Executive Officer. This choice is based on reasons of efficiency.

The Board of Directors did not restrict the authority of the Chief Executive Officer.

Pursuant to Law no. 2011-103 of 27 January 2011 relative to balanced representation of men and women on Boards of Directors and Supervisory Boards and gender equality in the workplace, the Board of Directors planned to promote the selection of female candidates in upcoming positions to be filled, given its rotation-based membership renewal system. As a result, the Board selected three female candidates, following the recommendations of the Nominations and Remuneration Committee, to replace three Board members whose terms will be ending at the General Meeting of 14 May 2013. The appointment of these candidates will be subject to the shareholders' approval.

Board of Directors' Meetings

The Board of Directors met seven times in 2012. The attendance rate was 85.7%.

The Board of Directors has met on several occasions in recent years at Groupe SEB sites outside France – for example in Portugal in 2008 and China in 2011.

These occasions enable Board members to meet personnel in the subsidiaries and better understand local problems in their context.

Directors' fees

The maximum amount of attendance fees authorised by the 2011 Annual General Meeting is €450,000.

Each Board member receives an annual pay of €24,000.

Members participating in the work of the Board Committees receive an additional €10,000 or, in the case of Committee Chairmen, €15,000.

Due to the high attendance rate for Board and Committee Meetings, it was not considered necessary to introduce a variable portion of annual pay based on attendance.

The total attendance fees paid to Board Members in 2012 amounted to €450,000, up €18,000 from 2011, following the €2,000 and €3,000 increase in attendance fees for members and chairpersons of the Committee, respectively, in light of their responsibilities.

This represents attendance fees due for the period from 1 May 2011 to 30 April 2012, and paid in May 2012.

Board of Directors' Committees

To assist it in specialist matters, the Board formed two Committees in 1995, drawn from its members:

- Since 11 December 2009, the **Audit Committee** comprises four members: Philippe Lenain, Chairman, Norbert Dentressangle, Hubert Fèvre representing FÉDÉRACTIVE and Jérôme Wittlin representing VENELLE INVESTISSEMENT. Each member has financial or accounting skills.

  The Chairman of the Committee is an independent director and has a deciding vote in the event of a split vote.

  This Committee informs the Board on the identification, evaluation and handling of the main financial risks to which the Group may be exposed. Its role is to ensure the conformity of financial reporting methods. It assists the Board with observations or recommendations and participates in the preparatory procedure for appointing Statutory auditors.

  The Audit Committee is held in the presence of the Statutory auditors, the Executive Vice-president, Finance, the Director of Internal Audit and the Director of Accounts.

  The accounts review is accompanied by a presentation from the Statutory auditors stressing, not only the salient points identified during their audits, but also the selected accounting options and a report describing exposure to risks and significant off-balance sheet commitments.

  Audit Committee activity

  The Audit Committee met on four occasions in 2012 with an attendance rate of 87.5%.

  In 2012, the Audit Committee examined the following recurring items:

  - the draft annual accounts as at 31/12/2011 and the draft half-year accounts as at 30/06/2012, 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,
  - a review of the main findings of the internal audits carried out in 2012,
  - proposed internal audit schedules for 2013,
  - a review and analysis of major risks;

- Since 11 December 2009, the **Nominations and Remuneration Committee** comprises four members: Jean-Noël Labroue, Chairman; Philippe Lenain; Pascal Girardot, representative of FÉDÉRACTIVE; and Olivier Roclore representative of VENELLE INVESTISSEMENT.

  The Chairman of the Committee is an independent director and has a deciding vote in the event of a split vote.

  The Committee reports on its work to the Board of Directors and makes recommendations on the composition of the Board, on the terms of office of directors, and on the Group's organisation and structures; it also makes proposals to the Board concerning the executive officer remuneration policy, as well as the introduction of stock option plans and performance shares and their applicable terms and conditions.

  The Nominations and Remuneration Committee met on four occasions in 2012, with a 100% attendance rate.

  Nominations and Remuneration Committee activity

  In 2012, the Nominations and Remuneration Committee:

  - examination of the 2011 bonus and 2012 fixed remuneration and variables for the Chairman and other members of the Group Executive Committee,
  - monitored the implementation of the Horizon 2012 employee stock ownership plan,
  - compiled the responses to the Board of Directors' evaluation,
  - conducted an annual review of human resources,
  - reviewed the candidates for the Board of Directors, who will be voted on by shareholders at the next General Meeting.

All issues addressed by the Audit Committee and the Nominations and Remuneration Committee are noted in a report to the Board of Directors.

The Group was unable to fully comply with the provisions of the AFEP-MEDEF Code which recommend two-thirds independent directors on the Audit Committee and a majority of independent directors on the Nominations and Remuneration Committee, due to the fact that it is controlled by two major shareholder groups.

Evaluation of the Board of Directors

For the ninth time, the Board of Directors evaluated its operations in 2012.

The evaluation was based on a detailed questionnaire given to each Board member. This questionnaire was subdivided into seven sections:

- preparation of the Board;
- operation of the Board;
- Committees;
- remuneration of Board members;
- composition of the Board;
- keeping Board members informed;
- governance.

The Board of Directors considered that overall, the Board's operation was very satisfactory, as most of the improvements proposed during the previous evaluations had been implemented.

On the whole, Board members are satisfied with the information provided to them to carry out their task and particularly appreciate the special site for directors, created in 2006, which contains all the documents they require.

Directors' Charter and Internal Rules of the Board of Directors

In 2003, the Board of Directors defined a Directors' Charter and its Internal Regulations, compiled in a single document. This document has been updated regularly, and was most recently updated in 2010.

DIRECTORS' CHARTER

This Charter was drawn up to ensure that Board members have a clear understanding of their roles, rights and duties.

The main points of the Charter cover: respect for and defence of the interests of the Company, regular attendance at meetings, attention to possible conflicts of interest, access to information, confidentiality, objective analysis, and vigilance with regard to the regulations governing privileged information.

INTERNAL REGULATIONS

The Internal Regulations cover the composition, operation, role and mission of the Board and its Committees and the Board member remuneration policy.

Keeping Board members informed

When a new member is appointed to the Board, he or she is given a file containing comprehensive information on the Group and its working context. This includes the Company bylaws, the Directors' Charter and Internal Rules, a draft agenda of each meeting of the Board and its Committees, data on its factories and marketing facilities, human resources policy, a breakdown of employees by continent and by subsidiary company, etc.

In addition, each Board member periodically receives data concerning monthly sales figures and results, press reviews, a report on SEB S.A.'s stock market performance, and minutes of the meetings of the Board of Directors, the Audit Committee and the Nominations and Remuneration Committee.

In 2006, a documentary database for SEB directors was made available via a secure link on the corporate website. This database contains an upload of all the above documents and any other information that may be useful to the directors for completing their task.

2.3. GROUP MANAGEMENT BODIES

Group Executive Committee

Thierry de La Tour d'Artaise	Chairman and CEO
Jean-Pierre Lac	Senior Executive Vice-president, Finance
Stéphane Laflèche	Senior Executive Vice-president, Industrial Operations
Bertrand Neuschwander	Senior Executive Vice-president, Strategy and Strategic Business Areas
Harry Touret	Senior Executive Vice-president, Human Resources
Frédéric Verwaerde	Senior Executive Vice-president, Continental Structures

Continental General Management

Xavier Desmoutier	President, Asia-Pacific
Luc Gaudemard	President, Europe
Volker Lixfeld	President, North America
Gérard Salommez	President, France and Belgium
Fernando Soares	President, South America
Martin Zouhar	President, Eurasia

Strategic Business Areas (SBAs) management

Cyril Buxtorf	President, home care & personal care
Philippe Crevoisier	President, Kitchen Electrics
Patrick Llobrégat	President, cookware

Other General Managers

Patrick Le Corre	President, Strategy
Jean-Christophe Simon	President, Innovation

The Group Executive Committee defines and implements overall Group strategy. It meets twice a month to define consolidated goals, monitor strategic plans, decide on priorities and allocate the resources needed for Strategic Business Areas, Continental General Management and Other General Managers.

The Group Management Board comprises the members of the Group Executive Committee, the Presidents of the Strategic Business Areas and Continental Structures, the President in charge of Strategy and the President in charge of Innovation. It meets on average every two months to monitor the Group's performance and results, and if necessary, to adjust its commercial or industrial strategy.

A forum for exchanging views and reflection, the Group Management Board plays a supervisory role and ensures the proper overall functioning of Groupe SEB.

2.4. REMUNERATION AND BENEFITS

Remuneration of management (Group Executive Committee)

Following the recommendations of the Nominations and Remuneration Committee, the Board of Directors has laid down the following management remuneration policy:

- fixed remuneration is determined by taking into account the level of responsibility, experience in the management function and market practices;
- the short-term variable component depends on Groupe SEB's performance and the individual performance of each senior executive according to pre-established criteria set annually by the Board of Directors. It may represent anywhere from 0% to 150% of the basic fixed remuneration for the Chief Executive Officer and from 0% to 100% for the other members of the Group Executive Committee;
- the long-term variable component, in the form of stock options and performance shares, aims to involve management in the long-term development of the Company's value.

The total remuneration granted to senior executives is determined by taking all factors into account, including the benefit of the supplementary pension plan.

On these principles, the Committee proposes to the Board of Directors the fixed amount of remuneration for each executive officer, and the performance conditions for the variable component.

In 2012, remuneration of the current members of the Group Executive Committee amounted to €4,911,842 of which €2,723,740 for the fixed amount and €2,188,102 for the variable component.

Remuneration of the Chairman and Chief Executive Officer

The information given below covers all remuneration (fixed and variable components) and benefits of every kind (stock options, performance shares, severance allowance, benefits in kind and supplementary pension benefits) concerning Thierry de La Tour d'Artaise, the only Company officer to receive remuneration (as the other Board members receive attendance fees only).

In respect of his corporate mandate as Chairman and Chief Executive Officer of SEB S.A., Thierry de La Tour d'Artaise receives:

- a fixed remuneration;
- a variable remuneration, granted under performance conditions and capped at 150% of the fixed remuneration.

He receives no other remuneration from the Company or other Groupe SEB companies, apart from attendance fees for his membership of the SEB S.A. Board of Directors, amounting to €24,000 in 2012.

FIXED REMUNERATION

The amount of annual salary is discussed and then proposed by the Nominations and Remuneration Committee to the Board of Directors.

In 2012, the fixed remuneration for Thierry de La Tour d'Artaise amounted to €850,000, unchanged from 2011.

VARIABLE COMPONENT

The variable remuneration of Thierry de La Tour d'Artaise is calculated according to the same principles and rules used for the Group's executives:

The variable component linked to Groupe SEB's performance, measured in relation to targets for the Group's turnover and operating result from activity*, accounts for 60%, and the component linked to individual performance measured by the Nominations and Remuneration Committee according to specific strategic goals represents 40%.

The items taken into account to calculate the variable component specifically include the personal contribution of the CEO to strategy, good governance, and Groupe SEB's continued development.

The quantitative and qualitative performance criteria are defined by the Board of Directors at the beginning of the year in line with the Group's strategic priorities.

These annual objectives are discussed and then proposed by the Nominations and Remuneration Committee, before being confirmed by the Board of Directors.

The amount of the variable component is calculated on the basis of the annual fixed remuneration relating to the previous year.

The variable component bonus paid in 2012 in respect of the 2011 financial year was €948,600.

The variable component bonus paid in 2013 in respect of the 2012 financial year was €800,000.

For 2012, the qualitative criteria used to calculate these items include: continued growth, management of the Group under deteriorated circumstances and management of Supor following the increase in the Group's stake.

BENEFITS IN KIND

Thierry de La Tour d'Artaise has a company car, equivalent to a benefit of €7,524 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 top-hat pension scheme set up for French members of Groupe SEB Executive and Management Committees.

This scheme, which is in addition to the applicable statutory schemes, is made up of a defined contribution plan (known as the "Article 83" plan) and a defined benefit plan comprising:

- the amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years of service with the Group;
- a supplementary pension plan, under which beneficiaries are also subject to seniority conditions and the benefits are only payable if the executive is still a member of the Group when he retires. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years with the Group. The number of years for which entitlements may accrue under this plan has been capped at 20, representing a total of 16% of the reference remuneration.

To qualify 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 aggregate benefits payable under both the top-hat scheme and the applicable statutory schemes are capped at 41% of the reference remuneration.

Furthermore, the Board of Directors' Meeting of 19 March 2010 decided, in addition to the above rules, to limit the reference remuneration used as the calculation basis to 36 times the annual Social Security ceiling in force on the retirement date. This means that the corporate officer will be eligible for a gross compensation replacement rate (including the benefits of statutory retirement plans) of 31% of the reference remuneration at the legal retirement age.

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.

Severance allowance

Thierry de La Tour d'Artaise will not be entitled to any compensation for loss of office when he ceases to be a corporate officer.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed Managing Director of the Group, 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. Following adoption of France's TEPA Act, 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 a maximum of two years' gross salary and bonus, will be adjusted based on the achievement rate of targets set over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;
- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- 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 of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

The employment contract binding Thierry de La Tour d'Artaise includes no allowances concerning a non-competition clause.

The Group's remuneration policy aims to attract and retain talented employees. Groupe SEB's policy has always been to encourage internal promotion and sustainable management.

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 the Group.

Retirement lump-sum payment

The total retirement lump-sum payment entitlement of Thierry de La Tour d'Artaise amounts to €311,543.

STOCK OPTIONS – PERFORMANCE SHARES

54,000 stock options and 4,500 performance shares were allocated to Thierry de La Tour d'Artaise in respect of the 2012 financial year.

The Board of Directors decided that all stock options and performance shares allocated to Thierry de La Tour d'Artaise would be subject to performance targets linked to sales growth and operating result from activity.

Performance is calculated based on the extent to which these targets have been achieved over the four-year lock-up period for the stock options and the two-year vesting period for the performance shares.

If at least 100% of the targets for sales and operating result from activity has been achieved, all stock options or performance shares will be granted.

If 50% to 100% of the targets for sales and operating result from activity is achieved, stock options and performance shares will be granted on a proportional basis.

I less than 50% of the targets is achieved, no stock options or performance shares will be granted.

Performance is assessed over a four-year period for 40% of the stock options and over each of the four financial years for 15% of the options.

Performance is assessed over a two-year besting period for 40% of the performance shares and over each of the two financial years for 30% of the performance shares.

In addition, shares originating from the exercise of stock options and free shares allocated to Thierry de La Tour d'Artaise will be subject to an obligation to hold them in his name for the duration of occupancy of his post, in the following amounts:

- for shares originating from exercised stock options, a quantity of shares corresponding to 50% of the net gain on acquisition, net of tax and statutory deductions, realised at the time of exercise of the options;
- for shares allocated free of charge, a quantity of shares corresponding to 50% of the net gain after taxes, statutory deductions and costs.

These amounts will be reduced to 20% of the net gain as soon as the number of shares held by Thierry de La Tour d'Artaise reaches the equivalent of two years of remuneration.

As a reminder, hedging instruments are prohibited and, to the knowledge of the Company, no such instrument has been put in place.

Table 1

Remuneration, stock options and shares allocated to the Chief Executive Officer

	2011	2012
Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer		
Remuneration due for the year (details in table 2)	€1,846,399	€1,696,724
Valuation of stock options allocated during the year (details in table 4)*	0	€664,632
Valuation of performance-related shares allocated during the year (details in table 6)*	0	€183,195
TOTAL	**€1,846,399**	**€2,544,551**

* *On each allocation date, the book fair value of the stock options and shares is determined in accordance with IFRS rules. This is an historical value as of the allocation date, calculated for accounting purposes according to the method described in Note 20.2.1 of Part 3 of the Consolidated Financial Statements. This value does not represent the current market value nor the discounted value of these stock options and shares, nor does it represent the actual amount that may be paid out at exercise of these stock options, if they are exercised, or at vesting of these performance shares, if they are vested.*

Table 2

Breakdown of the Chief Executive Officer's remuneration

	Amounts in respect of 2011		Amounts in respect of 2012	
Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer	**Due**	**Paid**	**Due**	**Paid**
Fixed remuneration	€850,000	€850,000	€850,000	€850,000
Variable component	€948,600	€1,248,000	€800,000	€948,600
Exceptional remuneration	none	none	none	none
Directors' fees	€24,000	€24,000	€24,000	€24,000
Benefits in kind: – Car allowance	€8,595	€8,595	€7,524	€7,524
– Accommodation	€15,204	€15,204	€15,200	€15,200
TOTAL	**€1,846,399**	**€2,145,799**	**€1,696,724**	**€1,845,324**

Table 3

Attendance fees and other remuneration received by members of the Board of Directors excluding the Chairman and CEO

Board members	Attendance fees received in 2011	Attendance fees received in 2012
Tristan Boiteux	€24,000	€24,000
Damarys Braida	€24,000	€24,000
Norbert Dentressangle	€32,000	€34,000
Hubert Fèvre	€24,000	€25,500
Jacques Gairard	€24,000	€24,000
FÉDÉRACTIVE (Pascal Girardot)	€32,000	€34,000
Jean-Noël Labroue	€28,000	€39,000
Philippe Lenain	€44,000	€49,000
Cédric Lescure	€24,000	€24,000
Frédéric Lescure	€24,000	€24,000
FFP (Christian Peugeot)	€24,000	€24,000
Jean-Dominique Senard	€32,000	€24,000
VENELLE INVESTISSEMENT (Olivier Roclore)	€32,000	€34,000
Jérôme Wittlin	€32,000	€34,000
TOTAL	**€400,000**	**€417,500**

Table 4

Stock option allocation for share subscription or purchase to the Chief Executive Officer in 2012

	Date of the plan	Type of stock option	Valuation of stock options based on the method used in the Consolidated Financial Statements	Number of stock options allocated	Exercise price	Exercise period
Thierry de La Tour d'Artaise	15/06/2012	Purchase	€12,308	54,000	€54.12	from 15/06/2016 to 15/06/2020

Table 5

Stock options exercised by the Chief Executive Officer in 2012

	Date of the plan	Number of stock options exercised during the year	Exercise price	Year allocated
Thierry de La Tour d'Artaise	18/06/2004	104,989	€31.67	2004
	08/04/2005	105,000	€28.00	2005
	16/06/2006	40,000	€29.33	2006

Table 6

Performance shares allocated to the Chief Executive Officer in 2012

	Date of the plan	Number of shares granted	Share valuation	Vesting date	Availability date	Performance conditions
Thierry de La Tour d'Artaise	15/06/2012	4,500	€40.71	15/06/2014	15/06/2016	Achievement of targets related to sales and operating result from activity

Table 7

Performance shares available during 2012 for the Chief Executive Officer

	Date of the plan	Number of available shares	Vesting conditions
Thierry de La Tour d'Artaise	11/06/2009	none	On 11/06/2011, 5,938 performance shares were granted to the CEO under the plan dated 11/06/2009, however these shares will not be available until 11/06/2013 (see section 7.4).
Thierry de La Tour d'Artaise	18/06/2010	none	On 18/06/2012, 4,395 performance shares were granted to the CEO under the plan dated 18/06/2010, however these shares will not be available until 18/06/2014 (see section 7.4).

Table 8

History of stock option allocation for share subscription or purchase to the Chief Executive Officer

At 31 December 2012	Subscription plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Date of AGM	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 stock options allocated [(a)]	493,500	417,450	598,125	612,150	539,100	554,700
Of which allocated 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 date	14/06/2005	19/04/2006	17/10/2006	18/06/2007	18/06/2008	08/04/2009
Expiry 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	28.20
Number of stock options exercised [(a)]	66,000	49,500	6,600	115,516	104,989	105,000
Number of stock options cancelled [(a)]	0	0	0	0	0	0
Balance of stock options remaining to be exercised [(a)]	0	0	0	0	0	0

At 31 December 2012	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Date of AGM	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 stock options allocated [(a)]	589,798	579,150	1,005,900	371,300	412,592	408,925
Of which allocated 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 date	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiry 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	53.854	54.1125
Number of stock options exercised [(a)]	40,000	0	0	0	0	0
Number of stock options cancelled [(a)]	0	0	0	0	0	0
Balance of stock options remaining to be exercised [(a)]	65,012	105,000	105,000	71,250	59,942	54,000

(a) Takes into account the allocation of free shares in March 2004 (1 for 10) and the three-way split on 16 June 2008.

Table 9

Stock options allocated in 2012

Ten highest allocations of stock options to non-executive officers

Total number of stock options allocated	Weighted average price	Plan in question
142,500	€54.12	15/06/2012

Stock options exercised in 2012

Ten highest stock options exercised by non-executive officers

Date of the plan	18/06/2004	08/04/2005	16/06/2006	20/04/2007	13/05/2008
Type of stock options	Purchase	Purchase	Purchase	Purchase	Purchase
Price of option	€31.67	€28.00	€29.33	€44.00	€38.35
Number of stock options exercised	23,998	4,200	15,903	22,000	31,000

Table 10

General information about the Chief Executive Officer

	Employment contract		Complementary pension scheme		Indemnities or benefits due or likely to be due subsequent to the termination or modification of functions		Allowance concerning non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry de La Tour d'Artaise	suspended*		X		X			X

* *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 the Group.*

Share transactions carried out by members of SEB management during 2012 (Article L. 621-18-2 of the French Monetary and Financial Code)

Name	Function	Number of shares bought or subscribed	Average acquisition price	Number of shares sold	Average sale price
Tristan Boiteux	Board member	111	€53.9960		
Persons linked to Tristan Boiteux	Board member	72	€53.9961		
Persons linked to Damarys Braida	Board member	8,500	€52.2093		
Jacques Gairard	Board member			5,000	€53.1870
Persons linked to Jacques Gairard	Board member			4,500	€51.3607
Pascal Girardot, permanent representative of FÉDÉRACTIVE	Board member	266	€51.7284		
Persons linked to Pascal Girardot, permanent representative of FÉDÉRACTIVE	Board member	6	€52.0050		
Thierry de La Tour d'Artaise	Chairman and CEO	249,989	€29.7541	24,000	€57.6098
Persons linked to Thierry de La Tour d'Artaise	Chairman and CEO			24,938	€57.8999
Cédric Lescure	Board member	95	€51.9215		
Persons linked to Frédéric Lescure	Board member			19,000	€53.1966
Persons linked to VENELLE INVESTISSEMENT	Board member	900	€50.1377		

2.5. 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 on 3 July 2008 (Law no. 2008-649), the object of this report is to describe the organisation of the work of the Board of Directors, and the internal control procedures adopted by Groupe SEB for the year ended 31 December 2012.

This report, drawn up under the supervision of the Chairman, is essentially based on the coordinated work of the Group Audit and Organisation 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 22 February 2013.

In accordance with the new provisions of the law of 3 July 2008 which requires each company to identify which Corporate Governance Code it abides by, Groupe SEB hereby indicates that it abides by the AFEP-MEDEF Corporate Governance Code of December 2008, amended in 2010.

Group internal control environment

In the course 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 cope with this situation, it has set up an organisation and procedures aimed at identifying, quantifying, anticipating and managing these risks as much as possible, in order to reduce their negative impact and thus to 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 laws and regulations;
- application of instructions and guidelines, and conformity with the Group's internal practices;
- the proper functioning of the Group's internal processes;
- the quality, integrity 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;
- prevention, and, if necessary, punishment of unethical conduct.

As with any control system, it cannot provide an absolute guarantee that these risks are totally eliminated.

Groupe SEB is an international entity, whose organisation is firstly divided into geographical zones for continents, each with their own ranges of products to sell. In addition, operations are organised by activity, covering specific product lines and trademarks. This mode of operating depends on decentralisation of operational responsibilities and extensive delegation. But at the same time, to guarantee efficient overall management, Groupe SEB applies clearly-defined operational and delegation rules. 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 thoroughness.

The internal audit system is based on a structured Quality Management System defining 11 key functional areas which integrate 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 that: "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.

The integrity of the internal control function is also assured by an internal control manual, detailing the main internal control guidelines for each Group structure:

- use of a delegation manual and definition of power limits;
- internal control rules governing commercial operations, the management of customer credit and settlement methods, relations with banking institutions, payroll management, purchasing control, financial asset management and the protection of corporate property and assets;
- respect for rules governing division of responsibilities;
- policies applying to insurance cover and hedging;
- financial reporting audit principles.

The risk analysis and internal control processes use two basic tools:

- an annual "top-down" review and analysis of the main risks. In 2012, the members of the Group Executive Committee, the Director of Legal Affairs, the Director of IT Systems, the Director of Quality, the President in charge of Innovation, the President in charge of Strategy, the Presidents of the three core business units and the Presidents of the seven continents were interviewed individually to help identify and analyse the top ten risks that Groupe SEB is or could be exposed to. Each risk was evaluated in terms of probability and impact, and actions to mitigate each risk were identified. This resulted in the annual map of risks faced by Groupe SEB;
- a "bottom-up" process involving self-assessment questionnaires, based on processes. 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, with a view to making Group operations more efficient.

In 2012 the self-assessment questionnaire was simplified based on the contents of the internal control manual. From now on, entities must fill out the questionnaire every year, except for years in which they are subject to on-site audits.

Added to these two methods of evaluation are internal audits of all entities and of all the Group's functions, as well as the annual and half-yearly reviews carried out by the Statutory auditors.

In 2012, the Internal Audit department carried out missions at 11 market companies representing 47% of the Group's sales, and at six plants, representing 32% of the Group's internal production, and it carried out eight consulting assignments to improve different organisations and processes. Ten retail stores were audited under a new approach in five European countries, based on a store procedure manual published in early 2012. The recently acquired companies Asia Fan (Vietnam) and Maharaja Whiteline (India) underwent their first audit in order to assess the quality of their processes and organisations in relation to internal control.

The crisis management system, established in 2010, was put into action on four occasions in 2012. The training initiative that began in 2010 and continued in 2011 focused specifically on Chinese management teams in 2012.

Internal control participants

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

The role of these bodies is described in the "Organisation and Operation of the Board of Directors" section, pages 28, 29 and 30.

GROUP EXECUTIVE COMMITTEE AND GROUP MANAGEMENT BOARD

Their role is described in the "Group Management Bodies" section, page 31.

THE INTERNAL AUDIT DEPARTMENT

Internal audit, 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 the Groupe SEB Internal Audit department is fully consistent with this approach.

The Internal Audit department is responsible for evaluating, at all locations where the Group is established and for all functions, compliance with Group Internal Rules and procedures and any non-compliance with legislation, and for 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 controlled.

In the area of risk management, the Internal Audit department draws up a map of high-level risks.

Based on this map, on the self-assessment questionnaires and on the principle of an audit in each entity every three or four years, the Audit department proposes 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 two to four auditors, results in an audit report that is sent to the audited structures, their management structure, members of the Group Executive Committee and to the Group Chairman. The report contains the auditor's opinions regarding 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 resulting action plans is subjected to a systematic internal audit review within 12 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 internal control and Company efficiency, the main recommendations identified during audits for each business line are shared annually with the management teams of the Group's main divisions: Purchasing, IT, Quality, Finance, Human Resources, Supply Chain, Production, After-sales Service and Marketing.

The Internal Audit department draws up an annual report of 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, and makes observations or recommendations as required.

As at 31 December 2012, the Internal Audit department comprised nine employees.

THE LEGAL AND INSURANCE 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 businesses and to defend the interests of the Group, its management and employees in carrying out their functions. The Legal department is concerned with three main areas of internal control:

- it drafts and updates model contracts and their related procedures for frequently recurring transactions (purchases of goods and services, conditions of sale, advertising campaigns, damages claims, etc.);
- it makes recommendations to the Group Executive Committee on rules for delegating authority, and on the circulation and protection of confidential information, and it applies and monitors these rules;
- it selects external legal advisers, monitors their services and performance, and oversees invoicing follow-up in liaison with the Management Control department.

The role of the Legal department in the area of insurance is to ensure that there is adequate insurance cover of the risks to which the Group is exposed. Groupe SEB insurance cover is managed on a worldwide consolidated basis. Worldwide insurance cover is arranged in partnership with leading insurance pools; additional specific policies can be subscribed to locally.

FINANCE, TREASURY AND TAX DEPARTMENT

The role of this department is to ensure the security, transparency and efficiency of treasury and financial transactions, and to ensure compliance with regulations and tax obligations in all the countries where the Group is based.

Its responsibilities in this area cover:

- financial resource management, in consultation with the Executive Vice-president, Finance, to ensure the Group's liquidity;
- cash flow management;
- financial risk assessment and hedging (particularly in the areas of foreign exchange and raw material prices);
- on-going relations with banks;
- financial management support for subsidiaries, and support for the Group's General Management, in financial planning for new projects.

This department has a triple responsibility in the area of internal control:

- monitoring tax inspections carried out by taxation authorities in all the Group's entities;
- ensuring consistency in the tax procedures used by the Group's entities and in liaison with tax consultants, verifying the compliance of the Group's main activities with current legislation;
- selecting tax consultants and monitoring the services provided along with their cost.

Given the still volatile economic situation in 2011, the Credit Management department continued to manage client risk on a worldwide level.

THE GROUP ACCOUNTING DEPARTMENT

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

The Group Accounting 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.

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.

The Management Control department is responsible for issuing appropriate directives and guidelines to help those involved in drawing up the budget.

It coordinates budget planning and control, using a handbook of management procedures and rules applicable to all entities, including Group budgeting, forecasting and management reporting methods.

The monthly management reporting system uses a consolidation management tool for calculating the Group results. At least twice a year a comprehensive forecast is drawn up based on a budgetary matrix of the Group's performance. Improvement plans are developed, if necessary, based on this outlook.

Physical or financial controls make it possible to verify 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 budget forecast chart and distributes this, with an analysis of significant variances and trends based on the information provided by the Group's entities in their monthly business reports.

The department operates with specialised accounting and management software that allows efficient operational and strategic monitoring.

The Management Control department works with the Financial Communications department to review the Group's performance.

THE INFORMATION SYSTEMS DEPARTMENT

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

To ensure the proper use of these tools and the utility of data, an operating manual adapted to the needs of users has been drawn up.

The Group has also introduced procedures to ensure the security 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 Executive Vice-president, Industry, comprises the Information Systems department and representatives of user entities (including Continental General Management, Strategic Business Areas Management, the Group Finance department and the 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, of which the Audit department is part, meets regularly to ensure that the level of IT risk within the Group and its subsidiaries is adequately managed and that appropriate informational and sensitisation measures are taken to prevent the risk of piracy of our systems.

Internal audit missions now include more detailed scrutiny of IT security risk areas, in particular concerning integrated software: user profile management and the risk of system access rights within an enterprise function.

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

Data security audits were also conducted in some supplier companies.

THE QUALITY DEPARTMENT

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

The Group 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 procedures, tools and methods relating to the Group's key processes:

- management procedures, definition of Group policy, strategic planning, constant improvement in quality, and safeguarding the environment;
- operational processes including strategic marketing, R&D, sales and marketing, client order processing and production transfers;
- 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, which are then submitted to the Group Executive Committee.

THE SUSTAINABLE DEVELOPMENT DEPARTMENT

This department submits the Group Sustainable Development Policy to the Group Executive Committee for approval and then coordinates its implementation. It draws up and implements formal action plans for all of the Group's divisions, relying on a Sustainable Development Steering Committee with representatives from the Group's 15 main divisions. By applying sustainable development criteria to the Group's internal processes, the Group promotes awareness-raising and encourages appropriate behaviour within the Group.

To prepare the Group in anticipation of the requirements of the decree proposed under Article 225 of the Grenelle II environmental law, the Sustainable Development department had a second voluntary audit conducted in 2012 on the information in the sustainable development report in order to obtain a limited assurance report.

THE FINANCIAL COMMUNICATIONS DEPARTMENT

Each year, this department draws up a schedule of the Group's regular financial communications for financial markets and institutional investors. It identifies, in collaboration with the Legal department, legal and regulatory requirements for publication of Group financial notices.

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.

Groupe SEB uses internal control guidelines based on AMF framework guidelines and accounting and financial audit principles.

CENTRALISED TREASURY AND FINANCE OPERATIONS

Local regulations permitting, the Group Finance 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 Finance department to:

- control external debt and monitor its development;
- manage the risk rate inherent in the contracted debt;
- finance its subsidiaries in their local currency where regulations permit;
- anticipate and manage currency risk inherent in commercial and financial flows.

Another important element of internal control is the Group's centralised choice of working-partner banks and effective long-term management of these relations.

This organisation enables the Finance department to ensure overall control of the Group's treasury operations.

CONSOLIDATED ACCOUNTS MANAGEMENT AND CONTROL

We have already described the role of Group Management Control in overseeing monthly consolidated financial management information.

Budgetary control identifies deviations from performance targets, on the basis of monthly consolidated data which is compared to an analysis of Group operational directives. This makes it possible to identify any changes or discrepancies in relation to financial budget data and previous years.

This decentralised statutory consolidation includes all the companies in the Group that are directly or indirectly controlled by the Group's holding company, SEB S.A..

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. All the Group's entities apply IFRS accounting standards.

The Finance Managers of the subsidiaries prepare the restated accounts on the basis of the Group's accounting procedures handbook, which sets out rules for accounting entries and evaluation.

This handbook describes the principles used to draw up financial statements. The principles cover areas such as preparation of accounts on the assumption of operational continuity, compliance with accounting periods, and ensuring the integrity of the information in the financial statements. It is regularly updated to integrate changes in 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 evaluation and presentation of the main items in the financial statements:

- descriptions of constituent items of the consolidated income statement with their definitions, as well as consistency tests for the purpose of taxation;
- rules governing balance sheet and off-balance sheet items and their presentation;
- regulations concerning the valuation of certain estimated items, such as:
  - provisions for the impairment of receivables,
  - provisions for the impairment of stocks of raw materials and finished products,
  - provisions for the impairment of non-current assets,
  - provisions relating to sales (e.g. warranties and unsold returns),
  - other provisions for risks and charges and in particular, provisions for restructuring;
- accounting principles applied to reporting 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 integrity 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 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.

FINANCIAL COMMUNICATION

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-year reports, letters to shareholders, shareholder guide, etc.) are drawn up by 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 SBAs, Continental Structures and Corporate Support Functions. They are validated by the latter and by the Group Executive Committee.

2.6. STATUTORY AUDITORS' REPORT

prepared in accordance with Article L. 225-235 of the French Commercial Code (Code de Commerce), on the report prepared by the Chairman of the Board of Directors of SEB S.A.

YEAR ENDED 31 DECEMBER 2012

This is a free translation into English of the Statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. 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 statutory auditors of SEB S.A. and in accordance with Article L.225-235 of the French Commercial Code *(Code de Commerce)*, we hereby report to you on the report prepared by the Chairman of your Company in accordance with the Article L. 225-37 of the French Commercial Code for the year ended 31 December 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L. 225-37 of the French Commercial Code.

Lyon and Villeurbanne, 11 March 2013

The Statutory auditors

PricewaterhouseCoopers Audit

Bernard Rascle

Deloitte & Associés

Gérard Badin

3

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3.1. CHALLENGES OF GROUPE SEB

For several years, Groupe SEB has been committed to a responsible approach that strives to be ethical, economically profitable, socially fair and ecologically responsible. The Sustainable Development department, created in 2004, coordinates and motivates a Group-wide participatory approach with leadership from a dedicated Steering Committee. In order to instil sustainability criteria at all levels of the company and on all continents, this Steering Committee is composed of some 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. In 2012 it helped select the winners of the first edition of the internal sustainable development trophies, which were handed out in three categories: products, social and environment. In general, the Steering Committee serves to define and follow-up short- and medium-term action plans, in conjunction with the Group's five challenges. In 2013, it will work with a panel of external stakeholders.

The five sustainability challenges (see below) were presented to all Groupe SEB managers in 2012 to raise their awareness of the Group's actions in these areas.

Enforcing ethical values

The top priority when it comes to ethics is to enforce 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 core conventions of the International Labour Organisation (ILO) and the OECD's guidelines for multinational enterprises. It has also signed the UN's Global Compact and the CECED's [(1)] Code of conduct.

Code of ethics. In ten years, Groupe SEB has doubled in size, acquired various companies and greatly expanded its international operations. It now has almost 25,000 employees around the world, with more than two-thirds of its workforce located outside of Europe. Because a common culture and shared Group values are essential to the success of a responsible, ethical, global approach, Groupe SEB decided to structure and formalise its policy in the form of a Code of ethics. Translated into the Group's ten main languages, it was distributed to all employees worldwide in 2012. This document addresses 18 key areas, including Human Rights, anti-corruption, non-discrimination, environmental protection and prevention of conflicts of interest. Each of these areas was explored further through counter-examples and practical questions and answers, in training materials presented by international HR Managers to more than 6,700 employees. This represents almost 10,000 training hours.

Human Rights. A signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in 2007. To do this, it implemented the Human Rights Compliance Assessment (HRCA) Quick Check, a self-assessment tool developed by the Danish Institute for Human Rights, in all subsidiaries employing more than ten people. An evaluation is carried out approximately every other year. Since 2010, the CBSSC (China Business and Social Sustainability Check), a version of the HRCA Quick Check adapted for China, has been used within the sites of the Group's Chinese subsidiary Supor. 99% of employees were covered by the last self-evaluation. In 2012 the Group focused on following through with the action plans put in place following these evaluations, which will be carried out again in 2013. Respect for Human Rights forms an integral part of the Code of ethics issued in 2012 as well as the training offered in this regard to international HR Managers. No Human Rights-related claims were filed in 2012.

Responsible purchasing. With almost 1,700 industrial suppliers worldwide, Groupe SEB bears great responsibility in terms of the production of its products under ethical conditions. It is only natural then that the Group has committed to a responsible purchasing policy and has implemented reporting and control systems to ensure that its suppliers comply with its labour and environmental requirements. In 2012, a number of projects was carried out to strengthen this policy, such as the outsourcing of social and environmental audits to outside firm SGS and the monitoring of chemical substances (REACH) via the EcoMundo dedicated online platform. A responsible Purchasing Charter was also created, in conjunction with the Group's Code of ethics. The Charter was sent to all industrial suppliers in the panel. This Charter explains the Group's requirements from its suppliers in relation to Human Rights and ethical, social and environmental principles. In 2012, the Group carried out 80 ethical, social and environmental audits of its suppliers, of which 34 were handled by SGS.

Audit. A pioneer in this regard, in 2011 Groupe SEB decided to have a selection of corporate social responsibility indicators for the 2010 financial year audited by one of its Statutory auditors, PricewaterhouseCoopers Audit. Following this audit, PricewaterhouseCoopers Audit issued a limited assurance report on a selection of environmental and social indicators that was published in the Registration Document. Groupe SEB followed suit for the year 2012 along the same principles.

In addition, to comply with the decree implementing Article 225 of the Grenelle 2 Law (Law No. 2010-788 of 12 July 2010), the audit also verified that the information required by this decree was included.

(1) European Committee of Domestic Equipment Manufacturers

Furthermore, the Sustainable Development department decided, with the support of the Information Systems department, the Quality department, the Supply Chain department, the Human Resources department and the Purchasing department, to implement new international sustainability reporting software in order to improve the reliability of the data collection and consolidation processes. This tool was already used for data collection in 2012, but it will continue to be developed to further improve the quality and traceability of information from all Group entities, both within and outside of France.

Adhering to a social responsibility policy

Training. The training policy covers all Group employees and most training programmes are organised in a decentralised 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 aspirations, as expressed during the annual evaluation. A global reporting system makes it possible to track the training provided throughout the world. Training is essential to skills development and thus represents a major focus of the Group's corporate social responsibility policy. Its employability policy in France was recognised with the "Employability" award as part of the Human Capital Trophy.

Diversity. In France, Groupe SEB signed the Diversity Charter in 2005. Because diversity is a source of vitality, creativity and innovation, the Group promotes all aspects of diversity: cultural diversity, which naturally arises from the Group's international nature; gender equality; ethno-social diversity; inclusion of seniors, etc. A variety of measures have been taken to strengthen the application of this policy at the Group's sites and to increase communication and education on this topic for all employees. In 2011, a Diversity Monitoring Commission and a Diversity council, with participation from the LICRA [(2)], were created to promote diversity and combat all forms of discrimination. The Diversity Monitoring Commission oversees the implementation of diversity-based action plans and met five times in 2012. The Diversity council 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. In 2013 Groupe SEB plans to negotiate "generation contracts" relating to the employment of both young people and seniors, in line with its existing forecast planning system for jobs and skills. The Group also promotes skill-building through work-study programmes and has set a goal to increase the number of work-study trainees within its teams (+87% in 2012 versus 2011). In addition, a three-year collective bargaining agreement on employee disability was presented in France in late 2012 to employee representation bodies, and negotiations are presently under way.

Gender equality. Every open position within Groupe SEB is filled based exclusively on skills and expertise, without any other restriction. Employees with equivalent skills in any given position will receive the same salary. A proactive workplace gender equality agreement was signed by Groupe SEB in late 2011, but this merely served to formalise its social policy of fairness and accountability. In 2012, 34.5% of the Group's managers were women, across all entities, compared with 20% in 2002.

Health and safety. For several years, Groupe SEB has taken steps to reduce the number of workplace accidents and limit the number of employees affected by work-related health conditions, primarily musculoskeletal disorders (MSDs). These efforts to improve occupational health and safety are a top priority, as they pertain to employees' day-to-day lives and work. The Group has also worked to be granted certification for its health and safety management system in order to structure its on-site initiatives in a sustainable manner. At the end of 2012, over 91% of the Group's industrial and logistical entities, worldwide (100% in France), were OHSAS 18001 certified (Occupational Health and Safety Assessment System), excluding the new acquisitions made in 2011 (Imusa, Asia Fan and Maharaja Whiteline). A number of projects and initiatives were launched in 2012 to bring even greater attention to health and safety: an international awareness-raising campaign with the creation of a mascot (Sebycat), a safety seminar for members of the Group Executive Committee, the creation of a Strategic Health & Safety Committee and an international Operational Committee, etc. These efforts will continue in 2013 with the international expansion of the "Safety in SEB" improvement programme.

Developing territories and community commitment

Corporate philanthropy. In the regions in which it operates, Groupe SEB acts as a responsible economic stakeholder and, in the event that a site needs to be restructured, it makes every effort to limit the impact of its decision on the employees and local life. The Group is also an active member of the community. It fosters many connections with local stakeholders and participates in public debates, such as discussions on nutrition and health. In addition to the jobs generated by the Group, it supports the development of local businesses, especially players in the non-profit and social sectors. Its commitment to corporate citizenship is also seen in its corporate philanthropic policy, which focuses on the promotion of social integration in three specific areas: employment, housing and education/training. The Group's corporate philanthropic policy, formalised in 2012 under a framework document issued to all countries, is reflected in the Groupe SEB Corporate Foundation and in the numerous local initiatives conducted by the subsidiaries. Its corporate philanthropic actions represented a total of almost €2.7 million in 2012.

(2) International League against Racism and Anti-Semitism

Creating sustainable innovations to meet consumer needs

Consumers. Today's consumers demand products that take health and safety into account. These products need to be environmentally friendly and produced in a responsible manner. Groupe SEB has taken the necessary steps to ensure strict control over all of these aspects. Each new generation of products is enhanced by innovations that embody an ever-increasing respect for people and the environment and that take health and nutritional concerns into account. The Group also pays close attention to the quality of its products and to the relationship with its consumers. Two key objectives in the Group's policy towards consumers are improving after-sales service and encouraging product repairs over replacement. In this regard, the Group relies on a network of 6,500 licensed repair technicians around the world, including 2,800 in China. In 2012, 73% of products sold were fully repairable and 93% were partially repairable. Lastly, the Group is also experimenting with ideas to ensure that its products are accessible to as many people as possible, including those in difficult situations or with low incomes.

Reducing our environmental impact

Eco-design. Groupe SEB's eco-design policy aims to limit the environmental impact of its products throughout their entire life cycle: increasing their recyclability, prohibiting numerous hazardous substances, reducing energy use in stand-by mode, etc. This approach draws on the internal eco-design guide, which is being completely revised as of 2012. This new guide, intended for the R&D and marketing teams, will include aspects related to the ability to repair and recycle, energy consumption, LCA [(1)], eco-packaging and eco-friendly materials. The guide will be distributed in 2013.

Eco-production. In 2003 the Group adopted a worldwide environment management system aiming, first and foremost, to control the use of resources (water and energy) and to reduce waste and emissions. At year-end 2012, 84.2% of the Group's industrial and logistic entities worldwide were certified under the environmental standard ISO 14001. This figure includes Supor and the 2011 acquisitions. It should be noted that the Saint Petersburg (Russia), Canonsburg (USA) and Supor (China) sites were awarded certification in 2012. Action plans aiming to bring this figure to 100% by 2015, excluding Asia Fan and Maharaja Whiteline, have been approved. With a view to sharing best practices, each French industrial site proposed an "eco-innovation" project in 2012. This initiative will be relaunched in 2013 and will apply to international sites beginning in 2014.

Eco-logistics. The transport of products, as well as the raw materials and components used to make them, is one of the main sources of greenhouse gas emissions within Groupe SEB, which clearly hopes to reduce these emissions. At the end of 2009 an initial balance sheet for greenhouse gas emissions related to transport was drawn up, and, since then, the Group has continued improving the reliability of the data in this assessment. To further reduce its emissions, the Group is focusing on two main areas: maximising the load rates (lorries or containers) and increasing the use of alternative, environmentally friendly modes of transport (waterway, rail, etc.). A Group-wide initiative has also been deployed across the Group aiming to take logistical constraints into consideration from the beginning of the product and packaging development process: EffyPACK (PACKaging system for supply chain EfficiencY). The carbon footprint resulting from the transport of products, raw materials and components was estimated at 216,551 metric tonnes of CO_2 equivalent for the year 2012, down more than 13% from 2011.

Green IT. Groupe SEB continues to expand its environmentally responsible IT policy, focusing on three main priorities: reduction in the number of printers and the amount of paper used in France and, later, worldwide; virtualisation of servers (annual energy savings estimated at €125,000); and the integration of sustainability criteria in the procurement of hardware (computers and telephones).

End-of-life. In Europe, the collection and processing of small domestic appliances are managed by eco-organisations. Groupe SEB is especially involved in this endeavour in France, where it chairs Éco-Systèmes, the country's largest eco-organisation. Innovative waste collection programmes have also been introduced in Colombia and in France with local retailers: customers are invited to drop off their old pans and cooking pots in stores in exchange for reduction coupons. The end-of-life products collected this way are sorted and any acceptable raw materials are recycled. In Colombia these materials are reused in the manufacturing processes.

(1) Life cycle analysis.

3.2. REPORTING PROCESS

Evaluation of corporate social responsibility performance

Since 2002, Groupe SEB has been committed to reporting its social and environmental performance. To this end, it has established a set of indicators and a reporting system that are regularly reviewed as part of a continuous improvement process.

SELECTION OF INDICATORS AND GUIDELINES

The indicators used by Groupe SEB to measure its 2012 performance cover all of the items listed in Article 225 of Law No. 2010-788 of 12 July 2012, known as the Grenelle 2 Law. The Group goes beyond this legal requirement by reporting other indicators that fall under Global Reporting Initiative (GRI) recommendations. Concrete efforts were taken in 2012 to bring indicators into conformity in this regard. These efforts aim to adhere as closely as possible to GRI guidelines for 2014, as these represent an international standard for the reporting of non-financial information and offer a system for evaluating practices. Application of the GRI guidelines will allow for better comparability of sustainability indicators among the companies that use them.

In keeping with the development of national and international requirements and the Group's continuous improvement philosophy, the Group added new indicators in 2012. It also specified the components making up certain indicators (e.g. greenhouse gas emission from industrial and logistics sites) in order to improve the reliability of the data published, and it expanded the scope of other indicators to take new acquisitions into account whenever possible.

All of the indicators reported aim to track the Group's progress in relation to its corporate responsibility commitments. The definition and/or calculation procedure for these indicators is explained whenever useful or necessary.

METHODOLOGY AND TOOLS

The Sustainable Development department coordinates the Group-wide reporting of information related to employment conditions, corporate citizenship and the environment. Over time it is developing formal processes for each relevant division and consolidating all data collected in a specific non-financial reporting system.

The processes and tools used to collect data for the various indicators vary from one area to the next. For instance, many social indicators (number of employees, etc.) are generated according to the processes used by the Human Resources department via its SAP information system. This data is then imported into the sustainability reporting tool. Data on training are also entered via SAP in France; however, international data are collected using a spreadsheet. To improve tracking, in 2013, these data will be imported for the first time into the tool managed by the Sustainable Development department. Other data, such as those related to production environmental indicators, or eco-logistics, are collected directly within this tool.

In 2012, Groupe SEB decided to replace its sustainability indicator reporting system and selected the system developed by Tennaxia. This new system is more efficient, flexible and adaptable than the previous system. Its flexibility will make it easier to support changes in the future such as new indicators, changes to reporting scopes, etc. It also makes it possible to create analyses and charts that will be useful in management and decision-making. Campaigns have already been carried out using the tool for 2012 reporting. International deployment of the tool will be completed during 2013.

ACCURACY AND COMPARABILITY

Groupe SEB is committed to ensuring the accuracy of the data it publishes by carrying out a number of consistency tests. The new Tennaxia reporting system provides automatic consistency testing functionality in order to limit data entry errors. It also allows users to attach files and insert comments. Any potential inconsistencies or errors flagged will be reviewed with the sites and corrected. The Group also strives to maintain uniformity across the data it reports and presents its indicators over a period of three years.

METHODOLOGICAL LIMIT AND SCOPE

The environmental and social indicators may present methodological limits due to the lack of standard definitions and national/international laws (e.g. workplace accidents) and/or the qualitative nature of certain data. Given these limits, as well as potential data collection difficulties, the scope of the data reported 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. For training-related indicators, the data from three international subsidiaries could not be integrated in 2012. These subsidiaries represent 0.3% of total staff.

REPORTING PERIOD

The period used for annual sustainability reporting is the financial year, which corresponds to the calendar year in Groupe SEB's case (1 January to 31 December).

EXTERNAL AUDIT

PricewaterhouseCoopers Audit verified a greater number of indicators (19) and sites (11) for the year 2012 and reviewed corporate citizenship indicators for the first time. PricewaterhouseCoopers Audit issued a limited assurance report on this selection of indicators, which appears on page 68.

3.3. SOCIAL INDICATORS

2012 non-financial indicators reviewed ☑

The Groupe SEB human resources policy is based on major factors such as the respect of Human Rights, the development of skills, health and safety in the workplace, dialogue with labour organisations, diversity and equal opportunities.

All data provided below concern our worldwide operations, except in cases where it is explicitly stated that the data do not include Vietnam-based Asia Fan. Neither do these data include Maharaja Whiteline, the Indian company in which Groupe SEB acquired a 55% stake in 2011.

Data concerning the new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

Payroll and charges

(Worldwide)

	2012		2011 [c]		2010 [c]	
(in € millions)	World	France	World	France	World	France
Payroll [a]	485.1	224.4	456	222.2	429.3	215.8
Payroll taxes [b]	119.5	65.1	116.1	62.8	112.6	62.3
Pension provisions	45.1	36.7	40.6	33.8	39.3	33.8

(a) Excludes bonuses and profit-sharing – includes provisions for paid vacation, excluding individual benefits.
(b) Includes provisions for payroll taxes on paid vacation.
(c) Following early adoption of IAS 19R.

Breakdown of total workforce by geographical zone ☑

(Worldwide)

(number of individuals)	2012	2011	2010
France	5,898	5,904	5,820
Other Western European countries	1,310	1,372	1,416
North America	677	673	726
South America	2,723	2,818	2,268
Asia-Pacific	13,325	12,485	12,101
Central Europe, Russia and rest of world	825	736	727
TOTAL	**24,758**	**23,988**	**23,058**

Total workforce includes those working under permanent contracts, fixed-term contracts or other similar contracts, as well as apprenticeships. Temporary employees are not included in this figure. At 31 December 2012, Groupe SEB employed 24,758 people, not including Maharaja Whiteline.

Data for the Vietnamese subsidiary Asia Fan, a company in which Groupe SEB acquired a 65% stake in 2011, have been included in the 2012 data and represent 867 employees.

Breakdown of changes in staffing

(worldwide excluding Asia Fan)

(number of individuals)	2012	2011	2010 [c]
FRANCE			
Recruitment [a]	**531**	**594**	**477**
Fixed-term contracts	300	253	264
Permanent contracts	231	341	213
Departures [a]	**536**	**503**	**599**
Economic redundancies	10	0	9
Terminations for other reasons	43	32	26
AVERAGE RATE OF STAFF TURNOVER [b] **(%)**	**0.67**	**1.00**	**0.36**
OTHER WESTERN EUROPEAN COUNTRIES			
Recruitment [a]	**183**	**208**	**250**
Fixed-term contracts	90	112	134
Permanent contracts	93	96	116
Departures [a]	**252**	**235**	**225**
Economic redundancies	44	34	24
Terminations for other reasons	29	28	34
AVERAGE RATE OF STAFF TURNOVER [b] **(%)**	**6.25**	**5.91**	**5.70**
NORTH AMERICA			
Recruitment [a]	**150**	**95**	**198**
Fixed-term contracts	26	17	2
Permanent contracts	124	78	196
Departures [a]	**147**	**159**	**128**
Economic redundancies	6	48	9
Terminations for other reasons	27	34	34
AVERAGE RATE OF STAFF TURNOVER [b] **(%)**	**14.03**	**9.58**	**11.13**
SOUTH AMERICA			
Recruitment [a]	**389**	**596**	**670**
Fixed-term contracts	76	165	147
Permanent contracts	313	431	523
Departures [a]	**483**	**657**	**425**
Economic redundancies	181	163	46
Terminations for other reasons	63	169	134
AVERAGE RATE OF STAFF TURNOVER [b] **(%)**	**6.24**	**8.54**	**6.49**
ASIA-PACIFIC			
Recruitment [a]	**8,122**	**9,773**	**395**
Fixed-term contracts	7,928	9,583	214
Permanent contracts	194	190	181
Departures [a]	**8,124**	**9,390**	**331**
Economic redundancies	7	2	3
Terminations for other reasons	34	8	5
AVERAGE RATE OF STAFF TURNOVER [b] **(%)**	**7.12**	**14.54**	**21.74**

(number of individuals)	2012	2011	2010 [c]
CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES			
Recruitment [a]	**170**	**153**	**146**
Fixed-term contracts	63	62	68
Permanent contracts	107	91	78
Departures [a]	**86**	**132**	**87**
Economic redundancies	3	10	0
Terminations for other reasons	9	12	5
AVERAGE RATE OF STAFF TURNOVER [b] (%)	**9.19**	**14.30**	**9.55**

(a) Excluding internal transfers and the return of expatriates
(b) Number of resignations of permanent contract employees/Average number of permanent employees
(c) Excluding Supor

As in 2011, the integration of Supor in the Asia-Pacific data and the increase in its staff in 2012 have generated an increase in fixed-term or similar contracts, which are very common in China and are often valid for a lengthy term, especially for manual workers. The high number of departures in the Asia-Pacific region thus corresponds to the expiration of these fixed-term contracts.

Breakdown of employees by age

(Worldwide excluding Supor and Asia Fan, number of employees)

Breakdown of employees by type of contract

(Worldwide excluding Asia Fan)

	2012	2011	2010
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts	5,706	5,777	5,729
Full-time	89.3%	89.0%	88.8%
Part-time	10.7%	11.0%	11.2%
Apprenticeships*	192	127	91
OTHER WESTERN EUROPEAN COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts	1,304	1,365	1,403
Full-time	76.8%	78.8%	79.9%
Part-time	23.2%	21.2%	20.1%
Apprenticeships*	6	7	13
NORTH AMERICA			
Permanent contracts, fixed-term contracts or other short-term contracts	677	673	726
Full-time	96.9%	97.3%	96.4%
Part-time	3.1%	2.7%	3.6%
Apprenticeships*	0	0	0
SOUTH AMERICA			
Permanent contracts, fixed-term contracts or other short-term contracts	2,673	2,769	2,244
Full-time	99.8%	99.8%	99.8%
Part-time	0.2%	0.2%	0.2%
Apprenticeships*	50	49	24
ASIA-PACIFIC			
Permanent contracts, fixed-term contracts or other short-term contracts	12,457	12,485	12,102
Full-time	99.9%	99.9%	99.6%
Part-time	0.1%	0.1%	0.4%
Apprenticeships*	96	0	0
CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts	825	735	727
Full-time	94.3%	93.5%	93.4%
Part-time	5.7%	6.5%	6.6%
Apprenticeships*	0	1	0

* *Working under apprenticeship/professional training contracts*

Persons with disabilities

(Worldwide)

	2012		2011		2010	
	World	France	World	France	World	France
Number of employees with disabilities	464	310	416	300	435	273
% of employees with disabilities [(a)]	1.87	5.26	1.73	5.08	1.88	4.66

(a) Ratio between the number of employees with disabilities and the total number of employees as at 31 December, excluding temporary employees and ESAT (centres providing care through employment) sheltered employees.

Disabilities are a serious concern for Groupe SEB, which works to prevent them through its health and safety policy and to provide employment opportunities to people with disabilities. If temporary workers and ESAT sheltered employees are included, the rate of disabled employees surpasses the 6% legal quota. A three-year collective bargaining agreement on employee disability was presented in late 2012 in France to employee representation bodies, and negotiations are presently under-way.

With the exception of Supor, where the number of physically disabled employees is relatively low, the number of disabled employees stands at 3.24% worldwide.

Absenteeism rate [(a)]

(Worldwide)

	2012	2011	2010*
France	3.7	3.8	4.1
Other Western European countries	3.0	3.0	2.3
North America	2.7	1.0	2.7
South America	3.1	4.8	3.5
Asia-Pacific	1.2	0.8	0.7
Central Europe, Russia and rest of world	1.2	2.9	1.4
TOTAL	**2.0**	**2.0**	**2.4**

(a) Ratio between the number of days absent and the hypothetical number of days present.
** Excluding Supor*

Breakdown by gender and category ☑

(Worldwide)

(as a %)	2012	2011	2010*
MEN			
Manual workers	38.1	38.8	24.4
Employees	14.0	13.6	18.2
Managers	6.9	6.7	11.5
TOTAL	**59.0**	**59.1**	**54.1**
WOMEN			
Manual workers	22.9	23.6	18.6
Employees	14.5	14.0	21.6
Managers	3.6	3.3	5.7
TOTAL	**41.0**	**40.9**	**45.9**

* *Excluding Supor*

At year-end 2012, 61% of Group employees were manual workers, 28.5% were employees and 10.5% were managers. Group-wide, at year-end 2012, 34.5% of managers were female, versus 20% in 2002.

Excluding Supor, manual workers, both male and female, represent only 42.1%, while managers represent 18%, 6.4% of whom are female.

Social dialogue

Groupe SEB believes that social dialogue fosters stability and cohesion and it respects freedom of association around the world. This commitment was reaffirmed in the Group's Code of ethics, issued to all of its subsidiaries in 2012. The Group also works to create employee representation bodies in all countries in which it operates.

To encourage the exercise of trade union rights, in 2007 Groupe SEB signed a specific agreement with labour unions. It sets forth additional measures to accompany the careers of employees who are union representatives. Team managers also receive training on social dialogue in France to ensure they have the proper knowledge and understanding.

Groupe SEB has a European Group Committee with employee representatives from 15 European Union countries.

Almost 90% of Groupe SEB's staff are covered by a collective bargaining agreement. In countries where the Group has industrial facilities, this percentage stands at 96%.

Collective agreements

(Worldwide)

	France	Other Western European countries	North America	South America	Asia-Pacific	Central Europe, Russia, other countries	Total
2012	56	18	4	10	35	8	131
2011	31	11	10	11	16	6	85
2010	23	38	3	6	14	6	90

A total of 131 collective agreements were signed in 2012. A quarter of these agreements concern remuneration, and another quarter relate to social dialogue. 20 agreements are related to health and safety, and approximately another ten deal with the environment and diversity.

In the United States, All-Clad negotiated a major agreement with positive consequences for the employees as well as for clients and the Company. It allows for the establishment of a new more-efficient work structure based on independent manufacturing units. A training plan will be adopted to help employees develop the required versatility, thus boosting their employability.

As for the Vietnamese subsidiary, Asia Fan, it signed a collective agreement with a view to improving the working conditions of its employees. It addresses, in particular, overtime, salaries, health and safety and a training scheme. It also gives employees a certain number of days of paid leave, higher than stipulated by local regulations, in the event of maternity or death of a close relative.

External labour [(a)]

(Worldwide)

	2012	2011	2010
France	694	602	567
Other Western European countries	17	57	18
North America	160	201	317
South America	1,323	1,119	1,083
Asia-Pacific	1,088	1,177	1,083
Central Europe, Russia and other countries	68	78	50
TOTAL	**3,350**	**3,234**	**3,118**

(a) Temporary full-time equivalent staff

Overtime

(Worldwide)

2012: In France, 52,368 hours, or 29 full time-equivalents (FTE) (2011: 52,152 hours or 29 FTE).

Worldwide excluding Supor, 715,062 hours, or 305 FTE (2011: 387,235 hours or 188 FTE).

For Chinese subsidiary Supor, 6,207,896 hours, or 2,957 FTE (2011: 6,794,645 hours or 3,267 FTE). These figures are linked to the local context, operations being highly seasonal in nature and tensions prevailing in the recruitment of labour in Eastern China.

Workplace safety: lost time injuries and severity rates

(Worldwide)

	2012	2011	2010
FRANCE			
☑ Number of workplace accidents with days lost	76	86	101
☑ Number of days lost	3,192	3,938	5,819
☑ Lost time injuries rate[a]	8.89	9.96	11.99
☑ Severity rate [b]	0.37	0.46	0.69
Number of fatal workplace accidents	0	0	0
OTHER EUROPEAN COUNTRIES			
☑ Number of workplace accidents with days lost	11	11	10
☑ Number of days lost	280	195	107
☑ Lost time injuries rate[a]	4.03	3.03	4.38
☑ Severity rate [b]	0.10	0.05	0.05
Number of fatal workplace accidents	0	0	0
EURASIA			
☑ Number of workplace accidents with days lost	0	0	0
☑ Number of days lost	0	0	0
☑ Lost time injuries rate[a]	0	0	0
☑ Severity rate [b]	0	0	0
Number of fatal workplace accidents	0	0	0
NORTH AMERICA			
☑ Number of workplace accidents with days lost	6	5	5
☑ Number of days lost	163	101	11
☑ Lost time injuries rate[a]	4.39	3.98	4.05
☑ Severity rate [b]	0.12	0.08	0.01
Number of fatal workplace accidents	0	0	0
SOUTH AMERICA			
☑ Number of workplace accidents with days lost	28	44	27
☑ Number of days lost	800	976	407
☑ Lost time injuries rate[a]	4.95	7.47	5.91
☑ Severity rate [b]	0.14	0.17	0.09
Number of fatal workplace accidents	1	0	0
ASIA-PACIFIC			
☑ Number of workplace accidents with days lost	62	71	127
☑ Number of days lost	1,716	1,507	2,226
☑ Lost time injuries rate[a]	1.87	2.07	4.33
☑ Severity rate [b]	0.05	0.04	0.08
Number of fatal workplace accidents	0	0	0

(a) Number of workplace accidents with days lost per million hours worked.
(b) Number of days lost per thousand hours worked.

In France the lost time injuries rate (LTIR), excluding temporary employees, stood at 8.89. This improvement is due primarily to the good performance seen at the Group's plants. The goal set for 2013 is 7.50. The total recordable injuries rate (TRIR), excluding temporary employees stood at 18.48. In France, Groupe SEB counted 158 workplace accidents with or without days lost in 2012.

Worldwide, the LTIR, excluding temporary employees, stood at 3.49 versus 4.04 in 2011. This shows significant improvement, especially in South America, despite the death of an employee in Colombia. The goal set for 2013 is 3.15. The TRIR, excluding temporary employees, stood at 6.11. These figures include France. Overall, Groupe SEB counted 320 workplace accidents with or without days lost in 2012.

Cutting the number of workplace accidents and preventing work-related illness, primarily musculoskeletal disorders (MSDs), has been a priority of Groupe SEB for many years. In 2008 it launched an ambitious Safety plan, followed by a Health plan in 2009, in order to make major, lasting improvements in this area.

Ergonomic improvements to workstations, training and staff rotation, warm-up and cool-down exercises, as well as quick response whenever an employee indicates discomfort while working have helped reduce, since 2010, the number of musculoskeletal disorders reported.

With a view to achieving top-rate safety levels, the Group laid the foundation for a more safety-conscious corporate culture, worldwide, by launching the "Safety in SEB" programme in 2012. This programme is led by a Group-wide Strategic Health & Safety Committee with three members from the Group Executive Committee and an International Operational Committee.

All health and safety policy falls under the responsibility of the Quality department. The department relies on a network of Health Safety and Environment Coordinators across the Group's French sites, a function that was harmonised in 2012.

OHSAS 18001 certification

(Worldwide)

	2012
Number of certifiable entities	*38*
Entities holding OHSAS 18001 certification [(a)]	81.6%

(a) Based on industrial and logistics entities at the end of the year concerned.

Since 2007, the Group has worked to be awarded certification for its health and safety management system in order to structure its on-site approach in a sustainable manner. The Supor (China), Saint Petersburg (Russia) and Canonsburg (United States) sites received OHSAS 18001 certification in 2012. At year-end 2012, 81.6% of the Group's industrial and logistics entities held this workplace health and safety certification. Excluding the new acquisitions made in 2011, this figure would stand at 91.2%.

Training (staff and training hours)

(Worldwide)

	2012				
	Including Supor		Excluding Supor	2011*	2010*
Number of training hours	654,631	☑	280,393	269,661	225,029
Number of staff trained	25,126	☑	8,870	8,515	8,091
Of which women	*8,965*	☑	*3,748*	*3,270*	*4,940*
Of which men	*16,161*	☑	*5,122*	*5,245*	*3,151*
Number of employees trained in workplace safety	17,859		4,694	3,276	2,801

* *Excluding Supor*

Excluding Supor, over 66% of Group employees benefited from at least one training session in 2012.

The inclusion of Supor in the 2012 data heavily impacted the Group's figures.

The number of people trained is greater than the Group's total number of employees because the figure includes employees who have left or been replaced over the course of the year. The number of employees trained thus exceeds 100% of the total workforce as a result of significant turnover, especially within Supor (140%).

Of the total hours of training conducted in 2012, 58.9% targeted manual workers, 28.5% targeted employees and 12.6% targeted managers. Excluding Supor, 30.4% of training hours targeted manual workers, 45.1% targeted employees and 25.5% targeted managers.

The training policy covers all Group employees and most training programmes are organised in a decentralised 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 aspirations, as expressed during the annual evaluation (annual evaluations were held with 76% of managers as part of the 2011/2012 worldwide campaign). A global reporting system makes it possible to track the training provided throughout the world.

In France, Groupe SEB employs almost 5,900 people across 13 sites. Its industrial operations are moving towards greater automation and computerisation of production systems and more exacting management system requirements. These changes lead to new skills requirements, making it necessary to provide early training to employees who are less well equipped to deal with these new challenges in order to guarantee their employability.

Groupe SEB's employability policy relies on an innovative training programme based on four "bricks" of skills, adapted to employees' various training needs: DECLIC (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). The purpose of this programme is to anticipate future employment needs and to identify both endangered and emerging lines of work, together with the related skills. Since 2009, 1,200 Groupe SEB employees have undergone this employability process. All of the Group's French sites set up career centres in 2011 in order to carry out these training programmes leading to qualifications and to maintain employability as jobs and skills evolve over time. These sites also aim to allocate 20% of their total training budget to training designed to improve the employability of employees with limited qualifications.

The agreement related to the employment of seniors, signed by the Group in 2009 (for France), requires the Group to provide special training assistance for employees over the age of 45. It also makes concrete a special effort to offer training to these staff members.

Training budget

(Worldwide)

(as a % of payroll)	2012 [a]	2011 [a]	2010 [b]
France	4.32	4.28	2.68
Other Western European countries	0.99	1.94	1.00
North America	1.04	1.26	0.90
South America	1.62	2.34	1.58
Asia-Pacific	1.36	3.13 [c]	2.06 [c]
Central Europe, Russia and rest of world	2.86	3.21	1.88
TOTAL	**2.75**	**3.38**	**2.08**

(a) Teaching cost + expenses, wages for trainees.
(b) Teaching cost + expenses, excluding wages for trainees and indirect labour.
(c) Excluding Supor

The 2012 data include Asia Fan and Supor. The Chinese subsidiary's training costs represented 0.91% of its total payroll in 2012, while Group-wide training costs represented 2.75% of total payroll. Excluding Supor, this percentage stands at 2.14% for the Asia-Pacific region and 3.06% Group-wide.

Groupe SEB University

(Worldwide)

	2012	2011	2010
Number of trainees	1,288	1,591	1,540
Number of training sessions	129	122	161
Number of training hours	30,139	35,905	36,700

Founded in 1991, the Groupe SEB University offers both French and international employees the chance to participate in high-level training on management in a multicultural environment, the Group's strategic objectives and specialised skills (marketing, finance, logistics, etc.).

Bonuses and profit sharing

(France)

(in € thousands)	2012	2011	2010
Provision for bonuses	16,132	19,905	16,886
Provision for profit-sharing	22,818	27,697	15,310
TOTAL	**38,950**	**47,602**	**32,196**

Amounts paid in the year indicated in respect of the previous trading year.

An additional €1,622,384 was paid out in France in October 2012 as the profit-sharing bonus in respect of 2011 profit.

In 2013, the amount paid in bonuses and profit sharing will amount to €36.5 million. This amount includes the bonus mentioned above.

3.4. CORPORATE RESPONSIBILITY INDICATORS

2012 non-financial indicators reviewed ☑

Operations of the Groupe SEB Foundation

Created in 2007 for an initial period of five years, the Groupe SEB Foundation's vocation is to combat exclusion. It supports projects to help people in difficulty reintegrate into society, with three focuses: employment, housing and education/training. Its bylaws were renewed for another period of three years. In keeping with the previous budget, €1.8 million was allocated to the Groupe SEB Foundation. In the future, the Foundation will work to boost its international initiatives, in collaboration with the subsidiaries. Furthermore, it organises volunteer and corporate skill sponsorship initiatives with the participation of the Group's employees.

Since its founding, the Foundation has supported 212 projects promoting "a better life for all". These projects include 100 large-scale programs, led by organisations with which it has developed close ties, such as Habitat & Humanisme, Envie, Association Nationale de Développement des Épiceries Solidaires (ANDES), Apprentis d'Auteuil and Agence du Don en Nature, of which Groupe SEB is a founding member. Each day, its work is enhanced through employee participation. The Foundation currently counts more than 160 volunteers and a dozen "ambassadors" at its French sites.

In 2012, the Groupe SEB Foundation supported 47 highly diverse projects in the context of a support budget that amounted to €400,000 in cash and €280,000 in product donations.

Until now, the Foundation pooled resources for operations carried out primarily in France, while guiding local initiatives in other countries. In 2012 it drew up an official global corporate philanthropic policy in order to harmonise the Group's commitments in conjunction with its subsidiaries, which it advises and coordinates. It has also become involved in new international programmes, such as with the NGO CARE in Brazil.

Total corporate philanthropic expenses ☑

(Worldwide excluding Maharaja Whiteline)

(in € millions)	2012	2011	2010
Financial donations	1,810,209	1,528,627	1,808,143
Product donations	499,037	659,816	840,879
Cause-related marketing products	360,383	536,348	227,294
TOTAL CORPORATE PHILANTHROPIC EXPENSES	**2,669,629**	**2,724,791**	**2,876,316**

Overall, the Group allocated €2.67 million to corporate philanthropic activities in 2012. This includes the amounts generated by "cause-related marketing products", i.e. products whose profits are partially donated to charitable organisations. The largest operation is the partnership between Tefal and UNICEF, where, for each item sold, Tefal gives €1 or more to the humanitarian association for its programme to fight malnutrition around the world. This partnership began in October 2010 and was renewed for a third consecutive year in October 2012. The total amount donated in relation to "cause-related marketing products" is thus naturally higher in 2011 than in 2010 and 2012 since it is the only «complete» year.

Responsible Purchasing ☑

(Worldwide excluding Supor)

A responsible Purchasing Charter was introduced in 2012, in conjunction with the Groupe SEB Code of ethics. It explains the Group's requirements from its suppliers in relation to Human Rights and ethical, social and environmental principles. This year, the responsible Purchasing Charter was sent to over 850 suppliers, representing 80% of the Group's panel of suppliers. The number of suppliers to which the Charter was sent is an indicator that was audited in 2012.

The fight against corruption

The Group developed a buyers code of ethics – now integrated as part of the responsible Purchasing Charter issued in 2012 – which requires employees to refuse any sort of financial compensation, gift or benefit.

This policy was completed with the international Code of ethics distributed to all employees. This document stipulates, 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 the UN's Global Compact, its tenth principle requiring businesses to work against corruption.

3.5. ENVIRONMENTAL INDICATORS

2012 non-financial indicators reviewed ☑

Groupe SEB's environmental strategy is supervised by the Quality department and is deployed across the sites by local employees.

Groupe SEB has worked for many years to improve the environmental performance of its industrial entities and logistics platforms. The worldwide Environment Management System (ISO 14001) put in place in 2003 aims in particular to reduce greenhouse gas emissions and to limit water and energy consumption and waste production. The Group is committed to adhering to the guidelines set forth in the standard, including compliance with the regulations and existing laws as well as continuous improvement and pollution prevention.

The Group's goal is for all of its industrial and logistics entities to be ISO 14001 certified. At year-end 2012, 84.2% of them had received this certification. The 2011 acquisitions (Imusa, Asia Fan and Maharaja Whiteline) fall under this scope but are not yet certified. Action plans are in place to bring them up to the standards of Groupe SEB.

The data provided below concern worldwide operations, except in cases where it is explicitly stated that they only include the ISO 14001 certified entities. The data from the newly-certified Canonsburg (USA) site were included in 2012. This is not the case, however, for the Supor (China) and Saint Petersburg (Russia) sites, which were certified in 2012 but which will not be included under the reporting scope until next year. Neither do these data include Asia Fan (Vietnam) and Maharaja Whiteline (India), companies in which Groupe SEB acquired a 65% and 55% stake, respectively, in 2011.

Data concerning the 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. These requirements have been codified in the Group's Code of ethics, which is deployed both in France and internationally. Specific training actions are also held to ensure that personnel have the necessary skills. Groupe SEB also shares its performance in terms of corporate responsibility, which includes its environmental information, with employees via in-house channels (intranet, posters, events, etc.) and external channels (Business and Sustainable Development report, website, etc.).

Consumption of resources

(ISO 14001 certified entities excluding Supor and Saint Petersburg)

The data from the newly-certified in Canonsburg (USA) site were included for 2012.

DIRECT MATERIALS

(in metric tonnes)	2012	2011	2010
Total consumption of metals	77,965	85,962	85,382
of which motors	*24,556*	*30,111*	*25,562*
Total consumption of plastics	46,500	48,100	42,420
Total consumption of packaging	29,012	31,331	30,232

INDIRECT RAW MATERIALS ☑

	2012		2011		2010	
	World	France	World	France	World	France
Total consumption of natural gas *(in GWh)*	171.9	156.8	147.4*	141.0	173.8	165.4
Total consumption of liquefied gas *(in tonnes)*	729.8	225.6	820.0*	243.5*	886.6	267.0
Total consumption of electricity *(in GWh)*	167.5	108.0	158.7	108.0	159.1	107.2
Total consumption of water *(in thousands of cubic metres)*	1,021.9	857.5	1,051.9*	895.1*	1,002.1	846.9
Total consumption of fuel oil, excluding fuel *(in cubic metres)*	31.2	26.9	31.8	27.7	46.8	38.7

* *Updated following a measurement error.*

Natural gas consumption increased in 2012 due to a particularly cold year. However, the Group's sites did reduce their consumption of liquefied gas. The difference between the French and worldwide figures for this resource is due to the fact that Brazil – the Group's largest user of this type of gas – uses liquefied gas rather than natural gas in its industrial processes. At constant scope, electricity and water consumption were down slightly.

In 2012, the electrical products developed by Groupe SEB consumed an average of 0.55 W in stand-by mode.

In 2012, a finished product manufactured in a Groupe SEB plant required, on average, 1.93 kWh of gas, 1.88 kWh of electricity and 11.46 litres of water.

The vast majority of water used by the Group's industrial sites is related to the production of cookware.

In general, Groupe SEB takes environmental considerations into account in its industrial processes evolution. An example of this is the preparation of the aluminium disks for coating purposes when manufacturing pans and pots. At its Rumilly site in France the Group implemented 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 economical and environmentally friendly and compatible with a wider variety of aluminium.

An "Energy Club" was launched by the Purchasing department in 2011 in conjunction with the Sustainable Development department, the Quality department and the facilities and energy managers of the Group's sites.

Its purpose is to promote best practices for energy conservation (processes and buildings) throughout the Group and to encourage networking among managers during quarterly meetings dealing with the following subjects:

- defining best practices regarding utilities management and performance;
- identifying indicators to be used to monitor performance;
- identifying areas of improvement for each site;
- sharing experiences from the sites.

In 2013 the Energy Club will become the "Commodity Team" and will be expanded internationally.

LAND USE

Land use is not a concern of the Groupe SEB, given its business activities.

Greenhouse gas emissions ☑

Groupe SEB's sites and activities are not directly impacted by climate change given the nature of its current facilities. The Group is nevertheless careful not to contribute to worsening conditions and measures its greenhouse gas emissions related to production and transport of its products.

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. In recent years the Group has made significant capital expenditure, totalling several million euros, to improve the sites most concerned by VOCs. These investments aimed to treat emissions as well as to overhaul processes in order to eliminate VOCs entirely.

PRODUCTION

(ISO 14001 certified entities excluding Supor and Saint Petersburg)

(in metric tonnes of CO_2 equivalent)	2012	2011	2010
Greenhouse gas emissions	65,093	54,844*	34,318

* *Updated following a measurement error.*

Since 2011, this indicator covers direct greenhouse gas emissions ("scope one") generated through the burning of fossil fuels, as well as indirect emissions stemming from the electricity purchased ("scope two"). These scopes were calculated based on the financial control approach. The emission factors used in this calculation were taken from the French Environment and Energy Management Agency's emissions factor guide for carbon footprint assessments (version 6.1). The data from the newly-certified facilities in Canonsburg (USA) were included in 2012. At constant scope, greenhouse gas emissions stemming from production at the Group's manufacturing facilities were up slightly (+3%).

LOGISTICS

(Worldwide)

(in metric tonnes of CO_2 equivalent)	2012	2011	2010
Average value of greenhouse gas emissions	216,551	250,325	265,000

In 2012, for the fourth time, Groupe SEB drew up a balance sheet of its greenhouse gas emissions related to the transport of products, raw materials and components. This new assessment estimated worldwide greenhouse gas emissions (excluding Maharaja Whiteline) at an average of 216,551 tonnes of CO_2 equivalent. The emissions related to the Group's transport and logistics activities therefore decreased, despite an increase in turnover. This drop in emissions stems from the use of sea transport, thanks in particular to increased use of slow steaming (boats travel slower and thus reduce their fuel consumption and greenhouse gas emissions), and from greater use of alternative modes of transport. 30% of the data used in this calculation were extrapolated versus 32% [1] in 2011.

(1) In 2011 we reported that 26% of the data had been extrapolated; however, after re-assessing the data, this percentage has been adjusted.

Waste

(ISO 14001 certified entities excluding Supor and Saint Petersburg)

	2012		2011		2010	
	World	France	World	France	World	France
Non-hazardous waste (NHW) *(in metric tonnes)*	14,460	10,286	12,002	8,343	12,828	8,532
Recycled NHW, excluding metals and sludge, treated by recycling systems *(as a %)*	80.8	84.9	82.8	82.5	81.0	82.0
☑ Hazardous industrial waste (HIW), excluding externally treated effluents and waste oil, 100% treated *(in metric tonnes)*	1,272	1,015	1,208*	930*	2,096**	1,472**
Wastewater treatment plant sludge, disposed of in class II landfills *(in metric tonnes)*	4,022	3,953	3,876	3,836	4,020	3,962

* *Updated following reclassification.*
** *Includes externally treated effluents and waste oil.*

The data from the newly-certified facilities in Canonsburg (USA) were included in 2012.

One of Groupe SEB's main objectives is to reduce the environmental impact of its products through their entire life cycle. Thanks to its eco-design guidelines and responsible innovation policy, the Group tends to market products with high potential recyclability. To this end, it gives preference to materials that can be recycled and seeks to reduce the number of different materials used in its products to facilitate sorting. It also prioritises easy disassembly and, since a repaired product creates less waste than a replaced product, it works to make its devices repairable to increase their useful life. At the same time, the Group is using more and more recycled materials in its products. For instance, Tefal's Enjoy spatulas are made of 95% recycled PET plastic, and its Natura cookware range is made of 100% recycled aluminium.

The Group's product objectives in terms of recyclability, inspired by those set out in the European Directive on Waste Electrical and Electronic Equipment (WEEE) of 13 August 2005 (50% recyclable and an additional 20% reusable for small household equipment) have already been exceeded, with the average potential recyclability for new products designed in 2012 at 79.9%.

In terms of industrial waste (sensitive waste requiring special treatment), Groupe SEB complies with the regulations in effect and disposes of it through the appropriate channels. There was a slight increase in hazardous waste between 2011 and 2012. This was, in particular, the result of a larger volume of stainless steel parts, which generate finishing process waste. Groupe SEB's goal for non-hazardous waste focuses on recycling and recovery. In 2012, 80.8% of the Group's non-hazardous waste was thus treated in recycling systems and 7.6% was used to produce energy. The Group also kept track of its metal waste and WEEE [1] from production waste, which amounted to 7,650 and 317 metric tonnes, respectively, for this year.

Discharge into water

Chemical oxygen demand (COD) represents the amount of oxygen necessary to oxidise 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 2012 Groupe SEB discharged 38.6 metric tonnes of COD from its own wastewater treatment plants.

(1) Waste Electrical and Electronic Equipment.

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 odours 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 plants have also launched local initiatives, especially in France, to promote biodiversity.

ISO 14001 certification ☑

(Worldwide)

	2012	2011	2010
Number of certifiable entities	*38*	*35*	*32*
Entities holding ISO 14001 certification [(a)]	84.2%	74.3%	78.0%

(a) Based on industrial and logistics entities at the end of the year concerned (including the Group's head office).

The Supor (China), Saint Petersburg (Russia) and Canonsburg (United States) sites received certification in 2012.

Excluding the 2011 acquisitions, 94.1% of the Group's industrial and logistical entities are ISO 14001 certified.

NB: In this table, Imusa's industrial plants (in Colombia) that hold environmental certification awarded by a Colombian organisation are not considered as ISO 14001-certified under Groupe SEB terms. An action plan is under-way to gradually bring these sites in line with Groupe SEB standards.

3.6. REPORT BASED ON THE REVIEW BY A STATUTORY AUDITOR OF A SELECTION OF CORPORATE SOCIAL RESPONSIBILITY INDICATORS

and published in the section on corporate social responsibility in Groupe SEB's 2012 Registration Document

In response to the request we received and in our capacity as a Statutory Auditor of SEB S.A., we performed the tasks necessary to express our limited assurance regarding a selection of corporate social responsibility indicators published in the section on corporate social responsibility in Groupe SEB's Registration Document for the 2012 financial year.

The selected corporate social responsibility indicators (hereinafter referred to as the «indicators») are as follows:

- **Social indicators:**
  - "Employees by geographical zone" indicator
  - "Breakdown by gender and category" indicator
  - "Number of workplace accidents with days lost" indicator
  - "Number of days lost" indicator
  - "Workplace lost time injuries rate" indicator
  - "Workplace accident severity rate" indicator
  - "Number of training hours" indicator
  - "Number of staff trained" indicator (including the number of women and the number of men)
- **Environmental indicators:**
  - "Greenhouse gas emissions from industrial and logistics sites" indicator
  - "CO_2 emissions related to transport (logistics)" indicator
  - "Total consumption of gas" indicator
  - "Total consumption of fuel oil" indicator
  - "Total consumption of liquefied gas" indicator
  - "Total consumption of electricity" indicator
  - "Total consumption of water" indicator
  - "Hazardous industrial waste treated" indicator
  - "ISO 14001 certified sites" indicator
- **Corporate responsibility indicators:**
  - "Total corporate philanthropic expenses" indicator
  - "Number of suppliers to which the responsible Purchasing Charter was sent" indicator

These indicators were prepared by Groupe SEB's Sustainable Development department in accordance with the guidelines entitled "Procedure for reporting sustainable development indicators" used by Groupe SEB in 2012 and available from the Group's Sustainable Development department.

Our role is to express an opinion on these selected indicators based on our audit.

Nature and scope of our work

We performed our assignment in accordance with the IFAC-ISAE 3000 standard "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and according to the professional guidelines applicable in France.

We carried out the following procedures to obtain limited assurance that these selected indicators are free of material misstatements. A higher level of assurance would have required a more extensive review.

- We examined the reporting procedures developed by Groupe SEB in terms of their relevance, reliability, objectivity and clarity.
  - At the Group level:
  - We carried out analytical procedures and used samples to verify the calculations and the consolidation of data used to produce the social, environmental and corporate responsibility indicators. This work drew on interviews with the individuals responsible for this reporting within the Sustainable Development department, the Personnel Administration and HR Reporting department, the Training and School Relations department, the Industrial department, the Supply Chain department, the Quality department and the Purchasing department.
  - Based on our consultations with the individuals responsible for producing the social, environmental and corporate responsibility indicators within these various departments, we verified that procedures had been properly applied. We also conducted tests of detail that involved verifying the calculations and comparing data against supporting documentation.
- We selected a sampling of entities:
  - TEFAL – Rumilly
  - SEB S.A.S. – Selongey
  - SEB S.A.S. – Is sur Tille
  - GROUPE SEB MOULINEX – Mayenne
  - CALOR – Pont-Évêque
  - CALOR SAS – Saint Jean de Bournay
  - CALOR SAS – Mions
  - ROWENTA SAS – Vernon
  - ROWENTA WERKE – Erbach
  - SSEAC – Shanghai
  - GS COLOMBIA – Cajica
  - GS BRASIL – Sao Bernardo do Campo (environmental indicators only)

  These entities were selected based on quantitative and qualitative criteria applied to the indicators.
  - At the level of the selected entities:
  - Based on our consultations with the individuals responsible for preparing the data, we verified proper understanding and application of the procedures;
  - We conducted tests of detail, based on samples, that involved verifying the calculations and comparing data against supporting documentation.

These entities' contribution to Groupe SEB's consolidated indicators represents 19-36% for the social indicators, 58-86% for the environmental indicators and 20-31% for the corporate responsibility indicators.

To assist us with these tasks, we drew on the support of our teams specialising in sustainable development.

Conclusion

Based on our audit, we did not observe any material misstatements likely to cast doubt on the fact that (a) the process for establishing the social, environmental and corporate responsibility indicators and (b) the selection of the social, environmental and corporate responsibility indicators in question have been established, in all significant respects, in accordance with the guidelines entitled "Procedure for reporting sustainable development indicators" used by Groupe SEB and applicable in 2012.

Neuilly-sur-Seine, 20 March 2013

Statutory Auditor
PricewaterhouseCoopers Audit
Bernard Rascle

Partner responsible for the
Sustainable Development department
Sylvain Lambert

3.7. DECLARATION BY A STATUTORY AUDITOR REGARDING THE PRESENCE OF CORPORATE SOCIAL RESPONSIBILITY INFORMATION

in the management report

Year ended 31 December 2012

In response to the request we received and in our capacity as Statutory Auditor of SEB S.A., we have issued this declaration regarding the consolidated corporate social responsibility information presented in the management report drawn up for the financial year ended 31 December 2012 pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Responsibility of management

It is the responsibility of the Board of Directors of SEB S.A. to draw up a management report including the consolidated corporate social responsibility information required under Article R. 225-105-1 of the French Commercial Code (hereinafter referred to as the "Information"), drawn up in accordance with the guidelines used by the Company and available upon request from the Sustainable Development department of SEB S.A.

Responsibility of the Statutory Auditor

Our role is to certify, based on our audit, that the required information is included in the management report or, if it is absent, that an explanation is provided pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code and Decree No. 2012-557 of 24 April 2012. We are not responsible for verifying the relevance of this information.

To assist us with these tasks, we drew on the support of our corporate responsibility experts.

Nature and scope of our work

We performed the following tasks in accordance with the professional practice standards applicable in France.

- We compared the information listed in the management report with the list set out in Article R. 225-105-1 of the French Commercial Code;
- We verified that the information covered the consolidated scope, i.e. the Company plus its subsidiaries, as defined by Article L. 233-1 and the companies it controls as defined by Article L. 233-3 of the French Commercial Code;
- If any consolidated information was missing, we verified that explanations had been provided in accordance with the provisions of Decree No. 2012-557 of 24 April 2012.

Conclusion

Based on our audit, we confirm that the required information is included in the management report, considering the explanations given in the "Reporting process" section under the heading "Methodological limit and scope".

Neuilly-sur-Seine, 20 March 2013

Statutory Auditor
PricewaterhouseCoopers Audit
Bernard Rascle

Partner responsible
for the Sustainable Development department
Sylvain Lambert

4

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4.1. 2012 HIGHLIGHTS

General environment

The severe difficulties that many European countries have been facing (Greece, Spain, Portugal, etc.) since 2011 were amplified during the first half of 2012, giving rise to fears of a eurozone-side systemic crisis. This crisis of confidence on the part of consumers and companies, coupled with the adoption of austerity plans, caused most European countries to experience an economic downturn, to greater or lesser extents. These circumstances led to a drop in consumer spending. The crisis eventually spread outside Europe affecting other countries at different paces and with varying impacts. While the United States was able to maintain modest growth rates, Brazil experienced a slowdown, wait-and-see attitude prevailed in China in anticipation of a change in government, Russia and Colombia showed solid growth, and Ukraine experienced a severe recession. The fourth quarter nonetheless offered certain encouraging signs with stable, albeit low, demand in Southern Europe, a slight upturn in Chinese consumer spending and a return to growth in Brazil. However, the end of the year proved to be sluggish for the French market.

Against this economic backdrop, the small household equipment market showed its resistant side, remaining stable in Europe overall but with great disparity from country to country. In the emerging economies, trends were even more mixed: a decline on the Chinese market, robust growth in Russia, volatility in Brazil, etc. The tough economic context hindered demand and was perceptible in consumer's behaviour, driven by low-price products and promotional offers. This context led to greater competition among various industry players, a situation that was intensified by the competition arising between retailers.

The clear downturn in the economy and the uncertainty that prevailed throughout the year led a large number of retailers to decrease their inventories. The impact of this trend was particularly hard at the beginning of the year. The retail industry continued to transform with, on one hand, the rapid rise in online sales, and, on the other hand, the difficulty stores had coping with these changes. However, no major business failures were seen, despite a few cases of bankruptcy and store closures. The Group did not undergo losses thanks to a judiciously managed commercial policy and high credit insurance levels.

Currencies

Exchange rates continued to fluctuate wildly as in previous years. The impact of exchange rates on sales amounted to +€114 million in 2012, i.e. 2.9% of sales. As a reminder, the exchange rate impact was negative in 2011 (-€26 million), very positive in 2010 (+€170 million) and negative in 2009 and 2008 (-€63 and -€69 million, respectively). Based on the average exchange rates for 2012 compared to 2011, most currencies strengthened against the euro: this was the case, namely, for the Chinese yuan (+9.9%), the US dollar (+7.6%), the Korean won (+6.1%), the Ukrainian hryvnia (+6.5%), the pound sterling (+6.5%) and, to a lesser extent, the Mexican peso (+2.2%), the Russian rouble (+2.3%) and the Turkish lira (+1.0%). Conversely, the Brazilian real continued to weaken (-7.9%) in keeping with the trend seen in 2011. The Japanese yen increased +7.6% in relation to the euro over the year, with sharp appreciation during the first half of the year that was tempered during the second half. Across all of these currencies, the greatest contribution to the positive exchange rate effect on sales came from the US dollar and the Chinese yuan. However, these currencies negatively impacted operating result from activity, as the Group purchases more than it sells in these two currencies.

The persistent volatility affecting exchange rates over the past few years is disruptive – sometimes having a positive effect and sometimes having an adverse effect – on the Group's highly international operations. Despite this uncertainty, the Group strives to preserve its profitability everywhere it does business, with particular recourse to pricing flexibility when necessary.

Raw materials

The Group's business is exposed to fluctuations in the price of certain raw materials, including metals such as aluminium, nickel (used in stainless steel) and copper. In recent years, the situations have been extremely mixed and variable. After a "high" cycle in 2007 and early 2008, during which prices reached record highs, the crisis in late 2008 and 2009 caused these prices to turn sharply downwards. When inflation picked up again in late 2009, this led to a marked, uninterrupted increase in metal prices. This increase was very much linked to the economic recovery, and particularly to the rapid rise in Chinese demand, which put heavy pressure on commodities with impacts on prices. The weakening of the general economic climate and the recurrence of a serious crisis situation in mid-2011, with, in particular, concerns regarding the ability to maintain strong growth in the emerging markets (and especially in China), greatly impacted metal prices and markets, which experienced a significant and steep drop beginning in the summer of 2011. In 2012, commodity prices remained more or less unchanged from the low levels seen at the end of 2011, owing to the global economic downturn. After a slight increase early in the year, prices fell again, reflecting fears related to the impact of the European crisis on global demand. The attempts made by the European Central Bank and the various European governments to stop the crisis during the summer of 2012 brought this trend to a halt followed by a slight upswing in prices during the fourth quarter. On average in 2012, commodities hovered around levels significantly lower than in 2011.

The price of aluminium fell by almost 16% with an average price of $2,020 per tonne ($2,400 in 2011). Nickel also experienced a significant drop in 2012 (-23%) with an average price of $17,160 per tonne ($22,800 in 2011). The price of copper was also down (-8%) with an average price of $8,065 per tonne versus $8,800 in 2011. The slight increase in prices at the end of the year thus did not offset the significant downward trend seen during the first half of the year (the first half of 2011 representing a historically high base of comparison). It should be recalled, nonetheless, that in order to smooth out the effect of these variations, the Group has implemented a hedging policy for some of its metal needs.

As regards plastics, after two years of sharp increases, prices stabilised in 2012. They fluctuated little, on average, with the exception of polypropylene, which declined. It should be noted that the Group purchases mainly pre-manufactured plastic parts, which means that these fluctuations have less of an effect on our purchasing prices.

Despite the general decrease in commodity prices, sourced finished products have become more expensive due to the appreciation of the Chinese yuan and higher salaries in China. Nonetheless, the Group's purchasing index rose only slightly in 2012, up 1.5 points versus 2011, thanks to negotiation of purchasing terms and productivity gains among suppliers.

Given the stable Brent prices, sea transport costs fell appreciably (by 5% to 40% depending on the line) as a result of the decline in consumer spending in certain mature markets (United States, Europe), as well as over-capacity. In particular, maritime traffic between Asia and these two regions fell steeply, leading to a drop in prices.

New private placement

After achieving a first successful issue in 2008, the Group successfully launched a second Schuldschein-type bond (German private placement). Three tranches of respectively 3.5 years, 5 years and 7 years, were proposed. Initially set at €100 million, the placement was increased to €220 million to respond to the strong market demand. With total orders amounting to some €450 million, this over-subscription allowed the Group to obtain competitive conditions. The highly multi-national nature of the investors (Europeans, Chinese, Brazilians, etc.) confirms the Group's quality name on the debt market. This operation reinforces the Group's funding structure by extending the maturity of its debt and by diversifying its financing sources as well as its investor base. Commerzbank and HSBC arranged and conducted this operation.

Employee shareholding plan

In September the Group conducted the "Horizons 2012" employee shareholding programme, allowing its employees to subscribe to an issue of share capital under preferential conditions. The aim was to create a long-term link between employees and the company. This operation was carried out in 30 countries. It gave employees the opportunity to purchase SEB shares at a 20% discount on the reference price, supplemented by a progressive, capped matching payment to an employee savings plan, also in the form of shares. This international programme was a clear success, as 32% of employees in the 30 countries participated, with an average investment of 59 shares per employee. The capital increase resulting from this plan led to the issuance of 217,223 new shares at a price of €45.36 per share.

Awards for Groupe SEB

In 2012 Groupe SEB received a wide variety of distinctions:

- On 26 June 2012, it received the 2012 Human Capital Award for its initiative to improve the employability of its employees. The jury also awarded it the special Jury Award in recognition of its overall human resources policy. Created by French newspaper *Le Monde* and Michael Page international recruitment firm, this annual award, highly prestigious in France, recognises the achievements of major French corporations in the area of human resources. In previous years only CAC 40 companies had been eligible for the award, but this year it was opened to any company with more than 20,000 employees. Six different Human Resources Awards were handed out, covering six major areas. The "employability policy" award won by the Group rewards its efforts in the area of employee training, and in particular, its skills development programme for employees with limited qualifications. The jury also awarded a special prize to Groupe SEB for excellence in relation to its human resources policy.
- The Group was once again rewarded for the quality of its financial communications, taking home the silver trophy for best investor relations, all categories combined (after receiving the gold trophy in 2009 and the silver trophy in 2010). These awards are given out based on responses to a questionnaire sent to a selection of French analysts and portfolio managers who are members of the French Society of Financial Analysts (SFAF). The questionnaire covers criteria such as clarity, transparency, availability and responsiveness.
- As part of the first edition of the Awards for French Companies in China held in Paris on 25 October 2012, Groupe SEB received the "Prize for Boldness". These trophies were devised by OC&C Strategy Consultants in collaboration with the Paris Chamber of Commerce and Industry (CCIP), the French Chamber of Commerce and Industry in China (CCIFC) and Premier Cercle, an independent think tank.

  Recognising the performance of major corporations in China, the award given to Groupe SEB acknowledged its bold strategy in the country. Out of the 17 companies nominated (Air France-KLM, L'Oréal, Areva, PPR, Valeo, L'Occitane, etc.), the jury chose Groupe SEB for its acquisition of Supor, which allowed it to become a major player in the Chinese small household equipment industry.
- Groupe SEB's Intellectual Property department received the Gold Award for "Best Intellectual Property department" awarded as part of the International General Counsel Awards 2012. The second edition of these awards recognised the best European consultants and international tax and intellectual property teams. The members of the jury made their decision based on the professional experience and applications of the candidates. The organiser of the event, Leaders League, is an independent information provider specialising in strategy, finance and law. In France it collaborates with the economic magazine Décideurs.

4.2. COMMENTARY ON 2012 CONSOLIDATED SALES

(Sales in € millions)	2012	2011	Change *(based on exact figures, not rounded)* Reported	Like-for-like
France	688	706	(2.4)%	(2.4)%
Other Western European countries	759	807	(6.0)%	(7.0)%
North America	457	410	11.6%	2.8%
South America	451	427	5.6%	6.3%
Asia-Pacific	992	920	7.8%	(1.5)%
Central Europe, Russia and other countries	713	693	2.7%	1.7%
TOTAL	**4,060**	**3,963**	**2.4%**	**(0.9)%**

(Sales in € millions)	4th quarter 2012	2011	Change *(based on exact figures, not rounded)* Reported	Like-for-like
France	250	262	(4.3)%	(4.3)%
Other Western European countries	280	280	(0.3)%	(1.3)%
North America	148	139	6.6%	0.5%
South America	137	122	12.4%	20.6%
Asia-Pacific	278	266	4.4%	(0.7)%
Central Europe, Russia and other countries	230	233	(1.5)%	(6.7)%
TOTAL	**1,323**	**1,302**	**1.6%**	**(0.5)%**

The economic crisis spread to many countries as the months went by, affecting both advanced and emerging economies. It was reflected in lower consumer spending and in greater pressures in the retail sector, which materialised in a highly competitive, discount-oriented environment. Under these circumstances, demand for small household equipment dipped slightly but remained resilient on the whole.

With €4,060 million in 2012 sales, Groupe SEB's reported growth stood at 2.4% while organic growth was down by 0.9%. This slight downward trend, however, demonstrates certain resilience given the weak environment and the particularly demanding comparatives of 2010 and 2011, which saw 9.6% and 6.9% organic growth, respectively.

Organic growth in sales by quarter in 2010, 2011 and 2012

In %

The slight organic decline in sales stems mainly from a drop in volumes. The price mix was positive, yet negligible, as the price increases implemented in many markets (Europe, Brazil) were offset by competitive price cuts and discounts in other countries (Japan, United States, etc.).

Aside from the relative stability of 2012 sales on a like-for-like basis, changes in the scope of consolidation affected the Group in the order of €20 million as a result of the consolidation of Imusa (two months more than in 2011) and Asia Fan (five more months). Nevertheless, the Group decided not to consolidate its 55%-owned Indian subsidiary Maharaja Whiteline given the inadequate reliability of its financial figures and its insignificant contribution to the Group's aggregate figures.

Exchange rates had a positive impact on sales of €114 million, versus a negative impact of €26 million in 2011, due to the depreciation of the euro against most of the Group's operating currencies, but especially the US dollar and Chinese yuan.

Product sales performance

In 2012, the Group launched almost 300 new products and models around the world, some of which have frequently served as strong drivers for the entire range. In addition, the Group capitalised on its flagship products, striving to transform them into product categories by conducting an in-depth work to exploit all possible applications and thereby create a product family.

The Group's product dynamic once again held strong in 2012, and it covers an enlarged worldwide reach, with products specifically designed for certain markets.

The various product categories contributed to the Group's performance as described below:

- **home comfort** showed robust growth, driven by strong sales of fans related to highly favourable weather conditions in South America. The Group's launch of the Ultimate fan was a major inroad in the Brazilian ceiling fan market, a market that represents almost a quarter of fan sales in this country but in which the Group had almost no presence. This high-end model is equipped with an electronic switching motor. It is much lighter, consumes up to 35% less energy than the competition, and is a lot more silent;
- **home care** once again demonstrated solid sales growth thanks to the strengthening of Rowenta and its line of Silence Force Extreme quiet vacuum cleaners. 2012 was a dynamic year in terms of new products launches, especially for bagless and upright vacuum cleaners, which represent two growth market segments. The international expansion of the range of vacuum cleaners continued with the successful launch of Air Force in Japan, South Korea and Italy;
- **food preparation** performed well thanks to innovation and the development of new flagship products launched in 2011, such as Soup&Co., Moulinex's heating blender, and the line of large Masterchef Gourmet food processors, the success of which helped strengthen our positions. This growth stems from the current major trend toward "home-made" food and "healthy eating", which has been driving the global food preparation appliance market for more than two years. Meat mincers continued to perform very well in Russian and Eastern Europe; in these markets, which are still in a process of equipment, electrical mincers are gradually replacing manual mincers. On the other hand, sales of breadmakers fell sharply due to the weak demand for this type of product;
- **linen care** sales remained more or less unchanged from 2011 levels, but performance varied greatly depending on the region: a decline in Europe, South America and North America, but strong growth in Russia, the Middle East and the Asia-Pacific region. Sales were up slightly for steam irons, thanks to the launch of the cordless FreeMove iron, and for steam generators, despite aggressive campaigns by the competition in 2012. Sales were down for semi-automatic washing machines in Brazil;
- **personal care business** held its ground overall in 2012 following a volatile year and adverse market conditions. The Group saw strong performance by hairstyling appliances (hair dryers, hair straighteners) and devices designed for men (electrical hair clippers), while sales of depilators took a tumble due to the business' high exposure to Southern European markets. Sales benefited from the French launch of Steampod, the professional hair straightener designed in partnership with L'Oréal;
- **cookware** posted a slight drop in sales. This business line was hurt by a decline in sales of pressure cookers, especially in France, where the market suffered following a loyalty-programme that had artificially inflated sales in 2011. Nevertheless, it did benefit from a positive demand for frying pans and saucepans. On the other hand, the Ingenio line continued to thrive thanks to the success of a loyalty-programme with a major French retailer, while the Group's investments in kitchen tools (in China, for example) have begun to pay off;
- **electrical cooking** faced a more difficult year than in the past. Three categories continued to drive sales in 2012: rice cookers due to the growth of this category in Russia, yoghurt makers thanks to a wider range (Délice range expanded, success of the Gelata sorbet maker, greater selection of accessories and kits for yoghurt), and electrical pressure cookers thanks mainly to the launch of Cookeo, the new intelligent multi-cooker sold under the Moulinex brand. Actifry consolidated its global positions while steam cookers and table-top ovens saw a downturn;
- **beverage preparation** experienced a slight drop in sales after several years of strong growth. Single-serve coffee makers were hurt by strong competition from food companies that wanted to improve their position in the coffee market by expanding the installed base of coffee machines. The Group was, however, able to benefit from the development of its range of full automatic espresso makers. Sales of electrical kettles were mixed after several years of steady growth.

Geographical performance

BREAKDOWN OF 2012 TRADING ACTIVITY BY GEOGRAPHICAL ZONE

In France, 2012 was characterized by a certain resilience in consumer spending, by a faster shift from traditional distribution channels toward e-commerce and an intense competitive, discount-oriented environment. Amidst these circumstances, the small household equipment market was extremely hectic due to the impact of various large-scale loyalty programmes conducted by retailers and causing substantial volatility within the sector. In 2012, the small electrical appliance market was artificially boosted by these special operations, while recurring business (excluding loyalty programmes) was lacklustre. This market once again demonstrated its resilience under tense economic conditions, driven by innovation in certain product families such as breakfast (single-serve coffee), food preparation (kitchen machines) and vacuum cleaners (robotic vacuums). The cookware market returned to its usual volumes after experiencing abnormally high levels in 2011, greatly inflated by a competitor's loyalty-programme. In this context, and following a weak fourth quarter, Groupe SEB's sales for the year were down 2.4%. The strong performance in cookware – a highly successful loyalty-programme with a major retailer, a strong start in the ceramics segment, etc. – the continued progress made in vacuum cleaners and food preparation (large food processors, Soup&Co, etc.) and the successful launch of the Cookeo multicooker and the cordless FreeMove iron were not sufficient to offset the drop in electrical cooking and single-serve coffee making.

In other European Union countries, the Group had to deal with the gradually expanding crisis that first hit the Iberian Peninsula and Greece. Trends in the small household equipment market varied widely depending on the region and the product family; certain types of products, such as coffee makers and food preparation appliances, continued to thrive while others, such as irons and electrical cooking devices, declined, sometimes significantly. Southern European markets took a steep fall, affected by weak demand and intense competition, whereas German, Austrian, Dutch and British markets benefited from strong demand. The end of the year showed some signs of overall improvement. After a very grim third quarter, marked by a combination of different adverse factors, Groupe SEB was able to recover late in the year and achieved a respectable fourth quarter, with revenue down only very slightly for this period. Over the year, though, sales were down in most countries: high to very high contraction in Portugal, Spain, Italy and Greece despite an improved fourth quarter in the last three markets; a marked decline in the Netherlands due to greater competitive pressures; a downturn in Germany related in large part to the discontinuation of certain large-scale special or promotional campaigns carried out in 2011. Austria posted solid growth while strong momentum in the United Kingdom continued to drive business, drawing on healthy fundamentals and continued growth in value added products such as Actifry, Nespresso and Dolce Gusto machines, steam generators, Fresh Express, etc.

In North America, Group's business was marked by solid demand in Canada and Mexico and a mixed situation in the United States, despite a slight economic improvement, with a cookware market in decline versus growing demand for small electrical appliances. The US small household equipment market was quite volatile from one quarter to another. In this context, Group sales were down slightly in the United States after many years of uninterrupted growth. This decline is due primarily to the weakening of the cookware market, which affected us although the T-fal brand was able to firmly hold onto its positions and retailer stock listings. In the premium segment, All-Clad saw a year of gradual recovery due in particular to the successful launch of new product ranges. In small electrical appliances, Rowenta had a generally satisfactory performance despite a weak ironing market, resulting in a slight consolidation of its leadership in value. Krups continued to recover, confirming the advances made in the breakfast sector and benefiting from new retailer stock listings during the fourth quarter. The Group also pursued its vibrant growth in Canada, where its flagship products made further inroads, especially Actifry, which dominates the fryer market barely two years after its rollout. Krups experienced steady growth driven by the launch of fully-automatic espresso coffee machines. In linen care, the Group posted significant sales growth, thus strengthening its leadership position in this product category. In Mexico, recurring operations remained stable in a highly discount-driven market. The robust increase seen in sales was due to a large loyalty operation launched with a retailer.

In South America business fluctuated drastically from one quarter to the next and varied greatly depending on the region. In Brazil, the year began under difficult economic conditions, thus intensifying competition among the various market players and leading to a drawdown in inventories among retailers. However, beginning in the summer, the environment showed signs of improvement as seen in consumer spending. Furthermore, favourable weather conditions greatly benefited fan sales at the end of the year. As a result, the Group experienced a clear-cut rebound in sales during the fourth quarter, as anticipated. The weakening of the Brazilian real with respect to the dollar has also bolstered our competitiveness and limited the importation of low-cost products, making it possible, for example, for the Group to win back market share lost in previous years in blenders. The product plan was dynamic, with major successes in fans (including a new range of ceiling fans), semi-automatic washing machines, coffee makers (with Dolce Gusto) and cookware. In Colombia, the buoyant economic climate led to strong consumer spending. Committed to refocusing its operations on profitability, by discontinuing certain promotions, for instance, the Group saw a slight increase in like-for-like sales over the year, thereby confirming itself as the leader in cookware and small electrical appliances. In the fourth quarter, however, a stronger momentum took hold, driven mainly by fans and personal care products recently introduced in the market. As for the other South American countries in which the Group operates, business showed signs of weakness in Venezuela and in Chile, while Peru demonstrated solid growth and Argentina progressed steadily.

In the Asia-Pacific region, the Group encountered highly diverse situations depending on the markets. In 2012, sales were down slightly, with a decline in China, growth in other markets and a sharp drop in Supor exports that transit through Hong Kong. In China, the slowdown in economic growth led to decreased demand for small household equipment which hurt Supor's operations in 2012. Nevertheless, the Group outperformed the market, both in cookware and small electrical appliances, in all product families in which the brand is present. Development was pursued in Tier 3 and Tier 4 cities in order to improve Supor's territorial coverage. The Group achieved revenue growth in cookware thanks to strong sales of frying pans driven by Thermospot and the launch of a new ceramic-coated range. In small electrical appliances, business conditions were tougher, especially for rice cookers and induction hobs. Nevertheless, market share reached record levels at the end of the year. Despite certain favourable indicators, Supor's sales continued to decrease during the fourth quarter, due primarily to the calendar effect of the Chinese New Year (10 February 2013). In Japan, business grew steadily once again, propelled by strong performance in cookware and ironing (thanks in particular to the successful launch of FreeMove) and inroads in new categories (Air Force vacuum cleaners, food preparation appliances). The positive momentum began to lose steam in South Korea at the end of year, yet sales remained firmly up over the year. We continued our expansion in Australia, thanks especially to the Jamie Oliver cookware range; however consumer spending did weaken as the year went by. In other regions (Thailand, Malaysia, Singapore, etc.) the steep upward trend continued.

In Central Europe, Russia, and other countries (Turkey and countries in the Middle East, Africa, etc.), 2012 sales showed some growth but trends varied between countries. After a dynamic start to the year, the end of the year was more difficult in certain markets. Demand remained brisk in Russia and the Middle East, which represent the region's growth drivers. In Russia, sales continued to rise sharply. Groupe SEB leverages there its strong positions, deploys a large range of products and an assertive product plan, and carried out large-scale commercial operations with certain distributors in 2012. We also began to develop our network of Home & Cook stores, in particular in shopping centres and malls, very popular among Russian consumers. Our sales benefited from progress seen in linen care, hand blenders, yoghurt makers, strong demand for meat mincers and the rapid rise of Dolce Gusto. In Central Europe and Ukraine, the economic climate has been worseming for several months, impacting consumer spending, leading to inventory drawdowns and to an extremely discount-oriented environment. In these markets, the Group's business fell significantly and its positions weakened. In Turkey, the general economic environment remained favourable with very high demand. In this market protected by trade barriers, where competition is high and distribution is quickly shifting away from traditional channels, our operations were hit in 2012, with difficult conditions during the fourth quarter. However, the Group enjoys forefront positions in this country, both for cookware and for small electrical appliances. Lastly, in the Middle East, sales experienced healthy growth in Saudi Arabia and the UAE.

4.3. COMMENTARY ON THE CONSOLIDATED RESULTS

Income statement

Following exceptional performance in 2010 and 2011, which set a demanding precedent, Groupe SEB posted a measured decline in profit in 2012. It is important to note that the Group decided to early apply the revised version of IAS 19 with regard to employee benefits. The impacts from the application of this new standard were calculated retrospectively, as if IAS 19R had been applied beginning 1 January 2010.

2012 operating result from activity amounted to €415 million for the Group and was down 8.7% in relation to the restated figures for 2011, i.e. €455 million. This figure represents 10.2% of sales (11.5% of sales in 2011), owing mainly to the highly unfavourable currency effect.

This change stems from a combination of several factors, positive and negative:

- a drop in volumes. The economic downturn seen beginning in the summer of 2011 continued into 2012, resulting in subdued consumer spending in many countries, including several of our biggest markets (France, China, Italy, Spain, etc.), and a steeper drop in sales volumes than expected. This situation, coupled with the will to reduce our inventories, put some of our manufacturing facilities into a situation of under-absorption of production costs. The volume effect on 2012 operating result from activity amounts to -€21 million, whereas in 2011, this impact was positive at +€76 million;
- a slightly negative price mix, down €3 million. After a positive first half that included price increases, the second half was characterised by numerous promotions and more tensed conditions, related in particular to inventory drawdowns;
- a slight -€4 million decrease in our purchasing costs, resulting from a tight control of the raw materials purchasing process together with a moderate increase in the price of outsourced products that allowed us to generate savings;
- a steep reduction in expenses, stemming mainly from a lower advertising investments in a weak market environment. The Group spent €103 million on advertising over the year versus €128 million in 2011. However, the Group boosted its marketing actions and store shelf promotions and continued to invest in R&D to drive its policy of innovation. Overall, expenses fell by -€15 million in 2012, whereas they had remained relatively stable in 2011;
- a very unfavourable currency effect that penalized our operating result from activity by-€33 million. The major reason is the weakening of the euro vis-à-vis the US dollar and the Chinese yuan and their negative impact on our purchases.

Operating profit went from €402 million to €368 million, falling 8.6% in comparison to the adjusted figure for 2011, similar to the variation seen in operating result from activity. Bonus and profit-sharing schemes stood at €48 million (+€4 million from 2011), including the significant increase in the "forfait social" tax in France and the Group's matching payments under the employee shareholding programme conducted in the fall of 2012. Excluding these two factors, the bonus and profit-sharing schemes amount would have fallen by €4 million. Other operating income and expense were negligible this year, versus a €9 million expense in 2011.

Net financial expense amounted to -€63 million, compared with -€27 million in 2011. Two main factors contributed to this sharp increase: first, interest expenses on borrowings rose to -€29 million (versus -€19 million in 2011) due to the increase in average debt as a result of acquisitions in late 2011 and, in particular, the additional 20% stake in Supor, while the Group's average financing rate fell significantly, going from 7.7% to 5.1%. Second, the 2012 net financial expense includes a €25 million provision for impairment of the shares of the Indian subsidiary Maharaja Whiteline, acquired in December 2011, whose performance does not match expectations and whose financial reporting lacks reliability. This company is insignificant with respect to the Group's aggregate figures.

Net profit Group share stood at €194 million, versus €236 million in 2011, for a decrease of 17.7%. This was calculated after taxes of €94 million, representing a rate of 30.9%, slightly higher than the rate of 30% in 2011. This increase was the result, primarily, of the non-deductibility of a portion of the Group's interest expenses in France and changes in the geographic mix of tax rates. It also included minority shareholder interests for Supor, which amounted to €17 million to be deducted (€26 million in 2011). This figure represented a noticeable drop from 2011, due to the Group's acquisition of an additional 20% stake in Supor at year-end 2011 and the slight decline in the subsidiary's profit.

Balance sheet

The Group decided to early apply the revised version of IAS 19 with regard to employee benefits. The impacts from the application of this new standard were calculated retrospectively, as if IAS 19R had been applied beginning 1 January 2010.

Consolidated equity stood at €1,462 million at end-2012 (€1,342 million at 31 December 2011, after being restated to account for the revision of IAS 19), including a contribution from Supor's minority interests for €130 million (€123 million at 31 December 2011). This change was the result of a variety of factors:

- -€26 million in exchange losses due mainly to the weakening of the Brazilian real against the euro and the impact on the valuation of the share in the net position of subsidiaries;
- the total profit for the year, amounting to €211 million, less the dividends paid in 2012 for the year 2011, i.e. €68 million (€67 million for 2010);
- it is important to note that the application of the revised version of IAS 19 entailed a -€25 million decrease in consolidated equity for 2010 and -€20 million in 2011 in relation to the amounts originally reported.

Equity is reported net of treasury stock. At year-end 2012, the Group held 2,050,102 treasury shares versus 2,331,797 at year-end 2011. This change reflects the 128,537 shares awarded free of charge under the matching component of the "Horizons 2012" employee shareholding scheme, as well as the shares awarded to recipients of the 2010 performance share plan.

Net debt amounted to €556 million at 31 December 2012, versus €673 million at year-end 2011. This decrease is essentially the result of €192 million in cash generated from operations partially offset against a €72 million outflow in the form of dividends or share buybacks. The Group did not make any significant acquisitions in 2012. Working capital requirements stood at €1,009 million (24.9% of sales vs. 25.6% in 2011).

Gearing ratios improved compared to the previous year. The ratio of net debt-to-equity equalled 38%, versus 50% at year-end 2011, while the ratio of net debt-to-EBITDA stood at 1.17x versus 1.32 x at year-end 2011. These ratios show that the Group is in a healthy financial position and give it significant room to manoeuvre. The maturity of the debt was extended following the new Schuldschein-type German private placement, totalling €220 million. The Group's debt structure is diversified with almost 32% in bonds, 40% in Schuldschein and 28% in bank loans and other financing. Further information on the borrowing terms and the funding structure are available in Note 25 to the Consolidated Financial Statements.

2012 capital expenditure totalled €128 million, down slightly in comparison to 2011 (€131 million) and 2010 (€140 million). In general, investment was principally in tangible assets (approx. 80%) with almost equivalent distribution between moulds and tools for new products on one hand and production equipment (installation of new assembly lines, injection presses, etc.) and/or the renovation of buildings on the other hand. The remaining 20% covered mostly capitalised development costs and production-related computer software linked to the production and to the development of the Group's own retail brand outlets.

Geographical breakdown of 2012 sales

Change in operating result from activity

In millions of €

(a) Restated following early adoption of IAS 19R.

2011-2012 sales growth

In millions of €

Breakdown of operating result from activity

In millions of €

(b) Before application of IAS 19R.

Cash flow and capital expenditure

In millions of €

(a) Restated following early adoption of IAS 19R.

Net debt and debt ratio

In millions of €

(a) Restated following early adoption of IAS 19R.

4.4. OUTLOOK

The downturn that began during the summer of 2011 persisted and intensified in 2012, impacting almost all of the Group's markets. In addition, in light of the exceptional nature of the Group's 2011 performance, its 2012 achievements are respectable given the global crisis it was dealing with. Europe was the region most affected by these difficulties, although Supor also experienced a mild slump in business in China due to a marked decline in the market, partially offset by improvement in its competitive positions. Other countries like Russia, Japan and Brazil saw renewed growth.

2013 has started off in an economic climate that appears just as uncertain as in 2012. The environment is expected to remain tense in France and rather grim in Europe as a whole, although the Group will benefit from less-demanding comparatives in the region. Economic conditions should be more favourable in emerging markets such as China. We anticipate that growth in Russia will taper after a brisk year in 2012. As for the United States, demand is not expected to rebound, while visibility remains limited in South America and especially in Brazil, which is also concerned by currency-related issues. In a context of mixed consumer spending, the price of raw materials is not expected to increase significantly. The volatility of exchange rates will continue to be a risk that requires particularly close attention.

Amidst a small household equipment market that will probably remain highly competitive and discount-oriented, the Group will seek to maintain a strong product dynamic in 2013 across all of its markets, propelled by large-scale commercial operations and reinforced business drivers. It will continue to draw on the strength of its brands, both via physical distribution as well as via the Internet, where sales will confirm their upward trend. At the same time, the Group will seek to remain responsive by maintaining a balanced, locally-oriented industrial strategy, tighter management and strict control of costs and expenses.

The Group's goals for 2013 are to return to organic sales growth, in particular by drawing on rebounding Chinese operations, to consolidate its market positions, to protect its operating result from activity and to continue to reduce debt.

4.5. FINANCIAL REVIEW OF SEB S.A.

SEB S.A., the parent company of Groupe SEB, is a holding company whose activities are largely confined to overseeing the manufacturing and sales activities carried out by its subsidiaries.

As a result, SEB S.A.'s earnings only partly reflect the performance of the Group and year-on-year changes in the Group's performance are not visible at the level of the Company's results until the following year, because its revenues consist essentially of dividends received from subsidiaries.

The main items reflected in the Company's accounts are as follows:

- income:
  - dividends received from subsidiaries: €101.7 million (€141.0 million in 2011);
- expenses:
  - fees for services provided by SEB Développement, a subsidiary of SEB S.A., totalling €3.9 million (€3.2 million in 2011).

Since 1 January 2005, SEB Développement has taken over the market prospecting, international sales promotion and development, administrative, financial, research, innovation and industrial property services previously supplied by the Company to subsidiaries.

The Company ended the year with a profit of €61.3 million for the period (€77.8 million in 2011).

Significant events of the year

AUTHORISATION TO CARRY OUT A GROUP EMPLOYEE SHARE ISSUE

The Group launched an employee shareholding operation that allowed its personnel to subscribe shares issued by SEB S.A. under preferential conditions. This worldwide operation attracted participation by over 30% of staff in the 30 countries involved. 217,223 new shares were issued at a price of €45.36 per share under this issue of share capital.

Following the operation, SEB S.A.'s share capital stood at €50,169,049, versus €49,951,826 at 31 December 2011. A €9,023,192 share premium was recorded in relation to the operation.

NEW PRIVATE PLACEMENT

After accomplishing its first operation in 2008, the Group launched a second Schuldschein-type bond (German private placement). Initially set at €100 million, the placement was increased to €220 million to respond to the strong market reception it received. The total debt represented by this bond was recognised in SEB S.A.'s accounts on 31 December 2012. The costs involved to set up this operation, handled by Commerzbank and HSBC, will be spread out over the total life of the bond.

5

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5.1. FINANCIAL SUMMARY

(in € millions)	2012	2011 [h]	2010 [h]	2009	2008	2007 [h]	2006 [h]	2005 IFRS [b] [h]	2004 IFRS [a]	2004 [a]	2003
RESULTS											
Sales in France	689	705	712	685	668	640	595	591	624	636	660
Sales outside France	3,371	3,258	2,940	2,491	2,562	2,230	2,057	1,872	1,665	1,703	1,688
Total sales	4,060	3,963	3,652	3,176	3,230	2,870	2,652	2,463	2,289	2,339	2,348
Operating result from activities (formerly Operating margin)	415	455	438	355	342	301	262	262	261	248	234
Operating profit	368	402	349	248	279	237	153	183	187	175	196
Profit attributable to owners of the parent	194	236	220	146	152	145	87	102	131	123	148
Depreciation, amortisation and impairment losses	109	115	117	124	110	88	97	114	85	91	86
Employee benefits expense [c]	698	665	627	549	563	540	534	516	499	506	514
Discretionary and non-discretionary profit sharing and matching contributions to employee savings plans	48	44	50	33	38	33	26	29	34	34	36
EBITDA [d]	475	516	468	372	388	329	247	291	270	259	278
Adjusted EBITDA [g]	474	511	488	416	394	351	324	323	310	296	279
BALANCE SHEET (AT 31 DECEMBER)											
Equity attributable to owners of the parent	1,395	1,279	1,487	1,169	992	814	770	757	644	642	557
Net debt	556	673	131	243	649	658	422	423	331	331	189
Non-current assets	1,434	1,453	1,249	1,163	1,184	1,060	766	773	679	624	476
Capital expenditure	128	131	140	109	116	92	85	99	99	87	99
Inventories	681	702	635	466	615	528	517	450	386	387	359
Trade receivables	836	828	733	627	646	627	646	630	552	552	544
Number of employees at 31 December	24,758	24,927	23,058	20,663	18,879	13,048	13,741	14,396	14,500	14,500	14,690
PER SHARE DATA (IN €) [i]											
Total number of shares outstanding *(in thousands)*	50,169	49,952	49,952	49,952	50,912	50,881	51,057	50,940	51,228	51,228	46,347
Weighted average number of shares *(in thousands)*	47,718	47,886	47,414	46,477	47,326	48,620	48,610	48,888	48,468	48,468	48,369
Adjusted diluted earnings per share [f]	4.01	4.81	4.54	3.13	3.18	2.92	1.78	2.07	2.67	2.52	3.02
Dividend per share [f]	1.32*	1.25	1.17	1.04	0.94	0.93	0.85	0.80	0.80	0.80	0.76
Dividend yield per share *(in %)* [e] [f]	2.37	2.15	1.51	2.62	4.38	2.26	2.37	2.61	3.04	3.04	2.52
Share price:											
High [f]	67.85	82.15	82.78	40.53	44.00	48.15	38.07	30.88	35.73	35.73	32.12
Low [f]	46.70	52.0	39.15	16.44	19.71	35.33	26.70	26.10	24.45	24.45	20.92
Price at 31 December	55.71	58.12	77.73	39.70	21.46	41.33	35.87	30.67	26.30	26.30	30.00
Stock market capitalisation *(in € millions)*	2,794.9	2,903.2	3,882.8	1,983	1,093	2,103	1,831	1,562	1,347	1,347	1,529
Average daily trading volume (number of shares)	90,232	143,151	107,282	88,830	117,527	127,638	75,681	63,243	87,183	87,183	85,608

(a) Including All-Clad since 28 July 2004.
(b) Including Lagostina since 1 May 2005 and Panex since 1 June 2005.
(c) 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.
(d) Earnings before interest, taxes, depreciation and amortisation (including amortisation and impairment of goodwill and trademarks, and depreciation and amortisation expense reported under "Other operating income and expense").
(e) Dividend for the year expressed as a percentage of the closing share price at the year-end.
(f) Adjusted for the March 2004 1-for-10 bonus share issue.
(g) Earnings before interest, taxes, depreciation and amortisation (including amortisation and impairment losses reported under "Other operating income and expense").
(h) The balance sheets and income statements for 2005, 2006, 2007, 2011 and 2010 were restated in subsequent years. The restatements were not material.
(i) Adjusted for June 2008 three-for-one stock-split.
** Will be proposed at the AGM of 14/05/2013.*

5.2. CONSOLIDATED RATIOS

(in %)	2012	2011 [f]	2010 [f]	2009	2008	2007	2006 [d]	2005 [c]	2004 IFRS [b]	2004	2003	2002 [a]
PROFITABILITY RATIOS												
Return on equity before appropriation of previous year's profit	14.47	15.27	18.04	15.69	18.85	17.71	10.88	14.83	21.90	20.60	29.33	23.66
Net margin	4.78	5.96	6.03	4.59	4.69	5.04	3.28	4.13	5.72	5.26	6.33	4.71
FINANCIAL RATIOS												
Net debt/equity ratio	38.04	50.14	8.48	22.52	71.64	76.12	51.70	52.85	48.14	48.28	31.64	64.65
Finance costs, net/Revenue	1.54	0.68	0.44	0.86	1.50	1.21	1.15	1.02	0.54	0.33	0.33	0.37
Net debt/adjusted EBITDA	1.17	1.32	0.27	0.59	1.65	1.87	1.30	1.31	1.07	1.11	0.68	1.30
INVESTMENT RATIOS [e]												
Investments/Revenue	3.14	3.55	3.86	3.44	3.60	3.20	3.21	4.03	4.33	3.71	4.20	3.40

(a) Including the new Moulinex subsidiaries.
(b) Including All-Clad since 28 July 2004.
(c) Including Lagostina since 1 May 2005 and Panex since 1 June 2005.
(d) Including Mirro WearEver since 16 August 2006.
(e) Excluding purchases of property, plant and equipment and software.
(f) Restated for the effects of applying IAS 19R.

5.3. FINANCIAL STATEMENTS

Consolidated Income Statement

Years ended 31 December

(in € millions)	2012	2011 [a]	2010 [a]
Revenue (Note 4)	4,059.7	3,963.3	3,651.8
Operating expenses (Note 5)	(3,644.3)	(3,508.3)	(3,214.0)
OPERATING RESULT FROM ACTIVITY [a]	**415.4**	**455.0**	**437.8**
Statutory and discretionary profit-sharing (Note 6)	(48.2)	(43.9)	(50.4)
RECURRING OPERATING PROFIT	**367.2**	**411.1**	**387.6**
Other operating income and expense (Note 7)	0.4	(8.9)	(38.5)
OPERATING PROFIT	**367.6**	**402.2**	**348.9**
Finance costs (Note 8)	(29.3)	(19.1)	(12.0)
Other financial income and expense (Note 8)	(33.4)	(7.8)	(4.2)
Share of profits of associates			
PROFIT BEFORE TAX	**304.9**	**375.5**	**332.7**
Income tax expense (Note 9)	(94.2)	(113.1)	(89.4)
PROFIT FOR THE PERIOD	**210.7**	**262.4**	**243.3**
Non-controlling interests (Note 21)	(16.5)	(26.4)	(23.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**194.2**	**236.1**	**220.1**
EARNINGS PER SHARE *(IN €)*			
Basic earnings per share (Note 10)	4.07	4.93	4.64
Diluted earnings per share (Note 10)	4.01	4.81	4.54

(a) Restated for the application of IAS 19R.

The accompanying Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in € millions)	2012	2011 [a]	2010 [a]
Profit for the period	210.7	262.4	243.6
Exchange differences on translating foreign operations	(25.9)	39.4	111.6
Gains (losses) on cash flow hedges	10.7	(8.5)	7.6
Restatement of employee benefit obligations, net of tax [b] [c]	(20.3)	3.3	(10.5)
Other comprehensive income	(35.5)	34.2	108.7
COMPREHENSIVE INCOME	**175.2**	**296.6**	**352.0**
Non-controlling interests	(14.4)	(41.4)	(39.0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**160.8**	**255.2**	**313.0**

(a) Restated for the application of IAS 19R.
(b) Items that will not be reclassified to profit or loss.
(c) The pre-tax effect of this restatement is shown in Note 23.4 Change in other comprehensive income.

Consolidated Balance Sheet

At 31 December

ASSETS (in € millions)	31 December 2012	31 December 2011 [a]	31 December 2010 [a]
Goodwill (Note 11)	461.7	464.5	409.1
Other intangible assets (Note 11)	434.0	445.7	398.7
Property, plant and equipment (Note 12)	491.0	475.5	426.5
Investments in associates (Note 14)			
Other investments (Note 14)	38.0	57.4	0.6
Other non-current financial assets (Note 14)	9.1	9.5	7.9
Deferred tax assets (Note 9)	47.9	48.3	52.6
Other non-current assets (Note 18)	9.0	7.7	4.2
Long-term derivative instruments (Note 26)		0.3	2.5
NON-CURRENT ASSETS	1,490.8	1,508.8	1,302.1
Inventories (Note 16)	681.0	702.2	635.5
Trade receivables (Note 17)	835.8	828.4	733.9
Other receivables (Note 18)	83.8	71.6	59.4
Current tax assets	41.0	57.6	26.8
Short-term derivative instruments (Note 26)	14.9	7.8	14.1
Cash and cash equivalents (Note 19)	398.7	196.0	236.6
CURRENT ASSETS	**2,055.1**	**1,863.5**	**1,706.3**
TOTAL ASSETS	**3,545.9**	**3,372.3**	**3,008.4**

(a) Restated for the application of IAS 19R.

EQUITY AND LIABILITIES (in € millions)	31 December 2012	31 December 2011 [a]	31 December 2010 [a]
Share capital (Note 20)	50.2	50.0	50.0
Reserves and retained earnings (Note 20)	1,372.7	1,261.6	1,385.1
Treasury stock (Note 20)	(91.1)	(93.3)	(61.7)
Equity attributable to owners of the parent	**1,331.8**	**1,218.3**	**1,373.4**
Non-controlling interests (Note 21)	**130.3**	**123.4**	**173.1**
EQUITY	**1,462.1**	**1,341.8**	**1,546.5**
Deferred tax liabilities (Note 9)	82.0	79.0	54.9
Long-term provisions (Note 22)	179.7	157.8	157.2
Long-term borrowings (Note 25)	653.6	534.1	201.8
Other non-current liabilities (Note 24)	30.8	26.8	23.7
Long-term derivative instruments (Note 26)		1.5	0.3
NON-CURRENT LIABILITIES	**946.1**	**799.3**	**437.9**
Short-term provisions (Note 22)	50.6	62.1	78.3
Trade payables (Note 24)	508.0	515.6	494.4
Other current liabilities (Note 24)	239.7	238.7	250.8
Current tax liabilities	31.4	66.7	24.6
Short-term derivative instruments (Note 26)	9.5	16.1	5.8
Short-term borrowings (Note 25)	298.6	332.1	170.1
CURRENT LIABILITIES	**1,137.7**	**1,231.3**	**1,024.0**
TOTAL EQUITY AND LIABILITIES	**3,545.9**	**3,372.3**	**3,008.4**

(a) Restated for the application of IAS 19R.

The accompanying Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

Years ended 31 December

(in € millions)	2012	2011 [b]	2010 [b]
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	194.2	236.1	220.1
Depreciation, amortisation and impairment losses (Notes 11 and 12)	109.0	113.0	117.6
Change in provisions (Note 22)	4.6	(16.1)	(4.1)
Unrealised gains and losses on financial instruments (Note 26)	(1.9)	7.5	(8.4)
Income and expenses related to stock options (Note 20.2)	9.0	5.0	6.2
Gains and losses on disposals of assets		(14.0)	1.8
Other		(0.4)	0.3
Non-controlling interests (Note 21)	16.5	26.4	23.2
Current and deferred taxes (Note 9)	97.3	113.1	89.3
Finance costs, net (Note 8)	31.1	20.1	12.0
CASH FLOW [a]	**459.7**	**490.4**	**458.0**
Change in inventories (Note 16)	15.3	(41.9)	(138.6)
Change in trade receivables (Note 17)	(17.1)	(83.1)	(67.4)
Change in trade payables (Note 24)	(3.4)	9.6	82.1
Change in other receivables and payables (Notes 18 and 24)	(7.6)	(23.4)	35.0
Income taxes paid	(103.1)	(89.7)	(100.9)
Interest paid, net	(31.1)	(20.1)	(12.0)
NET CASH FROM OPERATING ACTIVITIES	**312.7**	**241.8**	**256.1**
Proceeds from disposals of assets (Note 12)	5.6	21.7	20.9
Purchases of property, plant and equipment (Note 12)	(111.3)	(111.9)	(120.6)
Purchases of software and other intangible assets (Note 11)	(16.3)	(18.6)	(20.2)
Purchases of financial assets (Note 14)	(12.2)	(1.0)	0.3
Acquisitions of subsidiaries, net of the cash acquired (Note 3)		(103.1)	
Effect of other changes in scope of consolidation (Note 3)			
NET CASH USED BY INVESTING ACTIVITIES	**(134.2)**	**(212.9)**	**(119.6)**
Change in long-term borrowings (Note 25)	121.6	332.2	(99.3)
Change in short-term borrowings (Note 25)	(35.5)	101.3	(80.1)
Issue of share capital (Note 20)	9.3		
Transactions between owners (Note 21)	(1.3)	(407.9)	
Change in treasury stock (Note 20.4)	(4.7)	(34.4)	33.4
Dividends paid, including to non-controlling shareholders	(67.8)	(66.8)	(55.9)
NET CASH USED BY FINANCING ACTIVITIES	**21.5**	**(75.7)**	**(201.9)**
Effect of changes in foreign exchange rates	2.7	6.1	(5.8)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**202.7**	**(40.7)**	**(71.2)**
Cash and cash equivalents at beginning of period (Note 19)	196.0	236.6	307.8
Cash and cash equivalents at end of period (Note 19)	398.7	196.0	236.6

(a) Before interest paid, net and income taxes paid.
(b) Restated for the application of IAS 19R.

Consolidated Statement of Changes in Equity

(in € millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2009	**50.0**	**78.9**	**1,022.7**	**38.5**	**(108.8)**	**1,081.3**	**138.8**	**1,220.1**
Profit for the period			220.1			220.1	23.2	243.3
Other comprehensive income			(2.9)	95.8		92.9	15.8	108.7
Comprehensive income [(a)]			*217.2*	*95.8*		*313.0*	*39.0*	*352.0*
Dividends paid			(51.2)			(51.2)	(4.7)	(55.9)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					47.1	47.1		47.1
Gains (losses) on sales of treasury stock, after tax			(9)			(9)		(9)
Exercise of stock options			6.2			6.2		6.2
Other movements [(a)]			(15.4)	1.4		(14.0)		(14.0)
AT 31 DECEMBER 2010 (NOTE 20) [(a)]	**50.0**	**78.9**	**1,170.5**	**135.7**	**(61.7)**	**1,373.4**	**173.1**	**1,546.5**
Profit for the period [(a)]			236.0			236.0	26.4	262.4
Other comprehensive income			(5.3)	24.4		19.2	15.0	34.2
Comprehensive income [(a)]			*230.7*	*24.4*		*255.2*	*41.4*	*296.6*
Dividends paid			(58.4)			(58.4)	(8.4)	(66.8)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					(31.6)	(31.6)		(31.6)
Gains (losses) on sales of treasury stock, after tax			(1.9)			(1.9)		(1.9)
Exercise of stock options			5.0			5.0		5.0
Other movements			(348.5)	25.2		(323.3)	(82.7)	(406)
AT 31 DECEMBER 2011 (NOTE 20) [(a)]	**50.0**	**78.9**	**997.4**	**185.3**	**(93.3)**	**1,218.4**	**123.4**	**1,341.8**
Profit for the period			194.2			194.2	16.5	210.7
Other comprehensive income			(9.6)	(23.8)		(33.4)	(2.1)	(35.5)
Comprehensive income			*184.6*	*(23.8)*	*0.0*	*160.8*	*14.4*	*175.2*
Dividends paid			(61.9)			(61.9)	(5.9)	(67.8)
Issue of share capital	0.2	9.2				9.4		9.4
Reduction of share capital								
Changes in treasury stock					2.2	2.2		2.2
Gains (losses) on sales of treasury stock, after tax			(4.5)			(4.5)		(4.5)
Exercise of stock options			8.3			8.3		8.3
Other movements			(0.9)			(0.9)	(1.6)	(2.5)
AT 31 DECEMBER 2012 (NOTE 20)	**50.2**	**88.1**	**1,123.0**	**161.5**	**(91.1)**	**1,331.8**	**130.3**	**1,462.1**
2012 recommended dividend			**(66.7)**			**(66.7)**		**(66.7)**
2012	**50.2**	**88.1**	**1,056.3**	**161.5**	**(91.1)**	**1,265.1**	**130.3**	**1,395.4**

(a) Restated for the application of IAS 19R.

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5.4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended 31 December, in millions of euros

SEB S.A. ("the Company") and its subsidiaries (together "Groupe SEB" or "the Group") are a world leader in the design, manufacture and marketing of cookware and small household appliances such as pressure cookers, irons and steam generators, kettles, coffeemakers, deep fryers, toasters and food processors.

SEB S.A.'s registered office is at Chemin du Petit Bois, Ecully (69130 Rhône, France). The Company is listed on NYSE Euronext Paris (ISIN FR0000121709).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements were authorised for publication by the Board of Directors on 22 February 2013.

As a company listed in a European Union country and in compliance with European Commission regulation 1606/2002/EC dated 19 July 2002, the 2012 Consolidated Financial Statements and the 2011 and 2010 restated information have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the European Union as of 31 December 2012, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). These documents can be downloaded from the European Commission's website, http://ec.europa.eu/internal_market/accounting/ias_en.htm.

New standards, amendments and interpretations whose application was mandatory from 1 January 2012

The following standards, amendments and interpretations whose application was mandatory as from 1 January 2012 had no material impact on the Group's financial statements:

- amendment to IFRS 7 – Financial Instruments: Disclosures. This amendment stipulates that disclosures of transfers of financial assets should enable users of the financial statements to understand (i) the relationship between transferred assets that are not derecognised and the associated liabilities, and (ii) evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets;
- amendment to IAS 12 – Income Tax, concerning the measurement of deferred taxes relating to certain assets measured at fair value. This amendment is not expected to have a material impact on the Consolidated Financial Statements

Amendment early-adopted by the Group

Groupe SEB decided to early-adopt the amendment to IAS 19 – Employee Benefits, whose application is mandatory from 1 January 2013. The effects of applying the amended standard have been calculated retrospectively, as if IAS 19R had been adopted as from 1 January 2010. They are presented in Note 2 – Restatement of financial information reported in 2010 and 2011.

The amendment to IAS 1 – Presenting Comprehensive Income, which requires other items of comprehensive income that may be reclassified subsequently to profit or loss to be presented separately from items that will not be reclassified, was also early-adopted.

Standards and amendments not early-adopted by the Group

The Group has not early adopted any standards, amendments and interpretations that concern the Group and are applicable from 1 January 2013 or that are applicable despite not having been adopted by the European Union as they do not contradict any existing standards. These new standards and amendments are not expected to have a material impact on the Consolidated Financial Statements.

- IFRS 13 – Fair Value Measurement;
- amendment to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities;
- annual improvements to IFRSs (May 2012): these amendments mainly concern the presentation of the financial statements (IAS 1), particularly comparative information, the classification of spare parts and replacement parts (IAS 16), interim reporting of information about segment assets (IAS 34) and the presentation of financial instruments (IAS 32) particularly the tax effect of equity distributions.

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 recognised 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.

At 31 December 2012, no entities were accounted for by the equity method.

Certain companies fulfilling 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 €10 million;
- total assets of at least €10 million;
- total debt of at least €5 million.

The list of consolidated companies is presented in Note 33.

All material intra-group transactions have been eliminated in consolidation.

Note 1.2. FOREIGN CURRENCY TRANSLATION

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 currency and reporting currency is the euro.

The financial statements of foreign entities 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 recognised 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 rate for the year, apart from depreciation, amortisation and impairment losses on non-monetary items;
- the resulting exchange differences are recognised in the income statement.

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 recognised and measured in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the euro are initially recognised 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, and the resulting exchange differences are recognised in the income statement.

The effect of changes in exchange rates on the fair value of non-monetary financial assets and liabilities is recognised by the accounting method applied to the category of financial assets or liabilities concerned.

Monetary financial assets are measured at amortised cost in the original currency and changes in amortised cost corresponding to exchange differences are recognised in the income statement, while other changes are recognised directly in equity.

The Group's exposure to certain currency risks is hedged using forward contracts and options (see Note 1.4.4 C Derivative Instruments).

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, amortisation and impairment losses – and contingent assets and liabilities at the balance sheet date, as well as on income and expenses for the year.

All such estimates are made on a going concern basis using the information available when the financial statements are drawn up. They reflect amounts and assumptions that management considers relevant and reasonable given the Group's operating environment and past experience. In the current economic environment, short and medium-term forecasting has become more difficult and the Consolidated Financial Statements have been prepared on the basis of estimates and assumptions that reflect the financial parameters shaping the market at 31 December. 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 23.1), deferred taxes (Note 1.4.9), property, plant and equipment (Note 1.4.3), intangible assets (Notes 1.4.1 and 11), investments in associates and other investments, impairment of current assets (Notes 1.4.5 and 1.4.6), short and long-term provisions (Notes 1.4.10 and 1.4.11), certain financial instruments (Note 1.4.4 – Derivative instruments) and share-based payments (Note 1.4.10 – 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 where necessary 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.

The methods used to measure intangible assets, property, plant and equipment, inventories and trade receivables are described below.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

Under IAS 38 – Intangible Assets, research costs are recognised as an expense and development costs are recognised as an intangible asset when the Group can demonstrate (IAS 38, paragraph 57):

- 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 fulfil the above criteria are expensed as incurred.

In the Consolidated Financial Statements, qualifying development costs incurred after the advance design phase and before the manufacturing phase are recognised as intangible assets.

Development costs are amortised 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 licences and internal software development costs are recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised by the straight-line method over periods ranging from three to five years. Other software licences and software development costs are expensed as incurred.

Patents, licences and trademarks with a finite useful life are amortised over the shorter of the period of legal protection and their expected useful life, not to exceed fifteen years.

Trademarks with an indefinite useful life are not amortised but are tested for impairment.

C) GOODWILL

Goodwill, corresponding to 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, is recognised in the balance sheet as an asset under "Goodwill". 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 a business combination achieved in stages, the difference between the carrying amount of the previously held interest and its acquisition-date fair value is recognised directly in the income statement on the acquisition date under "Other operating income and expense".

For each business combination, any non-controlling interest in the acquiree 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 acquiree'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 for a period of twelve months after the acquisition date. After that period, any adjustments are recognised prospectively in profit or loss with no adjustment to goodwill.

Goodwill is not amortised but is tested for impairment at least once a year. For impairment testing purposes, goodwill is allocated to a Cash-Generating Unit (CGU), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The method used to test CGUs for impairment is described in Note 1.4.3.

When a CGU is found to be impaired, an impairment loss corresponding to the difference between the carrying amount of the goodwill and its recoverable amount is recognised in "Other operating expense". Impairment losses on goodwill are not reversible.

Negative goodwill is recognised directly in the income statement under "Other operating income and expense" and is attributed in full to the acquirer.

1.4.2. Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are depreciated by the straight-line method over their estimated useful lives.

Maintenance and repair costs are expensed as incurred.

The main useful lives are as follows:

- buildings: 10 to 40 years;
- plant and machinery: 10 years;
- office equipment: 3 to 10 years;
- vehicles: 4 to 5 years;
- tooling: 1 to 5 years.

Each significant part of an item of property, plant and equipment 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 – corresponding to a change in accounting estimates – is applied 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 recognised 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 Group assesses at the end of each reporting period whether there is any indication that its property, plant and equipment and intangible assets may be impaired. If any such indication exists, the assets are tested for impairment. Assets with an indefinite useful life – corresponding in the case of Groupe SEB 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 the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognised for any excess of 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 is allocated to reduce the carrying amount of goodwill and then prorata to the other assets of the CGU based on their respective 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 are recorded in "Other operating income and expense".

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 recognised 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 recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at cost, corresponding to the fair value of the consideration paid or received plus external transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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 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 correspond to investments in non-consolidated companies.

At each period-end, they are measured at fair value and the resulting unrealised gain or loss is recognised directly in equity. When the assets are sold, the cumulative gains and losses previously recognised in equity are reclassified to profit.

When there is objective evidence of significant or prolonged decline in Fair Value, the impairment loss is recognised directly in the income statement.

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 amortised 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 amortised 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 recognised in the balance sheet at fair value. The effective portion of changes in their fair value is recognised directly in equity and the ineffective portion is recognised 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 recognised asset or liability or an unrecognised 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 recognised 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 recognised in profit, offsetting all or part of the gain or loss recognised 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 recognised in equity and the ineffective portion is recognised in profit. The cumulative gains and losses on cash flow hedges recognised directly 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, specifying in particular the Group's risk management objective and strategy for undertaking the hedge. The initial documentation also includes details of how the Group will assess the hedging instrument's effectiveness. In subsequent periods, the hedging instrument's actual effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk is also fully documented.

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 recognised 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 labour 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 the lower of their nominal amount – which approximates fair value due to their short maturity – and their estimated net realisable value. Provisions for impairment are determined on the basis of the age of the receivables, taking into account any 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. 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 recognised directly in equity without affecting profit.

1.4.9. 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 recognised 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 recognised for deductible temporary differences and tax loss carryforwards to the extent that it is probable that future taxable profits will be available in the foreseeable future against which they can be utilised.

Deferred tax assets previously unrecognised at the date of a business combination or during the twelve-month purchase price allocation period are subsequently recognised 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.

1.4.10. 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 schemes 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 recognised as an expense for the period to which they relate.

Defined benefit plans

In accordance with IAS 19R – Employee Benefits, obligations under defined benefit plans are calculated annually by qualified actuaries using the projected unit credit method based on final salaries. The projected unit credit 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, which is then discounted. The actuarial assumptions used to calculate the obligation include staff turnover rates, mortality rates, the discount rate and the expected 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 curtailments, is recognised in operating expense.

Actuarial gains and losses, corresponding to the effects of changes in actuarial assumptions and experience adjustments (i.e. the effects of differences between the previous actuarial assumptions and what has actually occurred) are recorded 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 recorded in "Other financial income and expense".

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 19R in determining any asset recognised in the balance sheet.

B) OTHER LONG-TERM BENEFIT PLANS

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 recognised in profit over the service lives of the employees concerned. Actuarial gains and losses are recognised 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 expense 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 that was early-adopted at 1 January 2012, unrecognised actuarial gains and losses on defined benefit obligations at 31 December 2009 were recognised in equity in the opening balance sheet at 1 January 2010 (see Note 2 – Restatement of financial information reported in 2010 and 2011).

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognised 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 recognised 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 behaviour 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 recognised 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 cancelled by recording an equivalent amount in income. Conversely, if a grantee leaves the Group earlier than originally expected, amortisation of the cost of his or her options or performance shares is accelerated.

IFRS 2 has been applied only to stock options granted after 7 November 2002 that had not yet vested at 1 January 2005. As allowed under IFRS 1, options granted prior to 7 November 2002 have not been restated.

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 recognised in full in the income statement, under "Statutory and discretionary profit-sharing", 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.

1.4.11. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised 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) PROVISIONS 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 PROVISIONS

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.

1.4.12. 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 and firm orders for fixed assets;
- other commitments.

1.4.13. 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 recognised 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) recognises the fair value of the consideration received; (d) recognises 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 recognised in other comprehensive income and (f) recognises 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 is recognised when the significant risks and rewards of ownership are transferred to the buyer – generally when the customer receives a product – 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 fulfil the criteria for recognition as operating expenses are recognised 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 operating result from activity, which corresponds to revenue less operating expenses. Operating expenses comprise 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 comprises 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. Non-recurring items, reported under "Other operating income and expenses", mainly include the following (see Note 7 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 the remeasurement at fair value of any previously held investment on the date control was obtained;

- gains or losses recognised upon losing control of a subsidiary, including the remeasurement at fair value of any retained investment;
- gains and losses on very 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 recognised by the effective interest method based on the purchase price.

Dividend income is recognised when the shareholder's right to receive payment is established.

Finance costs are recognised in the income statement on an accruals basis.

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 equity instruments issued by the Company.

NOTE 2 RESTATEMENT OF FINANCIAL INFORMATION REPORTED IN 2010 AND 2011

Under IFRS, reported prior-period data must be restated for:

- operations meeting the criteria in IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations;
- business combinations (recognition of the definitive fair value of assets acquired and liabilities and contingent liabilities assumed when such fair value was determined on a provisional basis at the previous balance sheet date);
- changes in accounting methods (subject to any transitional provisions to the contrary applicable on first-time adoption of new standards);
- corrections of accounting errors.

The Group decided to early-adopt IAS 19R – Employee Benefits. The revised standard eliminates the option of applying the corridor approach and requires the immediate recognition of actuarial gains and losses in equity. Application of IAS 19R therefore resulted in unrecognised actuarial gains and losses being added to the provision for pension and other post-employment benefit obligations and an equivalent amount being recorded as a deduction from equity, after taking into account the related deferred tax effect.

The effects of applying the amended standard have been calculated retrospectively, as if IAS 19R had been adopted as from 1 January 2010. They can be summarised as follows:

	31 December 2010			31 December 2011		
Main balance sheet captions affected *(in € millions)*	**Reported**	**IAS 19R**	**Restated**	**Reported**	**IAS 19R**	**Restated**
EQUITY AT 1 JANUARY	**1,220.1**	**(14.0)**	**1,206.1**	**1,571.3**	**(24.8)**	**1,546.5**
Other comprehensive income	119.2	(10.5)	108.7	30.9	3.3	34.2
Profit for the period	243.6	(0.3)	243.3	260.9	1.5	262.4
Other movements	(11.6)		(11.6)	(501.3)		(501.3)
EQUITY AT 31 DECEMBER	**1,571.3**	**(24.8)**	**1,546.5**	**1,361.8**	**(20.0)**	**1,341.8**
Balance sheet total at 31 December	2,996.0	12.4	3,008.4	3,362.2	10.1	3,372.3
Long-term provisions	(120.0)	(37.2)	(157.2)	(127.6)	(30.2)	(157.8)
Deferred tax assets	40.2	12.4	52.6	38.2	10.1	48.3

NOTE 3 CHANGES IN THE SCOPE OF CONSOLIDATION

Note 3.1. CHANGES IN 2012

There were no changes in the scope of consolidation in 2012. Changes in the scope of consolidation in 2011 and their impact on the 2012 financial statements were as follows.

IMUSA

IMUSA was acquired on 28 February 2011 and was merged with Arfel and Groupe SEB Colombia on 28 December 2011. The merged entity is named Groupe SEB Colombia.

Estimates of the net fair value of the identifiable assets and liabilities acquired on 28 February 2011 were completed in early 2012 and did not give rise to any material changes compared with the amounts reported in the Consolidated Financial Statements for the year ended 31 December 2011.

At 31 December 2012, IMUSA goodwill amounted to €35.7 million and the "IMUSA in Colombia" and "IMUSA in the USA" trademarks were carried in the balance sheet for €22.7 million and €5.5 million respectively.

Asia Fan

In May 2011, Groupe SEB acquired a controlling interest in Asia Fan, Vietnam's leading electric fan company. Following the transaction, Groupe SEB held a 65% interest in Asia Fan, with 30% still held by the company's founding family and 5% by its employees.

Estimates of the net fair value of the identifiable assets and liabilities acquired on 31 May 2011 were completed during the first half of 2012, after the Asia Vina trademark had been valued.

At 31 December 2012, goodwill on the acquisition amounted to €3.9 million and the Asia Vina trademark was carried in the balance sheet for €2.4 million.

Maharaja Whiteline

On 16 December 2011, Groupe SEB acquired a majority interest in Maharaja Whiteline, a leading producer of small electrical appliances in India. Created in 1976, Maharaja Whiteline has its roots in northern and western India. It is one of the major players in a still highly fragmented market, with a portfolio covering several product families.

The transaction gave Groupe SEB a 55% interest in the company, with the remaining shares held by its founder Harish Kumar, who continued to serve as Chairman and Chief Executive Officer, and his family.

The acquisition agreement provides for an earn-out payment that may be due in 2013 based on Maharaja Whiteline's EBITDA performance in fiscal 2011/2012 and 2012/2013. The amount of the earn-out, which was provisionally estimated at €2 million in the financial statements at 31 December 2011, was written down to zero at the 2012 year-end. In addition, if the founding shareholders' interest falls below 25% of the company's capital, they may sell their shares to Groupe SEB pursuant to a put and call option agreement.

The Group decided not to consolidate Maharaja Whiteline at 31 December 2012 because reliable accounts are not yet available and the company's impact on the Group's financial indicators is not material. The Maharaja Whiteline shares are therefore reported in the consolidated balance sheet under "Other investments".

As the company's current financial performance is below the assumptions made at the time of the acquisition, the shares have been written down by €25.3 million. This impairment loss is recorded in the income statement under "Other financial income and expense".

Note 3.2. CHANGES IN 2011

IMUSA

Groupe SEB completed its acquisition of Colombia-based IMUSA on 28 February 2011, following the successful takeover bid launched for the company and its delisting from the Bogota stock exchange. At that date, Groupe SEB held almost 99% of IMUSA's shares.

Specialised in small household equipment, IMUSA manufactures and markets cookware, which accounts for two-thirds of its sales, as well as plastic food containers and household products. The company holds forefront positions in Colombia and has expanded its business to foreign markets, in particular other Latin American countries and the United States. IMUSA employs around 1,000 people and operates two manufacturing sites – at Copacabana and Rionegra in Colombia – as well as a dozen stores located across the country.

At 31 December 2011, the provisional estimate of the net fair value of IMUSA's identifiable assets and liabilities when Groupe SEB acquired control of the company on 28 February 2011 was as follows:

(in € millions)	28 February 2011
Non-current assets [(a)]	55.7
Inventories	16.9
Trade and other receivables	20.0
Net debt	(53.3)
Trade and other payables	(6.6)
Other liabilities (including deferred taxes)	(20.8)
TOTAL NET ASSETS	**11.9**
PERCENT INTEREST	**99%**
NET ASSETS ACQUIRED	**11.8**
Non-controlling interests	0.1
CASH OUTFLOW FOR THE IMUSA ACQUISITION	**44.2**
Goodwill	32.4

(a) Including the value of the "IMUSA in Colombia" and "IMUSA in the USA" trademarks, independently valued at €20 million and €5.3 million respectively.

The goodwill arising on the acquisition – recognised in accordance with the partial goodwill method – corresponds mainly to market shares and projected synergies, particularly in terms of manufacturing, supply chain operations and product development, that cannot be separately identified

Asia Fan

Groupe SEB acquired a controlling interest in Asia Fan, Vietnam's leading electric fan company, in May 2011. Following the transaction, Groupe SEB held a 65% interest in Asia Fan, with 30% still held by the company's founding family and 5% by its employees.

In 2010, Asia Fan reported revenue of around €11 million. It has two manufacturing sites and employs 700 people.

At 31 December 2011, the provisional estimate of the net fair value of IMUSA's identifiable assets and liabilities when Groupe SEB acquired control of the company on 31 May 2011 was as follows:

(in € millions)	31 May 2011
Non-current assets [(a)]	2.0
Inventories	2.1
Trade and other receivables	0.8
Net cash	0.2
Trade and other payables	(1.2)
Other liabilities (including deferred taxes)	(0.3)
TOTAL NET ASSETS	**3.6**
PERCENT INTEREST	**65%**
NET ASSETS ACQUIRED	**2.3**
Non-controlling interests	1.3
CASH OUTFLOW FOR THE ASIA FAN ACQUISITION	**8.6**
Goodwill	6.5

(a) The Asia Fan trademark had not yet been valued.

The provisional value assigned to the goodwill arising on the Asia Fan acquisition was calculated using the partial goodwill method.

Acquisition of an additional interest in Supor

During 2011, Groupe SEB purchased an additional 20% interest in Supor from the Su family – the company's founding shareholders – at a price of RMB30 per share. The acquisition was completed on 13 December 2011 for an aggregate purchase price of €406 million, which was settled on the same date.

The transaction gave rise to a €406 million reduction in equity and an €83 million transfer from equity attributable to non-controlling interests to equity attributable to owners of the parent.

Maharaja Whiteline

On 16 December 2011, Groupe SEB acquired a majority interest in Maharaja Whiteline, a leading producer of small electrical appliances in India. Created in 1976, Maharaja Whiteline has its roots in northern and western India. It is one of the major players in a still highly fragmented market, with a portfolio covering several product families. In particular, Maharaja Whiteline is an established brand name in mixer grinders, an indispensable appliance used in India in Kitchen Electrics. Backed by a network of 330 distributors, Maharaja Whiteline is present in over 26,000 sales outlets. Its revenue for the fiscal year ended 31 March 2011 totalled €21 million, with average annual growth of 25%.

The company operates a plant in Baddi, Himachal Pradesh state, in northern India, and employs around 350 people.

The transaction gave Groupe SEB a 55% interest in the company, with the remaining shares held by its founder Harish Kumar, who continued to serve as Chairman and Chief Executive Officer, and his family.

In view of the acquisition date, the Group's interest in Maharaja Whiteline was presented under «Other investments» in the consolidated balance sheet. Groupe SEB does not consider that its financial statements for the year ended 31 December 2011 were materially affected by the fact that Maharaja Whiteline was not included in the scope of consolidation at that date.

The valuation of Groupe SEB's interest in this company took into consideration an earn-out payment that may be due in 2013 based on EBITDA performance. The amount of the earn-out was provisionally estimated at €2 million. In addition, if the founding shareholders' interest falls below 25% of the company's capital, they may sell their shares to Groupe SEB pursuant to a put and call option agreement. As their stake represented more than 25% at 31 December 2011, these contractual provisions did not have any impact on the Consolidated Financial Statements at that date.

Other transactions

ACQUISTION OF A STAKE IN KEY INGREDIENT

To prepare for coming changes in the small domestic equipment market and extend its innovation strategy to new technologies and expertise from outside the company, Groupe SEB has created an investment fund – SEB Alliance – with initial capital of €30 million. The fund will serve as a technology watch as well as an investment unit. SEB Alliance is now included in the scope of consolidation.

In 2011, the fund made its first investment in the area of digital and connected products by acquiring a majority stake in US-based Key Ingredient.

Key Ingredient is a US start-up, based in Austin, Texas and specialised in the development of digital cooking solutions. It was not included in the scope of consolidation in 2011 because it was not material, generating revenue of less than €2 million.

MERGER OF GROUPE SEB MEXICANA AND VISTAR

The two Mexican entities Groupe SEB Mexicana and Vistar were merged during 2011. The operation did not have any impact on the Consolidated Financial Statements as it was simply a legal restructuring.

Note 3.3. CHANGES IN 2010

No subsidiaries were acquired or divested in 2010. The only change in the scope of consolidation concerned the Peruvian branch previously consolidated by Groupe SEB Colombia, which was converted into a subsidiary called Groupe SEB Peru and was fully consolidated in 2010. This internal transaction had no impact on the Consolidated Financial Statements.

NOTE 4 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 4.1. GEOGRAPHICAL SEGMENT INFORMATION (BY LOCATION OF ASSETS)

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2012								
Revenue								
Inter-segment revenue	688.0	735.5	444.9	449.5	986.0	661.1		3,965.0
External revenue	704.3	75.5	1.2	12.9	742.7	5.7	(1,447.6)	94.7
TOTAL REVENUE	**1,392.3**	**811.0**	**446.1**	**462.4**	**1,728.7**	**666.8**	**(1,447.6)**	**4,059.7**
Income statement								
Operating result from activity [b]	109.3	42.3	(9.0)	37.6	136.3	111.2	(12.4)	415.4
Operating profit	69.6	39.3	(9.4)	33.9	136.0	110.6	(12.4)	367.6
Finance costs and other financial income and expense, net								(62.7)
Share of profit of associates								
Income tax expense								(94.2)
PROFIT FOR THE PERIOD								**210.7**
Balance sheet								
Segment assets	646.8	431.9	367.2	438.7	1,100.2	320.2	(308.7)	2,996.3
Financial assets								460.8
Tax assets								88.8
TOTAL ASSETS								**3,545.9**
Segment liabilities	426.1	278.4	66.8	104.3	274.5	119.8	(261.1)	1,008.7
Borrowings								961.7
Tax liabilities								113.4
Equity								1,462.1
TOTAL EQUITY AND LIABILITIES								**3,545.9**
Other information								
Capital expenditure and purchases of intangible assets	70.7	5.8	2.6	14.0	31.7	2.7		127.5
Depreciation and amortisation expense	58.4	7.4	4.5	11.1	25.4	1.4		108.2
Impairment losses	(0.3)			(0.4)				(0.7)

(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) Formerly "Operating margin".

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2011								
Revenue								
Inter-segment revenue	705.6	791.5	394.6	426.5	909.5	664.6		3,892.3
External revenue [c]	678	41.4	0.6	16.6	748.4	1.3	(1,415.3)	71
TOTAL REVENUE	**1,383.6**	**832.9**	**395.2**	**443.1**	**1,657.9**	**666**	**(1,415.3)**	**3,963.3**
Income statement								
Operating result from activity	109.9	44.5	0.2	27.3	178.7	100.7	(6.2)	455.1
Operating profit [b]	61.5	40.9	(8.3)	37.4	176.7	100.2	(6.2)	402.2
Finance costs and other financial income and expense, net [b]								(26.7)
Share of profit of associates								
Income tax expense [b]								(113.1)
PROFIT FOR THE PERIOD								**262.4**
Balance sheet								
Segment assets	595.1	434	390	435.3	1,109.5	311.2	(279.6)	2,995.5
Financial assets								270.9
Tax assets [b]								105.9
TOTAL ASSETS [b]								**3,372.3**
Segment liabilities [b]	447.3	254	62	100.9	259.1	110.9	(233.1)	1,001.1
Borrowings								883.8
Tax liabilities								145.7
Equity								1,341.8
TOTAL EQUITY AND LIABILITIES								**3,372.3**
Other information								
Capital expenditure and purchases of intangible assets	67.7	5.7	3.5	16.3	45.9	1.5		140.6
Depreciation and amortisation expense	55.7	8.2	3.9	11.3	19.6	1.6		100.3
Impairment losses		4.2	7.2	0.3	2.1			13.8

(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.
(b) Restated for the effects of applying IAS 19R.
(c) The allocation of 2011 revenue has been modified to neutralize the impact of an internal reorganisation carried out during that year.

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2010								
Revenue								
Inter-segment revenue	711.7	770.7	386.8	344.1	660.2	614.2		3,487.7
External revenue	635.9	46.5	0.8	12.1	756.2	6.4	(1,293.8)	164.1
TOTAL REVENUE	**1,347.6**	**817.2**	**387.6**	**356.2**	**1,416.4**	**620.6**	**(1,293.8)**	**3,651.8**
Income statement [b]								
Operating result from activity [b]	137.0	48.7	(6.3)	28.7	125.8	111.0	(6.9)	437.9
Operating profit [b]	81.5	44.3	(22.9)	21.8	123.3	107.9	(6.9)	348.9
Finance costs and other financial income and expense, net [b]								(16.2)
Share of profit of associates								
Income tax expense [b]								(89.4)
PROFIT FOR THE PERIOD [b]								**243.3**
Balance sheet								
Segment assets	637.9	469.1	339.4	303.6	961.1	241.3	(285.1)	2,667.3
Financial assets								261.7
Tax assets [b]								79.4
TOTAL ASSETS [b]								**3,008.4**
Segment liabilities [b]	452.1	286.3	54.7	100.2	242.9	109.0	(240.8)	1,004.4
Borrowings								378.0
Tax liabilities								79.5
Equity [b]								1,546.5
TOTAL EQUITY AND LIABILITIES [b]								**3,008.4**
Other information								
Capital expenditure and purchases of intangible assets	59.4	7.4	5.0	19.1	47.2	2.7		140.8
Depreciation and amortisation expense	59.9	8.2	3.8	9.1	17.4	1.6		100.0
Impairment losses	3.6		14.7					18.3

(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) Restated for the effects of applying IAS 19R.

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.

Note 4.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER

(in € millions)	2012	2011	2010
France	688.5	705.4	711.7
Other Western European countries [(a)]	758.5	806.7	786.9
North America	457.5	410.1	404.4
South America	451.0	427.9	345.7
Asia-Pacific	991.5	919.6	764.0
Central Europe, Russia and other countries	712.7	693.6	639.1
TOTAL	**4,059.7**	**3,963.3**	**3,651.8**

(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.

NOTE 5 OPERATING EXPENSES

(in € millions)	2012	2011 [(a)]	2010 [(a)]
Purchased raw materials and goods	(1,907.3)	(1,861.6)	(1,632.7)
Labour costs	(125.6)	(128.4)	(126.7)
Freight costs	(48.2)	(71.3)	(64.9)
Other production costs	(398.9)	(333.6)	(322.3)
COST OF SALES (SUB-TOTAL)	**(2,480.0)**	**(2,394.9)**	**(2,146.6)**
Research and development costs	(69.8)	(63.5)	(60.0)
Advertising expense	(103.2)	(128.2)	(143.0)
Distribution and administrative expenses	(991.3)	(921.7)	(864.4)
OPERATING EXPENSES	**(3,644.3)**	**(3,508.3)**	**(3,214.0)**

(a) Restated for the effects of applying IAS 19R.

During 2010, the Group revamped its accounting plan, which resulted in certain expenses (mainly logistics expenses) being reclassified in cost of sales. This changed the structure of gross margin for that year, but had no impact on reported operating result from activity (formerly "Operating margin").

NOTE 6 EMPLOYEE BENEFITS EXPENSE

(in € millions)	2012	2011 [(a)]	2010 [(a)]
Wages and salaries (excluding temporary staff costs)	(485.1)	(456.0)	(429.3)
Payroll taxes	(119.5)	(116.1)	(112.6)
Pension and other post-employment benefit plan costs	(45.1)	(40.6)	(39.3)
Service cost under defined benefit plans	(7.4)	(7.1)	(7.7)
Discretionary and non-discretionary profit-sharing	(48.2)	(43.9)	(50.4)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(705.2)**	**(663.7)**	**(639.3)**

(a) Restated for the application of IAS 19R.

Breakdown by geographical segment 2012	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs)	(375.6)	(77.1)	(44.2)	(63.7)	(115.6)	(29.2)	(705.2)
Average number of employees	5,901	1,394	684	2,692	12,334	718	23,723

(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.

Breakdown by geographical segment 2011	France	Other Western European countries [a]	North America	South America	Asia-Pacific [c]	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs) [b]	(368.8)	(76.0)	(39.5)	(61.6)	(90.6)	(27.2)	(663.7)
Average number of employees	5,868	1,407	681	2,816	12,467	669	23,908

(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) Restated for the application of IAS 19R.
(c) Excluding Asia Fan.

Breakdown by geographical segment 2010	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs) [b]	(368.4)	(74.4)	(41.5)	(53.5)	(77.2)	(24.3)	(639.3)
Average number of employees	5,859	1,430	693	2,142	11,794	250	22,168

(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) Restated for the application of IAS 19R.

Employees by category *(%)*	2012	2011	2010
Director labour	48.9	49.2	49.8
Other workers	40.7	40.8	40.6
Managers	10.4	10.0	9.6
TOTAL	**100.0**	**100.0**	**100.0**

NOTE 7 OTHER OPERATING INCOME AND EXPENSE

(in € millions)	2012	2011	2010
Restructuring costs	(1.9)	(5.6)	(15.0)
Impairment losses	(1.0)	(13.5)	(18.4)
Gains and losses on asset disposals and other	3.3	10.2	(5.1)
OTHER OPERATING INCOME AND EXPENSE	**0.4**	**(8.9)**	**(38.5)**

Note 7.1. RESTRUCTURING COSTS

2012

Restructuring costs for the year amounted to approximately €4 million and mainly concerned Brazil, Colombia, Spain and Italy. No single plan represented a material cost. A net €1.9 million was released from provisions for early retirement plan costs in France.

2011

In 2011, restructuring costs amounted to €5.6 million, including:

- an additional cost of €1.2 million recorded in France due to the pension reform that extended the period during which the Group will incur expenses under its early retirement plans;
- in Brazil and Argentina, penalties of €1.6 million and €1.0 million respectively incurred on the termination of contracts with external sales representatives following the Group's decision to insource all of its sales forces;
- in the Netherlands, a €1.7 million provision set aside for restructuring costs to be incurred as part of the project to streamline the Group's supply chain and after sales services in Western Europe.

2010

In 2010, restructuring costs amounted to €15.0 million, mainly comprising:

- an additional cost of €4.8 million recorded in France due to the pension reform that extended the period during which the Group will incur expenses under the early retirement plans introduced at certain sites in 2006;
- €6.5 million in penalties incurred in Brazil on the termination of contracts with external sales representatives following the Group's decision to insource all of its sales forces with the aim of improving customer service quality and controlling the entire value chain;
- sales force rationalisation costs of €2.4 million in China, where responsibility for selling Tefal brand products was transferred to the Supor sales force.

Note 7.2. IMPAIRMENT LOSSES

2012

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 calculations were performed based on the sum of discontinued future cash flows expected to be derived from the assets concerned as contained in the fiveyear business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. All CGUs comprising intangible assets with an indefinite useful life were tested for impairment at the yearend and CGUs comprising assets with finite useful lives were only tested when there was an indication that they may have been impaired. The main impairment tests and CGUs concerned are discussed in Note 11 – Intangible Assets.

In 2012, no material impairment losses were recorded.

The main actuarial assumptions used in 2012 for impairment tests on the manufacturing CGUs in Europe were as follows:

- the weighted average cost of capital was estimated at 7.75% (versus 8.49% in 2011 and 8.18% in 2010);
- the long-term growth rate beyond the 5-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 at end-2012 generally showed little sensitivity to changes in financial assumptions (WACC and long-term growth), as production volumes for the year were at a satisfactory level.

2011

The main impairment loss recognised in 2011 was an additional €7.2 million write-down of the All-Clad goodwill, bringing the aggregate impairment losses for this goodwill to €37.7 million at the year-end. The amount recognised in 2011 reflects the fact that the business plan used as the basis for the impairment test carried out during the year factored in a flat first-half performance for All-Clad caused by the continuing lacklustre environment in the US premium sector. The fairly marked turnaround in All-Clad's performance during the second half of the year – driven by the launch of new cookware ranges – was not sufficient to fully offset this first-half situation.

The Group also recognised other, less significant, impairment losses in 2011 against goodwill relating to Greece and Vietnam, representing an overall amount of €3.2 million.

In addition, a €3.1 million impairment loss was recorded to write down a portion of the manufacturing assets of the Omegna site in Italy.

2010

The main impairment loss recognised in 2010 was an additional write-down of the All-Clad goodwill for €14.7 million. After the deep recession in 2009, there was a significant recovery in sales in 2010 but the general environment in US premium segment remained hesitant and pre-recession margins were not restored at the year-end. These conditions were reflected in the business plan that served as a basis for impairment testing, leading to the above-mentioned €14.7 million goodwill impairment loss in addition to the €21.2 million loss already recognised in 2009.

The Group also booked a €3.6 million impairment loss for its Scales manufacturing facility at Rumilly (France) to take account of a decline in production volumes following the decision to relocate the production of budget scales to China.

Note 7.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

2012

In 2012, this item consisted mainly of the €2.1 million gain on a building in Iran that was sold in connection with the liquidation of a former subsidiary.

2011

In 2011 this item mainly included:

- a €13.8 million gain recorded in February 2011 on the disposal of Plant 3 in São Paulo, Brazil, following an agreement signed by Groupe SEB do Brasil in August 2008 to sell this facility. The sale was conditional upon the Group providing the purchaser with a decontamination certificate and carrying out certain decontamination works at the site. These works were performed in 2009 and 2010;
- the €1.5 million in compensation received in settlement of the Pentalpha dispute;
- €1 million in expenses related to acquisitions carried out during the year;
- a €4 million net expense recognised in relation to new and settled disputes, none of which represented a material amount.

2010

In 2010 this item mainly included:

- a €2.6 million provision recognised for the dispute with one of the Group's former distributors in the Middle-East. Although the Group believed it had complied strictly with the terms of the contract, the provision was booked to cover the uncertainties of the local judicial process and other factors;
- a loss of €1.5 million on the disposal of a logistics warehouse in Germany;
- an additional €0.7 million provision for the dispute with a Chinese importer described in Note 30.1 and the 2009 Registration Document, increasing the total amount from €1.2 million to €1.9 million at 31 December 2010.

NOTE 8 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	2012	2011 [a]	2010 [a]
FINANCE COSTS	**(29.3)**	**(19.1)**	**(12.0)**
Interest cost on long-term employee benefit obligations	(6.3)	(4.8)	(5.9)
Exchange gains and losses	9.9	(0.5)	4.8
Income and expenses from financial instruments	(3.0)	0.1	(0.1)
Other	(34.0)	(2.6)	(3.0)
OTHER FINANCIAL INCOME AND EXPENSE	**(33.4)**	**(7.8)**	**(4.2)**

(a) Restated for the application of IAS 19R.

The interest cost on long-term employee benefit obligations corresponds to the difference between the discounting adjustment for the year – arising from the fact that benefit payments are one year closer to being paid – and the expected return on the corresponding plan assets. Discounting adjustments to other long-term liabilities and provisions are also included under this caption.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies are included in "Operating result from activity" (formerly «Operating margin»). Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expense".

Income and expenses from financial instruments correspond to amortisation of the time value of hedging instruments, and derivative instruments for which the hedging relationship has not been documented.

In 2012, the line "Other" includes a €25.3 million impairment loss recognized on the Group's investment in Maharaja Whiteline that was acquired at the end of 2011 but is not currently consolidated. The impairment loss corresponds to roughly half of the acquisition price of the shares.

NOTE 9 INCOME TAXES

Note 9.1. INCOME TAX EXPENSE

(in € millions)	2012	2011 [a]	2010 [a]
Current taxes	84.9	97.7	92.0
Deferred taxes, net	9.3	15.3	(2.6)
INCOME TAX EXPENSE	**94.2**	**113.0**	**89.4**

(a) Restated for the application of IAS 19R.

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, Germany, Italy and the United States have elected for group relief. The companies in each tax group record in their accounts the income tax charge or benefit that they would have paid or received if they had been taxed on a stand-alone basis (Note 33). Tax savings resulting from the election for group relief are not material; the main benefit lies in the fact that any tax losses can be set off immediately against the taxable income of other companies in the tax group.

Note 9.2. EFFECTIVE TAX RATE

The following table provides reconciliation between the Group's effective tax rate of 30.9% (30.2% in 2011 and 26.9% in 2010) and the statutory French tax rate of 36.10%:

(in %)	2012	2011 [b]	2010 [b]
STATUTORY FRENCH TAX RATE	**36.1**	**36.1**	**34.4**
Effect of different tax rates	(9.4)	(12.3)	(8.4)
Unrecognised and unrelieved tax loss carryforwards	2.9	2.0	2.0
Prior period tax loss carryforwards recognised and utilised during the period	(0.6)	(0.9)	(4.0)
Other [a]	1.9	5.3	2.9
EFFECTIVE TAX RATE	**30.9**	**30.2**	**26.9**

(a) The caption "Other" primarily includes unrecognised deferred tax assets other than for tax losses, changes in deferred tax assets not recognised in prior periods, and the 2.8% negative impact of the non-deductible impairment loss on Maharaja Whiteline shares. In 2011 and 2010, this caption also included the negative impact of non-deductible impairment losses on All-Clad USA goodwill (0.7% in 2011 and 1.5% in 2010).
(b) Restated for the application of IAS 19R.

Note 9.3. DEFERRED TAX ASSETS AND LIABILITIES

(in € millions)	2012	2011 [a]	2010 [a]
Intangible assets (brands)	(97.6)	(104.7)	(91.6)
Capitalised development costs	(5.0)	(5.2)	(5.8)
Property, plant and equipment	(39.0)	(37.7)	(24.4)
Net tax loss carryforwards	15.7	16.9	19.6
Provisions for pensions and other employee-related liabilities	40.1	41.1	44.5
Elimination of intra-group gains	21.7	19.3	16.5
Other temporary differences (net)	29.9	39.6	38.9
NET DEFERRED TAX ASSET/(LIABILITY)	**(34.2)**	**(30.7)**	**(2.3)**
Of which:			
Deferred tax assets	47.8	48.3	52.6
Deferred tax liabilities	82.0	79.0	54.9

(a) Restated for the application of IAS 19R.

Deferred taxes arising on other temporary differences essentially include deferred taxes on non-deductible provisions.

The following table shows changes in net deferred taxes recognised in the balance sheet:

(in € millions)	
NET DEFERRED TAX LIABILITY AT 31 DECEMBER 2010 [(a)]	**(2.3)**
Deferred tax charges and benefits for the period recognised in profit	(15.3)
Effect of deferred taxes recognised in equity	4.2
Effect of changes in foreign exchange rates	(3.2)
Effect of changes in the scope of consolidation	(14.3)
Other	0.2
NET DEFERRED TAX LIABILITY AT 31 DECEMBER 2011 [(a)]	**(30.7)**
Deferred tax charges and benefits for the period recognised in profit	(9.3)
Effect of deferred taxes recognised in equity	5.6
Effect of changes in foreign exchange rates	(0.3)
Effect of changes in the scope of consolidation	
Other	0.5
NET DEFERRED TAX LIABILITY AT 31 DECEMBER 2012	**(34.2)**

(a) Restated for the application of IAS 19R.

Deferred taxes recognised in equity mainly concern actuarial gains and losses on employee defined benefit plan obligations, derivative hedging instruments and gains and losses on treasury shares.

Note 9.4. OTHER INFORMATION

At 31 December 2012, the Group had unrecognised deductible temporary differences and tax losses expiring in the following periods:

At 31 December 2012 *(in € millions)*	**Deductible temporary differences**	**Tax losses**	**Total**
2013	0.2		0.2
2014	0.6		0.6
2015	0.7		0.7
2016			
2017 and beyond		22.3	22.3
Available indefinitely	0.8	51.1	51.9
TOTAL	**2.3**	**73.4**	**75.7**

Unrecognised tax loss carryforwards rose to €73.4 million in 2012 from €68.5 million in 2011. They primarily concerned operations in Germany (€28.1 million in 2012, €28 million in 2011 and €31 million in 2010), the United States (€21.9 million in 2012, €15.2 million in 2011 and €8.5 million in 2010), Spain (€5.7 million in 2012, €6 million in 2011 and €4 million in 2010) and the United Kingdom (€8.5 million in 2012, €7.9 million in 2011 and €9.6 million in 2010).

NOTE 10 EARNINGS PER SHARE

(in € millions)	2012	2011 [(a)]	2010 [(a)]
Numerator			
Profit for the period	194.2	236.1	220.1
After tax effect of dilutive potential shares			
Profit used to calculate diluted earnings per share	194.2	236.1	220.1
Denominator			
Weighted average number of ordinary shares used to calculate basic earnings per share	47,718,373	47,886,341	47,414,375
Effect of dilutive potential shares	640,528	1,156,943	1,000,136
Weighted average number of ordinary shares used to calculate diluted earnings per share	48,358,901	49,043,284	48,414,511
Basic earnings per share (in €)	**4.07**	**4.93**	**4.64**
Diluted earnings per share (in €)	**4.01**	**4.81**	**4.54**

(a) Restated for the application of IAS 19R.

Dilutive potential shares correspond mainly to outstanding stock options (see Note 20.2).

NOTE 11 INTANGIBLE ASSETS

In accordance with IAS 38, intangible assets with an indefinite useful life – corresponding to trademarks and goodwill – are no longer amortised 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 amortised by the straight-line method over their estimated useful life. Amortisation expense is included in "Operating result from activity" (formerly "Operating margin").

The Group also holds certain trademarks – such as the Tefal international brand and the SEB and Calor regional brands – which are not recognised in the balance sheet.

2012 *(in € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	19.8	362.1	512.5	63.7	35.2	66.1	1,059.4
Acquisitions and additions	0.1			4.9	5.6	5.7	16.3
Disposals				(1.8)	(8.0)	(0.9)	(10.7)
Other movements [(a)]	0.1	2.4	(0.7)	5.5	1.8	(13.1)	(3.9)
Translation adjustment	(0.3)	(6.7)	(3.0)	(1.3)	(0.1)	(0.9)	(12.3)
AT 31 DECEMBER	**19.7**	**357.8**	**508.9**	**71.0**	**34.5**	**56.9**	**1,048.8**
Amortisation and impairment losses							
At 1 January	17.1	7.4	48.0	41.7	22.8	12.2	149.2
Translation adjustment	(0.2)	(0.1)	(0.9)	(1.0)		(0.2)	(2.4)
Amortisation of the period	0.3			9.0	5.8	2.0	17.2
Impairment losses							
Amortisation and impairment losses written off on disposals				(1.7)	(7.9)	(1.1)	(10.7)
Other movements [(a)]	0.1	(0.1)	0.1	(0.1)		0.1	0.1
AT 31 DECEMBER	**17.3**	**7.2**	**47.2**	**47.9**	**20.7**	**13.0**	**153.4**
Carrying amount at 1 January	2.7	354.7	464.5	22.0	12.4	53.9	910.2
CARRYING AMOUNT AT 31 DECEMBER	**2.4**	**350.6**	**461.7**	**23.1**	**13.8**	**43.9**	**895.4**

(a) Including changes in scope of consolidation.

2011 *(In € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	19.9	328.0	445.0	40.6	30.9	70.1	934.5
Acquisitions and additions				7.3	5.2	6.1	18.6
Disposals				(2.6)	(4.4)		(7.0)
Other movements [(a)]		25.7	38.9	18.4	4.4	(13.2)	74.2
Translation adjustment	(0.1)	8.4	28.6		(0.9)	3.1	39.1
AT 31 DECEMBER	**19.8**	**362.1**	**512.5**	**63.7**	**35.2**	**66.1**	**1,059.4**
Amortisation and impairment losses							
At 1 January	16.8	7.1	35.9	30.5	20.6	15.8	126.7
Translation adjustment		0.3	1.7	(1.0)		0.4	1.4
Amortisation of the period	0.3			8.5	6.5	1.8	17.1
Impairment losses			10.4		(0.3)	0.3	10.4
Amortisation and impairment losses written off on disposals				(2.4)	(4.0)		(6.4)
Other movements [(a)]				6.1		(6.1)	0.0
AT 31 DECEMBER	**17.1**	**7.4**	**48.0**	**41.7**	**22.8**	**12.2**	**149.2**
Carrying amount at 1 January	3.1	320.9	409.1	10.1	10.3	54.3	807.8
CARRYING AMOUNT AT 31 DECEMBER	**2.7**	**354.7**	**464.5**	**22.0**	**12.4**	**53.9**	**910.2**

(a) Including changes in scope of consolidation.

2010 *(in € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	19.1	304.0	406.4	55.8	43.0	59.3	887.6
Acquisitions and additions	0.4			1.6	2.7	15.5	20.2
Disposals	(0.1)			(20.4)	(20.0)	(1.7)	(42.2)
Other movements [(a)]				1.6	5.2	(7.1)	(0.3)
Translation adjustment	0.5	24.0	38.6	2.0		4.0	69.1
AT 31 DECEMBER	**19.9**	**328.0**	**445.0**	**40.6**	**30.9**	**70.1**	**934.5**
Amortisation and impairment losses							
At 1 January	16.4	6.6	19.8	43.5	31.8	10.7	128.8
Translation adjustment	0.2	0.5	1.4	1.4		0.7	4.2
Amortisation of the period	0.3			6.0	7.9	5.0	19.2
Impairment losses			14.7				14.7
Amortisation and impairment losses written off on disposals	(0.1)			(20.4)	(19.1)		(39.6)
Other movements [(a)]						(0.6)	(0.6)
AT 31 DECEMBER	**16.8**	**7.1**	**35.9**	**30.5**	**20.6**	**15.8**	**126.7**
Carrying amount at 1 January	2.7	297.4	386.6	12.3	11.2	48.6	758.8
CARRYING AMOUNT AT 31 DECEMBER	**3.1**	**320.9**	**409.1**	**10.1**	**10.3**	**54.3**	**807.8**

(a) Including changes in scope of consolidation.

In 2012, "Other movements" mainly concerned recognition of the Asia Fan brand at the fair value determined on completion of the purchase price allocation process at the beginning of the year.

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 determined based on the weighted average cost of capital, taking into account market interest rates, as well as a debt ratio, beta and average equity risk premium based on historical data. The equity risk premium used for 2012 was 5%, unchanged from 2011. Specific equity risk premiums ranging from 0.5% to 4.0% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

Impairment tests in 2012 were generally based on the CGUs'2013 budgets which reflect a continuation of the trends observed in 2012.

The All-Clad CGU – including the trademark for €109.7 million and goodwill for €42.9 million at 31 December 2012 – was tested for impairment by comparing its carrying amount to its value in use. The value in use calculations were performed based on the sum of discounted future cash flows expected to be derived from the assets concerned as contained in the five-year business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 8.18%, slightly lower than the rates of 9% applied in 2011 and 8.83% in 2010 due to a decline in risk-free interest rates;
- 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.

In 2012, the test did not lead to any additional write-down of goodwill, as All-Clad's financial performance for the year was in line with business plan projections.

The sensitivity of test results to changes in the individual assumptions used in 2012 to determine the value in use of the All-Clad CGU assets is as follows:

- use of a 9.1% discount rate would reduce the test margin to zero;
- a 1-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognised;
- a 2.7-point fall in operating result from activity for the last year of the business plan, as used to calculate the CGU's terminal value, would reduce the test margin to zero;
- as regards the sales trends for 2012-2016, Group management currently considers the most probable scenario to be based on average annual growth of 5.5%. A 10% downward revision of sales forecasts over the entire period would result in an additional goodwill impairment loss of €12.0 million.

The IMUSA CGU – including the trademark for €22.7 million and goodwill for €35.7 million at 31 December 2012 – was tested for impairment by comparing its carrying amount to its value in use, The value in use calculations were performed based on the sum of discounted future cash flows expected to be derived from the assets concerned as contained in the five-year business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 11.68%;
- a long-term growth rate of 3.5%, in line with forecasts for the high-end household equipment market, and similar to the rate used since IMUSA was acquired.

The test did not lead to any impairment loss being recognised.

The sensitivity of test results to changes in the individual assumptions used in 2012 to determine the value in use of the IMUSA CGU assets is as follows:

- use of a 12.5% discount rate would have reduced the test margin to zero;
- a 1-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognised;
- a 1.5-point fall in operating result from activity for the last year of the business plan, as used to calculate the CGU's terminal value, would reduce the test margin to zero;
- as regards the sales trends for 2013-2017, Group management currently considers the most probable scenario to be based on average annual growth of 8%. A 10% downward revision of sales forecasts over the entire period would not result in any goodwill impairment loss being recognised.

The Supor CGU – including the trademark for €98.3 million and goodwill for €348.1 million – was tested for impairment by comparing its carrying amount to its market value at 31 December 2012, as ZJ Supor is listed on the Shenzen stock exchange and there is a liquid market for its shares. At 31 December 2012, Supor's share price was RMB 12.39, compared with a carrying amount of RMB 11.08 per share. In view of the narrow margin between these two amounts, the CGU's carrying amount was also compared with its value in use. The value in use calculations were performed based on the sum of discounted future cash flows expected to be derived from the assets concerned as contained in the five-year business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 10.27%;
- a long-term growth rate of 5%, in line with forecasts for the high-end household equipment market, and similar to the rate used since Supor was acquired.

The test confirmed that the CGU was not impaired.

The brands listed below were tested by the relief from royalty method which consists of discounting the royalty revenues that would be derived from licensing the brands. At 31 December 2012, no impairments were identified. The brands are carried in the balance sheet at 31 December 2012 for the following amounts:

- Arno €35.2 million;
- Lagostina €30.4 million;
- Rowenta €23.2 million;
- Panex €9.9 million;
- Krups €7.8 million;

- and the IMUSA USA, MiroWearEver, AsiaVina and Moulinex brands for €5.5 million, €4.6 million, €2.4 million and €1 million respectively.

The main assumptions used in 2012 were as follows:

- royalty rate: 2% to 5.5% (unchanged from 2011 and 2010);
- discount rate after tax: 7.34% (Rowenta) to 12.08% (Arno) (8.1% to 13.92% in 2011);
- long-term growth rate: 1% to 3% (unchanged from 2011 and 2010).

For all of these assets, the sensitivity of value in use to different scenarios was analysed for the period 2013-2017, including their sensitivity to a one-point increase in the discount rate and one-point decrease in the growth rate to perpetuity The decreases in value in use under each of these simulations would not result in the recognition of any impairment losses on the trademarks concerned in the balance sheet. A 27% reduction in forecast sales for the period 2013-2017 would reduce the test margin on the Lagostina brand to zero.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

2012 *(in € millions)*	Land	Buildings	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	32.1	317.6	819.0	124.4	45.7	1,338.9
Acquisitions and additions		8.8	43.0	10.9	48.6	111.3
Disposals		(6.5)	(41.7)	(10.9)	(1.1)	(60.1)
Other movements [(a)]	0.5	13.4	30.1	3.6	(40.6)	7.0
Translation adjustment		(2.3)	(5.6)		(0.3)	(8.2)
AT 31 DECEMBER	**32.6**	**331.0**	**844.9**	**128.0**	**52.3**	**1,388.8**
Depreciation and impairment losses						
At 1 January	6.4	166.0	608.9	82.2		863.4
Translation adjustment		(1.1)	(3.9)	(0.2)		(5.2)
Depreciation for the period	0.4	13.6	65.6	14.0		93.6
Impairment losses						
Depreciation and impairment losses written off on disposals		(5.0)	(41.0)	(10.3)		(56.3)
Other movements [(a)]	0.1	0.1	(0.6)	2.3		1.9
AT 31 DECEMBER	**6.9**	**173.6**	**629.0**	**88.0**		**897.4**
Carrying amount at 1 January	25.7	151.7	210.2	42.2	45.7	475.5
CARRYING AMOUNT AT 31 DECEMBER	**25.7**	**157.5**	**215.9**	**40.0**	**52.3**	**491.4**

(a) Including changes in scope of consolidation.

At 31 December 2012, no impairment losses had been recognised on property, plant and equipment.

2011 (in € millions)	Land	Buildings [b]	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	24.3	284.9	729.5	112.0	63.1	1,213.8
Acquisitions and additions	0.1	8.7	39.8	12.0	52.0	112.6
Disposals	(0.2)	(9.0)	(28.3)	(11.0)	(9.7)	(58.2)
Other movements [a]	8.2	27.8	73.2	11.1	(59.4)	60.9
Translation adjustment	(0.3)	5.2	4.8	0.3	(0.3)	9.7
AT 31 DECEMBER	**32.1**	**317.6**	**819.0**	**124.4**	**45.7**	**1,338.8**
Depreciation and impairment losses						
At 1 January	6.2	158.3	549.5	73.5		787.5
Translation adjustment		0.4	1.3	0.2		1.9
Depreciation for the period	0.2	12.7	58.6	12.5		84.0
Impairment losses		0.6	1.5			2.1
Depreciation and impairment losses written off on disposals		(5.3)	(26.3)	(10.4)		(42.0)
Other movements [a]		(0.7)	24.2	6.4		29.9
AT 31 DECEMBER	**6.4**	**166.0**	**608.8**	**82.2**		**863.4**
Carrying amount at 1 January	18.1	126.7	180.0	38.5	63.1	426.4
CARRYING AMOUNT AT 31 DECEMBER	**25.7**	**151.7**	**210.2**	**42.2**	**45.7**	**475.5**

(a) Including changes in scope of consolidation.
(b) After a reclassification in 2010 between cost and accumulated depreciation with no impact on carrying amount.

2010 (in € millions)	Land	Buildings [b]	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	26.7	272.3	703.6	101.9	41.7	1,146.2
Acquisitions and additions	0.1	10.0	30.5	13.7	66.3	120.6
Disposals	(3.9)	(12.2)	(54.2)	(9.6)	(6.3)	(86.2)
Other movements [a]	0.1	5.6	31.9	2.3	(40.2)	(0.3)
Translation adjustment	1.3	9.2	17.7	3.7	1.7	33.6
AT 31 DECEMBER	**24.3**	**284.9**	**729.5**	**112.0**	**63.1**	**1,213.8**
Depreciation and impairment losses						
At 1 January	6.3	150.7	530.0	67.8		754.8
Translation adjustment		2.6	10.2	2.2		15.0
Depreciation for the period	0.3	10.7	57.9	11.2		80.1
Impairment losses		1.0	2.5			3.5
Depreciation and impairment losses written off on disposals	(0.5)	(7.5)	(50.0)	(8.2)		(66.2)
Other movements [a]		0.7	(1.1)	0.5		0.1
AT 31 DECEMBER	**6.2**	**158.3**	**549.5**	**73.5**		**787.5**
Carrying amount at 1 January	20.4	121.6	173.6	34.1	41.7	391.4
CARRYING AMOUNT AT 31 DECEMBER	**18.1**	**126.7**	**180.0**	**38.5**	**63.1**	**426.4**

(a) Including changes in scope of consolidation.
(b) After a reclassification between cost and accumulated depreciation with no impact on carrying amount.

The Group's operations are mainly carried out at 25 major plants worldwide, as follows:

Region	Country	Plant	Main products
France	France	Rumilly	Cookware, informal meal appliances, scales
		Selongey	Pressure cookers
		Pont-Évêque	Irons, steam generators, hair removal systems
		Is-sur-Tille	Deep fryers, ovens
		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
	Italy	Omegna	Cookware
North America	United States	Canonsburg	Cookware
South America	Brazil	São Paulo	Washing machines, blenders, fans
		São Bernardo	Cookware
		Recife	Fans, washing machines, blenders
	Colombia	Cajica	Blenders, fans
		Rio Negro	Cookware
		Copacabana	Plastic items
Asia-Pacific	China	Shanghai	Steam irons, steamers, kettles
		Yuhuan	Cookware
		Wuhan	Cookware
		Hangzhou	Induction hotplates, rice cookers
		Shaoxing	Kettles, electric pressure cookers, induction hotplates
	Vietnam	Vinh Loc	Fans
		Binh duong	Components
Other countries	Russia	Saint-Petersburg	Cookware

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 Ecully and another office building in Lyon.

All leases are with unrelated lessors and reflect normal market terms. At 31 December 2012, the aggregate carrying amount of property, plant and equipment held for sale was €2.6 million (€3.4 million at 31 December 2011 and €3.2 million at 31 December 2010).

NOTE 13 LEASES

Finance leases can be analysed as follows:

Carrying amounts *(in € millions)*	2012	2011	2010
Land			
Buildings	0.6	0.5	0.8
Machinery and equipment	2.2	3.5	2.2
Other	0.3	0.7	0.1
CARRYING AMOUNT	**3.1**	**4.7**	**3.1**

These amounts are included in the tables in Note 12 – Property, plant and equipment.

Groupe SEB does not have any finance leases related to intangible assets or investment property.

Commitments under finance leases and non-cancellable operating leases are as follows:

2012 *(in € millions)*	Finance leases	Operating leases
LEASE COMMITMENTS		
Due within one year	1.9	44.7
Due in one to five years	2.1	94.9
Due beyond 5 years		9.5
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**4.0**	**149.1**
Future interest costs	0.3	
DISCOUNTED PRESENT VALUE OF LEASE COMMITMENTS	**3.7**	**149.1**

Lease payments recorded in expenses for the year are as follows:

(in € millions)	2012	2011	2010
Lease payments	61.2	49.7	40.1

NOTE 14 INVESTMENTS IN ASSOCIATES, OTHER INVESTMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

Note 14.1. INVESTMENTS

14.1.1. Investments in associates

The Group does not hold any investments in associates.

14.1.2. Other investments

At 31 December 2012 "Other investments" consisted of the Group's investment in the Indian company Maharaja Whiteline acquired at the end of 2011, which was not yet consolidated at the 2012 year-end (see Note 3.1).

Note 14.2. OTHER NON-CURRENT FINANCIAL ASSETS

These assets mainly comprise guarantee deposits, chiefly for property leases.

NOTE 15 PRODUCT DEVELOPMENT COSTS

(in € millions)	2012	2011	2010
RESEARCH AND DEVELOPMENT EXPENDITURE	**75.4**	**68.7**	**66**
as a % of revenue	1.9%	1.7%	1.7%
CAPITALISED DEVELOPMENT COSTS	**(5.6)**	**(5.2)**	**(6.0)**
as a % of R&D expenditure	7.4%	7.6%	9.2%
RESEARCH AND DEVELOPMENT COSTS RECOGNISED DIRECTLY IN THE INCOME STATEMENT (NOTE 5)	**(69.8)**	**(63.5)**	**(60.0)**
AMORTISATION FOR THE PERIOD RECOGNISED IN COST OF SALES	**(5.8)**	**(6.6)**	**(9.1)**
TOTAL COST RECOGNISED IN THE INCOME STATEMENT	**(75.6)**	**(70.1)**	**(69.1)**
as a % of revenue	1.9%	1.8%	1.9%

In 2012, research and development expenditure totalled €75.4 million compared with €68.7 million in 2011.

Research tax credits deducted from the amounts above stood at €7 million in 2012, €5.6 million in 2011 and €5.2 million in 2010.

Capitalised development costs amounted to €5.6 million, versus €5.2 million in 2011 and €6 million in 2010.

In all, research and development costs recognised in the income statement came to €75.6 million, versus €70.1 million in 2011 and €69.1 million in 2010.

NOTE 16 INVENTORIES

	2012			2011			2010		
(in € millions)	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	189.4	(9.2)	180.2	199.2	(9.6)	189.6	180.2	(12.5)	167.7
Work in progress	7.5	(0.1)	7.4	9.1	(0.1)	9.0	12.6	(1.0)	11.6
Finished products and goods purchased for resale	509.0	(15.6)	493.4	518.1	(14.5)	503.6	469.2	(13.0)	456.2
TOTAL	**705.9**	**(24.9)**	**681.0**	**726.4**	**(24.2)**	**702.2**	**662.0**	**(26.5)**	**635.5**

NOTE 17 TRADE RECEIVABLES

(in € millions)	2012	2011	2010
Trade receivables (including discounted bills)	849.6	849.1	749.4
Provision for doubtful debt	(13.8)	(20.7)	(15.5)
CARRYING AMOUNT	**835.8**	**828.4**	**733.9**

The fair value of trade receivables is equivalent to their carrying amount, in view of their short maturities.

A receivables aging analysis is presented in Note 27.4.

NOTE 18 OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES

(in € millions)	2012	2011	2010
OTHER NON-CURRENT ASSETS	**9.0**	**7.7**	**4.2**
Prepaid expenses	8.3	11.3	10.0
Prepaid and recoverable taxes and other receivables	75.5	60.3	49.4
OTHER RECEIVABLES	**83.8**	**71.6**	**59.4**

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At 31 December 2012, other non-current assets and other receivables broke down as follows:

(in € millions)	Other receivables	Other non-current assets	Total
Prepaid expenses	8.3	1.7	10.0
Prepaid and recoverable taxes and other	75.5	7.3	82.8
TOTAL	**83.8**	**9.0**	**92.8**

NOTE 19 CASH AND CASH EQUIVALENTS

(in € millions)	2012	2011	2010
Cash	253.6	183.5	181.9
Marketable securities	145.1	12.5	54.7
TOTAL	**398.7**	**196.0**	**236.6**

Cash equivalents at 31 December 2012 consist mainly 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 20 EQUITY

Note 20.1. SHARE CAPITAL

At 31 December 2012, the share capital was made up of 50,169,049 shares with a par value of €1. At 31 December 2011 and 2010, the share capital was made up of 49,951,826 shares with a par value of €1. The employee rights issue described in Note 20.2.3 below led to the issuance of 217,223 new shares on 15 November 2012.

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 2012 was 47,718,373 (47,886,341 in 2011 and 47,414,375 in 2010).

At 31 December 2012, 43.43% of the capital was held by the family group (of which 23.41% by FÉDÉRACTIVE and 20.02% by VENELLE INVESTISSEMENT), representing 59.30% of the voting rights.

Note 20.2. SHARE-BASED PAYMENTS

20.2.1. Stock options

Information about stock option plans at 31 December 2012 is provided below:

STOCK OPTIONS

At 31 December 2012	Date			Number of options [a]				
Type of option	Option grant date [b]	Option exercise date	Option expiry date	Granted	Exercised	Cancelled	Outstanding	Exercise price [a] *(in €)*
To purchase existing shares	06/18/2004	06/18/2008	06/18/2012	539,100	521,700	17,400	0	31.67
To purchase existing shares	04/08/2005	04/08/2009	04/08/2013	554,700	493,730	18,300	42,670	28.00
To purchase existing shares	06/16/2006	06/16/2010	06/16/2014	589,798	437,398	14,707	137,693	29.33
To purchase existing shares	04/20/2007	04/20/2011	04/20/2015	579,150	185,799	8,100	385,251	44.00
To purchase existing shares	05/13/2008	05/13/2012	05/13/2016	1,005,900	149,380	48,650	807,870	38.35
To purchase existing shares	06/12/2009	06/12/2013	06/12/2017	371,300	0	3,600	367,700	28.05
To purchase existing shares	06/18/2010	06/18/2014	06/18/2018	412,592	0	9,538	403,054	53.86
To purchase existing shares	06/15/2012	06/15/2016	06/15/2020	408,925	0	0	408,925	54.12
TOTAL				**4,461,465**	**1,788,007**	**120,295**	**2,553,163**	
of which, movements in 2012				408,925	568 704	36 138	(195 917)	

(a) The number of options and the exercise price for plans prior to 16 June 2008 were adjusted following the three-for-one stock split that took place on 16 June 2008.
(b) 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 based on 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 recognised in employee benefits expense on a straight-line basis over the option vesting period by adjusting equity.

The amount recognised in employee benefits expense in 2012 in respect of stock options was €2.8 million, versus €3.9 million in 2011 and €5.0 million in 2010. The assumptions used to value options under the Black & Scholes model are as follows:

	2012 plan	2010 plan	2009 plan	2008 plan
INITIAL VALUE *(in € millions)*	**5.0**	**4.5**	**2.1**	**8.7**
AMOUNT RECOGNISED IN EMPLOYEE BENEFITS EXPENSE IN 2012 *(in € millions)*	**0.7**	**1.1**	**0.4**	**0.6**
ASSUMPTIONS				
Share price at the option grant date *(in €)*	51.00	55.00	29.73	37.60
Volatility	28.0%	25.0%	26.0%	25.0%
Risk-free interest rate	2.80%	3.40%	3.50%	4.50%
Exercise price *(in €)*	54.12	53.86	28.05	38.35
Life of the options *(in years)* [(a)]	5	5	5	5
Dividend rate	2.3%	2.8%	3.0%	2.5%

(a) Corresponding to the average exercise period.

20.2.2. Performance shares

In 2010 and 2012, the Board of Directors granted performance shares to certain employees and to the Chief Executive Officer.

Shares granted under the plan are subject to a two-year vesting period and certain performance obligations. 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 December 2012	Date			Number of shares				
Type	**Grant date** [(a)]	**Vesting date**	**End of lock-up**	**Granted**	**Vested**	**Cancelled**	**Outstanding**	**Share price at grant date** [(b)]
Performance shares	06/18/2010	06/18/2012	06/18/2014	58,363	50,519	7,844	0	55.00
Performance shares	06/15/2012	06/15/2014	06/15/2016	63,938	0	0	63,938	51.00

(a) The grant date corresponds to the date of the Board Meeting when the performance share grants were decided.
(b) Opening share price on the date of the Board Meeting when the performance share grants were decided.

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 under a four-year forward contract (corresponding to the vesting/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:

	2012 plan	2010 plan
ASSUMPTIONS		
Share price on the grant date *(in €)*	51.00	55.00
Four-year risk-free interest rate	2.20%	3.28%
Average interest rate on a four-year general purpose loan	6.50%	6.88%
Dividend rate	2.70%	2.36%
Discount for the lock-up *(% of the price on the vesting date)*	20.17%	17.09%
INITIAL VALUE *(in € millions)*	**2.6**	**2.7**
AMOUNT RECOGNISED IN EMPLOYEE BENEFITS EXPENSE IN 2012 *(in € millions)*	**0.7**	**0.5**

20.2.3. Employee shareholding plan

During 2012, Groupe SEB gave employees the opportunity to become shareholders by taking part in an employee rights issue. Named "Horizons 2012", this employee share ownership plan enabled employees in some 30 of the Group's host countries to purchase the Company's share through a corporate mutual fund or directly, depending on local legislation. A total of 499,518 new shares with a par value of €1 were offered for purchase.

The purchase price was set at €45.36, representing a 20% discount on the average price quoted for SEB shares over the 20 trading days preceding the offer period. In addition, the Group made matching contributions in SEB shares to employees participating in the operation, in proportions that varied depending on the country. Shares acquired under the plan are subject to a five-year lock-up except in the specific circumstances provided for by law.

In all, 217,223 shares with a par value of €1 were issued to employees who took up the offer.

The cost of this share-based payment plan was determined based on the fair value of the discount that would apply to shares subject to restrictions on their sale, in accordance with IFRS 2. As for performance share plans, the measurement method used to determine this discount was based on a strategy that consists of selling the shares under a four-year forward contract (corresponding to the vesting/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.

As the shares are not subject to any vesting conditions, the total cost was recognised in the income statement for the year of purchase, under "Statutory and discretionary profit-sharing".

The main assumptions used to determine the fair value of the employee share ownership plan were as follows:

ASSUMPTIONS	
Reference price *(in €)*	56.69
Lock-up period	5 years
Five-year risk-free interest rate	2.80%
Average interest rate on a five-year general purpose loan	8.00%
Dividend rate	2.49%
Discount for the lock-up *(% of the reference price)*	16.21%
AMOUNT RECOGNISED IN EMPLOYEE BENEFITS EXPENSE IN 2012 *(IN € MILLIONS)*	**4.2**

Note 20.3. RESERVES AND RETAINED EARNINGS (BEFORE APPROPRIATION OF PROFIT)

Reserves and retained earnings include the reserves recorded in the balance sheet of SEB S.A. (of which €775 million available for distribution at 31 December 2012, €766 million at 31 December 2011 and €747 million at 31 December 2010), 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 as being permanently reinvested and withholding taxes or additional taxes on distributed income are recognised only when distribution of these amounts is planned or considered probable.

Note 20.4. TREASURY STOCK

The Group buys back shares for the following purposes:

- for cancellation in order to reduce the Company's capital;
- for allocation to employees, managers or senior executives of the Company or of related companies upon exercise of stock options;
- 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 2012, the Group bought back 1,078,662 shares at a weighted average price of €56.20 and sold 1,360,357 shares at an average price of €41.13. Out of the total shares sold, 128,537 shares were allocated to participants in the Horizon 2012 employee share ownership plan, representing the Group's matching contribution, and to holders of vested performance share rights, and the remaining shares were sold on the market. The after-tax loss on the sales, in the amount of €4.5 million, was recognised directly in equity without affecting profit for the period.

At 31 December 2012, the group had 2 050 102 shares in treasury acquired at an average price of 44,44 euros.

Movements in 2012, 2011 and 2010 were as follows:

(in number of shares)	2012	2011	2010
Shares held in treasury at 1 January	2,331,797	1,980,698	3,149,443
Purchases			
Buyback plan	404,510	671,591	0
Liquidity contract	674,152	319,929	264,329
Sales			
Shares sold on the market	(663,116)	(315,208)	(259,155)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(697,241)	(325,213)	(1,173,919)
Shares cancelled during the period	0	0	0
SHARES HELD IN TREASURY AT 31 DECEMBER	**2,050,102**	**2,331,797**	**1,980,698**

NOTE 21 NON-CONTROLLING INTERESTS

Changes in non-controlling interests are as follows:

(in € millions)	2012	2011	2010
AT 1 JANUARY	**123.4**	**173.1**	**138.8**
Non-controlling interests in profit	16.5	26.4	23.2
Dividends paid	(5.9)	(8.4)	(4.7)
Exercise of stock options			
Non-controlling interests in share issues by subsidiaries			
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	(1.6)	(82.7)	
Translation adjustment	(2.1)	15.0	15.8
AT 31 DECEMBER	**130.3**	**123.4**	**173.1**

Since 31 December 2008, non-controlling interests have primarily concerned ZJ Supor and changes since that date have mainly reflected changes in ZJ Supor's retained earnings, corresponding essentially to recognition of profit for the period and the effect of translating the company's financial statements. However, changes may occur exceptionally as a result of purchases, sales or any other voluntary adjustments to the Group's interest in ZJ Supor.

The decrease in non-controlling interests in 2011 was directly attributable to the Group's acquisition of an additional 20% stake in ZJ Supor from minority shareholders, for €406 million. The carrying amount of the non-controlling interests transferred to the Group as a result of this transaction was €83.8 million.

At 31 December 2012, non-controlling interests also included the 35% interest in Asia Fan held by minority shareholders, for €1.7 million.

NOTE 22 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.

	2012		2011		2010	
(in € millions)	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Pension and other post-employment benefit obligations (Note 23)	135.0	6.6	112.7	7.3	115.2	6.0
Product warranties (Note 22.1)	4.5	22.8	3.5	25.8	3.0	31.8
Claims and litigation and other contingencies (Note 22.2)	34.3	16.0	31.7	22.3	25.0	25.5
Restructuring provisions (Note 22.3)	5.9	5.0	9.9	6.7	14.0	15.0
TOTAL	**179.7**	**50.6**	**157.8**	**62.1**	**157.2**	**78.3**

Provision movements (other than provisions for pensions and other post-employment benefits) are as follows:

(in € millions)	1 January 2012	Increases	Reversals	Utilisations	Other movements [a]	31 December 2012
Product warranties (Note 22.1)	29.3	13.8	1.3	14.7	0.2	27.3
Claims and litigation and other contingencies (Note 22.2)	54.0	12.7	7.2	8.0	(1.2)	50.3
Restructuring provisions (Note 22.3)	16.6	1.3	1.9	5.9	0.8	10.9
TOTAL	**99.9**	**27.8**	**10.4**	**28.6**	**(0.2)**	**88.5**

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

(in € millions)	1 January 2011	Increases	Reversals	Utilisations	Other movements [a]	31 December 2011
Product warranties (Note 22.1)	34.9	17.0	4.0	18.0	(0.6)	29.3
Claims and litigation and other contingencies (Note 22.2)	50.4	21.1	9.6	11.1	3.2	54.0
Restructuring provisions (Note 22.3)	29.0	5.7	16.9	1.3	0.1	16.6
TOTAL	**114.3**	**43.8**	**30.5**	**30.4**	**2.7**	**99.9**

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

(in € millions)	1 January 2010	Increases	Reversals	Utilisations	Other movements [a]	31 December 2010
Product warranties (Note 22.1)	39.0	24.7	1.1	26.4	(1.3)	34.9
Claims and litigation and other contingencies (Note 22.2)	32.0	25.1	1.7	9.7	4.7	50.4
Restructuring provisions (Note 22.3)	43.3	8.4	4.5	18.8	(0.6)	29.0
TOTAL	**114.3**	**58.2**	**7.3**	**54.9**	**(1.9)**	**114.3**

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

Note 22.1. 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, is generally for a period of one or two years. Provisions for product recalls are recorded as soon as the recall is decided.

Note 22.2. 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 2012, 2011 and 2010 the main provisions are as follows:

(in € millions)	2012	2011	2010
Supplier claims and litigation	1.5	5.5	1.9
Local government claims, litigation and contingencies	15.0	14.5	13.5
Commercial claims, litigation and contingencies	4.4	4.4	3.6
Employee claims, litigation and contingencies	12.7	13.6	14.2
Sales returns	0.4	0.6	1.0
Other claims, litigation and contingencies	16.3	15.4	16.2
TOTAL	**50.3**	**54.0**	**50.4**

Note 22.3. RESTRUCTURING PROVISIONS

Restructuring provisions break down as follows:

(in € millions)	2012	2011	2010
Severance costs	9.9	14.9	22.8
Site closure costs	1.0	1.7	6.2
TOTAL	**10.9**	**16.6**	**29.0**

The short-term portion of 2012 restructuring provisions amounted to €5 million. The remaining €5.9 million concern 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.

NOTE 23 EMPLOYEE BENEFITS

Note 23.1. 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 estimated 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 2012	Germany 2012
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	3.20%	3.20%
Average remaining service life of participating employees	Variable, depending on the entity	6 to 9 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 7%	
Mortality tables	INSEE TV 2008-2010	HEUBECK RT 2005 G

(a) Depending on the age of employees and their category (management or other)

Assumptions	France 2011	Germany 2011
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	4.75%	4.75%
Average remaining service life of participating employees	Variable, depending on the entity	6 to 9 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 11%	
Mortality tables	INSEE TV 2007-2009	HEUBECK 2005 G

(a) Depending on the age of employees and their category (management or other)

Assumptions	France 2010	Germany 2010
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	4.25%	4.25%
Average remaining service life of participating employees		7 to 9 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 11%	
Mortality tables	INSEE TV 2006-2008	HEUBECK 2005 G

(a) Depending on the age of employees and their category (management or other).

Note 23.2. ANALYSIS OF PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The total obligation breaks down as follows:

	2012			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	105.1	67.5	37.1	209.7
Present value of plan assets	(45.8)	(3.1)	(19.2)	(68.1)
DEFICIT	**59.3**	**64.4**	**17.9**	**141.6**
Unrecognised gains and (losses)				
Initial benefit obligation				
Unrecognised past service cost				
Recognised liability	59.3	64.4	17.9	141.6
Recognised asset				
NET	**59.3**	**64.4**	**17.9**	**141.6**

	2011 [(a)]			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	82.8	57.7	28.5	169.0
Present value of plan assets	(32.1)	(2.8)	(14.0)	(48.9)
DEFICIT	**50.7**	**54.9**	**14.5**	**120.1**
Unrecognised gains and (losses)				
Initial benefit obligation				
Unrecognised past service cost				
Recognised liability	50.7	54.9	14.5	120.1
Recognised asset				
NET	**50.7**	**54.9**	**14.5**	**120.1**

(a) Restated for the application of IAS 19R.

	2010 [a]			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	82.6	62.2	25.6	170.4
Present value of plan assets	(32.8)	(2.5)	(13.8)	(49.1)
DEFICIT	**49.8**	**59.7**	**11.8**	**121.3**
Unrecognised gains and (losses)				
Initial benefit obligation				
Unrecognised past service cost				
Recognised liability	49.8	59.7	11.8	121.3
Recognised asset				
NET	**49.8**	**59.7**	**11.8**	**121.3**

(a) Restated for the application of IAS 19R.

Obligations for the payment of jubilees, calculated using the same actuarial assumptions as for pension obligations, amounted to €6.5 million at 31 December 2012, €5.7 million at 31 December 2011 and €6 million at 31 December 2010.

Note 23.3. RECOGNISED COST

The cost recognised in the income statement for pension and other post-employment benefit plans breaks down as follows:

	2012			
(in € millions)	France	Germany	Other countries	Total
Service cost	5.1	0.4	2.0	7.5
Interest cost	4.6	2.6	0.9	8.1
Expected return on plan assets	(1.4)	(0.1)	(0.7)	(2.2)
Other			(0.2)	(0.2)
COST FOR THE PERIOD	**8.3**	**2.9**	**2.0**	**13.2**

	2011 [a]			
(in € millions)	France	Germany	Other countries	Total
Service cost	5.0	0.4	1.3	6.7
Interest cost	3.2	2.4	0.9	6.5
Expected return on plan assets	(1.4)		(0.6)	(2.0)
Other	(0.1)	0.3	(1.0)	(0.8)
COST FOR THE PERIOD	**6.7**	**3.1**	**0.6**	**10.4**

(a) Restated for the application of IAS 19R.

	2010 [a]			
(in € millions)	France	Germany	Other countries	Total
Service cost	4.2	0.3	1.2	5.7
Interest cost	4.0	2.9	0.6	7.5
Expected return on plan assets	(1.4)		(0.5)	(1.9)
Other	2.0	0.1	(0.1)	2.0
COST FOR THE PERIOD	**8.8**	**3.3**	**1.2**	**13.3**

(a) Restated for the application of IAS 19R.

Note 23.4. CHANGE IN GAINS AND LOSSES RECORDED IN OTHER COMPREHENSIVE INCOME

	2012			
(in € millions)	France	Germany	Other countries	Total
At 1 January	23.1	3.9	3.2	30.2
Actuarial gains and losses	16.4	10.8	4.0	31.2
Actual return on plan assets greater than/ (less than) expected return	(1.5)			(1.5)
AT 31 DECEMBER	**38.0**	**14.7**	**7.2**	**59.9**

	2011			
(in € millions)	France	Germany	Other countries	Total
At 1 January	26.6	7.8	2.9	37.3
Actuarial gains and losses	(3.5)	(3.9)	0.3	(7.1)
Actual return on plan assets greater than/ (less than) expected return				
AT 31 DECEMBER	**23.1**	**3.9**	**3.2**	**30.2**

	2010			
(in € millions)	France	Germany	Other countries	Total
At 1 January	19.5	1.6		21.1
Actuarial gains and losses	7.1	6.2	2.9	16.2
Actual return on plan assets greater than/ (less than) expected return				
AT 31 DECEMBER	**26.6**	**7.8**	**2.9**	**37.3**

Note 23.5. MOVEMENTS IN PROVISIONS

Movements in provisions for pension and other post-employment benefit obligations break down as follows:

(in € millions)	2012	2011 [b]	2010 [b]
Net at 1 January	120.1	121.2	105.7
Cost for the period	13.2	10.4	13.3
Contributions paid	(21.1)	(10.7)	(14.2)
Other movements [a]	29.4	(0.8)	16.4
NET AT 31 DECEMBER	**141.6**	**120.1**	**121.2**

(a) "Other movements" include the effect of changes in scope of consolidation.
(b) Restated for the application of IAS 19R.

Note 23.6. MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS IN 2012

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2012	**82.8**	**86.2**	**169.0**
Service cost	5.1	2.4	7.5
Interest cost	3.9	3.5	7.4
Benefits paid	(4.3)	(4.8)	(9.1)
Plan amendments			
Changes in assumptions	17.3	16.9	34.2
Curtailments/settlements			
Actuarial gains and losses and other	0.3	0.4	0.7
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2012	**105.1**	**104.6**	**209.7**

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS IN 2011 [(a)]

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2011	**82.6**	**87.8**	**170.4**
Service cost	5.0	1.7	6.7
Interest cost	3.4	3.5	6.9
Benefits paid	(4.2)	(5.9)	(10.1)
Plan amendments		0.1	0.1
Changes in assumptions	(4.0)	(3.1)	(7.1)
Curtailments/settlements		(0.8)	(0.8)
Actuarial gains and losses and other		2.9	2.9
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2011	**82.8**	**86.2**	**169.0**

(a) Restated for the application of IAS 19R.

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS IN 2010 [(a)]

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2010	**68.7**	**76.7**	**145.4**
Service cost	4.2	1.5	5.7
Interest cost	3.5	3.5	7.0
Benefits paid	(4.5)	(5.1)	(9.6)
Plan amendments	2.2	0.1	2.3
Changes in assumptions	8.9	6.3	15.2
Curtailments/settlements			
Actuarial gains and losses and other	(0.4)	4.8	4.4
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2010	**82.6**	**87.8**	**170.4**

(a) Restated for the application of IAS 19R.

Note 23.7. ANALYSIS OF PLAN ASSETS

CHANGE IN PLAN ASSETS IN 2012

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2012	**32.1**	**16.8**	**48.9**
Expected return on plan assets	3.0	0.8	3.8
Contributions paid	10.9	1.3	12.2
Benefits paid	(0.2)	(0.5)	(0.7)
Actuarial gains and losses and other		3.9	3.9
PLAN ASSETS AT 31 DECEMBER 2012	**45.8**	**22.3**	**68.1**

CHANGE IN PLAN ASSETS IN 2011 [(a)]

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2011	**32,8**	**16,3**	**49,1**
Expected return on plan assets	(0.7)	0.7	
Contributions paid		1.4	1.4
Benefits paid		(0.6)	(0.6)
Actuarial gains and losses and other		(1.0)	(1.0)
PLAN ASSETS AT 31 DECEMBER 2011	**32.1**	**16.8**	**48.9**

(a) Restated for the application of IAS 19R.

CHANGE IN PLAN ASSETS IN 2010 [(a)]

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2010	**26.2**	**13.1**	**39.3**
Expected return on plan assets	3.1	0.5	3.6
Contributions paid	3.5	1.3	4.8
Benefits paid		(0.3)	(0.3)
Actuarial gains and losses and other		1.7	1.7
PLAN ASSETS AT 31 DECEMBER 2010	**32.8**	**16.3**	**49.1**

(a) Restated for the application of IAS 19R.

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 14% in bond funds;
- the balance in equity funds.

The actual return on plan assets for 2012 should be in line with the expected rate and actuarial gains and losses generated in 2013 are not expected to be material.

Plan assets in other countries primarily comprise funds invested with an insurer amounting to €15.9 million, relating to the obligations of Groupe SEB Nederland.

Note 23.8. OTHER INFORMATION

23.8.1. Main cash outflows expected in future periods

Expected cash outflows *(in € millions)*	France	Germany	Total
Within 1 year	3.3	4.0	7.3
In 1 to 5 years	44.3	16.1	60.4
TOTAL	**47.6**	**20.1**	**67.7**

23.8.2. Sensitivity analysis

Use of a discount rate of 2.95% would have had the effect of increasing the projected benefit obligation by approximately €4.9 million. Use of a 3.45% rate would have reduced the obligation by approximately €4.7 million. The impact on 2013 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.

Note 23.9. EARLY RETIREMENT SCHEMES

As part of the employee support measures implemented in connection with the industrial reorganisation carried out in France (see Note 7), in mid-2006 Groupe SEB offered eligible employees the possibility of early retirement. The programme was in addition to the early retirement scheme described below for workers exposed to asbestos at the Fresnay plant, which was formed part of the assets acquired from Moulinex SA in 2001. A total of 90 employees were still receiving benefits under the «asbestos scheme» as of 31 December 2012.

A provision was recorded at 31 December 2006 to cover the Group's obligations under the programme, discounted at a rate of 0.9% as the amounts will be paid out in the medium term. At 31 December 2012, the provision amounted to €3.0 million, versus €5.8 million at 31 December 2011 and €9.6 million at 31 December 2010 (see Note 22.3).

NOTE 24 TRADE PAYABLES AND OTHER LIABILITIES

(in € millions)	2012	2011	2010
TRADE PAYABLES	**508.0**	**515.6**	**494.4**
Accrued taxes and employee benefits expense	250.9	244.5	247.9
Due to suppliers of non-current assets	10.2	14.4	12.5
Other payables	9.5	6.6	14.1
OTHER LIABILITIES	**270.6**	**265.5**	**274.5**

At 31 December 2012, trade payables and other liabilities broke down as follows by maturity:

	Current	Non-current	Total
TRADE PAYABLES	**508.0**		**508.0**
Accrued taxes and employee benefits expense	220.9	29.9	250.8
Due to suppliers of non-current assets	9.9	0.3	10.2
Other payables	8.9	0.6	9.5
OTHER LIABILITIES	**239.7**	**30.8**	**270.6**

Non-current accrued taxes and employee benefits expense correspond mainly to employee time savings accounts in France.

NOTE 25 BORROWINGS

Note 25.1. TOTAL BORROWINGS

(in € millions)	2012	2011	2010
Bank borrowings	614.3	494.7	171.0
Finance lease liabilities	2.0	2.5	1.6
Other debt	1.9	4.1	1.9
Non-discretionary profit sharing liability	35.4	32.8	25.4
LONG-TERM BORROWINGS	**653.6**	**534.1**	**199.9**
Bank borrowings	152.6	114.7	53.8
Commercial paper	90.0	173.3	100.0
Current portion of long-term borrowings	56.0	44.1	18.2
SHORT-TERM BORROWINGS	**298.6**	**332.1**	**172.0**
TOTAL BORROWINGS	**952.2**	**866.2**	**371.9**

At 31 December 2012, Group debt was comprised of short-term and long-term borrowings.

The Group has diversified financing sources, with bank borrowings comprising:

- several "Schuldschein" lines of credit: €113.5 million due 2013; €47.5 million due 2015; €40.0 million due 2016; €118.0 million due 2017 and €62.0 million due 2019;
- €298.5 million bond debt maturing 2016.

At 31 December 2012, the weighted average interest rate on long-term bank borrowings denominated in euros was 4.15%, compared with 4.58% at 31 December 2011.

The Group's traditional sources of financing include its €600 million commercial paper programme, which is rated A2 by Standard & Poor's. Outstanding commercial paper under this programme totalled €90.0 million at 31 December 2012.

CHARACTERISTICS OF BORROWINGS (NOMINAL AMOUNTS)

At 31 December 2012 *(in € millions)*	Issuing currency	Due	Outstanding balance	Due: In less than 1 year	Due: In 1-5 years	Due: In more than 5 years	Original interest rate	Rate after hedging
Schuldschein loan	EUR	2013	55.0	55.0			Fixed	
Schuldschein loan	EUR	2013	58.5	58.5			Floating Euribor	
Schuldschein loan	EUR	2015	30.0		30.0		Fixed	
Schuldschein loan	EUR	2015	17.5		17.5		Floating Euribor	
Schuldschein loan	EUR	2016	13.5		13.5		Fixed	
Schuldschein loan	EUR	2016	26.5		26.5		Floating Euribor	
Schuldschein loan	EUR	2017	40.0		40.0		Fixed	
Schuldschein loan	EUR	2017	78.0		78.0		Floating Euribor	
Schuldschein loan	EUR	2019	57.0			57.0	Fixed	
Schuldschein loan	EUR	2019	5.0			5.0	Floating Euribor	
Bonds	EUR	2016	298.5		298.5		Fixed	
Commercial paper	EUR	2012	90.0	90.0			Floating Euribor	Floating [(a)]
Other bank borrowings, including overdrafts			137.0	86.8	49.5	0.7	Floating	
Finance lease liabilities			3.9	1.9	2.0			
Non-discretionary profit sharing liability	EUR		41.8	6.4	35.4			
TOTAL			**952.2**	**298.6**	**590.9**	**62.7**		

(a) A portion of issued commercial paper is hedged by floating-rate cross-currency swaps in order to cover subsidiaries' financing needs in their functional currency. Consequently, interest rates on this financing are those applicable to borrowings in the currencies concerned, mainly US dollars, pounds sterling and Mexican pesos (see Note 27.2).

All commercial paper is due in less than three months.

LOAN MATURITIES (UNDISCOUNTED NOMINAL AMOUNTS, INCLUDING ACCRUED INTEREST)

At 31 December 2012 *(in € millions)*	Issuing currency	Due	Scheduled repayments	Due: In less than 1 year	Due: In 1-5 years	Due: In more than 5 years
Schuldschein loan	EUR	2013	58.3	58.3		
Schuldschein loan	EUR	2013	59.1	59.1		
Schuldschein loan	EUR	2015	35.7	1.9	33.8	
Schuldschein loan	EUR	2015	18.2	0.4	17.8	
Bonds	EUR	2016	353.0	13.6	339.4	
Schuldschein loan	EUR	2016	14.6	0.3	14.3	
Schuldschein loan	EUR	2016	28.3	0.6	27.7	
Schuldschein loan	EUR	2017	46.0	1.2	44.8	
Schuldschein loan	EUR	2017	88.2	2.0	86.2	
Schuldschein loan	EUR	2019	72.5	2.2	11.1	59.2
Schuldschein loan	EUR	2019	6.1	0.2	0.8	5.1
TOTAL			**780.0**	**139.8**	**575.9**	**64.3**

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 2012 [(a)]
2013	633
2014	610
2015	610
2016	50
2017	

(a) Unused confirmed lines of credit at 31 December 2012, of which:
- *a €50.0 million bilateral credit facility expiring in 2017;*
- *a syndicated credit facility for €23.4 million, expiring in 2014;*
- *a syndicated credit facility for €560.0 million, expiring in February 2016.*

None of these credit lines include any acceleration clauses.

Note 25.2. NET DEBT

(in € millions)	2012	2011	2010
Long-term borrowings	653.6	534.1	199.9
Short-term borrowings	298.6	332.1	172.0
TOTAL BORROWINGS	**952.2**	**866.2**	**371.9**
Cash and cash equivalents, net	(398.7)	(196.0)	(236.6)
Derivative instruments, net	2.4	2.6	(4.2)
NET DEBT	**555.9**	**672.8**	**131.1**

Net debt corresponds to total long and short-term borrowings less cash and cash equivalents and derivative instruments used for Group financing purposes that are readily convertible into cash.

At 31 December 2012, no borrowings were subject to acceleration clauses. Only undrawn credit facilities were subject to debt covenants that could have an impact on the interest rate payable if the facilities are drawn down.

NOTE 26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 26.1. FINANCIAL INSTRUMENTS

	2012		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit (excl. derivatives)	Available-for-sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies (excluding Maharaja Whiteline shares)	8.3	8.3		8.3			
Other non-current financial assets	9.1	9.1			9.1		
Other non-current assets	9.0	9.0			9.0		
Trade receivables	835.8	835.8			835.8		
Other current receivables, excl. prepaid expenses	75.5	75.5			75.5		
Derivative instruments	14.9	14.9					14.9
Cash and cash equivalents	398.7	398.7	398.7				
TOTAL FINANCIAL ASSETS	**1,351.3**	**1,351.3**	**398.7**	**8.3**	**929.4**		**14.9**
Liabilities							
Long-term borrowings	653.6	677.5				677.5	
Other non-current liabilities	30.8	30.8				30.8	
Trade payables	508.0	508.0				508.0	
Other current liabilities	239.7	239.7				239.7	
Derivative instruments	9.5	9.5					9.5
Short-term borrowings	298.6	298.6				298.6	
TOTAL FINANCIAL LIABILITIES	**1,740.3**	**1,764.1**				**1,754.6**	**9.5**

	2011		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit (excl. derivatives)	Available-for-sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	0.4	0.4		0.4			
Other non-current financial assets	9.5	9.5			9.5		
Other non-current assets	7.7	7.7			7.7		
Trade receivables	828.4	828.4			828.4		
Other current receivables, excl. prepaid expenses	60.3	60.3			60.3		
Derivative instruments	8.1	8.1					8.1
Cash and cash equivalents	196.0	196.0	196.0				
TOTAL FINANCIAL ASSETS	**1,110.4**	**1,110.4**	**196.0**	**0.4**	**905.9**		**8.1**
Liabilities							
Long-term borrowings	534.1	552.5				552.5	
Other non-current liabilities	26.8	26.8				26.8	
Trade payables	515.6	515.6				515.6	
Other current liabilities	238.7	238.7				238.7	
Derivative instruments	17.6	17.6					17.6
Short-term borrowings	332.1	332.1				332.1	
TOTAL FINANCIAL LIABILITIES	**1,664.9**	**1,683.3**				**1,665.7**	**17.6**

	2010		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit (excl. derivatives)	Available-for-sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	0.5	0.5		0.5			
Other non-current financial assets	7.9	7.9			7.9		
Other non-current assets	4.2	4.2			4.2		
Trade receivables	733.9	733.9			733.9		
Other current receivables, excl. prepaid expenses	48.2	48.2			48.2		
Derivative instruments	16.6	16.6					16.6
Cash and cash equivalents	236.6	236.6	236.6				
TOTAL FINANCIAL ASSETS	**1,047.9**	**1,047.9**	**236.6**	**0.5**	**794.2**		**16.6**
Liabilities							
Long-term borrowings	199.9	212.7				212.7	
Other non-current liabilities	23.7	23.7				23.7	
Trade payables	494.4	494.4				494.4	
Other current liabilities	250.8	250.8				250.8	
Derivative instruments	6.1	6.1					6.1
Short-term borrowings	172.0	172.0				172.0	
TOTAL FINANCIAL LIABILITIES	**1,146.9**	**1,159.7**				**1,153.6**	**6.1**

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 recognised in the balance sheet at cost, which is representative of their fair value.

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.

Other financial liabilities consist mainly of accrued taxes and employee benefits expenses, which are due within one year.

Note 26.2. DERIVATIVE INSTRUMENTS

The fair value of derivative instruments is as follows:

	2012				2011			
	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 [(a)]	57.5	2.2	30.7	(0.2)	34.8	1.1	42.4	(0.9)
Forward purchases of foreign currencies [(a)]			69.5	(0.7)	72.8	4.7	12.3	(0.5)
TOTAL		**2.2**		**(0.9)**		**5.8**		**(1.4)**
SUPERHEDGES AND TRADING TRANSACTIONS								
Currency swaps								
EUR							6.8	(0.2)
GBP			18.0	(0.1)	14.5	0.1		
AUD			9.7	(0.1)				
CAD			10.0					
HUF			17.0	(0.1)	2.0	0.1	8.4	(0.1)
MXN			20.8	(0.1)			16.6	(0.3)
USD	10.0		308.1	(1.9)			217.7	(2.4)
Other hedges of debt		1.4		(2.0)		1.7		(3.0)
TOTAL		**1.4**		**(4.3)**		**1.9**		**(6.0)**
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies	57.8	11.1	92.4	(2.0)			89.8	(4.2)
Floating/fixed rate swaps							60.0	(0.1)
Aluminium derivatives	7.3	0.2	26.5	(1.9)	3.9	0.2	36.7	(5.3)
Nickel derivatives	0.4		2.7	(0.2)	1.1	0.1	3.3	(0.6)
TOTAL		**11.3**		**(4.1)**		**0.3**		**(10.2)**
HEDGES OF THE NET INVESTMENT IN FOREIGN OPERATIONS								
Currency swaps			28.8	(0.2)				
TOTAL				**(0.2)**				
TOTAL DERIVATIVE INSTRUMENTS		**14.9**		**(9.5)**		**8.0**		**(17.6)**
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNISED IN PROFIT)				**5.4**				**(9.6)**

(a) 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 €46.3 million for forward purchases and €36.5 million for forward sales. These derivative instruments have a zero fair value.

The only derivatives expiring beyond one year are cash flow hedges. At 31 December 2012, these instruments expired in the following periods:

At 31 December 2012	In less than 1 year	In 1 to 5 years	In more than 5 years	Total
Forward purchases and sales of foreign currencies	9.1			9.1
Floating/fixed rate swaps				
Aluminium derivatives	(1.7)			(1.7)
Nickel derivatives	(0.2)			(0.2)
TOTAL	**7.2**			**7.2**

The fair value of derivative instruments is determined by the discounted cash flows method using forward exchange rates (currency hedges), market interest rates (interest rate hedges) and aluminium prices (commodity hedges) at 31 December 2012.

Note 26.3. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES MEASURED 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: quoted prices in active markets for the same instrument;
- level 2: quoted prices in active markets for similar assets or liabilities or other 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 2012			
(in € millions)	Total	Level 1	Level 2	Level 3
Assets				
Derivative instruments	14.9		14.9	
Cash and cash equivalents	398.7	398.7		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**413.6**	**398.7**	**14.9**	
Liabilities				
Derivative instruments	9.5		9.5	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**9.5**		**9.5**	

The portfolio of derivatives used by the Group to manage risk mainly includes forward currency contracts, 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 27 FINANCIAL RISK MANAGEMENT

Note 27.1. RISK MANAGEMENT

Risks are managed by Corporate Finance, based on financial market conditions and in accordance with procedures established by the Group.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Subsidiaries' risks are hedged at corporate level when this is allowed under the laws and regulations of the country concerned and when the hedges can be arranged on the financial markets.

Subsidiaries that are prevented from hedging financial risks through Corporate Finance due to local laws and regulations enter into hedging transactions directly with local banks in compliance with Group procedures and policies.

Note 27.2. MARKET RISKS

27.2.1. Currency risks

The majority of Group sales are billed in currencies other than the euro, mainly the US dollar, 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 purchases 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. The resulting balance sheet currency positions in the main currencies are partly hedged by means of forward sales and purchases of

foreign currency against the euro. Part of SEB Asia's US dollar billings to subsidiaries is hedged. In 2012, 2011 and 2010 the Group was a net buyer of US dollars.

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 TRANSACTIONS

The Group's net exposure to transactional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies):

At 31 December 2012 *(in € millions)*	USD	RUB	MXN	JPY	Other
Total assets		18	17	12	48
Total liabilities	(66)				
Future transactions					
NET POSITION BEFORE HEDGING	**(66)**	**18**	**17**	**12**	**48**
Forward purchases of foreign currencies [(a)]	69				
Forward sales of foreign currencies [(a)]		(14)	(16)	(5)	(45)
NET POSITION AFTER HEDGING	**3**	**4**	**1**	**7**	**3**

(a) The forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 31 December. See Note 26.2.

At 31 December 2011 *(in € millions)*	USD	HUF	RUB	JPY	Other
Total assets		13	15	6	57
Total liabilities	(62)				
Future transactions					
NET POSITION BEFORE HEDGING	**(62)**	**13**	**15**	**6**	**57**
Forward purchases of foreign currencies	73				
Forward sales of foreign currencies		(19)	(15)	(6)	(36)
NET POSITION AFTER HEDGING	**11**	**(6)**	**0**	**0**	**21**

At 31 December 2010 *(in € millions)*	USD	HUF	JPY	RUB	Other
Total assets		24	8	22	38
Total liabilities	(63)				
Future transactions					
NET POSITION BEFORE HEDGING	**(63)**	**24**	**8**	**22**	**38**
Forward purchases of foreign currencies	111				
Forward sales of foreign currencies		(20)	(27)	(9)	(28)
NET POSITION AFTER HEDGING	**48**	**4**	**(19)**	**13**	**10**

At 31 December 2012, the euro was trading at USD 1.319, RUB 40.329, MXN 17.185 and JPY 113.61.

The appreciation of these currencies, assuming all other variables remained constant, would have a negative impact on profit, except for the US dollar, whose appreciation would result in a positive income statement effect.

At 31 December 2012, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	USD	RUB	MXN	JPY	Other
Hypothetical currency appreciation	1%	1%	1%	1%	1%
IMPACT ON PROFIT	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**

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. To hedge these risks, the Company borrows or lends funds in the subsidiary's currency, according to whether the current account balance is a debit or a credit, or uses currency swaps to refinance its debt in the subsidiary's local currency. Currency risks on financing are therefore systematically hedged.

The Group does not however apply hedge accounting to these transactions.

At 31 December 2012 *(in € millions)*	**USD**	**Other**
Total assets	329	101
Total liabilities	18	15
NET POSITION BEFORE HEDGING	**311**	**86**
Hedging positions	(318)	(76)
NET POSITION AFTER HEDGING	**(7)**	**10**

At 31 December 2011 *(in € millions)*	**USD**	**Other**
Total assets	372	89
Total liabilities	103	16
NET POSITION BEFORE HEDGING	**269**	**73**
Hedging positions	(218)	(31)
NET POSITION AFTER HEDGING	**51**	**42**

At 31 December 2010 *(in € millions)*	**USD**	**Other**
Total assets	265	84
Total liabilities	30	14
NET POSITION BEFORE HEDGING	**235**	**70**
Hedging positions	(225)	(37)
NET POSITION AFTER HEDGING	**10**	**33**

The appreciation or depreciation of these currencies, assuming all other variables remained the same, would have an impact on profit.

At 31 December 2012, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	**USD**	**Other**
Hypothetical currency appreciation	1%	1%
IMPACT ON PROFIT	**(0.1)**	**0.1**

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. These risks are not hedged.

However, the Group decided to hedge its 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. The outstanding balance on the loan at 31 December 2012 is USD 38 million. It is hedged by a currency swap whose fair value at 31 December 2012 was a negative €0.2 million, recorded in equity.

27.2.2. Interest rate risks

Group policy consists of hedging interest rate risks based on trends in market interest rates and changes in the Group's overall debt structure. These risks are not hedged systematically.

The following table analyses financial assets and liabilities at 31 December 2012, based on interest rate re-set dates:

	Overnight to 1 year		1 to 5 years	More than 5 years
At 31 December 2012 *(in € millions)*	**Floating rate**	**Fixed rate**	**Fixed rate**	**Fixed rate**
Total assets	398.7			
Total liabilities	(458.2)	(55.0)	(382.0)	(57.0)
NET POSITION BEFORE HEDGING	**(59.5)**	**(55.0)**	**(382.0)**	**(57.0)**

The Group did not have any interest rate hedges at 31 December 2012.

27.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminium, copper and nickel used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for in China) and hedges them on a conservative basis, covering 70% of its estimated purchases for the next twelve months.

At 31 December 2012, 20,160 tonnes of aluminium purchases and 225 tonnes of nickel purchases were hedged.

Prices are set in advance using zero-premium collars and/or swaps. 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.

Remeasurement of commodity hedges at fair value led to the recognition in equity of an unrealised loss of €1.9 million at 31 December 2012, an unrealised loss of €5.6 million at 31 December 2011 and an unrealised gain of €1.2 million at 31 December 2010.

Derivatives that expired in 2012 led to a loss of €6.2 million, compared with losses of €4.5 million in 2011 and €3.8 million in 2010.

SENSITIVITY ANALYSIS

A 10% increase in metal prices at 31 December 2012 would have had a €3.5 million positive impact on equity, while a 10% decrease would have had a €3.5 million negative impact, assuming all other variables remained constant.

A 10% increase or decrease in metal prices versus their average prices in 2012 would have had a €7.5 million positive or negative impact on operating result from activity (formerly "operating margin").

27.2.4. 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 SEB shares, purchased in connection with:

- a liquidity contract set up in order to ensure that there is a sufficiently liquid market for SEB shares and to stabilise the share price; and
- the share buyback programme, mainly for allocation on exercise of employee stock options.

Treasury stock is deducted directly from equity. Gains and losses from sales of treasury stock are also recognised in equity.

Based on the closing share price on 31 December 2012 (€55.71), the fair value of shares held in treasury at that date stood at €114.2 million. A 10% increase or decrease in the share price would therefore have led to a €11.4 million change in the fair value of treasury stock.

ZJ Supor, which is now 71.31%-owned by Groupe SEB, is listed on the Shenzen stock exchange. At 31 December 2012, ZJ Supor's share price was RMB 12.39, valuing Groupe SEB's investment at €682.5 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 27.3. 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 and cash equivalents at a certain level at all times (€398.7 million at 31 December 2012);
- a €600.0 million commercial paper programme, with €90.0 million outstanding at 31 December 2012;
- other debt facilities, including:
  - a €560.0 million syndicated credit facility expiring in 2016,
  - a €23.4 million syndicated credit facility expiring in 2014,
  - a €50.0 million bilateral credit facility expiring in 2017,
  - several Schuldschein loans: €113.5 million due 2013; €47.5 million due 2015; €40.0 million due 2016; €118.0 million due 2017 and €62.0 million due 2019,
  - €298.5 million worth of bonds due 2016.

Cash and cash equivalents and debt are discussed in Note 19 and Note 25, respectively.

Note that with currency swaps, the notional amounts are exchanged at maturity.

Note 27.4. CREDIT RISK

At 31 December 2012, trade receivables broke down as follows based on their age:

		Past due			
(in € millions)	Current	0-90 days	91-180 days	Over 181 days	Total
Net trade receivables	665.1	161.2	6	3.5	835.8

To avoid default risks, Groupe SEB sets individual credit limits that are regularly updated based on the customer's financial position and payment history.

The Group's main customers are well-known international retailers. In 2012, no single customer accounted for more than 5% of total revenue.

For more than five years, the customer credit risk has been covered by credit insurance taken out with COFACE. At 31 December 2012, 90% of net trade receivables were covered by insurance that would apply in the event of non-recovery.

NOTE 28 ENVIRONMENTAL EXPENDITURE

Environmental expenditure amounted to €7.8 million in 2012, compared with €6.2 million in 2011 and €4.7 million in 2010.

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 recognised as expenses and as capital expenditure.

	2012			2011			2010		
(in € millions)	Expenses	Capital expenditure	Total	Expenses	Capital expenditure	Total	Expenses	Capital expenditure	Total
Ambient air quality	0.6	1.2	1.8	0.5	1.0	1.5	0.3	0.1	0.4
Waste water management and water saving systems	1.7	0.5	2.2	1.3	0.1	1.4	1.0	0.4	1.4
Waste management	1.6		1.6	1.6		1.6	1.6		1.6
Soil protection and decontamination	0.3	0.4	0.7	0.1	0.4	0.5	0.1	0.3	0.4
Other environmental protection measures	1.0	0.4	1.4	0.9	0.3	1.2	0.7	0.2	0.9
TOTAL	**5.2**	**2.5**	**7.7**	**4.4**	**1.8**	**6.2**	**3.7**	**1.0**	**4.7**

A provision for environmental risks was recognised in 2011 at the time of the Imusa acquisition for a risk existing prior to the acquisition date. At 31 December 2012, the provision amounted to €1.1 million.

There were no provisions for environmental risks at 31 December 2010.

NOTE 29 OFF-BALANCE SHEET COMMITMENTS

Note 29.1. SPECIFIC COMMITMENTS

Specific commitments are discussed in the following notes:

- Note 23 – Employee benefits;
- Note 25 – Borrowings;
- Note 26 – Fair value of financial instruments.

Note 29.2. COMMITMENTS ARISING IN THE ORDINARY COURSE OF BUSINESS

COMMITMENTS RELATED TO OPERATING ACTIVITIES

(in € millions)	2012	2011	2010
Firm orders for property, plant and equipment	22.8	16.2	14.8
Guarantees and bonds given	20.7	11.2	2.9
Commitments under non-cancellable operating leases	149.1	127.2	115.1
Miscellaneous financial commitments	14.3	5.3	1.2
TOTAL COMMITMENTS GIVEN	**206.8**	**159.9**	**134.0**
Guarantees received for trade receivables under credit insurance policies	686.6	659.5	544.7
Miscellaneous financial commitments	0.1	0.1	1.2
TOTAL COMMITMENTS RECEIVED	**686.7**	**659.6**	**545.9**

NOTE 30 SIGNIFICANT EVENTS, LITIGATION AND CONTINGENT LIABILITIES

Note 30.1. SIGNIFICANT EVENTS AND LITIGATION

30.1.1. Significant events

NEW PRIVATE PLACEMENT

After a first successful operation in 2008, the Group carried out its second Schuldschein private placement, the final amount of which was €220 million.

EMPLOYEE SHAREHOLDING PLAN

During the year, the Group launched an employee shareholding plan, enabling employees to purchase SEB shares at a discount to the market price. The shares were offered in 30 of the Group's host countries and over 30% of eligible employees took part. In all, 217,223 shares were issued at a price of €45.36 per share, representing €9.4 million after deducting the share issuance costs.

30.1.2. Claims and litigation

SUPPLIER DISPUTE

A provision for contingences has been set aside following a dispute with a Chinese supplier concerning a shipment (see Note 7.3). The Group's maximum exposure in relation with this dispute is estimated at €5 million, but the entire claim is being contested and the related legal proceedings are expected to be lengthy.

MAHARAJA WHITELINE

At a meeting of the Board of Directors of Maharaja Whiteline Industries Private Limited (MWIPL) on 21 November 2012, the directors representing Groupe SEB, which has the majority of seats on the Board, noted numerous instances of mismanagement and management failings on the part of the company's Chief Executive, Harish Kumar, leading to a steep deterioration in MWIPL's business and financial performance compared with the mutually agreed business plan.

They therefore decided to require Mr. Kumar to step down and to appoint a new management team. Mr. Kumar initially accepted this decision.

However, a month later, Harish Kumar launched proceedings before the Delhi High Court, challenging both the method of and the reasons for his dismissal, obtaining interim relief which had the effect of freezing the decision to dismiss him. Groupe SEB was instructed by the Court to produce documents in support of the Board's decision of 21 November. The Group filed its conclusions on 5 January 2013 and the Court began hearing arguments in February. The process is expected to take several weeks before the Judge issues a final ruling.

Groupe SEB has also taken other legal measures to assert its rights and protect its interests as majority shareholder.

In the past twelve 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 30.2. CONTINGENT LIABILITIES

Recycling end-of-life products

European directive 2002/96/EC on waste electrical and electronic equipment adopted in February 2003 requires Member States to recycle end-of-life household appliances. This directive was transposed into the national laws of EU member countries during 2006.

The directive states that household appliance manufacturers and importers are responsible for financing the cost of collecting, sorting and reusing/recycling end-of-life electrical and electronic equipment. Concerning products sold to private households before the directive was transposed into national legislation (historical waste), the directive requires that all producers contribute to financing the costs in proportion to their respective share of the equipment put on the market during a "reference period", generally the year the waste was collected and recycled. This system is known as "one for one" (one product recycled for every one sold) or "pay as you go".

IFRIC interpretation no. 6 adopted by the European Union in a regulation published in the Official Journal of the European Communities on 27 January 2006, which was early adopted by Groupe SEB in 2005, states that no provision is required for historical waste, other than in respect of recycling costs incurred during the reference period. As these costs are or will be offset in most countries by an environmental charge payable by the consumer until 2011, the net cost of recycling historical waste will not have a material impact on the Group's income statement.

Concerning the treatment of products put on the market after the date of transposition (13 August 2005 in the case of France), the directive states that producers are individually responsible for guaranteeing financing for the recovery and recycling of the related waste.

To meet these obligations, Groupe SEB has joined collective pay-as-you-go schemes similar to those in place for financing historical waste. These schemes are managed by coordinating organisations, such as Eco-Systèmes SAS in France, in which Groupe SEB plays an active role.

The financial guarantees generally take the form of advances to these organisations, based on the expected costs. While joining these schemes does not exempt Groupe SEB from its individual liability, no provision (within the meaning of IAS 37) is recognised as new products are brought to market, because a producer can withdraw from the market concerned without having to individually fulfil its guarantee obligations, leaving the remaining producers to jointly cover the costs of recycling. For this reason, provisions are recognised not when a product is introduced but when it has been on the market during the period of reference. The provisions recorded corresponded solely to the payment notices issued by the above organizations relating to the Group's contributions. These organizations can make adjustments during later periods based on the actual amounts of the Group's contributions.

Costs of recycling «new waste» are expected to rise in the coming years with the probable increase in return rates and gradual introduction of recycling schemes. These costs will also reflect average product life cycles, changes in sorted waste logistics costs and technological improvements related to product design and recycling techniques.

Statutory employee training rights

Employees of Groupe SEB in France with permanent contracts are entitled to 20 hours' training per year, which may be carried forward for up to six years. If all or part of this entitlement is not used within six years, it is capped at 120 hours. The costs of supplying training as a result of this entitlement and of the training allowances paid to employees who follow courses outside working hours are covered by the employer. As the decision to incur these costs is made by Group management and they relate to employee services to be received in future periods, they are expensed as incurred. At 31 December 2012 the total amount of unused training hours accumulated by Groupe SEB employees stood at 584,700 versus 586,980 at 31 December 2011 and 590,810 at 31 December 2010.

NOTE 31 RELATED PARTY TRANSACTIONS

Note 31.1. TRANSACTIONS WITH ASOCIATES 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)	2012	2011	2010
Revenue	0.4	4.4	2.8
Other income			
Purchases			
Other non-current financial assets	4.0	0.4	
Trade receivables	0.1	2.6	0.7
Trade payables			

Note 31.2. DIRECTORS' AND OFFICERS' REMUNERATION AND BENEFITS

Details of the members of the Board of Directors and the Executive Committee in 2012 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 2012, 2011 and 2010:

(in € millions)	2012	2011	2010
SHORT-TERM BENEFITS			
Fixed remunerations	2.7	2.7	2.5
Variable remunerations	2.2	1.8	2.0
Directors' fees	0.5	0.4	0.4
OTHER BENEFITS			
Post-employment benefits	1.9	2.2	1.7
Share-based payments (stock options)	1.4	1.6	2.0
TOTAL	**8.7**	**8.7**	**8.6**

Thierry de La Tour d'Artaise will not be entitled to any compensation for loss of office when he ceases to be a corporate officer.

His employment contract, signed when he joined the Group in 1994 and last amended when he was appointed Chief Executive Officer, 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. Following adoption of France's TEPA Act, 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 a maximum of two years' gross salary and bonus, will be adjusted based on actual performance in relation to targets over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;
- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors may, at its discretion, reduce the termination benefit by as much as 50% if the Group reports a loss for the year preceding the one in which Thierry de La Tour d'Artaise is removed from office, provided that the termination benefit does not represent less than his salary and bonus for that year if average actual performance is at least equal to 50% of targets.

Thierry de La Tour d'Artaise's employment contract does not contain any no-compete clause.

In accordance with the October 2008 AFEP-MEDEF Code, at its meeting on 17 February 2012 the Board of Directors considered that Thierry de La Tour d'Artaise's employment contract should remained suspended, in light of his age, personal situation and seniority with the Group.

NOTE 32 SUBSEQUENT EVENTS

Maharaja Whiteline

The hearings before the Delhi High Court are still in progress and no final ruling has been handed down by the Judge (see Note 30.1.2 Claims and Litigation).

To the best of Groupe SEB's knowledge, no other events have occurred between 31 December 2012 and the date on which this Registration Document was published that could have a material impact on the Consolidated Financial Statements.

NOTE 33 LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2012 (SHOWING THE % INTEREST HELD BY THE GROUP)

Note 33.1. FULLY CONSOLIDATED COMPANIES

Company	Core business [b]	Headquarters	Registration no.	% voting rights	% interest
FRANCE					
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.	Holding company	France	440 410 918	100	100
OTHER EU COUNTRIES					
Rowenta Werke GmbH	*	Germany		100	100
Krups GmbH	**	Germany		100	100
Groupe SEB Deutschland GmbH	**	Germany		100	100
Rowenta Deutschland GmbH	Holding company	Germany		100	100
SEB Osterreich HmbH	**	Austria		100	100
Groupe SEB Belgium S.A. NV	**	Belgium		100	100
Groupe SEB Nordik AS	**	Denmark		100	100
Groupe SEB Iberica S.A.	**	Spain		100	99.8
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
Groupe SEB Nederland BV	**	Netherlands		100	100
Rowenta Invest BV	Holding company	Netherlands		100	100
Groupe SEB Portugal Ltd.	**	Portugal		100	99.9

(a) A member of the French tax group.
(b) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

Company		Core business [b]	Headquarters	Registration no.	% voting rights	% interest
AMERICAS						
Groupe SEB Canada Inc.		**	Canada		100	100
Groupe SEB USA		**	United States		100	100
All-Clad USA, Inc. Delaware		Holding company	United States		100	100
All-Clad Metal-Crafters LLC		*	United States		100	100
Clad Holdings Corp. Delaware		***	United States		100	100
Groupe SEB Holdings USA		Holding company	United States		100	100
IMUSA Holding Inc.		Holding company	United States		100	99.3
IMUSA USA LLC		**	United States		100	99.3
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
Groupe SEB Chile Ltda.		**	Chile		100	100
Groupe SEB Colombia S.A.		*	Colombia		100	100
Groupe SEB Mexico		**	Mexico		100	100
Groupe SEB Servicios Mexico		***	Mexico		100	100
Groupe SEB Venezuela S.A.		**	Venezuela		100	100
Groupe SEB Peru S.R.L.		**	Peru		100	100
OTHER COUNTRIES						
Groupe SEB Schweiz GmbH		**	Switzerland		100	100
Groupe SEB Australia Ltd.		**	Australia		100	100
SSEAC Co. Ltd.		*	China		100	100
Groupe SEB Korea		**	South Korea		100	100
SEB Asia Ltd.		**/***	Hong Kong		100	100
Groupe SEB Thailand		**	Thailand		100	100
Groupe SEB Singapore Pty Ltd		**	Singapore		100	100
Groupe SEB Malaysia SDN. BHD		**	Malaysia		100	100
Groupe SEB Central Europe		**	Hungary		100	100
Groupe SEB Japan Co. Ltd.		**	Japan		100	100
Groupe SEB Polska Zoo		**	Poland		100	100
Groupe SEB CR s.r.o/Groupe SEB Slovensko s.r.o		**	Czech Republic/ Slovakia		100	100
Groupe SEB Romania		**	Romania		100	100
Groupe SEB Baltic		**	Latvia		100	100
Grain Harvest Development Ltd		Holding company	Hong Kong		100	100
Groupe SEB d.o.o.		**	Slovenia		100	100
Groupe SEB Bulgaria EOOD		**	Bulgaria		100	100
Groupe SEB Istanbul A.S.		**	Turkey		100	100
Groupe SEB Ukraine		**	Ukraine		100	100
Groupe SEB Vostok		*	Russia		100	100
Vina Electric Fan	Manufacturing and trading	*	Vietnam		65.13	65.13
Vina Electric Fan	Joint stock company	*	Vietnam		100	65.13
ZJ Supor	Zehjiang Supor Co., Ltd	Holding company	China		71,31	71.31
DG Supor	Dongguan Supor Electrical Appliances	*	China		100	79.92

(a) A member of the French tax group.
(b) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

Company		Core business [b]	Headquarters	Registration no.	% voting rights	% interest
SX Supor	Shaoxing Supor Life Electrical Appliances Co., Ltd	*	China		100	71.31
Vietnam Supor	Supor (Vietnam) Co., Ltd	*	Vietnam		100	71.31
WH CKW	Wuhan Supor Cookware Co., Ltd	*	China		100	78.15
WH Pressure	Wuhan Supor Pressure Cooker Co., Ltd	Holding company	China		99.36	70.86
WH Supor	Wuhan Supor Co., Ltd	***	China		96.53	68.85
WH Waste	Wuhan Supor Waste Recovery Co., Ltd	***	China		100	71.31
YH Waste	Yuhuan Supor Waste Recovery Co., Ltd	***	China		60	42.79
ZJ Rubber	Zhejiang Supor Rubber & Plastics Products Co., Ltd.	*	China		93.23	66.49
ZJ Lesu	Zhejiang Lesu Metal Material Co. Ltd.	*	China		100	71.31
ZJ Supor EA	Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd	*	China		100	78.49
Hangzhou Omegna trad.		**	China		100	71.31
Shanghai Cookware Supor Sales Co		**	China		100	71.31

(a) A member of the French tax group.
(b) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

Note 33.2. ASSOCIATES

Company	Core business	Headquarters	Registration no.	% interest
None				

Note 33.3. NON-CONSOLIDATED COMPANIES

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 Ingredients (not material in relation to the Group as a whole)	**	United States		66
Maharaja Whiteline (acquired at the end of December 2011)	*	India		55

(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 2012

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 2012 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 2012 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.

Without the qualifying the above opinion, we draw your attention to Notes 1 and 2 to the Consolidated Financial Statements outlining the change in accounting method relating to the early adoption of IAS 19R on employee benefits.

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 7.2 and 11 contain the appropriate disclosures.
- Note 1.4.9 to the Consolidated Financial Statements describes how deferred tax has been determined and Note 9.4 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 Villeurbanne, 11 March 2013

The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Gérard BADIN

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COMPANY FINANCIAL STATEMENTS

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6.1. FINANCIAL STATEMENTS

Balance Sheet of SEB S.A. – At 31 December

Assets *(in € millions)*	2012 Gross	2012 Depreciation/ amortisation	2012 Net	2011 Net
NON-CURRENT ASSETS				
Patents, licenses and other rights	7.6	7.5	0.1	0.2
Shares in subsidiaries and affiliates	823.0	83.4	739.6	760.9
Loans to subsidiaries and affiliates	1,142.1		1,142.1	1,285.9
Other non-current assets	1.4		1.4	0.7
TOTAL	**1,974.0**	**90.9**	**1,883.1**	**2,047.7**
CURRENT ASSETS				
Trade receivables	0.4		0.4	0.5
Other receivables	16.3		16.3	22.4
Marketable securities	234.3		234.3	105.1
Cash and cash equivalents	20.8		20.8	31.8
Prepaid expenses	0.2		0.2	0.1
TOTAL	**272.0**	**-**	**272.0**	**159.9**
Deferred debt issuance costs	3.7		3.7	4.0
Bond redemption premium	0.4		0.4	0.5
Conversion losses	72.6		72.6	72.5
TOTAL ASSETS	**2,322.7**	**90.9**	**2,231.8**	**2,284.6**

Equity and liabilities (before appropriation of profit) *(in € millions)*	2012	2011
EQUITY		
Share capital	50.2	49.9
Additional paid-in capital	99.3	90.3
Revaluation reserve	16.9	16.9
Legal reserve	5.2	5.2
Regulated reserves	0.8	0.8
Revenue reserves	7.9	7.9
Retained earnings	606.2	590.3
Net profit for the year	61.3	77.8
TOTAL	**847.7**	**839.1**
PROVISIONS FOR CONTINGENCIES AND CHARGES		
Provisions for contingencies	86.8	85.6
Provisions for charges	158.1	140.9
TOTAL	**244.9**	**226.5**
PAYABLES		
Bank borrowings	724.9	542.1
Other borrowings	369.2	625.2
Trade payables	1.1	0.9
Accrued taxes and payroll costs	2.0	2.0
Other payables	15.3	13.6
TOTAL	**1,112.5**	**1,183.8**
Conversion gains	26.7	35.2
TOTAL EQUITY AND LIABILITIES	**2,231.8**	**2,284.6**

Income Statement – Years ended 31 December

(in € millions)	2012	2011
OPERATING REVENUES		
Service revenues		
Reversals of depreciation, amortisation and provisions, expense transfers	0.6	1.1
Other income	0.6	0.7
TOTAL	**1.2**	**1.8**
Operating expenses		
Other purchases and external charges	12.0	6.7
Taxes other than on income	0.7	0.9
Wages and salaries	1.7	1.8
Payroll taxes	1.2	0.5
Depreciation and amortisation expense	1.2	1
Other expenses	0.9	0.8
TOTAL	**17.7**	**11.7**
LOSS FROM ORDINARY ACTIVITIES BEFORE NET FINANCIAL INCOME	**(16.5)**	**(9.9)**
Financial revenues		
Income from investments in subsidiaries and affiliates	108.5	147.3
Interest income	0.6	1.9
Reversals of provisions, expense transfers	73.3	10.1
Foreign exchange gains	61.8	322.7
Net income from sales of marketable securities	0.2	1.9
TOTAL	**244.4**	**483.9**
Financial expenses		
Charges to provisions for impairment of financial assets	22.5	26.1
Interest expense	31.7	26.5
Charges to provisions for currency risks	72.6	72.4
Foreign exchange losses	50.9	280.6
TOTAL	**177.8**	**405.6**
NET FINANCIAL INCOME	**66.6**	**78.3**
PROFIT FROM ORDINARY ACTIVITIES	**50.1**	**68.4**
Non-recurring income		
Non-recurring income from revenue transactions		0
Non-recurring income from capital transactions	1.2	0.8
Reversals of provisions, expense transfers	5.5	4.3
TOTAL	**6.7**	**5.1**
Non-recurring expenses		
Non-recurring expenses on revenue transactions	0.3	0.8
Non-recurring expenses on capital transactions	8.1	3.7
Charges to provisions	19.3	20.4
TOTAL	**27.7**	**24.9**
NET NON-RECURRING EXPENSE	**(21.0)**	**(19.8)**
Income tax	(32.2)	(29.2)
NET PROFIT	**61.3**	**77.8**

6.2. NOTES TO THE COMPANY FINANCIAL STATEMENTS

SIGNIFICANT EVENTS OF THE YEAR

Employee share issue

During the year, an employee share issue was carried out, enabling employees to purchase new SEB S.A. shares at a discount to the market price. More than 30% of eligible employees took part in the issue, which was offered in 30 of Groupe SEB's host countries worldwide. In all, 217,223 shares were issued at a price of €45.36 per share. This increased the share capital of SEB S.A. to €50,169,049, from €49,951,826 at 31 December 2011,. The total premium, recorded in additional paid-in capital, amounted to €9,023,192.

New private placement

Following on from the first successful Schuldschein private placement in 2008, a second such placement was successfully completed in 2012. Originally set at €100 million, the final amount was increased to €220 million in response to exceptional demand. The entire liability was recognized in the SEB S.A. balance sheet at 31 December 2012.The fees paid to Commerzbank and HSBC for structuring and arranging the transaction will be amortized over the life of the placement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1.1. PRINCIPLES

The Company financial statements have been prepared in line with the principle of prudence and in compliance with the preparation and presentation rules set out in French law and France's Plan Comptable Général.

Note 1.2. INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, excluding transaction costs and interest expense.

They mainly consist of patents amortised over periods ranging from three to ten years.

Note 1.3. SHARES IN SUBSIDIARIES AND AFFILIATES

Shares in subsidiaries and affiliates are stated at the lower of cost and net realisable value. Cost corresponds to acquisition cost, except for shares acquired before 31 December 1976 and included in the legal revaluation, which are stated at valuation. Net realisable value is determined based on the Company's equity in the investee's net assets, market value or the investee's earnings outlook.

Note 1.4. OWN SHARES

SEB S.A. shares held by the Company are classified as follows:

- shares bought back for allocation under existing or future stock option or performance share plans are classified under "Marketable securities";
- all other SEB S.A. shares held by the Company – mainly under the liquidity contract – are classified under "Other non-current assets".

At the year-end, an impairment loss is recognised whenever the shares' 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.

- It meets the short-term financing needs of virtually all of its subsidiaries. In particular, an automatic daily bank balance reporting system has been set up to monitor the financing needs of the French, German, Spanish, Italian, Hungarian, Czech, Austrian, Swiss and Hong Kong subsidiaries. The other subsidiaries report their cash balances manually. Current account advances to and from the cash pool pay interest at the overnight rate for the currency concerned plus or minus 15 bps.

  Commercial paper is issued in euros under a €600 million programme rated A2 by Standard & Poor's and is converted into the functional currency of the subsidiaries concerned outside the euro zone by means of currency swaps, thereby limiting the Company's exposure to currency risks on these financing transactions. A provision may be set aside to cover the unhedged portion of the risk.

- It fixes the exchange rates for intercompany import and export transactions on behalf of its subsidiaries. Net currency positions (arising when exports exceed imports) are hedged by forward foreign exchange contracts, allowing the hedged transactions to be recognised directly in the subsidiary's local currency at the hedging rate. The unrealised gain or loss, i.e. the difference between the hedging rate and the closing rate, is recognised in the financial statements of SEB S.A. at the period-end. Any unrealised losses arising on such transactions are recognised on the assets side of the balance sheet under "Conversion losses" and lead to the recognition of a provision for contingencies. Unrealised gains are recognised in liabilities under "Conversion gains" without affecting profit for the year.

  The contango or backwardation is recorded in the income statement when the swap expires.

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 conversion differences are recognised 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 provisions described in note 1.5 above, a provision for unrealised 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.

A provision is also recorded for the tax savings resulting from the utilisation of tax losses incurred by certain companies in the SEB S.A. tax group, which may have to be transferred back to the companies concerned if and when they return to profit.

Note 1.8. INCOME TAX

SEB S.A. and its French subsidiaries file a consolidated tax return under the Group relief system provided for in Article 223 1 to U of the French Tax Code *(Code Général des Impôts)*.

No group relief agreement has been signed and each member of the tax group therefore calculates the income tax charge or benefit they would have paid or received if they had been taxed on a stand-alone basis. As the parent company, SEB S.A. recognises in its income statement any tax savings or additional tax expense arising on the consolidation of the French subsidiaries' taxable results. Tax savings corresponding to group relief for tax losses incurred by companies in the tax group are initially recognised by SEB S.A. and are transferred back to the companies concerned when they return to profit.

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 period.

Note 2.3. NON-CURRENT FINANCIAL ASSETS

(in € millions)	2011	Additions	Disposals	2012
Shares in subsidiaries and affiliates	823.0	0.0	0.0	823.0
Loans to subsidiaries and affiliates	1,285.8	701.6	845.3	1,142.1
Own shares	0.4	37.6	36.9	1.1
Other long-term investments	0.1	0.2		0.3
TOTAL COST	**2,109.3**	**739.4**	**882.2**	**1,966.5**
Provisions for impairment of shares in subsidiaries and affiliates	(62.1)	(21.3)	0.0	(83.4)
Provisions for impairment of other long-term investments	0	0.0	0.0	0.0
TOTAL PROVISIONS	**(62.1)**	**(21.3)**	**0.0**	**(83.4)**
TOTAL CARRYING AMOUNT	**2,047.2**	**718.1**	**882.2**	**1,883.1**

(in € millions)	2010	Additions	Disposals	2011
Shares in subsidiaries and affiliates	815.5	7.5	0.0	823.0
Loans to subsidiaries and affiliates	767.9	517.9	0.0	1,285.8
Own shares	0.3	0.1	0.0	0.4
Other long-term investments	0.1	0.0	0.0	0.1
TOTAL COST	**1,583.8**	**525.5**	**0.0**	**2,109.3**
Provisions for impairment of shares in subsidiaries and affiliates	(36.6)	(26.0)	(0.5)	(62.1)
Provisions for impairment of other long-term investments	0.0	0.0	0.0	0.0
TOTAL PROVISIONS	**(36.6)**	**(26.0)**	**(0.5)**	**(62.1)**
TOTAL CARRYING AMOUNT	**1,547.2**	**499.5**	**(0.5)**	**2,047.2**

Loans to subsidiaries and affiliates include advances by SEB S.A. to its subsidiaries in accordance with the Group's financial policy (see Note 1.5). During the year, two intercompany loans, in an aggregate amount of $38 million, were granted to the Groupe SEB Colombia subsidiary. In addition, the €173.1 million decrease in this item in 2012 included reductions of €128.6 million in respect of SEB Internationale and of €84.9 million in respect of Groupe SEB Export.

A further €17 million provision for impairment was recognised on the Groupe SEB Moulinex shares, raising the total provision for the subsidiary's shares to €67 million at year-end.

The only own shares recognised in non-current financial assets are those held under the liquidity contract. In 2012, a total of 674,152 shares were purchased on the market at an average price of €55.63 and 663,116 shares were sold at an average price of €55.54. At 31 December 2012, the Company held 2,050,102 SEB S.A. shares acquired at an average price of €44.44 per share, primarily for allocation on exercise of stock options.

NOTE 3 SUBSIDIARIES AND AFFILIATES

Note 3.1. MAIN SUBSIDIARIES AND AFFILIATES

3.1.1. Subsidiaries (more than 50%-owned)

(in € millions)	Equity	% interest	Carrying amount of investment	Loans and advances given and received by the Company	Guarantees and bonds given by the Company	Dividends received by the Company during the year
Calor SAS	(1.9)	100%	33.9	21.0	-	
SAS SEB	4.5	100%	95.5	28.7	-	
Tefal SAS	57.5	100%	6.6	9.0	-	
Rowenta France SAS	6.8	100%	16.6	(4.0)	-	
Seb Développement SAS	19.3	100%	13.8	6.6	-	
Rowenta Invest BV	313.6	100%	211.8	0.2	-	
Seb Internationale SAS	535.2	100%	213.3	554.1	-	30.0
Groupe SEB France	199.4	98%	73.9	(101.1)	-	63.0
Groupe SEB Export	55.0	100%	38.0	(2.6)	-	6.9
Groupe SEB Moulinex	(31.7)	100%	27.2	46.0	-	
Groupe SEB Retailing	2.4	100%	1.0	(0.7)	-	0.9
Seb Alliance	7.0	100%	7.3	(4.0)	-	

3.1.2. Affiliates (10% to 50%-owned)

(in € millions)	Equity	% interest	Carrying amount of investment	Loans and advances given and received by the Company	Guarantees and bonds given by the Company	Dividends received by the Company during the year
S.I.S.	3.2	46.81%	0.5	7.2	-	0.9
Domaine de Seillac SA (at 31 December 2003)	(0.8)	24.75%	0	-	-	-

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 analysed by geographic segment is provided in the notes to the Consolidated Financial Statements (Note 4 – Segment Information). Consolidated revenue generated by direct and indirect subsidiaries and affiliates totalled €4,059.7 million in 2012 and profit attributable to owners of the parent came to €194.2 million.

Note 3.2. GENERAL INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES

At 31 December 2012, the aggregate carrying amount of the investments in other subsidiaries and affiliates was €0.2 million.

NOTE 4 OTHER RECEIVABLES

Other receivables primarily correspond to:

- €11.9 million in income tax receivables, comprising €13.9 million in prepayments, less the €2.0 million in net tax due for the year;
- €3.6 million in financial instruments.

NOTE 5 PROVISIONS FOR CONTINGENCIES AND CHARGES

Changes in provisions for contingencies and charges for the period were as follows:

(in € millions)	2011	Increases	Reversals (unused)	Utilisations	2012
Provisions for claims and litigation					
Provisions for currency risks	72.4	72.6	64.0	8.4	72.6
Provisions for other risks	13.2	1.0		-	14.2
TOTAL PROVISIONS FOR CONTINGENCIES	**85.6**	**73.6**	**64.0**	**8.4**	**86.8**
Provisions for group relief	140.9	19.3		2.1	158.1
TOTAL PROVISIONS FOR CHARGES	**140.9**	**19.3**	**-**	**2.1**	**158.1**
TOTAL	**226.5**	**92.9**	**64.0**	**10.5**	**244.9**

(in € millions)	2010	Increases	Reversals (unused)	Utilisations	2011
Provisions for claims and litigation	0				
Provisions for currency risks	2.1	72.4		2.1	72.4
Provisions for other contingencies	17.7			4.5	13.2
TOTAL PROVISIONS FOR CONTINGENCIES	**19.8**	**72.4**	**0**	**6.6**	**85.6**
Provisions for group relief	121.7	20.5	1.0	0.3	140.9
TOTAL PROVISIONS FOR CHARGES	**121.7**	**20.5**	**1.0**	**0.3**	**140.9**
TOTAL	**141.5**	**92.9**	**1.0**	**6.9**	**226.5**

Provisions for other contingencies consist entirely of the provision for unrealised losses on stock options and performance shares.

NOTE 6 MATURITIES OF RECEIVABLES AND PAYABLES

All receivables are due within one year, apart from:

- intercompany loans in the amount of €8.8 million granted to Groupe SEB Iberica and of €2.6 million granted to Groupe SEB Schweiz;
- €2.5 million in deferred arrangement fees and the €0.3-million bond redemption premium.

All payables are due within one year, with the exception of:

- the €300 million worth of bonds redeemable at maturity in June 2016;
- the Schuldschein loan, repayable in August 2015 for €47.5 million;
- the new Schuldschein loan, repayable in three instalments of €40 million in February 2016, €118 million in August 2017 and €62 million in August 2019;

- employee non-discretionary profit-sharing accounts of €8.7 million due in 2014, €6.6 million due in 2015, €11.6 million due in 2016 and €9.3 million due in 2017.

			Maturities at 31 December 2012		
(in € millions)	2011	2012	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bank borrowings	542.1	724.8	157.4	505.4	62.0
Commercial paper	173.3	90.0	90.0		
Intra-group borrowings	414.8	237.2	237.2		
Other borrowings	0.3	0.3			0.3
Non-discretionary profit sharing liability	36.8	41.7	5.5	36.2	
TOTAL	**1,167.3**	**1,094.0**	**490.1**	**541.6**	**62.3**

A key source of financing for the Group is its €600 million commercial paper programme, which has been rated A2 by Standard & Poor's for several years.

Outstandings commercial paper under this programme totalled €90 million at 31 December 2012. 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:

	2012		2011	
(in € millions)	Related parties	Direct investments	Related parties	Direct investments
Non-current financial assets	468.0	674.0	460	826
Receivables	0.3	0.8	0.3	2.7
Payables	(123.5)	(123.3)	(195.2)	(225.7)
TOTAL	**344.8**	**551.4**	**265.1**	**603**

The main advances granted to related parties at 31 December 2012 concerned Groupe SEB Holdings (€192.8 million) and All-Clad Metal Crafter (€84.4 million).

NOTE 8 INCOME AND EXPENSES CONCERNING RELATED PARTIES

(in € millions)	2012	2011
OPERATING EXPENSES		
Trademark registration fees	0.1	0.2
Management fees	3.9	3.2
OPERATING INCOME		
Royalties	0.2	0.2
FINANCIAL EXPENSES		
Interest and financial expenses	0.3	1.9
FINANCIAL INCOME		
Investment income	101.7	141.0
Income from receivables	6.8	6.3
OTHER INCOME		
Expense transfers	3.3	3.2

NOTE 9 ACCRUALS ACCOUNTS

Note 9.1. DEFERRED CHARGES

(in € millions)	2012	2011
Financial expenses	3.7	4.0
TOTAL	**3.7**	**4.0**

Note 9.2. CONVERSION GAINS AND LOSSES

(in € millions)	2012	2011
Receivables and payables denominated in foreign currency	71.8	71.0
Financial instruments	0.9	1.5
TOTAL CONVERSION LOSSES – ASSETS	**72.6**	**72.5**

(in € millions)	2012	2011
Receivables and payables denominated in foreign currency	24.4	29.3
Financial instruments	2.2	5.9
TOTAL CONVERSION GAINS – LIABILITIES	**26.7**	**35.2**

Note 9.3. DEFERRED INCOME

(in € millions)	2012	2011
Loans to subsidiaries and affiliates	1.6	1.9
Trade receivables	0.0	0.0
TOTAL	**1.6**	**1.9**

Note 9.4. ACCRUED EXPENSES

(in € millions)	2012	2011
Bank borrowings	12.8	10.8
Other borrowings	0.9	0.9
Trade payables	0.4	0.3
Accrued taxes and payroll costs	1.3	1.5
Other payables	0.3	0.3
TOTAL	**15.8**	**13.8**

NOTE 10 NET NON-RECURRING EXPENSE

(in € millions)	2012	2011
Group relief		
Provisions for group relief to be transferred to subsidiaries	(17.2)	(19.3)
Gains and (losses) on sales of own shares	(6.8)	(2.8)
Other	(0.3)	(0.9)
Non-recurring expense transfer	3.3	3.2
TOTAL	**(21.0)**	**(19.8)**

A total of 1,360,357 SEB S.A. shares were sold during the year, including 663,116 under the liquidity contract and 78,018 allocated to participants in the employee share issue, representing the Company's matching contribution. These disposals gave rise to an aggregate net loss of €6.8 million. Of the total losses recorded on sales of SEB S.A. shares during the period from December 2011 to November 2012, €3.3 million was billed back to the French subsidiaries and recorded as a non-recurring expense transfer.

Group relief is discussed in Note 11 and provisions for contingencies in Note 5.

NOTE 11 GROUP RELIEF

The tax benefit recorded in 2012 corresponds to the difference between: the tax group's income tax benefit of €32.2 million, recognised in income and corresponding to:

- €2.4 million in definitively acquired tax savings for the year;
- a €31.3 million benefit resulting from the utilisation of tax losses of the members of the tax group (including €11.6 million for the Company's own tax losses);
- a €2.2 million expense resulting from the use of tax loss carryforwards of the profitable Tefal, SEB Internationale and SEB Développement subsidiaries; and
- a €0.6-million benefit corresponding to a prior-year tax adjustment.

Under group relief rules, tax savings resulting from the utilisation of the tax losses of companies in the tax group are initially recognised by SEB S.A. and are transferred back to the companies concerned if and when they return to profit.

To neutralise the effects of group relief, a provision is recorded under «Non-recurring expenses» to cover the tax loss carryforwards generated by members of the tax group other than SEB S.A. These provisions are reversed through «Non-recurring income» when the tax loss carryforwards are utilised. Movements during the year were as follows:

- a €19.3-million addition to provisions for tax losses of subsidiaries other than SEB S.A. arising during the year;
- a €2.1-million reversal in respect of tax losses utilised during the year.

NOTE 12 INCOME TAX ANALYSIS

Income tax for the year ended 31 December 2012 can be analysed as follows:

(in € millions)	Before tax	Tax expense/(benefit)	After tax
Profit from ordinary activities	50.1	(12.6)	37.4
Net non-recurring expense	(21.0)	(7.0)	(28.0)
Tax loss carryforwards generated/(utilised)		19.7	19.7
Group relief		32.2	32.2
TOTAL	**29.1**	**32.2**	**61.3**

NOTE 13 OFF-BALANCE SHEET COMMITMENTS

(in € millions)	31 December 2012 Notional amount	31 December 2012 Market value	31 December 2011 Notional amount	31 December 2011 Market value
MARKET CONTRACTS				
Currency swaps (foreign currency borrower)	422.4	(2.4)	248.8	(2.6)
Currency swaps (foreign currency lender)	0.0	0.0	-	-
Forward sales of foreign currencies	212.4	13.0	143.2	4.5
Forward purchases of foreign currencies	238.3	(2.5)	203.8	(4.2)
Interest rate swaps	0.0	0.0	10.0	-
Aluminium derivatives	29.8	(1.6)	34.0	(3.8)
Nickel derivatives	3.2	(0.2)	4.40	(0.5)
CONTRACTS WITH SUBSIDIARIES				
Currency swaps (foreign currency lender)	37.0	(0.2)	7.4	-
Forward purchases of foreign currencies	4.1	0.0	6.7	0.40
Aluminium derivatives	29.8	(1.6)	34.0	(3.8)
Nickel derivatives	3.2	(0.2)	4.4	(0.47)

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 be recognised if the contracts were settled on the market on 31 December 2012.It is estimated based on the exchange rate and interest rate on 31 December 2012 or obtained from the counterparty banks.

NOTE 14 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Thierry de La Tour d'Artaise is a member of the top-hat pension scheme set up for French members of the Group Executive and Management Committees.

This scheme, which is in addition to the applicable statutory schemes, is made up of a defined contribution plan (known as the «Article 83» plan) and a defined benefit plan comprising:

- a deferred compensation plan, under which beneficiaries are subject to seniority conditions and the benefits are only payable if the executive is still a member of the Group when he retires. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years of service with the Group;
- a supplementary pension plan, under which beneficiaries are also subject to seniority conditions and the benefits are only payable if the executive is still a member of the Group when he retires. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years with the Group. The number of years for which entitlements may accrue under this plan has been capped at 20, representing a total of 16% of the reference remuneration.

To qualify for the defined benefit plan, Group executives must have been a member of the Executive or Management Committee for at least eight years.

The aggregate benefits payable under both the top-hat scheme and the applicable statutory schemes are capped at 41% of the reference remuneration.

In addition, on 19 March 2010, the Board of Directors decided to cap the reference remuneration that serves as the basis for the pension benefit calculations at 36 times the annual Social Security ceiling applicable at the executive's retirement date.

The Group's objective is to fund the entire benefit obligation by making regular top-up contributions to an external fund. Payments have been made to the fund in 2008, 2009, 2010 and 2012.

TERMINATION BENEFITS

Thierry de La Tour d'Artaise will not be entitled to any compensation for loss of office when he ceases to be a corporate officer.

His employment contract, signed when he joined the Group in 1994 and last amended when he was appointed Chief Executive Officer, 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. Following adoption of France's TEPA Act, 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 a maximum of two years' gross salary and bonus,

will be adjusted based on the achievement rate of targets set over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;
- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors may, at its discretion, reduce the termination benefit by as much as 50% if the Group reports a loss for the year preceding the one in which Thierry de La Tour d'Artaise is removed from office, provided that the termination benefit does not represent less than his salary and bonus for his final year of service if average actual performance is at least equal to 50% of targets.

Thierry de La Tour d'Artaise's employment contract does not contain any no-compete clause.

In accordance with the October 2008 AFEP-MEDEF Code, at its meeting on 17 February 2012 the Board of Directors considered that Thierry de la Tour d'Artaise's employment contract should remain suspended, in light of his age, personal situation and seniority with the Group.

NOTE 15 UNRECOGNISED DEFERRED TAXES

At 31 December 2012, the Company had an unrecognised deferred tax liability of €9.6 million (€12.7 million at 31 December 2011), corresponding to unrealised exchange gains deductible in the following year.

NOTE 16 STOCK OPTION PLANS

Information about stock option and performance share plans at 31 December 2012 is provided below:

At 31 December 2012		Date			Number of options*			Exercise price**
Type	of grant**	of exercise	of expiry	Granted	Exercised	Cancelled	Outstanding	*(in €)*
To purchase existing shares	18/06/2004	18/06/2008	18/06/2012	539,100	521,700	17,400	-	€31.67
To purchase existing shares	08/04/2005	08/04/2009	08/04/2013	554,700	493,730	18,300	42,670	€28.00
To purchase existing shares	16/06/2006	16/06/2010	16/06/2014	589,798	437,398	14,707	137,693	€29.33
To purchase existing shares	20/04/2007	20/04/2011	20/04/2015	579,150	185,799	8,100	385,251	€44.00
To purchase existing shares	13/05/2008	13/05/2012	13/05/2016	1,005,900	149,380	48,650	807,870	€38.35
To purchase existing shares	12/06/2009	12/06/2013	12/06/2017	371,300	-	3,600	367,700	€28.05
To purchase existing shares	18/06/2010	18/06/2014	18/06/2018	412,592	-	9,538	403,054	€53.86
To purchase existing shares	15/06/2012	15/06/2016	15/06/2020	408,925			408,925	€54.12
TOTAL				**4,461,465**	**1,788,007**	**120,295**	**2,553,163**	
Of which, movements in 2012				408,925	568,704	36,138	(195,917)	

* *The number of options and the exercise price for plans prior to 16 June 2008 were adjusted following the three-for-one stock split that took effect on that date.*
** *The grant date corresponds to the date of the Board Meeting when the performance share grants were decided.*

At 31 December 2012		Date			Number of options			
Type	of grant*	of vesting	of end of lock-up	Granted	Vested	Cancelled	Outstanding	Share price at grant date**
Performance shares	18/06/2010	18/06/2012	18/06/2014	58,363	50,519	7,844		€55.00
Performance shares	15/06/2012	15/06/2014	15/06/2016	63,938			63,938	€51.00

* *The grant date corresponds to the date of the Board Meeting when the performance share grants were decided.*
** *Opening share price on the date of the Board Meeting when the performance share grants were decided.*

NOTE 17 EQUITY

Share capital

At 31 December 2012, the share capital amounted to €50,169,049, made up of 50,169,049 fully paid-up shares, representing 73,948,079 theoretical voting rights and 71,897,977 effective voting rights (i.e. excluding own shares held by the Company).

Changes in equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2011 BEFORE APPROPRIATION OF PROFIT	**839.1**
2011 dividend paid in 2012	(61.9)
Net profit for the year	61.3
Changes in share capital – employee share issue	0.2
Premiums on shares issued to employees	9.0
EQUITY AT 31 DECEMBER 2012	**847.7**
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2010 BEFORE APPROPRIATION OF PROFIT	**819.7**
2010 dividend paid in 2011	(58.4)
Net profit for the year	77.8
Changes in share capital – Shares issued on exercise of stock options and share cancellations	
Corresponding issue premium	
EQUITY AT 31 DECEMBER 2011	**839.1**

Potential ordinary shares at 31 December 2012

There are no convertible bonds or equity notes outstanding or securities not representing capital.

NOTE 18 EMPLOYEES

The Company had one employee in 2012 and 2011.

NOTE 19 SUBSEQUENT EVENTS

None

6.3. FIVE-YEAR FINANCIAL SUMMARY

(in € thousands)	2012	2011	2010	2009	2008
SHARE CAPITAL AT YEAR-END					
a) Share capital	50,169	49,952	49,952	49,952	50,912
b) Number of shares outstanding	50,169,049	49,951,826	49,951,826	49,951,826	50,912,138
c) Number of convertible bonds outstanding	-	0.00	0.00	0.00	0.00
RESULTS OF OPERATIONS					
a) Net revenue	-	0.00	0.00	0.00	0.00
b) Profit before tax, depreciation, amortization and provisions	70,279	160,295	49,519	44,510	157,243
c) Income tax	(32,186)	(29,186)	14,710	(26,496)	(39,145)
d) Net profit	61,289	77,779	45,722	74,108	152,894
e) Dividend payout [(a)]	69,545	62,403	51,237	45,403	46,065
PER SHARE DATA *(in €)*					
a) Earnings per share after tax and before depreciation, amortization and provisions	2.04	3.79	0.70	1.42	3.86
b) Earnings per share	1.22	1.56	0.92	1.48	3.00
c) Dividend per share	1.32	1.25	1.17	1.04	0.94
EMPLOYEES					
a) Number of employees	1.00	1.00	1.00	1.00	1.00
b) Total payroll	1,681	1,833	2,196	2,376	1,475
c) Total payroll taxes	1,152	510	2,246	2,667	2,703

(a) Including the supplementary dividend (provisional amount for 2012).

6.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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 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 financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

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 2012 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.

I. 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 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. 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 long-term 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.

III. 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.

Lyon and Villeurbanne, March 11, 2013

The Statutory auditors

PricewaterhouseCoopers Audit

Bernard RASCLE

Deloitte & Associés

Gérard BADIN

7

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

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7.1. GENERAL INFORMATION CONCERNING SEB S.A.

Corporate name: SEB S.A.

Registered head office: Les 4M | Chemin du Petit-Bois | 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

Legal form: French limited company (société anonyme)

Financial year: 1 January to 31 December

Governing law: French

Duration: 99 years from 1973

Corporate objects (Article 3, Company bylaws)

The object of the Company in France and abroad covers:

- investment in any company involved in any form of business and, in consequence, the acquisition or subscription of all types of shares, warrants, capital holdings and interests, all types of 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 licences 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 objects specified above.

Statutory allocation of profits (Article 46, Company bylaws)

Profits are allocated in accordance with legal requirements and regulations. Payment of dividends is made in priority over 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 dividend in question, which may be rounded down to the nearest even number of euro cents, shall 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 share capital. This supplement can be altered or cancelled by decision of an Extraordinary General Meeting of Shareholders which will then decide on any new terms and conditions.

The General Meeting also has the power to decide on the distribution of amounts to be drawn from the reserves at its disposal. In this case, the reserve accounts from which funds are to be drawn are explicitly indicated.

General Meetings of Shareholders (Article 30 et seq.)

Shareholders are notified of the AGM in accordance with legal requirements.

Each shareholder has the right to attend General Meetings or to be represented, regardless of the number of shares held, provided that the said shares are fully paid up and registered in either the shareholder's name or in the name of the intermediary registered on the shareholder's behalf, at zero hour, French time, on the third business day preceding the General Meeting, either in the accounts of registered shares held by the Company, or in bearer share accounts held by the qualified intermediary.

Double voting rights (Article 35, Company bylaws)

Each member attending the meeting is entitled to exercise one vote for every share they hold or represent. However, double voting rights are conferred on fully-subscribed, registered nominal shares held by the same person for at least five years (decision by the General Meeting of 15 June 1985). Entitlement to double voting rights expires if the shares concerned are converted to bearer status or if their ownership is transferred, except in cases where the transfer involves a change of name in the nominal register subsequent to family inheritance or endowment. In the event of an increase in capital by incorporation of reserves, income or issue premiums, double voting rights are conferred, from the time of issue, on registered shares allocated free of charge to a shareholder on the basis of shares already held which bear this entitlement.

Limitation of voting rights

There is no statutory limitation on voting rights.

Statutory threshold clause (Article 8, Company bylaws)

There exists an obligation to disclose any holding which exceeds a threshold of 2.5% (or any multiple thereof) of the Company's capital or voting rights.

Identity of bearer shareholders

The Company may at any time, in accordance with legal provisions and regulations in force, ask the Euroclear France securities settlement agency to provide:

- the personal name or company name, address and nationality of holders of shares in the Company;
- the quantity 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 2012.

Share capital at 31 December 2012

At 31 December 2012, share capital stood at € 50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 73,948,079 total "theoretical" voting rights, and 71,897,977 effective voting rights (excluding treasury stock).

There are no stricter conditions than the law to modify shareholder rights.

Elements which could affect a hypothetical takeover bid

In compliance with Article L. 225-100-3 of the French Commercial Code, elements which could affect a hypothetical takeover bid are stated below:

CAPITAL STRUCTURE OF THE COMPANY

See following page: "Breakdown of share capital and voting rights on 31/12/2012".

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See next page: "Shareholder agreements – concerted voting bloc".

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The General Meeting of 10 May 2012 authorised the Board of Directors to implement a share buyback programme in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. GENERAL INFORMATION ON SHARE CAPITAL

Breakdown of share capital and voting rights on 31 December 2012

	SHARE CAPITAL				VOTES			
	OGM		EGM		OGM		EGM	
FÉDÉRACTIVE	10,165,645	20.26%	3	0.00%	19,721,803	27.43%	6	0.00%
Associates	1,580,281	3.15%	11,745,923	23.41%	3,148,014	4.38%	22,869,811	31.81%
FÉDÉRACTIVE SUB-TOTAL	**11,745,926**	**23.41%**	**11,745,926**	**23.41%**	**22,869,817**	**31.81%**	**22,869,817**	**31.81%**
VENELLE INVESTISSEMENT	7,461,243	14.87%	17,902	0.04%	14,890,674	20.71%	17,905	0.02%
Associates	2,104,788	4.20%	10,024,991	19.98%	3,921,488	5.45%	19,747,981	27.47%
VENELLE INVESTISSEMENT SUB-TOTAL	**9,566,031**	**19.07%**	**10,042,893**	**20.02%**	**18,812,162**	**26.16%**	**19,765,886**	**27.49%**
FOUNDER GROUP	**21,311,957**	**42.48%**	**21,788,819**	**43.43%**	**41,681,979**	**57.97%**	**42,635,703**	**59.30%**
FFP Invest	2,521,522	5.02%	2,521,522	5.02%	2,521,522	3.51%	2,521,522	3.51%
Employees	1,749,253	3.49%	1,749,253	3.49%	2,916,505	4.06%	2,916,505	4.06%
Investors	9,109,036	18.16%	8,632,174	17.21%	10,378,623	14.44%	9,424,899	13.11%
Foreign shareholders	9,723,635	19.38%	9,723,743	19.38%	9,803,401	13.63%	9,803,616	13.63%
Individual shareholders	3,703,544	7.38%	3,703,436	7.38%	4,596,241	6.39%	4,596,026	6.39%
Treasury stock	2,050,102	4.09%	2,050,102	4.09%				
TOTAL	**50,169,049 SHARES**				**71,897,977 VOTING RIGHTS**			

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.

The natural person members of the Founder Group hold SEB shares either:

- in full ownership;
- or in bare ownership where the corresponding usufruct has essentially been temporarily assigned to their respective holding company i.e.:
  - FÉDÉRACTIVE: a controlling holding company, which principally represents the equity interests of the founding family, for natural person shareholders who are associates of FÉDÉRACTIVE,
  - VENELLE INVESTISSEMENT: a family controlling holding company for natural person shareholders who are associates of VENELLE INVESTISSEMENT.

As a reminder, voting rights attached to stripped shares belong to the bare holder for decisions concerning the Extraordinary General Meeting (EGM) and to the usufruct holder for those concerning the Ordinary General Meeting (OGM).

The voting rights indicated in the table above, a total of 71,897,977, are "effective" voting rights. This number excludes shares without voting rights, such as treasury stock held by SEB S.A.

The total number of "theoretical" voting rights is 73,948,079. This number includes, under the terms of Article 223-11 of the AMF general regulations, all shares with voting rights attached, as well as non-voting shares (for instance, shares held by SEB S.A. or treasury stock).

On the basis of this total number of "theoretical" voting rights and for illustrative purposes:

- the FÉDÉRACTIVE sub-total amounts to 30.93% of the OGM and EGM voting rights;
- the VENELLE INVESTISSEMENT sub-total amounts to 25.44% of the OGM voting rights and 26.73% of the EGM voting rights;
- as a whole, the Founder Group sub-total amounts to 56.37% of the OGM voting rights and 57.66% of the EGM voting rights.

Registered nominal shares held by the same person for at least five years give entitlement to double voting rights.

SHAREHOLDER AGREEMENTS – CONCERTED VOTING BLOCK

The FÉDÉRACTIVE and VENELLE INVESTISSEMENT family holdings, representing together with their associates 59.30% of voting rights, confirmed their intention to implement a sustainable management policy for Groupe SEB in writing to the AMF (French Markets Authority) in letters dated 11 and 12 May 2009, with a view to ensuring the longevity of their control and thus pursuing the concerted voting block in place between the members of the Founder Group since May 1989.

The non-renewal of the shareholder agreement of 5 November 2005 which ended on 5 November 2009 does not therefore terminate the concerted voting block existing between the parties to the agreement under the terms of L. 233-10 of the French Commercial Code (AMF D&I no. 209C0644 dated 12 May 2009).

The representatives of the two family holdings have further declared to the Board of Directors their wish to exchange views prior to any significant decision and to maintain their previous agreement on the composition of the Board as determined in the agreement of 2005. In this respect, FÉDÉRACTIVE may propose the appointment of five members of the Board and VENELLE INVESTISSEMENT may propose the appointment of four members.

FÉDÉRACTIVE Agreement

On 9 July 2008, SEB shareholder associates of FÉDÉRACTIVE signed a shareholder agreement reinforcing their commitment to the Group.

The provisions of this agreement foresee preferential conditions between its signatories for the sale or acquisition of SEB shares held, as well as a binding exit clause. The provisions also envisage the participation of other investors willing to provide lasting commitment to the development of Groupe SEB and to take part in shareholder policies alongside the FÉDÉRACTIVE Founder Group members (AMF D&I no. 208C1659 dated 11 September 2008).

VENELLE INVESTISSEMENT Agreement

On 12 May 2009, VENELLE INVESTISSEMENT, its associates and shareholder members entered into a shareholder agreement to ensure that VENELLE INVESTISSEMENT, its associates and shareholder members mutually agree as a matter of priority to propose a prior right to acquisition applicable to any transfer or sale of share subject to pre-emptive rights (AMF D&I no. 209C0743 dated 27 May 2009).

COLLECTIVE UNDERTAKINGS TO HOLD SHARES

Two collective undertakings to hold SEB shares were renewed early on 13 December 2011, for a term of two years, by a number of SEB S.A. shareholders, including VENELLE INVESTISSEMENT; Thierry de La Tour d'Artaise in his capacity as Chairman and Chief Executive Officer; individual family group shareholders; Foncière, Financière et de Participations Invest (FFP Invest); and other shareholders.

These undertakings were as follows:

- a collective undertaking to hold SEB shares, expiring on 28 December 2011, extended to 13 December 2013, signed pursuant to Article 885 I bis of the French Income Tax Code (a "Dutreil" agreement) and pertaining to 20.56% of the capital and 27.58% of the voting rights of SEB S.A.;
- a collective undertaking to hold SEB shares, expiring on 10 July 2012, extended to 13 December 2013, signed pursuant to Article 787 B of the French Income Tax Code (a "Jacob" agreement) and pertaining to 20.46% of the capital and 27.70% of the voting rights of SEB S.A.

FFP Invest will have prior rights in the event of a family shareholder signatory deciding to sell more than 150,000 SEB shares to a third party.

Changes in share capital breakdown and voting rights over the last three years

	31/12/2012				31/12/2011				31/12/2010			
	Share capital		Votes		Share capital		Votes		Share capital		Votes	
	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM
FÉDÉRACTIVE	20.26%	0.00%	27.43%	0.00%	20.33%	0.00%	27.50%	0.00%	20.47%	0.00%	26.59%	0.00%
FÉDÉRACTIVE associates	3.15%	23.41%	4.38%	31.81%	3.26%	23.58%	4.39%	31.89%	3.21%	23.68%	4.15%	30.74%
SUB-TOTAL	**23.41%**	**23.41%**	**31.81%**	**31.81%**	**23.59%**	**23.58%**	**31.89%**	**31.89%**	**23.68%**	**23.68%**	**30.74%**	**30.74%**
VENELLE INVESTISSEMENT	14.87%	0.04%	20.71%	0.02%	14.94%	0.04%	20.91%	0.03%	14.94%	0.03%	20.20%	0.03%
VENELLE INVESTISSEMENT associates	4.20%	19.98%	5.45%	27.47%	4.14%	20.00%	5.43%	27.65%	4.11%	19.97%	5.24%	26.70%
SUB-TOTAL	**19.07%**	**20.02%**	**26.16%**	**27.49%**	**19.08%**	**20.04%**	**26.34%**	**27.68%**	**19.05%**	**20.00%**	**25.44%**	**26.73%**
FOUNDER GROUP	**42.48%**	**43.43%**	**57.97%**	**59.30%**	**42.67%**	**43.62%**	**58.23%**	**59.57%**	**42.73%**	**43.68%**	**56.18%**	**57.47%**
FFP									5.05%	5.05%	6.39%	6.39%
FFP Invest	5.02%	5.02%	3.51%	3.51%	5.05%	5.05%	3.54%	3.54%				
Employees	3.49%	3.49%	4.06%	4.06%	3.09%	3.09%	3.96%	3.96%	2.97%	2.98%	3.80%	3.80%
French investors	18.16%	17.21%	14.44%	13.11%	19.04%	18.09%	15.15%	13.81%	18.28%	17.32%	14.05%	12.76%
Foreign shareholders	19.38%	19.38%	13.63%	13.63%	18.04%	18.04%	12.77%	12.77%	21.28%	21.28%	14.54%	14.54%
Individual shareholders	7.38%	7.38%	6.39%	6.39%	7.44%	7.44%	6.35%	6.35%	5.72%	5.72%	5.04%	5.04%
Treasury shares	4.09%	4.09%			4.67%	4.67%			3.97%	3.97%		
	50,169,049 SHARES		**71,897,977 VOTES**		**49,951,826 SHARES**		**71,229,471 VOTES**		**49,951,826 SHARES**		**73,718,840 VOTES**	

Although the Company is monitored, the organisation and operating methods of the Board of Directors and the Committees ensure balanced control and effective management of conflicts of interest. Effectively, excluding the Chairman:

- five Board members, of whom four are independent, are not members of the Founder Group;
- the nine members of the Board representing the Founder Group are subject to the same regulations as other directors, concerning the interest of the Company and the rules stated in the charter and Internal Regulations.

In addition, each year since 2003 (except in 2009 due to lack of time), the Board has assessed its operations, ensuring that all rules applicable to good corporate governance are respected.

At 31 December 2012, almost 6,200 shareholders owned registered SEB shares and 27,000 shareholders held SEB bearer shares. (Source: TPI inquiry dated 31 December 2012.)

To the knowledge of the Company, there are no other shareholders who own directly, indirectly or jointly with others, 5% or more of share capital or voting rights.

SHARES IN THE SEB S.A. NOMINAL REGISTER USED AS COLLATERAL, AT 31 DECEMBER 2012

During the year, 16 individual shareholders used SEB shares registered in the SEB S.A. nominal register as collateral for loans in favour of their financial intermediaries. This concerned a total of 80,423 shares, or 0.16% of share capital.

Changes in share capital over the last five years

Year	Type of issue of share capital	Amount of change in shares	Nominal (in €)	Additional paid-in capital (in €)	Total share capital (in €)
2008 June	Three-way split (from €3 to €1)	33,920,372			50,880,558
December	Issue of shares arising from the exercise of stock options	31,580	31,580	581,463	50,912,138
2009 March	Cancellation of shares	(1,000,000)	(1,000,000)	(29,629,143)	49,912,138
December	Issue of shares arising from the exercise of stock options	39,688	39,688	664,660	49,951,826
2010	No change to share capital				49,951,826
2011	No change to share capital				49,951,826
2012 November	Issue of share capital reserved for employees	217,223	217,223	9,023,192	50,169,049

Potential ordinary shares at 31 December 2012

There are no longer any subscription stock options proposed to employees and none that can be exercised.

There are no convertible bonds or equity notes outstanding or securities not representing capital.

Changes in share capital breakdown over the last three years

There was no significant change in the breakdown of the Company's share capital during 2010, 2011, or 2012 with the exception of the reclassification of FFP shares as FFP Invest shares in December 2011.

7.3. FINANCIAL AUTHORISATIONS

Authorisation to issue shares and other securities

Type of operation	Date of authorisation	Expiry of authorisation	Maximum amount authorised	Used at 31/12/2012
Purchase of its own shares by the Company at a maximum price of €130	05/12	07/13	€649,373,660	€60,616,660
Cancellation of its own shares by the Company	05/12	07/13	10% of nominal capital, i.e. 4,995,182 shares per 24-month period	
Issue of all types of securities with preferential subscription rights	05/12	07/13	Issue of share capital: €5,000,000	
	05/12	07/13	Issue of receivables: €150,000,000	
Issue of all types of securities without preferential subscription rights	05/12	07/13	Issue of share capital: €5,000,000	
	05/12	07/13	Issue of receivables: €150,000,000	
Issue of shares reserved for employees participating in Company savings scheme	05/12	07/13	€499,518 of nominal capital, i.e. 499,518 shares	€217,223
Issue of share capital by incorporation of reserves, income, shares or other premiums	05/12	07/13	€10,000,000	

Authorisation for the Company to trade in its own shares

Following the authorisation granted by the General Meetings of 2011 and 2012 and in accordance with Article 225-209 of the French Commercial Code, your Board bought back 404,510 shares in 2012 at an average price of €57.14. A total of 568,704 shares were disposed of as part of the exercise of stock options at an average price of €33.62 and 50,519 free performance-based shares were awarded under the 2010 plan and 78,018 shares were awarded as a matching contribution to the employee share issue.

Furthermore, 674,152 shares were purchased at an average price of €55.63, and 663,116 shares were sold at an average price of €55.54 under a liquidity agreement.

At 31 December 2012, the Company had 2,050,102 treasury shares, i.e. 4.09% of its share capital, of which 2,030,384 under the buyback agreement and 19,718 under the liquidity agreement.

The Company will renew its request to the Annual General Meeting of 14 May 2013 for authorisation to trade in its own shares.

7.4. EMPLOYEE SHAREHOLDING

Staff mutual investment fund and direct employee shareholding

At 31 December 2012, employees of Groupe SEB's companies held 1,389,271 shares, of which 1,147,790 were owned as part of a Company savings scheme via an employee mutual investment fund and 241,481 were directly owned. These shares represent 2.77% of share capital and 3.45% of voting rights. With the addition of SEB shares held by employees in registered form outside the savings scheme, employees held a total of 3.49% of share capital and 4.06% of voting rights.

In 2012, €4.4 million in expenses were recognised for the "Horizons 2012" employee shareholding programme under the "Bonus and profit-sharing schemes" line. €0.2 of this amount corresponds to the employer's social tax contribution.

Bonus and profit-sharing schemes

To attract competent and career-oriented employees at all levels and in addition to its dynamic salary and career management policies, Groupe SEB has always pursued an active policy of employee shareholding and staff participation in profits, through:

- an exceptional Group profit-sharing agreement which involves employee shareholding and profit sharing with significantly more interesting terms than legally required. Depending on the year, the exceptional part represents between two and four times the legal amount of profit-sharing;
- a Group bonus scheme agreement, based on a scheme stipulated by law but which is discretionary. This Corporate-level agreement allows a fair distribution of the sums from the bonus scheme between the employees of the different companies regardless of their business sector and performance.

In 2012, charges recognised for bonus and profit-sharing schemes amounted to €43.6 million.

Over the past five years, the sums assigned were as follows:

(in € millions)	2012	2011	2010	2009	2008	2007
	43.6*	44.0*	50.3*	33.5*	38.2*	33.3

* *Of which €7.1 million corresponded to the employer's social tax contribution in 2012, €3.3 million in 2011, €2.9 million in 2010, €1.3 million in 2009 and €0.7 million in 2008.*

Stock option and performance share allocation policy

Groupe SEB operates two types of stock option allocation schemes:

- periodically, an allocation of stock options to members of management, extended to the Group's different entities, taking account of individual potential, responsibilities and performance;
- occasionally, a broader allocation with a view to mobilising employees around a specific project.

CHARACTERISTICS OF STOCK OPTIONS ALLOCATED

The exercise price is equal to the average of the last 20 stock market prices preceding the date of allocation 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 date of allocation.

The stock options granted to the corporate officer and to the other members of the Group Executive Committee are subject to performance-based criteria related to targets for sales and operating margin. Some of these criteria are yearly, while others pertain to a four-year period.

CHARACTERISTICS OF THE PERFORMANCE-RELATED SHARES AWARDED

The shares are awarded to recipients following a two-year vesting period, subject to performance and continued employment requirements. Recipients are required to retain the shares for an additional two years.

The performance-based criteria are related to targets for sales and operating margin.

HOLDING CONDITIONS APPLICABLE TO THE CHIEF EXECUTIVE OFFICER AND OTHER MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

- Shares originating from the exercise of stock options and free shares allocated to Thierry de La Tour d'Artaise are subject to an obligation to hold them in his name for the duration of his time in office, in the following amounts:
  - for shares originating from exercised stock options, a quantity of shares corresponding to 50% of the net gain on acquisition, net of tax and statutory deductions, realised at the time of exercise of the options;
  - for shares allocated free of charge, a quantity of shares corresponding to 50% of the net gain after taxes, statutory deductions and costs.

These amounts will be reduced to 20% of the net gain as soon as the number of shares held by Thierry de La Tour d'Artaise reaches the equivalent of two years of remuneration (basic + target bonus).

As a reminder, hedging instruments are prohibited and, to the knowledge of the Company, no such instrument has been put in place.

- Shares originating from the exercise of stock options and free shares allocated to other members of the Group Executive Committee are subject to an obligation to hold them in their name for the duration of their time in office, in the following amounts:
  - for shares originating from exercised stock options, a quantity of shares corresponding to 20% of the net gain on acquisition, net of tax and statutory deductions, realised at the time of exercise of the options;
  - for shares allocated free of charge, a quantity of shares corresponding to 20% of the net gain after taxes, statutory deductions and costs;
  - this option to hold the shares will continue to apply for as long as the number of shares held has not reached the equivalent of one year's remuneration (basic + target bonus).

History of stock option allocation for share subscription or purchase

At 31 December 2012	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Date of AGM	06/05/2004	06/05/2004	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010	10/05/2012
Number of stock options authorised by the AGM [(a)]	1,529,454	1,529,454	1,529,355	1,529,355	1,017,761	598,945	649,373	415,000
Duration of authorisation	3 years	3 years	3 years	3 years	3 years	14 months	14 months	14 months
Date of Board of Directors' Meeting	18/06/2004	08/04/2005	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010	15/06/2012
Number of stock options allocated [(a)]	539,100	554,700	589,798	579,150	1,005,900	371,300	412,592	408,925
of which to Group Management Board [(a)]	310,500	318,600	357,000	346,350	261,600	254,250	259,442	175,500
of which to corporate officers [(a)]	104,989	105,000	105,012	105,000	105,000	71,250	59,942	54,000
of which to top employee recipients [(a)]	210,000	222,000	234,000	234,000	104,400	72,900	57,600	49,400
Number of initial recipients	111	110	111	109	395	111	144	186
Stock option exercise start date	18/06/2008	08/04/2009	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiry date	18/06/2012	08/04/2013	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018	15/06/2020
SUBSCRIPTION OR PURCHASE PRICE *(in €)* [(a)]	**31.67**	**28.00**	**29.33**	**44.00**	**38.35**	**28.05**	**53.86**	**54.12**
Average of last 20 prices prior to Board Meeting *(in €)* [(a)]	31.52	28.20	29.01	43.73	38.35	28.05	53.85	54.11
Number of stock options exercised [(a)]	521,700	493,730	437,398	185,799	149,380	0	0	0
Number of stock options cancelled [(a)]	17,400	18,300	14,707	8,100	48,650	3,600	9,538	0
BALANCE OF STOCK OPTIONS REMAINING TO BE EXERCISED [(a)]	**0**	**42,670**	**137,693**	**385,251**	**807,870**	**367,700**	**403,054**	**408,925**

(a) Takes into account the allocation of free shares in March 2004 (one for ten) and the three-way split on 16 June 2008.

Performance shares allocated to staff

At 31 December 2012

Date of AGM	12/05/2010	10/05/2012
Number of shares authorised by the AGM	162,343	64,937
Duration of authorisation	14 months	14 months
Date of Board of Directors' Meeting	18/06/2010	15/06/2012
Number of shares allocated:	58,363	63,938
of which to Group Management Board	21,620	14,618
of which to corporate officers	4,995	4,500
of which to top employee recipients	12,900	12,338
Number of initial recipients:	144	186
of which Group Management Board	16	14
of which top employee recipients	28	26
Allocation date	18/06/2010	15/06/2012
Vesting date	18/06/2012	15/06/2014
Expiry of lock-up period	18/06/2014	15/06/2016
Number of shares cancelled	7,844	0
Number of shares granted	50,519	0
BALANCE OF SHARES REMAINING TO BE GRANTED	**0**	**63,938**

7.5. STOCK MARKET AND DIVIDEND INFORMATION

Stock market

The Company's shares are listed on the Paris Euronext Market, compartment A, under the code ISIN FR0000121709. They are included in the Euronext 3722 Durable Household Products index.

Stock market transactions over the last 18 months on NYSE Euronext

	Highest (in €)	Lowest (in €)	Number of shares exchanged	Capital exchanged (in € thousands)
			Daily averages	
2011	**82.15**	**52.00**	**143,151**	**9,754**
8	70.00	57.66	149,045	9,673
9	69.46	59.77	114,222	7,362
10	65.37	55.31	146,304	8,664
11	61.97	52.00	79,608	4,579
12	61.33	55.11	72,550	4,233
2012	**67.85**	**46.72**	**90,601**	**5,171**
1	65.30	57.23	91,852	5,632
2	67.85	60.07	136,107	8,673
3	64.08	59.99	122,495	7,625
4	62.87	54.29	132,223	7,739
5	61.09	53.80	124,872	7,026
6	55.37	47.36	105,262	5,448
7	55.10	46.72	89,241	4,531
8	58.40	53.24	37,643	2,121
9	57.50	53.30	49,411	2,753
10	55.41	48.48	78,506	4,049
11	53.90	49.40	53,419	2,755
12	58.26	52.66	66,175	3,698
2013				
1	61.99	55.88	100,758	6,007

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 2013 to long-term shareholders in respect of shares held by the same shareholder in the nominal register since at least 31 December 2010 and still held on ex-dividend date. This dividend supplement is limited to a number of shares which may not exceed 0.5% of share capital for any single shareholder.

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 shares remunerated	Dividend per share *(in €)*
2007		
Ordinary dividend	47,469,969	0.93333
Supplementary dividend	18,782,508	0.09333
2008		
Ordinary dividend	46,370,641	0.94
Supplementary dividend	19,305,528	0.094
2009		
Ordinary dividend	47,377,592	1.04
Supplementary dividend	18,885,247	0.104
2010		
Ordinary dividend	48,059,402	1.17
Supplementary dividend	18,634,446	0.117
2011		
Ordinary dividend	47,631,135	1.25
Supplementary dividend	18,714,482	0.125

Data adjusted to take account of the 3-for-1 split on 16 June 2008.

Based on the 2012 results, a net dividend of €1.32 per share will be proposed at the Annual General Meeting of 14 May 2013. The ex-dividend date will be 16 May and the dividend will be paid on 21 May 2013.

8

GENERAL MEETING

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8.1. REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING OF 14 MAY 2013

Trading in the Company's shares

At 31 December 2012, the Company held 2,050,102 of its own shares with a par value of €1, acquired at a total cost of €91,099,211.19. These shares represented 4.09% of the Company's issued capital at that date.

In 2012 the Company purchased 404,510 shares under its buyback programme at an average price of €57.14 per share and sold a total of 568,704 shares at an average price of €33.62 per share following the exercise of stock options. In addition, 50,519 shares were allocated under a performance share plan and 78,018 shares were allocated as a matching payment contribution to the employee share issue.

On 20 September 2005, the Company signed a liquidity contract with the Gilbert Dupont stockbroking firm. The contract complies with the code of ethics issued by the French association of investment firms (AFEI), which was approved by the French securities regulator (Autorité des Marchés Financiers) on 22 March 2005.

During 2011, 674,152 SEB S.A. shares were purchased and 663,116 shares were sold under this liquidity contract. The transaction costs amounted to €46,463.

Shareholders will be asked to authorise the Company to trade in its own shares up to the limits allowed by law in order to:

- maintain a liquid market for the Company's shares through an investment service provider acting on a fully independent basis;
- purchase shares for allocation to eligible employees and officers of the Company;
- purchase shares for cancellation, 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;
- purchase shares for delivery or exchange in connection with any future external growth transactions;
- purchase shares for allocation on exercise of rights attached to securities that are convertible, exercisable, redeemable or otherwise exchangeable for Company shares.

The purchase price per share would be capped at €130, and the amount that could be invested in the buyback programme would therefore not exceed €652,197,637.

Dividends

We recommend raising the dividend to €1.32 per share, representing a 5.6% increase compared with the dividend paid in 2012.

For the eighteenth year running, shareholders will be entitled to a supplementary dividend on all shares registered in their name prior to 31 December 2010 and still held in their portfolio on the ex-dividend date (16 May 2013). These shares represent 50.16% 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 issued capital.

The dividend will be paid as from 21 May 2013.

Agreement governed by Article L. 225-40 of the French Commercial Code

The Statutory Auditor's special report mentions an agreement signed between SEB S.A. and Chinese company Zhejiang Supor Co Ltd. This "Master Joint Research and Development Agreement" is considered to be a regulated agreement due to its specific nature and the fact that Thierry de La Tour d'Artaise is a Board member of both companies. The purpose of this agreement is to share research and development projects for products or technologies common to the two entities in order to benefit from the parties' respective experience and know-how in relation to cookware and cooking or food preparation appliances.

Any industrial patents that may be registered as a result of these projects will be drawn up in collaboration and then filed by Zhejiang Supor Co Ltd and SEB S.A. in their respective territories. Nevertheless, SEB S.A. will benefit from a perpetual no-cost license to the patents filed in countries within Zhejiang Supor Co Ltd's territory for its manufacturing needs.

This agreement was approved by Supor following a similar procedure at their Board of Directors' Meeting on 28 March 2012 and at the General Meeting of 20 April 2012.

Board of Directors

The terms of Damarys Braida, Frédéric Lescure, Jean-Dominique Senard and Holding FFP will expire at this General Meeting. Shareholders are asked to re-elect FFP for a further four-year term.

FFP is a holding company listed on the Paris stock exchange and majority-owned by the Peugeot family group.

FFP is represented by Christian Peugeot.

An HEC graduate, Christian Peugeot, 58 years old, has spent his whole career with the PSA group. He currently serves as Executive Vice-president of Public Affairs and External Relations Representative of PSA.

To replace Damarys Braida, who will in turn replace Olivier Roclore and thus remain on the Board as the new permanent representative of VENELLE INVESTISSEMENT, the Board of Directors, at the recommendation of the Nominations and Remuneration Committee, asks that you appoint Ms Laure Thomas, 41 years old, member of the Founder Group and a graduate of the École Supérieure de Commerce of Dijon. She holds a degree in interior design and has been working in this field since September 2011 for the company Pierre Cotte. Ms Thomas is also a member of the Supervisory Board of VENELLE INVESTISSEMENT.

To replace Frédéric Lescure, at the recommendation of the Nominations and Remuneration Committee, the Board of Directors asks that you appoint Ms Sarah Chauleur, 41 years old, a member of the Founder Group with a post-graduate degree in information and communication sciences. Since 2009, Ms Chauleur has served as communications manager for FÉDÉRACTIVE. She is also active in the non-profit sector as founder of the Première Pierre Foundation in 2007. This foundation is sponsored by the Fondation de France, which supports and encourages initiatives aiming to help those who need a boost, either on a one-off basis or over the long-term, to carry out projects that will allow them to rebuild a sustainable connection with their social, professional or family environment.

To replace Jean-Dominique Senard, at the recommendation of the Nominations and Remuneration Committee, the Board of Directors ask that you appoint Ms Yseulys Costes, 40 years old, who holds a masters in management sciences and a post-graduate degree in marketing and strategy from the Université Paris IX Dauphine. Ms Costes founded the 1000mercis company and has served as its Chairperson and CEO since 2000. A pioneer in the field of interactive advertising and publicity, the 1000mercis Group provides innovative solutions for companies that want to optimise their advertising and marketing campaigns via interactive media (Internet, mobile phones, social networks, etc.).

Directors' fees

The aggregate amount of directors' fees was set at €450,000 in 2011 and the Board is not proposing that this amount be changed.

Performance shares

In order to provide an on-going incentive to key Group employees by offering them an opportunity to share in the Group's development and results, shareholders will also be asked to authorise the Board to make performance share grants representing up to 0.48% of the Company's capital, comprising existing shares bought back for this purpose by the Company. The grants would be made to all or some employees of the Company and its subsidiaries, or 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. The performance shares will vest only if certain performance targets for revenue and operating result from activity are met.

The number of shares granted to the Executive Director will be capped at 18,000, or 0.0359% of the Company's capital. Provided that these targets have been met, the shares will vest to the grantee after a vesting period of three years, which will be followed by a mandatory lock-up period of at least two years.

For grantees not resident in France, in accordance with the law the Board will ask for an authorisation to set a minimum vesting period of between two and four years and to waive the lock-up period if the vesting period is set at five years.

Shareholders will be asked to give the Board full powers to set the terms and conditions of the performance share grants, including drawing up the list of grantees.

It is noted that the proposed maximum (0.48% of capital) takes into account the fact that the Board of Directors has decided to no longer request authorisation from the General Meeting to grant stock options.

Financial authorisations

At the Annual General Meeting, we will ask shareholders to give the Board the necessary powers to issue shares and share equivalents, in order to enable us to raise financing to pursue the Group's growth as and when required, based on opportunities arising in the financial markets.

The aggregate par value of shares issued under the authorisation would be capped at €5 million for issues with pre-emptive subscription rights.

In addition, to allow us to rapidly take up any opportunities that may arise, we are also seeking an authorisation to issue share equivalents without pre-emptive subscription rights. The aggregate par value of shares issued on conversion, exchange, redemption or exercise of these share equivalents would also be capped at €5 million. At the Board's discretion, shareholders could be given a priority right to subscribe each issue prorata to their existing shareholdings, for a period and on terms to be decided by the Board.

The aggregate nominal amount of any debt securities issued pursuant to the authorisation would be capped at €150 million.

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 a separate resolution, we are also seeking an authorisation to increase the Company's capital by a maximum aggregate amount of €10 million to be paid up by capitalising retained earnings, profit or additional paid-in capital.

Lastly, we are recommending that the maximum aggregate par value of shares to be issued pursuant to the twelfth and thirteenth resolutions be set at €10 million.

All of these authorisations are being sought for a period of 14 months.

Employee share issue

Under Article L. 225-129-6 of the French Commercial Code, we are required to submit to shareholders a proposal to authorise the Board to carry out issues of shares and/or share equivalents, without pre-emptive subscription rights for existing shareholders, for subscription by members of an employee stock ownership plan (Plan d'Epargne d'Entreprise). The issue of share capital that could take place pursuant to this authorisation would be capped at 1% of the Company's capital as at the close of the 2012 Annual General Meeting. The par value of any such shares issued would not be included in the ceilings specified in the other financial authorisations granted by shareholders. In application of Articles L. 332.1 et seq. of the French Labour Code, the shares issued pursuant to this authorisation would be offered for subscription at a maximum discount of 20%, unless the shares are offered to members of an employee stock ownership plan under which the lock-up period is at least ten years, in which case the maximum discount would be 30%.

This authorisation is being sought for a period of 26 months.

8.2. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

SHAREHOLDERS' MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In accordance with our appointment as statutory auditors by your Company, we hereby report on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de Commerce)*, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements and commitments, already approved by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this engagement. These guidelines require that we agree the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreement that was previously authorized by your Board of.

With the company Zhejiang Supor Co Ltd

Nature and purpose: Agreement called "Master Joint Research and Development Agreement" aiming at sharing research and development projects in respect of products and technologies jointly to SEB S.A. and Zhejiang Supor Co Ltd and taking benefits from experience and know-how of both parties regarding cookware products and small electro culinary appliances products.

Terms and conditions: The "Master Joint Research and Development Agreement" covers reciprocal exclusivities in relation with projects jointly developped. Industrial property rights that may be registered will be jointly managed and register by Zhejiang Supor Co Ltd and SEB S.A. in their respective territories. For its manufacturing needs, SEB S.A. will nevertheless be granted with a free and permanent license for rights registered in Zhejiang Supor Co Ltd territories.

This agreement was authorized 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.

This agreement did not apply to the fiscal year 2012.

Agreements and commitments already approved by the Shareholders' Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments already approved in previous years by the Shareholders' Meeting have had continuing effect during the year.

With Mr. Thierry de La Tour d'Artaise

1. *Nature and purpose:* 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 such employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or at Mr. Thierry de La Tour d'Artaise's initiative as a result of a change in the control of the SEB Group, 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 his resignation from the Group, were such resignation 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 and purpose:* 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 4 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 a maximum of one-half, 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 totaling €3,552,271. The expense recorded over the year ended 31 December 2012 totals €46,119.

4. *Nature and purpose:* Supplementary and top-up retirement plan.

   Terms and conditions: As 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% 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 is 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 8 years. The maximum duration of the vesting period is 20 years.

The supplementary and top-up plan expenses relating to Mr. Thierry de La Tour d'Artaise and recorded in the financial statements of SEB S.A. for the year ended 31 December 2012 total €696,666.

Lyon and Villeurbanne, March 11, 2013

The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Gérard BADIN

8.3. PROPOSED RESOLUTIONS

Proposed resolutions submitted to the Annual General Meeting of 14 May 2013

Ordinary resolutions

APPROVAL OF THE 2012 COMPANY FINANCIAL STATEMENTS

Purpose

In the first resolution, shareholders are invited to approve the 2011 company financial statements, which show net profit of €61,288,946.51.

FIRST RESOLUTION: APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The Annual General Meeting, having considered the reports of the Board of Directors, the Chairman and the Auditors on the Company's operations and results for the year ended 31 December 2012, approves the annual financial statements as presented, which show net profit of €61,288,946.51.

APPROPRIATION OF PROFIT

Purpose

The second resolution concerns the appropriation of profit for the year and the distribution of a dividend in respect of 2012.

SECOND RESOLUTION: APPROPRIATION OF PROFIT

The Annual General Meeting resolves to appropriate net profit for the year as follows:

Net profit	61,288,946.51
Retained earnings brought forward from prior year	606,213,053.94
Dividends on treasury shares credited to retained earnings	2,841,847.29
Profit available for distribution	670,343,847.74
Ordinary dividend	66,223,144.68
Supplementary dividend	3,321,929.42
Retained earnings	600,798,773.64

The dividend per share amounts to €1.32.

The ex-dividend date will be 16 May 2013 and the dividend will be paid as from 21 May 2013.

As provided for in Article 48 of the bylaws, a supplementary dividend of €0.132 per share, corresponding to 10% of the ordinary dividend, will be paid on shares registered in the name of the same holder throughout the period between 31 December 2010 and the ex-dividend date (16 May 2013).

However, no single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the Company's capital.

Dividends for the last three years were as follows:

	2011		2010		2009	
(in €)	Ordinary dividend	Supplementary dividend	Ordinary dividend	Supplementary dividend	Ordinary dividend	Supplementary dividend
Amount paid	1.25	0.125	1.17	0.117	1.04	0.104

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Purpose

In the third resolution, shareholders are invited to approve the 2012 Consolidated Financial Statements, which show net profit of €194,160,000.

THIRD RESOLUTION: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Annual General Meeting, having considered the reports of the Board of Directors and the Auditors, approves the Consolidated Financial Statements for the year ended 31 December 2012, which show net profit of €194,160,00.

RE-ELECTION AND APPOINTMENT OF FOUR MEMBERS OF THE BOARD OF DIRECTORS

Purpose

The fourth, fifth, sixth and seventh resolutions concern the re-election of the company FFP and the appointment of Ms Laure Thomas to replace Ms Damarys Braida, Ms Sarah Chauleur to replace Mr Frédéric Lescure and Ms Yseulys Costes to replace Mr Jean-Dominique Senard all for a term of four years.

FOURTH RESOLUTION: RE-ELECTION OF FFP AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting re-elects the company FFP as Director for a period of four years expiring at the close of the Annual General Meeting to be called to approve the 2016 financial statements.

FIFTH RESOLUTION: APPOINTMENT OF MS LAURE THOMAS AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting appoints Ms Laure Thomas as Director for a term of four years expiring at the close of the Annual General Meeting to be called to approve the 2016 financial statements.

SIXTH RESOLUTION: APPOINTMENT OF MS SARAH CHAULEUR AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting appoints Ms Sarah Chauleur as Director for a term of four years expiring at the close of the Annual General Meeting to be called to approve the 2016 financial statements.

SEVENTH RESOLUTION: APPOINTMENT OF MS YSEULYS COSTES AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting appoints Ms Yseulys Costes as Director for a term of four years expiring at the close of the Annual General Meeting to be called to approve the 2016 financial statements.

RELATED PARTY AGREEMENTS

Purpose

The eighth resolution submits the master agreement signed between SEB S.A. and Zheijiang Supor Co Ltd. for joint research and development for the approval of the Annual General Meeting.

EIGHTH RESOLUTION: RELATED PARTYAGREEMENTS

The Annual General Meeting, having considered the Auditors' special report on related party agreements and the report of the Board of Directors, approves the Master Joint Research and Development Agreement signed between SEB S.A. and Zheijiang Supor Co Ltd with a view to sharing research and development projects for products or technologies common to both entities in order to benefit from the parties' respective experience and know-how in relation to cookware and cooking or food preparation appliances.

AUTHORISATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

Purpose

The ninth resolution would authorise the Company to buy back shares representing up to 10% of the capital. The shares could be bought back for a variety of purposes, as listed in the resolution.

In 2012, under the existing share buyback programme, 404,510 shares were bought back by the Company at an average price of €57.14 per share, 568,704 shares were sold for an average price of €33.62 per share upon exercise of stock options, 50,519 shares were allocated in exchange for vested rights under the 2010 performance share plan and 78,018 shares were allocated as a contribution to the employee share issue.

In addition, a total of 674,152 shares were purchased at an average price of €55.63 and 663,116 shares sold at an average price of €55.54 under the liquidity contract.

At 31 December 2012, the Company held 2,050,102 of its own shares in treasury, representing 4.09% of the capital, of which 2,030,384 under the buyback programme and 19,718 under the liquidity contract.

In accordance with the law, these shares have been stripped of their voting rights.

NINTH RESOLUTION: AUTHORISATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

The Annual General Meeting, having considered the Board of Directors' report, resolves:

- to terminate the share buyback programme authorised at the Annual General Meeting of 10 May 2012;
- to adopt the programme 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:
  - to maintain a liquid market for the Company's shares through an independent investment service provider under a liquidity contract that complies with the AFEI code of ethics recognised by the Autorité des Marchés Financiers,
  - to purchase shares 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 Commercial Code, or in payment of statutory employee profit-shares or in connection with an employee stock ownership or stock saving plan,
  - to purchase shares 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 Shareholders' Meeting,
  - to purchase shares, representing up to 5% of the capital, for delivery or exchange in connection with any future external growth transactions,
  - to purchase shares 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 at a price of more than €130 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, any bonus share issue paid up 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 programme may not exceed €652,197,637;
- that the shares may be bought back by any appropriate method and accordingly that all or part of the programme 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, including while a public tender offer is in progress, 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:
  - carry out the transactions and set the related terms and conditions,
  - place any and all buy and sell orders, on or off-market,
  - 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,
  - enter into any and all agreements for the keeping of a register of share purchases and sales or for any other purpose,
  - fulfil any and all reporting obligations with the Autorité des Marchés Financiers and any other organisations,
  - carry out any and all formalities;
- that this authorisation is given for a period expiring at the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2013 or fourteen (14) months, whichever is shorter.

Extraordinary resolutions

AUTHORISATION TO CANCEL SHARES

Purpose

The tenth resolution would authorise the Board of Directors to cancel shares held in treasury in an amount not exceeding 10% of the capital within any 24-month period.

TENTH RESOLUTION: AUTHORISATION TO CANCEL SHARES

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report:

- authorises the Board of Directors to cancel, through one or several transactions at its discretion, all or some 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 that the number of shares cancelled in any 24-month period may 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 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 necessary formalities;
- 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;
- resolves that this authorisation may be used within a period of fourteen (14) months from the date of this meeting;
- resolves that this authorisation cancels and replaces the authorisation to the same effect given at the General Meeting of 10 May 2012.

AUTHORISATION TO MAKE PERFORMANCE SHARE GRANTS

Purpose

The eleventh resolution would authorise the Board to award performance shares to employees and Executive Directors, subject to the following conditions:

- *the total number of shares granted may not exceed 240,811 or 0.48% of the Company's share capital;*
- *the number of the shares granted to the Executive Director may not exceed 18,000 or 0.359% of the capital;*
- *the performance shares will vest only if certain performance targets for revenue and operating result from activity* are met.Provided that these targets have been met, the shares will vest to the grantee after a minimum vesting period of two years, which will be followed by a lock-up period of at least two years;*
- *for grantees not resident in France, the Board would be authorised to set a minimum vesting period of between two and four years and to waive the lock-up period if the vesting period is set at four years.*

Please note that the Company is no longer requesting the authorization to grant stock options.

ELEVENTH RESOLUTION: AUTHORISATION TO MAKE PERFORMANCE SHARE GRANTS

- The Extraordinary General Meeting, having considered the report of the Board of Directors and the 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 performance shares on one or more occasions, to employees of the Company or certain categories of employee and/or to the senior executives referred to in Article L. 225-197-1 II of the Commercial Code, and to employees and senior executives of companies or economic interest groupings related to the Company within the meaning of Article L. 225-197-2 of the Commercial Code;
  - decides that the total number of shares that may be granted shall not exceed 240,811 or 0.48% of the Company's share capital on the grant date, with the number of shares granted to the Executive Director not exceeding 18,000 or 0.359% of the share capital;
- The Extraordinary 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 Commercial Code.

- The Extraordinary General Meeting resolves:

A) in respect of performance shares awarded to grantees resident in France:

- to set a minimum vesting period of two years with effect from the date of grant by the Board of Directors during which the rights shall not be transferable pursuant to Article L. 225-197-3 of the Commercial Code. At the end of the vesting period, the rights shall vest to the grantee, provided that the performance targets for revenue and operating result from activity, assessed partly on an annual basis and partly over the two-year vesting period, have been met,
- to set a lock-up period of two years with effect from the vesting date, during which the vested shares may not be sold. However, the shares shall be freely transferable in the event of the grantee's death or second or third degree disability within the meaning of Article L. 341-4 of the French Social Security Code;

B) in respect of performance shares awarded to grantees not resident in France:

- to set a minimum vesting period of two to four years with effect from the date of grant by the Board of Directors during which the rights shall not be transferable pursuant to Article L. 225-197-3 of the Commercial Code. At the end of the vesting period, the rights shall vest to the grantee, provided that the performance targets for revenue and operating result from activity, assessed partly on an annual basis and partly over the two-year vesting period, have been met,
- if the vesting period is set at four years, to waive the lock-up period such that the shares shall be freely transferable with effect from their vesting date in accordance with Article L. 225-197-1 paragraph 7 of the Commercial Code.

  However, for performance shares awarded pursuant to both paragraphs A and B above, in the event of the grantee's death, the shares shall vest immediately to the heirs should they so request no later than six months after the date of death. Furthermore, the shares shall vest immediately in the event of the grantee's second or third degree disability within the meaning of Article L. 341-4 of the Social Security Code.

- The Extraordinary General Meeting gives full powers to the Board of Directors, within the limits set out above, to:
  - draw up the list of grantees or decide the category/categories of grantees, provided that no performance shares may be awarded to employees or Executive Directors who individually hold over 3% of the capital and that the performance shares may not have the effect of raising the interest held by any employee or Executive Director to above the 3% ceiling;
  - determine the amounts and timing of the performance share awards;
  - set the criteria and any other conditions of eligibility for performance share awards, including but not limited to years of service and continued employment by the Company throughout the vesting period;
  - set the vesting period and lock-up period, within the limits specified above;
  - record the shares in a registered share account opened in the name of their holder, with a lock-up clause specifying the duration of the lock-up period;
  - if any corporate actions governed by Article L. 228-99, first paragraph, of the Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust the rights of recipients of stock grants, on the basis prescribed in the third paragraph of said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the Commercial Code, the Board of Directors shall report to each Annual General Meeting on the transactions carried out under this authorisation.

This authorisation is given for a period of fourteen (14) months.

AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

Purpose

Shareholders are invited to authorise the Board of Directors to increase the share capital by up to €5,000,000 (excluding premiums), in order to give Groupe SEB the financial resources to pursue its growth.

Under the twelfth resolution, shares and share equivalents may be issued with pre-emptive subscription rights.

Under the thirteenth resolution, shares and share equivalents may be issued without pre-emptive subscription rights to rapidly meet any financing needs that may arise, particularly in international markets.

TWELFTH RESOLUTION: AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129-2 and L. 228-91 of the Commercial Code:

- to give the Board of Directors the necessary powers to decide by a qualified majority of 12 of the 15 members present or represented by proxy, to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- that the aggregate par value of the shares to be issued directly and/or on conversion, exchange, redemption or exercise of share equivalents pursuant to this authorisation may not exceed €5,000,000, not including the par value of any additional shares to be issued to protect the rights of holders of existing share equivalents pursuant to the law;
- that the aggregate nominal value of debt securities issued pursuant to this authorisation shall not exceed €150,000,000 or the equivalent of this amount in the case of issues denominated in foreign currencies;
- that shareholders will have a pre-emptive right to subscribe the shares and/or share equivalents issued under this authorisation, prorata to their existing interest in the Company's capital. In addition, the Board of Directors may grant shareholders a pre-emptive right to subscribe any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emptive right shall also be exercisable prorata 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-emptive 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 that at least three-quarters of the issue is taken up,
  - freely allocate the remaining shares or share equivalents,
  - offer all or some of the remaining shares or share equivalents for subscription by the public;
- that warrants to subscribe the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe (i) shares and share equivalents issued under the authorisation in favour of members of the employee stock ownership plan, and (ii) the shares to be issued on conversion, exchange, redemption or exercise of said share equivalents;
- that the amount to be received by the Company for each share issued directly or indirectly under this authorisation shall not represent less than the shares' par value. In the case of shares issued on exercise of stand-alone warrants or other primary securities, the amount received by the Company shall be determined after taking into account the issue price of said warrants or other primary securities;
- that the Board of Directors shall have full powers to use this authorisation and to delegate such powers to the Chairman, subject to compliance with the law. In particular, the Board of Directors or the Chairman shall have full powers to set the date and terms of the issues, as well as the form and characteristics of the securities to be issued, 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 and, if appropriate, the conditions under which the securities may be bought back on the open market or the conversion, exchange, redemption or exercise rights attached to the share equivalents may be suspended, provided that said rights are not suspended for more than three months, and the method by which the rights of holders of share equivalents will be protected pursuant to the applicable laws and regulations. The Board of Directors or the Chairman shall also have full powers 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 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 to the Chairman, 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;

- that this authorisation cancels and replaces all earlier authorisations to issue shares and share equivalents with pre-emptive subscription rights.

This authorisation is given for a period of fourteen (14) months.

THIRTEENTH RESOLUTION: AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129-2, L. 225-136 and L. 225-91 of the French Commercial Code:

- to give the Board of Directors the necessary powers to decide by a qualified majority of 12 of the 15 members present or represented by proxy, to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- that the aggregate par value of the shares to be issued on conversion, exchange, redemption or exercise of share equivalents pursuant to this authorisation may not exceed €5,000,000, not including the par value of any additional shares to be issued to protect the rights of holders of existing share equivalents pursuant to the law;
- that the aggregate nominal value of debt securities issued pursuant to this authorisation shall not exceed €150,000,000 or the equivalent of this amount in the case of issues denominated in foreign currencies;
- that existing shareholders shall not have a pre-emptive right to subscribe the shares or share equivalents issued under this authorisation, but that the Board of Directors may grant shareholders a priority right to subscribe all or part of each issue, for a period and on terms to be decided by the Board, provided that the right is exercisable during at least three trading days. 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 prorata to their existing shareholdings;
- that if any issue of shares or share equivalents 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 that at least three-quarters of the issue is taken up;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe (i) shares and share equivalents issued under the authorisation in favour of members of the employee stock ownership plan, and (ii) the shares to be issued on conversion, exchange, redemption or exercise of said share equivalents;
- that the amount to be received by the Company for each share issued indirectly under this authorisation shall not represent less than the minimum amount prescribed by law. In the case of shares issued on exercise of stand-alone warrants or other primary securities, said amount shall be determined after taking into account the issue price of said warrants or other primary securities;
- that the Board of Directors shall have full powers to use this authorisation and to delegate such powers to the Chairman, subject to compliance with the law. In particular, the Board of Directors or the Chairman shall have full powers to set the date and terms of the issues, as well as the form and characteristics of the securities to be issued, 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 and, if appropriate, the conditions under which the securities may be bought back on the open market or the conversion, exchange, redemption or exercise rights attached to the share equivalents may be suspended, provided that said rights are not suspended for more than three months.

  The Board of Directors or the Chairman shall also have full powers to charge 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 record the resulting capital increase(s) and to amend the bylaws to reflect the new capital.

  The Board of Directors shall have full powers, including the right to delegate such powers to the Chairman, to decide whether to issue subordinated or unsubordinated debt securities, 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;
- that this authorisation cancels and replaces all earlier authorisations to the same effect.

This authorisation is given for a period of fourteen (14) months.

AUTHORISATION TO ISSUE SHARES TO BE PAID UP BY CAPITALISING RETAINED EARNINGS, PROFIT OR ADDITIONAL PAID-IN CAPITAL

Purpose

The fourteenth resolution would authorise the Board of Directors to issue shares to be paid up by capitalising retained earnings, profit or additional paid-in capital, mainly with a view to issuing bonus shares to shareholders.

FOURTEENTH RESOLUTION: AUTHORISATION TO ISSUE SHARES TO BE PAID UP BY CAPITALISING RETAINED EARNINGS, PROFIT OR ADDITIONAL PAID-IN CAPITAL

The Extraordinary General Meeting, voting in accordance with the quorum and majority voting rules applicable to Ordinary Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to increase the capital on one or several occasions by a maximum aggregate amount of €10,000,000 to be paid up by successively or simultaneously capitalising all or part of the Company's retained earnings, net profit or additional paid-in capital, and to issue bonus shares and/or raise the par value of existing shares.

The meeting resolves that the Board of Directors shall have discretionary powers to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with proceeds of such sale attributed to holders of rights to fractional shares no later than 30 days following the date on which the whole number of shares allocated to them are recorded in their securities account.

The meeting gives full powers to the Board of Directors, including the right to delegate such powers to the Chairman subject to compliance with the law, to determine the timing and terms of the capital increases, as well as the amounts thereof, to take the necessary action to protect the rights of existing shareholders of share equivalents, to deduct from the issue proceeds the amounts necessary to increase the legal reserve to 10% of the new capital, to take all appropriate measures to permit the execution of the operation, to carry out all actions and formalities required to effect the capital increase(s) and to amend the bylaws to reflect the new capital.

This authorisation is given for a period of fourteen (14) months.

BLANKET CEILING ON FINANCIAL AUTHORISATIONS

Purpose

The fifteenth resolution sets at €10,000,000 the maximum aggregate par value of shares to be issued pursuant solely to the twelfth and thirteenth resolutions above.

FIFTEENTH RESOLUTION: BLANKET CEILING ON FINANCIAL AUTHORISATIONS

The Extraordinary General Meeting, having considered the report of the Board of Directors, resolves, pursuant to the adoption of the above resolutions, to set at €10,000,000 the maximum aggregate par value of shares to be issued directly or on conversion, exchange, redemption or exercise of share equivalents pursuant to the thirteenth and fourteenth authorisations above.

Said ceiling will not include the par value of any additional shares to be issued to protect the rights of existing holders of share equivalents as required by law.

Consequently, the value of each issue carried out under either of the abovementioned authorisations will be deducted from this ceiling.

EMPLOYEE SHARE ISSUE

Purpose

The sixteenth resolution authorises the Board to issue shares and share equivalents for subscription by members of an employee stock ownership plan, up to a maximum aggregate par value of €501,690, or 1% of the capital. The maximum par value set forth under the previous resolution does not apply to this authorisation.

SIXTEENTH RESOLUTION: EMPLOYEE SHARE ISSUE

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 et seq. of the French Labour Code:

- to authorise the Board of Directors to issue shares and share equivalents, on one or several occasions at its discretion, for subscription by members of an employee stock ownership plan. The aggregate par value of shares issued directly or indirectly, on conversion, exchange, redemption or exercise of share equivalents, pursuant to this authorisation, shall not exceed €501,690. These powers may be delegated to any legally authorised person. Members of the employee stock ownership plan may include eligible Executive Directors, employees and former employees of the Company and French or foreign related companies within the meaning of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe (i) shares and share equivalents issued under the authorisation in favour of members of the employee stock ownership plan and (ii) the shares to be issued on conversion, exchange, redemption or exercise of said share equivalents;
- that – in accordance with Articles L. 3332-18 et seq. of the Labour Code – the shares may be offered for subscription at a 20% discount to the average of the prices quoted for the Company's shares on NYSE Euronext Paris over the twenty trading days preceding the Board's decision setting the opening date of the subscription period, or a 30% discount if the shares are offered to members of an employee stock ownership plan under which the lock-up period is at least ten years. The Board of Directors may replace all or part of the discount with a grant of shares or share equivalents, or reduce the discount or offer the shares at their market price, subject to compliance with the applicable legal and regulatory limits;
- that the Board of Directors may make matching payments to the employee stock ownership plan, in the form of new or existing shares or share equivalents, paid up where appropriate by capitalising retained earnings, profit or additional paid-in capital, within the limits prescribed by Article L. 3332-21 of the Labour Code;
- to give this authorisation for a period of fourteen (26) months;
- to grant full powers to the Board of Directors, including the power of delegation, to set all the terms and conditions of the issues. In particular, the Board shall be authorised to:
  - decide to offer shares and share equivalents to employees of selected entities among the companies whose employees are eligible to invest in the employee stock ownership plan,
  - set the terms and conditions of the issues to be carried out pursuant to this authorisation, decide the amount of each issue, the issue price and date, the subscription period and other terms and conditions, the terms and conditions of settlement and delivery, and the cum-rights dates of the shares or share equivalents,
  - at its discretion, after each share issue, charge the issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital,
  - carry out any and all formalities in order to place on record the capital increase(s) effected pursuant to this authorisation, amend the bylaws to reflect the new capital and generally take all necessary or useful measures.

POWERS TO CARRY OUT FORMALITIES

Purpose

The seventeenth resolution is a standard resolution conveying full powers to carry out any and all formalities required by law subsequent to the decisions voted by the General Meeting.

SEVENTEENTH RESOLUTION: POWERS TO CARRY OUT FORMALITIES

The 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.

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ADDITIONAL INFORMATION

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9.1. CONSULTATION OF LEGAL DOCUMENTS

The Company bylaws, reports on the General Meeting and other company documents may be consulted at the Company's registered offices: Chemin du Petit-Bois, 69130 Écully, France.

Company regulatory documents may be consulted on the Groupe SEB website: www.groupeseb.com.

9.2. DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL 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 drawn up 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 under section 9.4 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.

It should be noted that the 2012 Consolidated Financial Statements contained in the Registration Document filed on 2 April 2013 were addressed in a Statutory auditors' report, which contains an observation. This report appears on page 151.

29 March 2013

Chairman and CEO

Thierry de La Tour d'Artaise

9.3. STATUTORY AUDITORS AND AUDIT FEES

Statutory auditors

- PricewaterhouseCoopers Audit, 63, rue de Villiers
  92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009,
  represented by Bernard Rascle
  Term: Ordinary General Meeting of 2015.

- Deloitte & Associés, 185, avenue Charles-de-Gaulle
  92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009,
  represented by Gérard Badin
  Term: Ordinary General Meeting of 2015.

Each of these Statutory auditors is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

Substitute Statutory auditors

- For PricewaterhouseCoopers Audit:
  Pierre Coll – 63 rue de Villiers – 92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009.
  Term: Ordinary General Meeting of 2015.

- For Deloitte & Associés:
  BEAS – 7/9 Villa Houssaye – 92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009.
  Term: Ordinary General Meeting of 2015.

Fees paid to Statutory auditors

The breakdown of fees paid to Statutory auditors and members of their networks is as follows:

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	appointed at the Ordinary General Meeting of 13 May 2009		Term		appointed at the Ordinary General Meeting of 13 May 2009		Term	
(in € thousands)	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
BEAS – 7/9, Villa Houssaye, 92200 Neuilly-sur-Seine, France	1,452	1,410			1,670	1,729		
SEB S.A., issuer coordination and consolidation	*147*	*173*			*191*	*128*		
Fully consolidated subsidiaries	*1,305*	*1,237*			*1,479*	*1,601*		
Other procedures and services directly relating to audit assignment	55	14			11	36		
SEB S.A., issuer coordination and consolidation	*49*	*8*				*8*		
Fully consolidated subsidiaries	*6*	*6*			*11*	*28*		
SUB-TOTAL	**1,507**	**1,424**	**96%**	**99%**	**1,681**	**1,765**	**96%**	**96%**
Other services performed by the networks for fully integrated subsidiaries								
Legal, fiscal, corporate	51	15			51	68		
Information systems								
Other	19	4			17			
SUB-TOTAL	**70**	**19**	**4%**	**1%**	**68**	**68**	**4%**	**4%**
TOTAL	**1,577**	**1,443**	**100%**	**100%**	**1,749**	**1,833**	**100%**	**100%**

9.4. 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	71-85	X	X
Key non-financial performance indicators relevant to the Company's specific business activity	45-70		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 document was drawn up	-	-	-
Foreseeable developments regarding the position of the Company and the Group	84	X	X
Dividends distributed over the three preceding financial years and amount of income distributed for these years	183		X
Presentation of the Group			
Description of the main risks and uncertainties faced by the Company	13-19	X	X
The Company's use of financial instruments: objectives and policy in relation to financial risk management	135-144	X	X
Company's exposure to price, credit, liquidity or cash flow risks	143-144	X	X
Social and environmental consequences of business (including "Seveso" facilities)	45-70		X
Research and development activities	9-10	X	X
Corporate governance			
List of all offices and positions held in any company by each of the executive officers during the financial year	22-26		X
Total compensation and benefits of any kind paid to each executive officer during the financial year	34-35		X
Commitments of any nature made by the Company for the benefit of its executive officers, such as compensation, indemnities or benefits due or susceptible to become due when, or after, they assume, cease or change positions	33		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	35-37		X
Conditions for the exercise and retention of stock options by executive officers	179-180		X
Conditions for the retention of free shares awarded to executive officers	179-180		X
Transactions by senior executives and associated persons involving the Company's shares	35		X

	Page numbers	Annual Financial Report	Management Report
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	28		X
Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares	178	X	X
Purchases and sales of treasury stock during the financial year	178	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	178	X	X
Structure and changes to the Company's share capital	174-177	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	173	X	X
Direct or indirect shareholdings in the Company, of which the Company is aware	176	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	179-181		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	173, 175	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	33		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	95	X	
Profit over the last five financial years	88	X	
Consolidated financial statements	87-152	X	
Separate financial statements	153-170	X	
Statutory auditors' reports on the separate and Consolidated Financial Statements	151, 169	X	
Fees paid to the Statutory auditors	204-205	X	
Chairman's report	38-42		X
Statutory auditors' report on the Chairman's report	43	X	X
Declaration by the person responsible for the Annual Financial report	203	X	

9.5. CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

Sections required under Appendix 1 of Commission Regulation (EC) no. 809/2004	Pages
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2 – STATUTORY AUDITORS	**204**
3 – SELECTED FINANCIAL INFORMATION	
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6 – BUSINESS OVERVIEW	
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6.2 Principal markets	105-108
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8.2 Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	144
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21.1.5. Terms governing unissued capital	N/A
21.1.6. Capital under option	N/A
21.1.7. History of changes to share capital	176
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The following information is incorporated by reference in this Registration Document:

- the Registration Document for the 2011 financial year was filed with the French Markets Authority on 3 April 2011 under number D. 12-0261. The Consolidated Financial Statements appear on pages 75 to 135 and the corresponding audit report appears on pages 136 and 137 of this document;
- the Registration Document for the 2010 financial year was filed with the French Markets Authority on 7 April 2011 under number D. 11-0256. The Consolidated Financial Statements appear on pages 59 to 115 and the corresponding audit report appears on page 116 of this document;

9.6. CROSS-REFERENCE TABLE, GRENELLE II, GRI AND GLOBAL COMPACT

Indicators	Grenelle II Law Article 225	GRI 3.1	Global Compact	Reference: Registration Document	Reference: Corporate and Sustainable Development report	Reference: Website
SOCIAL PERFORMANCE INDICATORS						
Employment						
Total employees	1.a-1	LA1		page 50	page 80	Key figures
Breakdown of employees by gender	1.a-1	LA1/LA13		page 55		
Breakdown of employees by age	1.a-1	LA13		page 52		
Breakdown of employees by geographical zone	1.a-1	LA1		page 50	page 80	
Breakdown of employees by type of work		LA1		page 55		
Breakdown of employees by employment contract type		LA1		page 53		
Hires	1.a-2	LA2		pages 51 and 52		
Redundancies	1.a-2	LA2		pages 51 and 52		
Compensation	1.a-3	LA3/LA14		pages 50 and 60		Employees, diversity and fairness
Change in compensation over time	1.a-3	LA3		pages 50 and 60		
Work organisation						
Organisation of working hours	1.b-1			pages 53 and 56		
Absenteeism	1.b-2	LA7		page 54		
Labour relations						
Organisation of employee-management dialogue	1.c-1	LA4/LA5	3	page 55	page 63	Employees, dialogue
Collective bargaining agreements	1.c-2	LA4/LA5		page 56	pages 63 and 81	Employees, dialogue
Health and safety						
Workplace health and safety conditions	1.d-1	LA6/LA8	4 – 5	pages 47 and 58	page 65	Employees, health/safety
Agreements signed with labour unions in relation to workplace health and safety	1.d-2	LA9		page 56	page 63	
Frequency and severity of workplace accidents	1.d-3	LA7		page 57	page 81	
Work-related illness	1.d-3	LA7		page 58	page 65	Employees, health/safety
Training						
Policies in place with regard to training	1.e-1	LA11		pages 47 and 59	page 64	Employees, expertise
Total number of training hours	1.e-2	LA10		page 58		
Number of employees receiving regular evaluation and career development interviews		LA11		page 59		Employees, expertise
Equality						
Measures taken to promote gender equality	1.f-1	LA14		page 47	pages 62 and 80	Employees, diversity and fairness

Indicators	Grenelle II Law Article 225	GRI 3.1	Global Compact	Reference: Registration Document	Reference: Corporate and Sustainable Development report	Reference: Website
Measures taken to promote employment opportunities and integration of disabled people	1.f-2	LA13		pages 47 and 54	page 64	
Anti-discrimination policy	1.f-3	LA13		page 47	page 62	Employees, diversity and fairness
Governance						
Composition of corporate governance bodies		LA13		Chapter 2	pages 4 to 7	Governance
Promotion and adherence to fundamental ILO conventions						
Respect for freedom of association and the right to collective bargaining	1.g-1	HR5/LA4/ LA5	3	page 55	page 63	Employees, dialogue
Elimination of discrimination in employment and occupation	1.g-2	HR4/LA13/ LA14	6	page 47	page 62	Employees, diversity and fairness
Elimination of forced or compulsory labour	1.g-3	HR6/HR7	4 – 5	page 46	page 60	Our commitments
Effective abolition of child labour	1.g-4	HR6		page 46	page 60	Our commitments
Other actions taken to promote human rights	**3.e**					
Capital expenditures and purchasing practices						
Percentage of major suppliers and contractors verified as compliant with human rights; measures taken		HR2		pages 46 and 61	pages 58 and 60	Trade payables
Total number of training hours for employees on policies and procedures regarding human rights as applicable to their job; percentage of employees trained		HR3		page 46		
Evaluation						
Percentage or number of activities for which the organisation has conducted an assessment of practices or impact with regard to human rights		HR10	1 and 2	page 46	page 60	Employees, respect
Corrective action						
Number of human rights complaints filed, processed and resolved according to a human rights complaint management procedure		HR11	1 and 2	page 46		
ENVIRONMENTAL PERFORMANCE INDICATORS						
General policy toward the environment						
Organisation of the Company to take environmental issues into account and, where applicable, environmental assessment or certification measures	2.a-1		7 to 9	pages 62 and 65	pages 72 and 73	Sustainable development
Employee training and education actions taken with regard to safeguarding the environment	2.a-2			page 62	page 72	
Resources allocated to prevent environmental risks and pollution	2.a-3	EN30		page 62	pages 72 and 73	Eco-production
Provisions and guarantees for environmental risks (unless this information could be detrimental to the Company)	2.a-4	EN28/EC2		page 142		

Indicators	Grenelle II Law Article 225	GRI 3.1	Global Compact	Reference: Registration Document	Reference: Corporate and Sustainable Development report	Reference: Website
Pollution and waste management						
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 63 and 64	pages 72 and 73	Eco-production
Measures to prevent, recycle and dispose of waste	2.b-2	EN27		pages 64 and 65	pages 72 and 73	Eco-production; Product end-of-life
Measures to prevent noise pollution and any other form of pollution stemming from operations	2.b-3	EN25		page 65		Eco-production
Total discharge into water		EN21		page 65	page 83	
Total waste produced		EN22/ EN24		page 64	page 83	
Sustainable use of resources						
Water consumption and supply according to local constraints	2.c-1	EN8/EN9/ EN21	7 to 9	page 63	page 82	Eco-production
Consumption of raw materials	2.c-2	EN1		pages 62 and 63	page 82	Eco-production
Consumption of recycled materials		EN2		page 64	pages 27, 43 and 73	Sustainable design
Measures taken to improve the efficient use of raw materials	2.c-2	EN10		page 63	pages 72 and 73	Sustainable design; Eco-production
Energy consumption	2.c-4	EN1/EN3/ EN4		page 63	page 82	Sustainable design; Eco-production
Measures taken to improve energy efficiency and use of renewable energy	2.c-4	EN5/EN6/ EN7		page 63	pages 31 and 72	Sustainable design
Land use	2.c-3			page 63		
Climate change						
Greenhouse gas emissions	2.d-1	EN16/ EN17/ EN19/ EN20	7 to 9	pages 63 and 64	pages 82 and 83	Eco-production; Eco-logistics
Adaptation to the consequences of climate change	2.d-2	EN18/EC2		page 63		
Biodiversity protection						
Measures taken to preserve or promote biodiversity	2.e-1	EN 11-15/ EN25	7 to 9	page 65		Eco-production
Products and services						
Initiatives to reduce the environmental impact of products and services; scope of these initiatives		EN26	7 to 9	page 48	pages 27, 43, 72 and 73	Sustainable design; Product end-of-life
Transport						
Significant environmental impacts stemming from the transport of products, other goods and materials used by the organisation as part of its operations and from the transport of staff members		EN29	7 to 9	pages 48 and 64	pages 73 and 82	Eco-logistics

Indicators	Grenelle II Law Article 225	GRI 3.1	Global Compact	Reference: Registration Document	Reference: Corporate and Sustainable Development report	Reference: Website
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 47	pages 56 and 69	Civil society
On neighbouring or local populations	3.a-2	EC1/EC6/ SO1/SO9/ SO10		page 47	pages 68 and 69	Civil society
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			pages 46 and 47	pages 66 to 69	Civil society
Corporate partnership or sponsorship actions	3.b-2	EC1		pages 47 and 61	pages 66 to 69	Civil society, Corporate Foundation
Contractors and suppliers						
Inclusion of social and environmental criteria in the procurement policy	3.c-1	EC6/HR2/ HR 5-7	1 and 2	pages 46 and 61	pages 56, 60 and 61	Suppliers
Extent of sub-contracting and consideration for CSR factors in relations with suppliers and contractors	3.c-2			pages 46 and 61	pages 56, 60 and 61	Suppliers
Fair business practices						
Actions taken to prevent corruption	3.d-1	SO 2-4/ SO7/SO8	10	page 61	page 60	Our commitments
Measures taken in favour of consumer health and safety	3.d-2	PR1/PR2		page 48	pages 56, 70 and 71	Consumers
Anti-competitive practices						
Total number of legal proceedings for anti-competitive practices, violation of anti-trust laws and monopolistic practices; results of these proceedings		SO7		page 203		

NOTES

NOTES

FINANCIAL AGENDA 2013

23 APRIL AFTER 5:40 PM (FT)

2013 first quarter sales and financial data

14 MAY AT 2:30 PM (FT)

Annual General Shareholders' Meeting in Paris (at the Paris Bourse)

21 MAY

Payment of dividend

25 JULY AT 06:30 AM (FT)

2013 half-year sales & trading results

22 OCTOBER AFTER 5:40 PM (FT)

2013 nine-months sales and financial data

Internet publication dates and times

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