GROUPE SEB

UNIVERSAL REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2019

CONTENTS

Information required for Annual financial report, pursuant to Article L. 451-1-2 of the Monetary and Financial Code are identified in the correspondence table in Chapter 9.4 page 349

Universal Registration Document

& Annual Financial Report 2019

€7,354 million
2019 SALES

+5.8%
ORGANIC SALES GROWTH

-9.4%
EVOLUTION IN NET PROFIT

34 000
EMPLOYEES WORLDWIDE

The world leader in Small Domestic Equipment,

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

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

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

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

On top of the Consumer business, Groupe SEB has recently moved into the professional segment, and in particular the professional coffee market.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document has been filed on April 9, 2020 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

Message

from the Chairman and CEO

"2019 marks for the Group another year of organic growth above 5%, for the sixth consecutive year. All Group geographies and all product lines posted higher revenue, generating strong financial performances, with an Operating Result from Activity up 6.5%.

2020 begins against a backdrop made of uncertainties as the Covid-19 epidemic has spread rapidly over the world. In this situation, our priority objective was to quickly implement all the appropriate measures in order to protect our employees and I would like to send a message of support and thanks to all our employees and partners concerned.

Over the last few weeks, the epidemic has spread rapidly to the Group's main markets. While China shows sign of progressive improvement, the situation has deteriorated sharply in Western Europe and on the American continent. Given the scale and complexity of this unprecedented health crisis and considerable uncertainty over the crisis exit, it's not possible to yet precisely quantify the impacts for the full year, but revenue and Operating Result from Activity will be significantly down in 2020.

Nevertheless, I remain confident in the strengh of our strategic model and the strong mobilization of our teams to get through this crisis as best as possible and resume the development of the Group in approach based on environmental and social responsibility."

Thierry DE LA TOUR D'ARTAISE
Chairman Chief Executive Officer

An extensive and diversified offering

KITCHEN ELECTRICS

Electrical cooking: deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multicookers…

Beverage preparation: coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers…

Food preparation: blenders, cooking food processors, kitchen machines, mixers, beaters…

HOME AND PERSONAL CARE

Linen care: irons and steam generators, garment steamers...

Home care: canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, versatile vacuums, robots…

Home comfort: fans, heaters, air treatment appliances…

Personal care: hair care appliances, depilators, bathroom scales...

COOKWARE

Frying pans, saucepans, pressure cookers, bakeware, kitchen utensils, food storage containers, vacuum flasks and mugs...

CONSUMER BRANDS

GLOBAL

Tefal · Rowenta · Moulinex · KRUPS

REGIONAL

SUPOR · T-fal · ARNO · IMUSA · SEB · Calor · emsa · Original Kaiser · Maharaja Whiteline · Asia Vina · MIRRO · WearEver · PANEX · OBH Nordica · samurai · Rochedo · clock · esteras · umco

PREMIUM BRANDS

WMF · Lagostina · All-Clad Metalcrafters LLC Canonsburg, PA USA · Silit

PROFESSIONAL BRANDS

WMF · schaerer swiss coffee competence · HEPP · Curtis · Krampouz

PROFESSIONAL BUSINESS

Coffee machines | Other professional equipments

Business model

NOS RESSOURCES [1]

STAFF

34,000 employees

19h hours/year of training per employee in average

38% female managers

INNOVATION AND DIGITAL

> 1,500 people in the innovation community

3.6% of sales reinvested in innovation [2]

45% of media investment in digital

INDUSTRY AND PURCHASING

2/3 of products manufactured in-house

27% of production performed in Europe

€1,9bn direct purchasing

€266m invested[3] i.e. **3.6%** of sales

FINANCES AND SHAREHOLDING

Sales of: **€7,354m**, ORfA of: **€740m** and profit of: **€380m**

Net debt/Adjusted EBITDA = **2.1** at 31 December 2019

Long-term, major shareholders

SOCIETY AND ENVIRONMENT

100% of sites ISO 14001 certified

~ €3 m spent on philanthropy

1 Code of Ethics with **18** sections, translated into **11** languages

Focus on growth

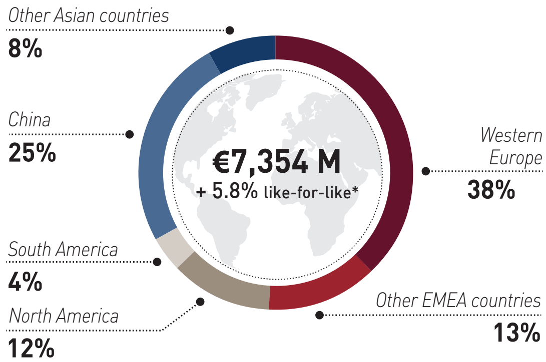
- Strength and complementarity of our brands
- Product innovation
- International expansion

2019

€7,354 M Sales

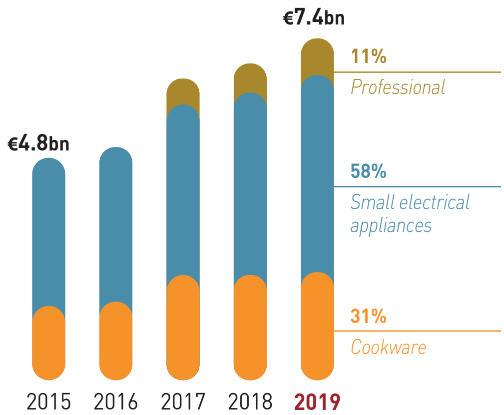
+5.8% Organic growth

A GLOBAL...



* Like-for-like: at constant exchange rates and scope.

ACTIVITIES WITH STRONG POTENTIAL



Optimize our industrial facilities...

- Optimize purchasing and logistics
- Improve industrial productivity
- Simplify structures and processes

(1) Data 2019. (2) Net investments in R&D, strategic marketing and design. (3) Cash outflow for capital expenditures.

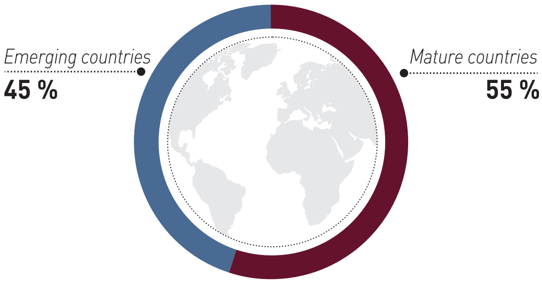
Groupe SEB is the world leader in Small domestic equipment, a steadily growing global market, estimated at around €80bn in 2019: around €47bn for small electrical appliances, €24bn for Cookware and €9bn for the professional Coffee market.

- Multi-channel distribution strategy
- Development in the professional market
- Active acquisition policy

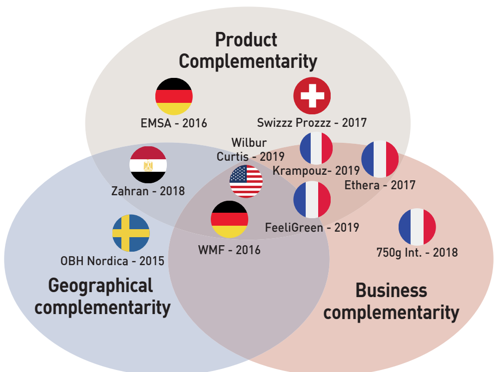
Presence in nearly **150 countries**

Leadership positions in over **25 countries**

...AND BALANCED PRESENCE



TARGETED ACQUISITIONS TO STRENGTHEN ITS LEADERSHIP*



* *Acquisitions of the last 5 years*

Strengthen **our competitiveness**

... and develop our assets

- High value technological products manufactured in mature countries
- Basic products outsourced
- Focus on the circular economy

(4) Lost-time injuries with temporary replacements.

NOS AVANCÉES [1]

STAFF

1 global social protection floor

Workplace accidents[4] halved **2** in 5 years

INNOVATION AND DIGITAL

383 patents filed

Nearly **25%** of sales consolidated through e-commerce

INDUSTRY AND PURCHASING

Nearly **250 millions** products made

70% of direct purchasing covered by the supplier panel

FINANCES AND SHAREHOLDING

Annual organic sales growth of **8%** in 5 years

10.1% operating margin

Profit up by a factor of **2.2** in 5 years

SOCIETY AND ENVIRONMENT

> 500 projects supported by the Fonds Groupe SEB in 10 years

94% of domestic electrical appliances are mostly repairable

-21.3% energy consumption on production and logistics sites (base year: 2010)

Corporate Social Responsibility

A committed Group

Demonstrate on a daily basis our respect for everyone and our utility to society

- Ethics, Human Rights and governance
- Responsible purchasings
- Responsible employment policy
  - Working conditions
  - Social dialogue
- Citizenship engagement

Empower our customers to have sustainable livings with our products and services

Make healthy and tasty homemade food that is accessible to everyone

- Products safety
- Home made for all
- Healthy eating & social dining
- Sustainable cooking

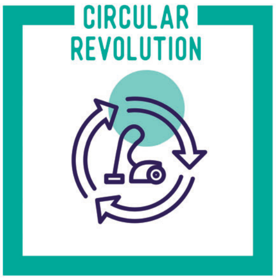
Help everyone to live better in a healthy home, regardless of their age and health

- Inclusive-design products
- A healthy home

KEY FIGURES

100% of sites ISO 14001 certified

94% of electrical appliances are mostly repairable



Make our products and services part of the circular economy

- Quality et sustainability
- Repairability
- Recycled materials
- Second life
- Shared use
- Recycling

Contribute to the fight against climate change thanks to our low-carbon strategy

- Eco-design
- Eco-manufacturing
- Eco-logistics
- Eco-friendly workplace

2019

53
eco-innovative projects

Global campaign for the Code of Ethics (e-learning and training)

Board of **Directors** at 31 December 2019

THIERRY DE LA TOUR D'ARTAISE
Chairman and Chief Executive Officer

DELPHINE BERTRAND
Director – member of the Founder Group, member of FÉDÉRACTIVE

NORA BEY
Director Representing Employees

VENELLE INVESTISSEMENT
Director – member of the Founder Group

DAMARYS BRAIDA
Permanent representative of VENELLE INVESTISSEMENT on the Board of Directors

FÉDÉRACTIVE
Director – member of the Founder Group

SARAH CHAULEUR
Permanent representative of FÉDÉRACTIVE on the Board of Directors

GENERACTION
Director – member of the Founder Group

CAROLINE CHEVALLEY
Permanent representative of GÉNÉRACTION on the Board of Directors

YSEULYS COSTES
Independent director

JEAN-PIERRE DUPRIEU
Independent director

FFP Invest
Independent director

BERTRAND FINET
Permanent representative of FFP Invest on the Board of Directors

BRIGITTE FORESTIER
Director representing employee shareholders

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

LAURENT HENRY
Director Representing Employees

JEAN-NOËL LABROUE
Independent director

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

THIERRY LESCURE
Director – member of the Founder Group, member of GÉNÉRACTION

AUDE DE VASSART
Director, member of the Founder Group, member of VENELLE INVESTISSEMENT

Fonds Stratégique de Participations (FSP)
Independent director

CATHERINE POURRE
Permanent representative of FSP on the Board of Directors

Member of the Audit and Compliance Committee
Member of the Governance and Remuneration Committee

- Family directors
- Independent directors
- Employee directors

17 members	**+1/3** independent directors	**53%** of women	**8** meetings in 2019	**100%** attendance rate

Since 1995, the Board of Directors has had two Specialized Committees to help it in areas for which specific skills and meetings are required.

Audit and Compliance Committee

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

4
Meetings in 2019

100%
attendance rate

Governance and Remuneration Committee

- Recommendations on the composition of the Board of Directors, the appointment or reappointment of Board members, and the Group's organization and structures;
- Monitoring succession plans, particularly for senior managers and executive officers;
- Proposing the compensation policy for executive officers and examining the compensation policy for the main senior managers;
- Proposing the introduction of and procedures for stock option plans and performance shares;
- Recommendations on governance or ethics matters;
- Examining the Group's sustainable development policy, analyzing the Group's CSR challenges, an annual review of the CSR measures taken and the main non-financial performance indicators.

4
Meetings in 2019

100%
attendance rate

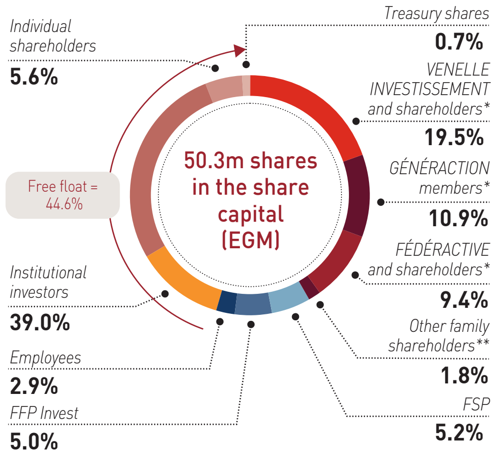
CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2019

The Annual General Meeting of SEB S.A. of 22 May 2019 decided to:

- Appoint a new independent director, Jean-Pierre Duprieu;
- Appoint as a director Thierry Lescure, a member of GÉNÉRACTION;
- Appoint as a director GÉNÉRACTION, represented by Caroline Chevalley;
- Appoint as a director Aude de Vassart, a member of VENELLE INVESTISSEMENT;
- Reappoint William Gairard as a director.

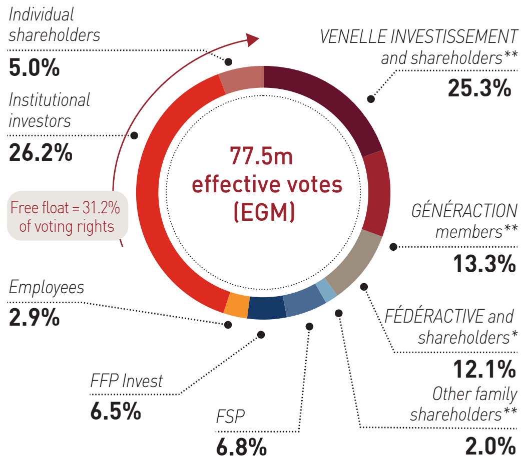
Cédric Lescure and Hubert Fèvre, whose terms of office expired at the end of the Annual General Meeting of 22 May 2019, were not reappointed. Moreover, on 27 June 2019, the Groupe SEB European Committee decided to appoint a second employee director, Nora BEY, pursuant to Article 16 of the bylaws.

STRUCTURE OF SHAREHOLDING AT 31/12/2019



*Shareholders from Founder Group
** Shareholders from Founder Group continuing the Concerted Voting Block (Agreement of Feb. 27th 2019): 32.1%

DISTRIBUTION OF VOTING RIGHTS AT 31/12/2019



*Shareholders from Founder Group
** Shareholders from Founder Group continuing the Concerted Voting Block (Agreement of Feb. 27th 2019): 40.6%

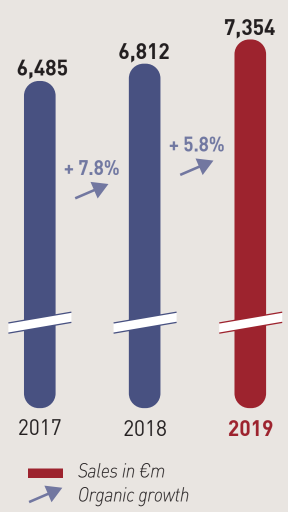
CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2020

- At the 2020 Annual General Meeting, resolutions 4 to 7 will decide on :
  - Reappointment of Thierry de La Tour d'Artaise as a director.
  - Reappointment of FONDS STRATEGIQUE DE PARTICIPATIONS (FSP) as a director.
  - Reappointment of VENELLE INVESTISSEMENT as a director.
  - Reappointment of Jérôme Lescure as a director.

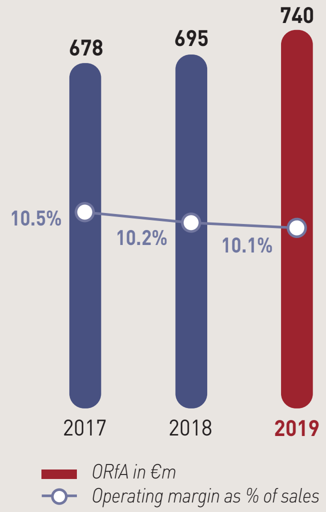
Key figures 2019

Financial **performance**

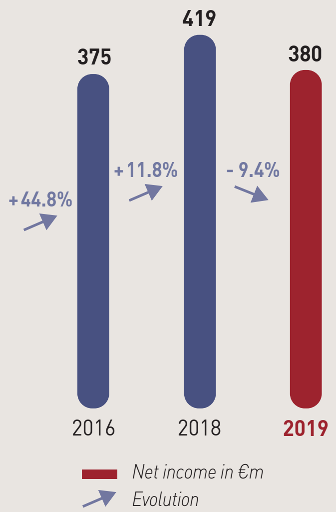
SALES AND ORGANIC GROWTH



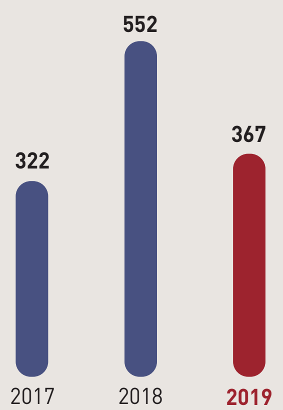
OPERATING RESULT FROM ACTIVITY AND OPERATING MARGIN



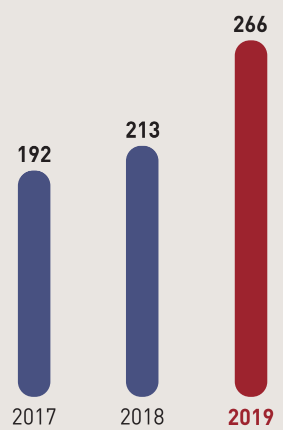
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



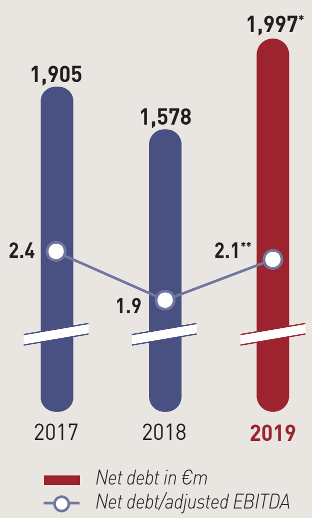
FREE CASH FLOW (IN €M)



IINVESTMENTS (IN €M)



NET DEBT AND DEBT RATIO AT 31/12

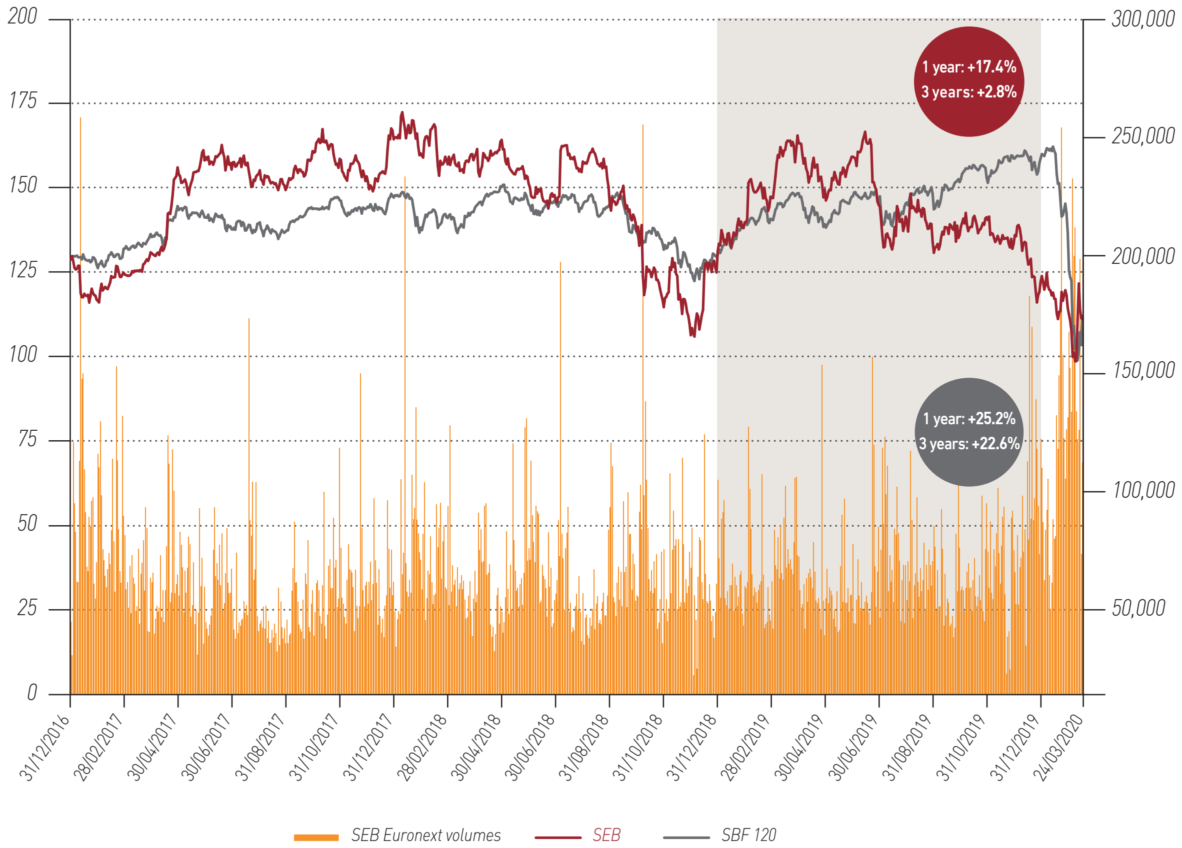


* Incl. IFRS16 impacts: € 334m.

** 1.6 excl. IFRS 16 and 2019 acquisitions.

Stock market **performance**

CHANGES IN THE SHARE PRICE SINCE 31/12/2016



DATA SHEET

LISTING
Euronext Paris, Compartment A

ISIN CODE
FR0000121709

LEI CODE
969500WP61NBK098AC47

LISTING DATE
27 May 1975

NUMBER OF SHARES
50,307,064 shares with a par value of €1

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

OTHER INFORMATION
Eligible in SRD

TICKERS
Reuters: SEBF.PA
Bloomberg: SK.FP

PERFORMANCE 2019

Closing price at 31/12/2019: **€132.40**

Stock Market Capitalization at 31/12/2019 .... **€6,661M**

Highest price mid-session: .. **€166.80**

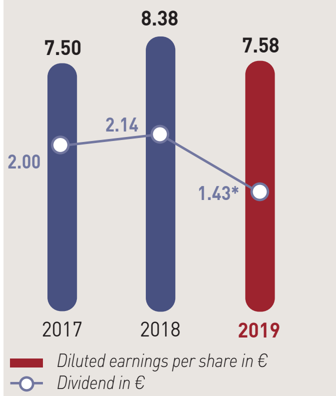
Lowest price mid-session:... **€107.00**

Average for the year (closing price): **€144.13**

Average of the last 30 prices for 2019 .... **€136.94**

Average daily trading volume (number of shares): **53,796**

DILUTED EARNING PER SHARE AND DIVIDEND



* Dividend proposed at the AGM of 19 May 2020, considering the effects of the Covid-19 epidemic

1 Introduction to the Group

1.1. Business sector

THE SMALL DOMESTIC EQUIPMENT MARKET

Over the years, Groupe SEB has forged **a leadership position and acquired a status as a global leader in Small Domestic Equipment.** This sector covers **cookware** and **small electrical appliances**, accounting respectively for approximately 35% and 65% of its consumer sales.

The global Small Domestic Equipment market is divided into many distinct national and regional markets with their own local consumer cooking, eating and product utilization habits. It also lacks comprehensive coverage by research panels (primarily GFK) or other market research bodies. This, at times, makes it difficult to reconcile industry figures (inclusion of new categories or geographic segments, for example) in order to produce a global picture of the sector. Based on the latest available statistics and Group estimates, the size of the market addressed is currently estimated at approximately €47 billion for small electrical appliances and €24 billion for cookware (including kitchen utensils).

The small electrical appliances market targeted by Groupe SEB includes several segments varying considerably in size, and ranked below in decreasing order of their importance in the Group's revenue:

- **electrical cooking:** deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multi-cookers, and more.
- **beverage preparation:** coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers and so on.
- **food preparation:** from blenders, to cooking food processors, kitchen machines, mixers, beaters and more.
- **linen care:** including irons and steam generators, garment steamers, etc.
- **home care:** canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, versatile vacuums, robots, etc.
- **home comfort:** fans, heaters, air treatment appliances, and more.
- **personal care:** hair care appliances, hair removal devices, electric hair and beard clippers, bathroom scales, etc.

Groupe SEB has **become a world leader in the small electrical appliance market that it targets.** This position is based on number one rankings in several categories, top-tier positions in others, and a reinforced presence in new product families.

The cookware and kitchen utensil market breaks down more or less evenly between the two segments. For cookware (mainly frying pans, saucepans, stewing pots, pressure cookers, bakeware and oven dishes) Groupe SEB is the **undisputed global leader** and is continuing to expand its product offering by regularly introducing new materials. The kitchen utensil and accessories market includes, for example, spatulas, ladles, skimmers, kitchen knives, vacuum flasks and mugs, food storage boxes and containers, etc. By combining sustained organic growth and a strategy of industry consolidation, with the acquisition of EMSA and WMP in particular, Groupe SEB now ranks among the top five global players in this niche. However, its share of this highly fragmented but extremely promising market remains limited.

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

- global consumption trends driven by the development of "homemade" products and a growing interest in health and well-being;
- moderate but steady growth in most of the mature markets, with a high ownership rate, though unevenly spread across product families, responsiveness to innovation, a robust replacement market and a trading up trend reflecting demand for more functional or higher end products. At the same time, the entry-level segment, driven by demand for basic, low-priced products, has remained steady;
- overall solid but more volatile growth in emerging markets, according to the general environment and events. These markets are experiencing strong demand and their buoyant growth is fueled by rising consumption stemming from a booming middle class, increasing urbanization and the development of modern retail channels, including e-commerce;
- the co-existence of "global" products addressing universal needs or easy to tailor by region with a product offering adapted to specific lifestyles and consumption habits (particularly in relation to food) in local markets;
- an average sale price of around €60 for a small electrical appliance in Western Europe, for example, largely affordable by the general public and requiring no credit or a limited use of credit. Sales are further boosted by in-store or online traffic, driven by promotional campaigns within a very competitive market environment;
- strong seasonality, shared by all market players, largely linked to the high percentage of products sold during holiday periods or for special events (Christmas, Chinese New Year, Ramadan, Singles' Day in China, Prime Day, Mother's Day, etc.);
- strong contributions for many years from products and solutions developed in partnership with major consumer goods players backed by major advertising resources, like with single-serve coffee making, for example.

On top of these specific moves, changes in distribution are playing a crucial role in the emergence of new consumer purchasing behavior: the rapid development in many countries – mature and emerging – of alternative distribution networks, in particular e-commerce, has profoundly transformed the market, boosting online sales (particularly for small electrical appliances), often to the detriment of retailers with a traditional physical presence. As a result, growth in this market is currently being broadly driven by e-commerce: major online specialists (pure players like Amazon, Tmall, JD.com, Cnova, etc.) as well as the websites of initially “physical” retailers (“bricks-and-mortar” retailers).

MULTIPLE FORMS OF COMPETITION

In a global context, the very nature of the Small Domestic Equipment market requires **a strategy that is both global and local** in order to effectively address the expectations of consumers around the globe. The expansion of international brands, which can in some cases be marketed under strong local/regional brands in their domestic market, falls in line with this two-pronged approach and combines the benefits of both economies of scale and solid brand positions in local markets.

On this basis, Groupe SEB is the only player **boasting such broad international reach**, supported by a portfolio containing a wealth of global brands and brands with local leadership positions. This gives it a strategic advantage versus a very disparate range of competitors consisting of:

- **large global groups, generalists or specialists in one or two small electrical appliance categories:** Philips and Electrolux have a diversified product offering, while Dyson and Vorwerk focus on a high-end positioning in a few product segments. These very international players are joined by Spectrum Brands and Conair, among others, which mainly roll out their product ranges in Europe and the US, while Bosch-Siemens and Braun (P&G) are principally active in Europe. De Longhi completes the list: this major player in coffee and food preparation is expanding its sectoral and international presence;
- **major cookware and kitchen utensil manufacturers** with a highly international presence, such as the German companies Fissler and Zwilling-Staub, Tramontina in North and South America, the US group Meyer, Tupperware, Rubbermaid (Newell Brands), Ikea, Oxo (Helen of Troy).
- **groups or companies operating primarily in their domestic markets or a small number of reference markets:** Magimix, Taurus, Imetec, Severin, in particular, in several European countries; Arcelik in Turkey; Bork and Polaris in Russia; Newell Brands, which is present in North America, Hamilton Beach Brands and SharkNinja (owned by Joyoung since 2018) on the American continent; Mallory, Mondial, Britania in South America; and Panasonic, Midea and Joyoung in Asia;
- **leading players – at minimum in the high-end segment – concentrating on a single product category**: in small electrical appliances with innovative technologies, such as iRobot (vacuums), or with high-end positioning, such as Jura (coffee machines); and in cookware, for example the French company Le Creuset, which specializes in cast iron cookware;
- **private labels or white label goods** in large part focused on aggressively priced entry-level products from Chinese sub-contractors which, however, have a market share that is weak overall in terms of small electrical appliances. Conversely, in cookware, the Group’s main competitors internationally are often private labels;
- Asian players gaining traction in the domestic and international markets xiaomi and new companies being launched on the internet first (Instant Pot, Cecotec);
- companies which have activities and brands in both B2B and consumer segments, as in the cases of KitchenAid (Whirlpool), Magimix (Robot-Coupe), Jura and Vorwerk, for example.

Generally speaking, in both small electrical appliances and cookware, competition is intense and has been reinforced by additional pressure on prices exerted by retailers in order to maintain or boost traffic in stores in response to strong momentum in e-commerce.

THE PROFESSIONAL COFFEE MARKET

The acquisition of WMF in 2016 represented a great opportunity for Groupe SEB to enter the highly attractive market of professional automatic coffee machines for hotels, restaurants, cafés, bakeries and convenience stores, sometimes in partnership with coffee roasters. At the same time, it represents a complementary strategic diversification from the consumer business focused on the Small Domestic Equipment market.

Professional coffee machines are worth nearly €9 billion globally (Group’s estimates), with €6 billion for equipment and €3 billion for service activities. Although automatic beverage/coffee vending machines make up most of the equipment, the filter coffee segment represents around 10% of the global market (excluding services) and the specific segment of full-automatic espresso machines around 25% of the total equipment market.

Through its two brands, WMF and Schaerer, Groupe SEB is the world leader in the highly concentrated market of full-automatic espresso machines, in which Franke, Thermoplan and Melitta are also international benchmark players. Cimbali, Rancilio (Egro brand) and Jura also hold strong positions in specific segments.

The automatic espresso machines market is characterized by solid momentum in sales, led by marked growth in out-of-home consumption of specialty and premium coffees. A dynamic core business is regularly boosted by significant equipment or machine replacement contracts with major fast food chains, convenience stores or service stations, which has an accelerator effect on growth but also creates volatility.

Through the acquisition of Wilbur Curtis in the United States in early 2019, the Group has also gained a foothold in the professional filter coffee segment – a mature market with regular growth – which is still a major coffee consumption benchmark in the US, with trends moving towards the premium segment, led by the younger generation. Wilbur Curtis' recognized expertise, its very broad customer portfolio and its huge US presence have made it the number two in the professional US filter coffee segment, with around one-quarter of the market.

In general terms, the professional coffee machine market is diversifying in terms of offering, meeting a demand that is both wider (extension of coffee ranges offered) and more specific (increased customization). Demand is therefore now often for a dual filter/espresso machine. Against this background, all the machines rely on cutting-edge technology to guarantee fully automatic preparation and constant quality to produce a good cup of coffee, every time. They are also increasingly connected, to optimize customer relations, enable provisional maintenance operations, manage a fleet of machines and organize marketing events (happy hours, drink of the day, etc.).

1.2. A profitable growth strategy

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

A STRONG PRODUCT INNOVATION DYNAMIC

Embedded into the Group's strategy and values from the outset, innovation aims to respond to expectations and anticipate consumer needs worldwide. It is in fact a key driver of development and differentiation, giving the Group the leading edge required to stay ahead of the competition and fight commoditization. By virtue of its ability to offer new products, designs, solutions or differentiated marketing approaches, the Group endeavors to effectively stand out and provide real added value for consumers as part of its mission to make everyday life easier. Innovation also allows it to help consumers move towards more responsible habits in terms in particular of nutrition, health and environmental footprint. The convergence between innovation and sustainable development is gradually becoming a reality.

1857
Creation of a tin-plating workshop in Selongey in the Burgundy region, France

1932
First hand-crank food mill by Moulinex

1944
The company takes the name S.E.B. (Société d'Emboutissage de Bourgogne)

1953
Launch of the Super Cocotte pressure cooker, which was to give rise to the Seb brand

1954
The first Tefal non-stick pan and the first Calor steam iron

1967
Seb invents the odorless electric fryer

1972
First Tefal waffle maker with removable non-stick plates

1978
First Tefal raclette grill

1981
First Calor electronic iron

1990
Aquagliss iron with anti-limescale cartridges

1994
Seb Clipso pressure cooker with innovative opening mechanism
Dymbo compact vacuum cleaner by Rowenta

1995
Pots and pans with Ingenio removable handles by Tefal

1996
Arno self-cleaning blender

2000
Thermospot by Tefal (heat indicator integrated in the nonstick surface)

2004
Repelente anti-mosquito fan by Arno

2006
Actifry, "low-fat" fryer with only a spoonful of oil

2007
Silence Force vacuum cleaner by Rowenta

2012
Cookeo multicooker by Moulinex, Freemove cordless iron, and Steampod, the professional hair-straightening solution, in partnership with L'Oréal

2013
Cuisine Companion, the first cooking food processor by Moulinex and Optigrill, the intelligent grill

2014
Cookeo Connect, the connected version of Cookeo

2017
Air Force 360, the all-in-one cordless handstick versatile vacuum cleaner
Body Partner by Tefal, the connected scale

2018
Smart Force range, robot vacuum cleaners
"Vacuum Nutrition Plus" Blender from Supor
Cake Factory, home cake-making machine
Commercial partnership with the Click & Grow company, leader in indoor gardens

2019
Air Force Flex, a flexible and versatile upright vacuum cleaner
Steam'Up, an inverted steam cooker
Connected robot vacuums

A LONG-TIME COMMITMENT

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

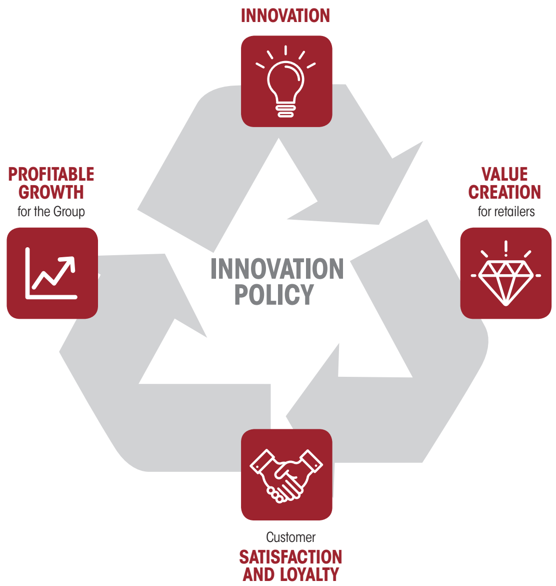
Over the past decade, the process of renewing the product offering has been broadened and accelerated, via in particular:

- **partnerships developed with leading food industry operators**, giving the Group access to product categories such as pod coffee machines and home beer-tapping machines professional straighteners;
- **the introduction of a certain number of breakthrough innovations and products with new functionality**, in response to consumer expectations and changes in major social trends – such as homemade, convenience, nutrition and health, well-being, etc. The flagship products included in particular:
  - Actifry oil-free fryer,
  - smart devices, offering guaranteed results (the Cookeo pressure multi-cooker, the Cuisine Companion cooking food processor, the Optigrill grill),
  - a full range of vacuum cleaners (canister, upright, steam, convertible, robots, etc.) offering advanced performance and a fine-tuned ergonomic approach,
  - high speed or vacuum blenders that, by removing air from the bowl while mixing, reduce the oxidization of food, conserving its nutritional value (Supor vacuum blenders in China, Moulinex Freshboost in the European market),
  - spherical pot rice cookers in China, inspired by traditional cooking methods, that distribute the heat more evenly,
  - Access Steam portable garment steamers or the Ixeo all-in-one ironing solutions (ironing and steaming combined with an adjustable, portable ironing board) reflecting new uses in linen care;
  - the Cake Factory cake maker (2018 Trophée LSA de l'Innovation),
  - the new form of steam cooking offered by Steam'Up, directly in the dish or plate, retaining textures and flavors (Janus industry price in 2019), that reflects a demand for healthy and tasty cooking;
- **the increased digitalization of the offering**, with both the development of connected products to allow consumers to get more out of their appliances, plus associated services offered as part of a global ecosystem, such as recipes updated on a mobile app, tutorials, shopping list management, etc. The first Groupe SEB connected appliances (including the Cookeo Connect multi-cooker or the i-Companion cooking food processor by Moulinex, the Cooking Connect kitchen scales or the Body Partner bathroom scales by Tefal, the Intense Pure Air air purifiers by Rowenta, etc.) aim to provide more customization, efficiency and immediacy when using the product: help with recipes using their tablet or telephone, tracking their weight and looking after their figure in addition to sports and nutritional coaching via an app, remote management and checking of interior air quality in the home, etc. The user experience is being continually enhanced and refined in this area; the launch of the Cookeo Touch and i-Companion XL Touch models in March 2020, with WiFi connectivity, is raising the bar in terms of ease of use and meal preparation, range of recipes, intuitiveness and multi-functionality.

  Through these product/application pairings, the Group now brings together a **community of over 6 million members**. The acquisition in November 2018 of 750g International, renamed Groupe SEB Media, a digital media publisher and food services provider in Germany, Spain, Italy, Portugal, Brazil, USA and United Kingdom, made it possible to further reinforce this domain on the back of increased expertise in digital cooking. With a community of 10 million Facebook fans, 450,000 members and 5,000 bloggers, Groupe SEB Media focuses on several key sectors: digital content publishing technologies, a portfolio of 90,000 recipes in five languages, associated with several services such as the creation of original culinary content on major digital platforms (Facebook, Instagram, Google, Pinterest, etc.);
- **a strong commitment by the Group to encourage a quality diet, that is healthy, tasty and responsible all at the same time**. This comes under the "**Cooking for Good**" pillar of the Group's sustainable development strategy, which recommends homemade over processed products, with a view to achieving a more balanced diet. Group products are fully in keeping with this approach allowing easy and time-saving cooking that is tasty, varied and healthy. This health commitment is expressed through an organization that is underpinned by a Food Sciences unit within the Research department that brings together agri-food engineers and a nutritionist. It can also be seen through various research projects in which the Group is participating, particularly in Europe: InnoLife European consortium, EIT Health program, Cook2Health project, Proveggas research program (Gastronomic Vegetable Proteins) focused on leguminous plants, in partnership with the "Diet, nutrition and eating behavior" Chair at the AgroParisTech University, etc.

  The Group's innovation strategy now fully incorporates issues surrounding sustainability and major growing current trends, (efforts to combat food waste, daily practices that have less impact, energy efficiency, inclusive design, product repairability, recyclability and the circular economy, flexitarianism, which favors plant protein over animal protein) with key internal research projects such as Cook for the Planet or Home for the Planet which it is hoped will bring out the responsible innovations of the future.

A VIRTUOUS STRATEGY



Groupe SEB's innovation strategy is consistent with a pragmatic approach to creation of the product offering; the launch of new products is the result of in-depth analysis of consumer needs (both expressed and latent needs), the invention of breakthrough concepts, the use of new technologies and the creation of differentiating or one-of-a-kind designs. For Groupe SEB, innovation is part of a virtuous circle: as a creator of value for customers/retailers and a source of progress and satisfaction for consumers, it generates profitable growth, making it possible to reinvest in innovation to restart the cycle.

On an organizational front, the Group implements its innovation strategy through a community of some 1,500 employees working in R&D, marketing and design, using collaborative tools that facilitate a group dynamic and best practices that are key to the emergence of innovation. These teams are continually incorporating new methods, technologies and skills in fields as varied as production processes, materials, ergonomics, energy consumption, repairability or recyclability. Aside from this organization, the Group aims to involve all employees in its innovation policy. The **All innovators challenge** has, since 2017, been the key to this process with more entities being continually added (Ecully Campus in 2017, French sites in 2019); this internal competition, which is voted upon by employees and Innovation panels, is intended to allow everyone to bring their ideas to life, to invent the world of the future. The Group plans to continue deploying this system internationally.

In parallel, in order to accelerate new product development and launches, in 2018 Groupe SEB set up a **Global Innovation Hub for the small electrical appliance business** at its Écully headquarters, bringing together close to 230 employees from the marketing and research teams on a single site. The Rumilly French site is also the Global Innovation Centre for the cookware business. In mid-2018, it gained a new tool, a joint Research Laboratory in partnership with the Claude Bernard Lyon 1 University and the CNRS to intensity its breakthroughs in the coatings and materials sector. New laboratories for the Research teams were also commissioned at end-2019 on the Rumilly site to ramp up its technical and scientific innovation capabilities.

Moreover, inspired by the Fab Labs, labs dedicated to creativity and materialization, Groupe SEB now has two **SEBLabs**, which bring together the various tools conducive to new product creation. These spaces for experimentation bring together mixed teams (marketing, research, design, internal and external experts) to work on the same project in short sessions (four days on average): the aim is to shorten the innovation cycle for certain products and identify the potential of new ideas more quickly. The first of these "SEBLabs" is at the headquarters and has already hosted countless working meetings on a range of topics since it was set up in 2016. The second, SEBLAB@ EMSA, located at the EMSA production site in Emsdetten (Germany), began operating in 2018 and reinforced EMSA's role as the Groupe SEB skills center for food storage (storage containers), vacuum mugs and jugs.

The Group's innovation process is also open to outside partners: universities or schools, engineering firms, test laboratories, research institutes or other companies with which the Group cooperates on major projects. Collaboration with these research networks allow it to accelerate its innovation process, expand its scope of intervention and benefit from additional tools and expertise in a broad range of fields (materials, information and communications technologies, electrical engineering, food sciences and technologies, etc.). The Group also contributes to better living and general health as an EIT Knowledge Innovation Community member and is a major stakeholder in France and international markets within the FoodTech ecosystem that seeks to anticipate new food-related trends. In association with many other companies specialized in different sectors (food industry, consumer goods, digital transition, etc.), the Group takes part in these projects by designing and marketing connected objects, developing a culinary platform with Orange, launching an online cooking platform (www.foodle.fr) and developing partnerships with both large groups and start-ups.

In parallel, all inventors, scientists, researchers and designers wishing to collaborate with the Group may submit their invention or innovation via the dedicated "Innovate with SEB" website. The site offers three ways of working together: propose an invention, join the Groupe SEB innovation network or take part in challenges based around themes.

The SEB&You community also directly involves consumers in the innovation process, inviting them to test new concepts or areas of innovation. This community, founded in 2015, continues to expand and now has more than 4,000 members representative of the population. Since it started, 3,520 products have thus been tested (as against 2,140 at end-2018).

MAJOR INVESTMENTS IN INNOVATION AND INTELLECTUAL PROPERTY

Each year, the Group invests significant amounts in strategic marketing, R&D, product design and range optimization in order to better target consumer expectations, enabling it to stand out as one of the most innovative players in its industry. In 2019, €267 million was invested in innovation (€247 million in 2018). The R&D teams have been significantly strengthened over the last few years, in terms of both employee numbers and employee qualifications, with the hiring of highly specialized engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, communication and connectivity technologies, motors, food processing, sensors, etc.

Other investment in innovation: **intellectual property**. The Group's product innovations give rise to patent applications (circa 500 per annum – 383 filings in 2019 worldwide – 492 in 2018) and the filing of designs along with other intellectual property assets protected by copyright (such as a large database of cooking recipe photographs).

In parallel, to avoid infringing existing industrial property rights, new product projects are subject to a freedom to operate analysis (trademarks, designs and patents) before validation and launch.

Nevertheless, the recognition enjoyed by Groupe SEB's brands as well as the visibility and success of its innovations lead to the infringement of various intellectual property rights (patents, trademarks, designs), cybersquatting (registration of a domain name that matches a protected trademark), and phishing. The Group thus allocates the budgets required to protect and develop our key intangible assets such as trademarks and innovation, and to combat counterfeiting. Its strategy of targeted registration (trademarks, designs, etc.) considers the sales outlook and high-risk countries. On top of this, an anti-counterfeiting policy is systematically applied:

- in the field, primarily in high-risk countries such as China and the Middle East (monitoring of trade fairs, investigations, customs seizures, legal actions, destruction of molds and inventories) as well as in high-stake trading countries;
- on the internet (marketplaces, websites) thanks to a global monitoring system that generates regular reports and makes it possible to take rapid action to remove online copies and combat trademark infringement and cybersquatting.

Competitive intelligence is also an integral part of the product innovation and development processes. The Group has added specific expertise in this area (technological intelligence analysts).

SEB ALLIANCE
6 PARTNER FUNDS*

CATHAY INNOVATION, XAnge, INNOVACOM, SOSV, kreaxi, btov

*SEB Alliance is a strategic financial investor in these funds

IN 2019
> 2 000
startup dossiers received

SINCE 2011
92 companies financed [1]
15 direct investments
77 indirect investments

[1] At end-December 2019

3 main target sectors

Digital and connected home
Wellbeing and population ageing
Reducing the environmental footprint

Watch Shared technology

R&D collaboration
International scope
of which Europe,
the US and China

R&D and Business Collaboration

Prototypes and studies
Co-development
Commercial partnerships

SEB ALLIANCE: FINANCING AND PARTNERING WITH INNOVATIVE START-UPS

In May 2011, the Group created an investment company, SEB Alliance, to improve its technology monitoring system by investing in innovative, technology-focused companies in areas such as connected home and digital applications, robotics, well-being and population aging, and reducing the environmental footprint.

In this context, SEB Alliance favors acquiring minority stakes. SEB Alliance has invested directly in around 15 companies since it was created, in areas that are consistent with Groupe SEB's strategic areas for innovation, and could result in consumer applications, such as:

- digital/Big Data with Alkemics, which specializes in product information exchange between brands and retailers; another brain, which specializes in bio-inspired artificial intelligence;
- beauty/health with Feeligreen, which has developed active and passive patch technologies for cosmetic and therapeutic applications;
- the internet of Things with SeniorAdom (remote assistance that enables people with reduced mobility to remain at home) and Lumi (home automation products) or connected robotic products with RobArt (smart navigation solutions);
- air purification with Ethera, which has developed solutions to measure and purify indoor air;
- water filtration with Memtech, offering filtration solutions based on an innovative membrane technology;
- foodtech with Click & Grow, specialized in solutions for indoor vegetable gardens;
- digital consumer services with Glovo, which specializes in home delivery.

These companies provide technological "bricks" that the Group can use to accelerate in certain areas of innovation. For example, the collaboration with Ethera has resulted in the creation of a new range of air purifiers (Intense Pure Air by Rowenta); and, more recently, the new range of robot vacuum cleaners by Rowenta has been launched, incorporating RobArt navigation technology.

To further expand the scope of its watch and its ecosystem in the United States, in China and in very specific sectors, SEB Alliance has also forged strategic partnerships with six innovation investment funds (Cathay Innovation, Technocom 2/Innovacom, Xange Digital 3, ARAC 3/Kreaxi, SOSV, BTOV) that the company may support as a co-investor.

A PORTFOLIO OF DIFFERENTIATED AND COMPLEMENTARY BRANDS

The Group has a portfolio of 31 brands, the largest in its industry, which is a powerful asset in its strategy of profitable growth. This multi-brand strategy gives it both broad and deep coverage of its markets.

The Group's digitization strategy is fully integrated with the positioning and communication of these brands in their markets.

Each brand has a clearly defined identity that is expressed through its product selection, functionalities and the look of its products, or its communication platform. There are three main sub-groups:

- **Consumer brands** that are very well known and whose coverage is global (Tefal, Rowenta, Moulinex and Krups) or regional (Arno in Brazil, Supor in China, Imusa in Colombia, and Seb and Calor in France). These brands' coverage may vary greatly depending on the product family; from specialist brands (such as Moulinex and Krups in small electrical appliances and cookware, and Rowenta in non-cookware electrics for example) to more general brands (Tefal and Supor).
- **Premium** brands (WMF, Lagostina, All-Clad and Silit), distributed through selective channels. These are managed in a specific way, guaranteeing strong, uniform expression of their identity and values (communication, design, pricing policy, etc.).
- **BtoB** brands (WMF, Schaerer, Wilbur Curtis, Hepp) sell coffee machines and hotel equipment, only in B2B and mainly to hotels, large restaurant chains and local shops.

In October 2019, Krampouz joined the portfolio of Group brands. Krampouz markets its products (crepe pans, planchas, waffle makers) for professionals and consumers.

In addition to the management of its brand portfolio, the Group pursues a strategy of partnerships to develop new concepts and step up its sales through the co-branding of two high-profile brands. Accounting for between 5% and 10% of revenue, these partnerships are major drivers of innovation and growth for the Group. Joint development agreements have also been signed with major names in the food industry, such as Nestlé for Nespresso and Dolce Gusto, and Heineken for BeerTender and The SUB, and in the cosmetics industry, such as L'Oréal for Steampod. Some partnerships also improve our corporate image, associating our products with other brands or organizations (WWF, etc.), under licensing agreements with brands such as the Elite modeling agency (Rowenta), or with endorsement contracts, like cookware lines developed in collaboration with renowned chefs such as Jamie Oliver or Pierre Gagnaire (Tefal).

A GLOBAL AND DIVERSIFIED PRESENCE

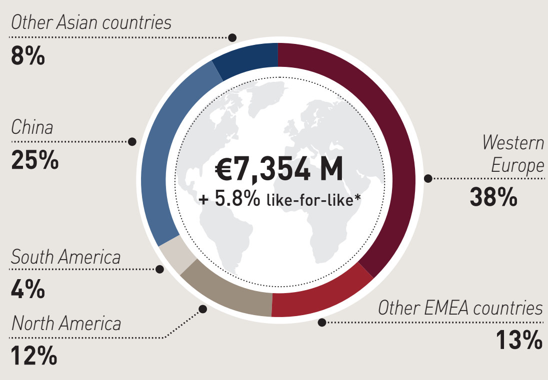
Over the last 40 years, the Group has successfully developed strong positions across all continents with a commercial presence in nearly 150 countries as a result of an expansion strategy combining internal growth with acquisitions.

The scope of its product offering and ability to adapt to the specific needs of different markets has helped the Group build strong local positions. We have leadership positions in Western Europe, Central Europe, Russia, Turkey, China, Japan, Colombia, Mexico, etc.

This "multi-local" presence thus allows the Group to seize opportunities for profitable growth in the countries in which it has a presence, and to diversify its exposure to different economies.

In 2019, the Group did 55% of sales in mature markets and 45% in emerging markets with a very balanced Consumer business and greater exposure to mature markets in the B2B segment.

DISTRIBUTION OF SALES IN 2019



1

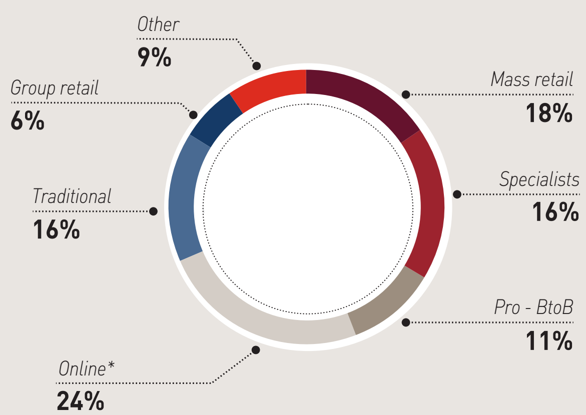
A MULTI-CHANNEL DISTRIBUTION STRATEGY

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

The network mainly comprises mass food retailers, specialist retailers as well as convenience stores or groups of independents, which are still overweighted in most emerging markets. The percentage of online sales continues to grow rapidly (more than one quarter of consumer revenue in 2019), driven by both e-commerce specialists (pure players) and bricks-and-mortar retailers, including specialist brands, as they ramp up their online presence (Click & Mortar).

In addition, the Group also has a network of stores, either directly operated or under franchise, numbering more than 1,345 at the end of 2019: their positioning may be multi-brand (Home & Cook and Tefal Shops) or mono-brand (Supor Lifestores and, more recently, WMF). This network, which is the Group's biggest customer, represents nearly 7% of total consolidated revenue, but its contribution may exceed more than 20% in some countries (e.g. Turkey and Japan). This network allows the Group to better understand consumer expectations, to adjust offers to market trends and to optimize marketing with our distribution partners.

SALES BY DISTRIBUTION CHANNEL



* *Pure players and Click & Mortar*

(Group's estimates at 31 December 2019)

Customer relations is one of the Group's core concerns and it seeks operational excellence both in the supply chain, to guarantee the best levels of service, and in-store, to ensure that its products are promoted on its customers' shelves and websites. This approach is supported by investment in marketing and advertising, which has been significantly strengthened in recent years, amounting €460 million in 2019. The objectives remain as follows:

- further strengthen brand and product recognition through advertising;
- continue to roll out the best in-store execution through category management, effective merchandising, the creation of dedicated shop-in-shops and promotional events;
- guide and support the launch of new products;
- accelerate digital marketing (brand websites, digital campaigns, data marketing, etc.) and support the ramp up of e-commerce sales: in 2019 digital has represented 50% of our media investments.

AN ACTIVE ACQUISITION POLICY

1968
Acquisition of Tefal and its European subsidiaries (Germany, Belgium, Denmark, Netherlands, Italy)

1972
Acquisition of Calor

1973
Creation of Groupe SEB

1975
Initial public offering of SEB S.A.

1988
Acquisition of the German company, Rowenta

1997-98
Acquisitions of the Brazilian company, Arno, and the Colombian company, Volmo (Samurai brand)

2001
Moulinex-Krups takeover

2004
Acquisition of All-Clad

2005
Acquisitions of the Brazilian company, Panex, and the Italian company, Lagostina

2007
Acquisition of a majority shareholding in the Chinese company, Supor

2011
Acquisition of Imusa in Colombia and Asia Fan in Vietnam

Acquisition of a majority shareholding in the Indian company, Maharaja Whiteline

Creation of the SEB Alliance investment fund

Acquisition of an additional 20% capital interest in Supor

2015
Acquisition of the Scandinavian company, OBH Nordica

2016
Capital stake in Supor increased to 81%

Acquisition in Germany of EMSA

Acquisition of WMF, the world leader in professional automatic coffee machines and leader in cookware in Germany

2017
Acquisition of the Swiss company, Swizzz Prozzz

2018
Creation of Groupe SEB Egypt Zahran, 55% owned by Groupe SEB and 45% by Zahran

Acquisition of 750g International, publisher of cooking websites and services

2019
Acquisition of Wilbur Curtis, number two in professional filter coffee machines in the United States

Acquisition of the Krampouz company that specializes in crepe pans and planchas

Acquisitions complement the Group's organic growth strategy. As an operator in the Small Domestic Equipment market, which is still highly fragmented, the Group has positioned itself as the industry consolidator in recent years and its many acquisitions have enabled it to achieve leadership status in many countries and product categories.

In addition to accurately identifying the target company and having the necessary financial capacity, external growth requires an ability to integrate new acquisitions effectively and to generate synergies.

Groupe SEB has built up considerable experience over the years in integrating new acquisitions. Following the takeover of Moulinex-Krups in 2001-2002 after it filed for bankruptcy, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005, and a controlling interest in China-based Supor in late 2007. The latter stood out because of the major challenges it presented (geographical and cultural remoteness, language barrier, more complex integration, coordination of communications between two listed companies, etc.).

Subsequently, the Group increased its controlling interest in several stages (+20% in December 2011, +1.6% in January 2015, and +7.91% in June 2016) bringing our current holding up to 81.18%.

Furthermore, in February 2011, the Group acquired Imusa, a Colombian cookware company. In May 2011, it took control of a Vietnamese company – Asia Fan – specializing in the production and sale of fans, and in December, it acquired a 55% stake in an Indian company – Maharaja Whiteline – specializing in small electrical appliances. In 2014, it announced the acquisition of the remaining shares of Maharaja Whiteline and Asia Fan. In 2015, it acquired OBH Nordica, a major operator in small electrical appliances in the Scandinavian markets.

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

The Group first acquired EMSA, specialized in the design, manufacturing and distribution of kitchen utensils and accessories. EMSA is a well-known brand in German-speaking countries and is the market leader in thermoware and food storage containers in Germany. It is also present in the rest of Europe and the Middle East.

The Group then acquired WMF, a German industrial flagship with two major business lines: coffee machines and hotel equipment, as well as consumer equipment (cookware and small electrical appliances). Through this strategic acquisition, Groupe SEB:

- acquired a solid worldwide leadership in the very attractive professional automatic espresso machines market characterized by strong growth, high profitability and significant recurring revenue, reflecting important contributions from after-sales operations;
- considerably strengthened our position in the cookware segment by becoming the leader in Germany, with, in particular, a high-end stainless steel product offering;
- gave a further boost to our development, following EMSA's acquisition in the key kitchen utensils and accessories market;
- consolidated our portfolio by adding strong new brands including the iconic WMF as well as Schaerer, Silit, Kaiser, and Hepp;
- accessed a network of 200 proprietary retail outlets in Germany, providing a powerful vehicle for promoting our image and sales.

In 2017, the Group continued its expansion in kitchen utensils with the acquisition of Swiss company Swizzz Prozzz, a specialist in mini hand choppers. 2018 was notable for two operations: firstly, the launch of a joint venture with our long-term local partner in Egypt, Groupe SEB Egypt Zahran, 55%-owned by the Group and 45% by Zahran; secondly, the acquisition of 750g International, which publishes cooking services websites, thus opening up new opportunities for the Group's digital approach.

In February 2019, the Group acquired the US specialist in professional filter coffee machines, Wilbur Curtis, number two in the market, bringing a solid complementary range of products, prices, customers and territorial coverage to WMF-Schaerer's footprint in automatic espresso machines in the United States.

In October 2019, Groupe SEB finalized the acquisition of Krampouz, a French company specialized in designing, manufacturing and selling crepe makers, waffle makers, planchas and grills for businesses and individuals. Krampouz rounds out both the Group's professional product offering and our premium consumer product lines and can now take advantage of the Group's extensive distribution network in France and abroad. In return, Krampouz is expanding the Group's network with the home improvement and gardening brands where they are sold.

THE NEED FOR COMPETITIVENESS

This vital element to all industrial groups is complementary to growth. The Group's competitiveness is based on a powerful and versatile manufacturing base, continuous improvement of industrial productivity, optimization of purchasing and supply chain and continual simplification of structures and processes.

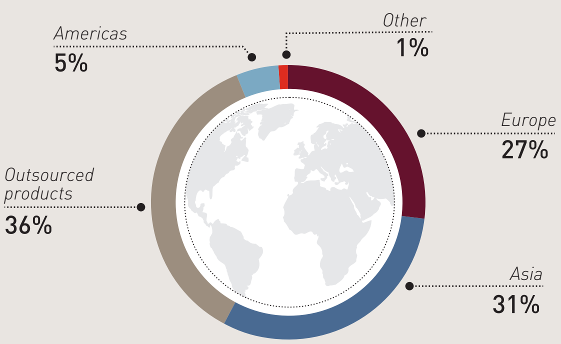
A POWERFUL AND VERSATILE MANUFACTURING BASE

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

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

Following the acquisition of Krampouz in 2019, the Group's production facilities include 42 plants, producing around 65% of the products sold by the Group worldwide. The other 35% are outsourced, in particular in China.

DISTRIBUTION OF SALES PRODUCTION AT THE END OF DECEMBER 2019



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

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

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

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

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

In February 2018, the Group announced the transfer of the linen care plastics activity from the historical Saint Jean de Bournay site to the linen care assembly site in Pont-Évêque. This project, requiring an investment of around €15 million, is currently underway and should be completed in spring 2020 with the transfer of equipment and staff, all of whom will keep their jobs.

The project is intended to increase productivity by shortening flows, improve flexibility by bringing together the production teams on a single site, thus making them more versatile, and finally improve working conditions, in a modern, high-performance production environment.

In July 2019, WMF launched a program aimed at improving the company's competitiveness and overall performance.

Indeed, two and a half years into WMF's integration, the Professional Coffee Machine business (PCM) over-delivered against initial ambitions and with highly promising growth prospects. Conversely, the Consumer business underperformed despite ongoing investment.

This program is based on:

- increased investment in the PCM business, particularly through ramping up production capacity along with logistics investments in Geislingen, Germany;
- a corrective action plan for the Consumer business that includes:
  - transferring the production of stainless steel cookware from Geislingen to other Groupe SEB plants in Europe by end-2020, something that will significantly improve competitiveness,
  - consolidating logistics operations in Germany in the Dornstadt warehouse.

CONTINUAL OPTIMIZATION OF INDUSTRIAL PRODUCTIVITY

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

In parallel, the global industrial and operational excellence program, OPS (Opération Performance SEB), launched in 2011, continued to roll out “fundamentals” (5S, TPM, etc.) to achieve further improvements in the productivity of the Group’s sites. This practical program of continuous performance improvement:

- links health and performance in all Group improvement projects;
- involves all hierarchical levels (managers, technicians, operators) of all departments;
- aims to share best practices, so as to build a real Group manufacturing culture;
- results in a common language with the aim of promoting a Group spirit;
- is reflected in a single, scalable framework resulting from a fully collaborative approach.

Since its launch, the OPS program has enabled the Group to ensure a high level of quality in both its processes and its products. The commitment of the new sites acquired by the Group to incorporating these principles is a highly effective way of introducing a shared global approach of excellence and continuous performance improvement. In China, this has helped with the ramp-up of the Supor Shaoxing site, which is the Group’s largest small electrical appliance site.

Now in its mature phase, the OPS project has now entered phase 2, which aims to involve and grow the teams beyond the scope of industrial activities and maintenance: it now covers logistics, human resources, control and purchasing.

Focusing on the involvement and empowerment of teams across all areas of the value chain, the program now relies on a matrix: health and safety, quality, cost, time, involvement and environment. For each business, maturity grids by process were developed according to 5 levels. These grids, which were updated and evaluated in 2017, were rolled out across all sites in 2018, with a dual objective: standardize measurement approaches and improve performance and, by the end of 2019, achieve the level of maturity required for all businesses to enter the Industry of the Future.

This entry into the Industry of the Future will allow us to take yet another step in terms of industrial and logistic performance in order to improve our response to the needs of our customers. Digitizing the processes from our suppliers to our customers will accelerate the transmission of information, improve responsiveness for greater agility and efficiency. The digitization of our OPS production system through a monitoring system will make performance even more visible thanks to the information gathered in real time, and allow to better empower our operators who will have the right information, at the right time, to react quickly. Finally, the systematic analysis of data will allow us to launch preventive and predictive actions to increase the utilization rates of equipment, as well as the quality of our products.

For Groupe SEB, the Industry of the Future program relies on technological projects or building blocks:

- Supervision and MES (Manufacturing Execution System) for visual and dynamic management of the performance.
- Data analysis (maintenance and quality): descriptive, diagnostic, preventive, predictive.
- Product-process human-machine interface, automation, collaborative robots, industrial IoT.
- Monitoring and optimization of our energy consumption.
- The process of planning from our customers to our suppliers, with predictive tools to improve forecasts.
- New logistical capabilities thanks to digitization in order to improve the customer experience during delivery.

These projects were entrusted to pilots chosen for their expertise and having the means to explore and implement concrete solutions. The pragmatic approach uses test and learn mode by experimenting with new approaches through POC (Proof of Concept). Once the solution is validated, it can easily be standardized and deployed at a low cost.

One of the key projects, involving both the industrial and information systems teams, is the establishment of a futuristic factory model using supervisory and data processing systems to improve the quality, the traceability, the availability of the means of production, the anticipation of breakdowns, but also to optimize energy consumption. The Group will also develop new automation models, using collaborative robots (cobots) and auto-guided vehicles (AGV) to reduce the difficulty of tasks, and finally, augmented reality systems will be tested to help operators achieve their goals and to gain performance.

All these improvement plans are systematically supported by the Group’s approach to health and safety, as safety of personnel in the workplace is a key priority for the Group. A three-year plan has been launched in this regard, with the aim of steadily decreasing the number of workplace accidents. This plan must enable the Group to cut by half the number of accidents at the end of this period. For further details, see Chapter 3 on Corporate, Social and Environmental Responsibility on pages 142 to 144.

Another key component of the Group’s competitiveness is Planning and Logistics, which is managed on a global level with the aim of improving the service to our customers and ensuring their satisfaction while optimizing our finished product stocks. To achieve this, the Group has deployed a transversal and collaborative S&OP (Sales and Operating Planning) process, from sales forecasting in market companies to capacity planning, production and delivery to the customer. In parallel, a supply chain optimization project was launched, as well as a Supply Chain School to develop our dedicated teams’ skills.

A RIGOROUS AND RESPONSIBLE PURCHASING POLICY

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

The Group's direct spend policy is based on the best possible balance of cost, quality and availability, by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. In 2019, the panel of direct suppliers for manufacturing supplies comprised 456 suppliers (440 in 2018) with global purchasing coverage of 70% (identical to 2018).

Non-production purchases continue to follow the same process aimed at better qualifying approved suppliers and building an across-the-board Group purchasing methodology with a panel of approved suppliers representing 42% of non-production purchases (compared with 37% in 2018). The purchasing office team undertakes to cover a very broad range of expenditures and an increasingly large international scope for sourcing. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimize purchasing in new fields.

For sourced finished products, the organizational set-up strengthens purchasing quality processes by ensuring technical and methodological assistance from Group teams for suppliers. At the same time, it demonstrates the Group's desire for upstream integration of suppliers in the product development processes in order to foster greater fluidity in creating the product offering. The Group has thus ranked its finished-goods suppliers according to three categories, based on its strategic goals, performance criteria (e.g., timeliness, quality, costs) and social and environmental responsibility (environmental impact, respect for Human Rights, etc.), namely: (i) preferred suppliers; (ii) recommended suppliers; and (iii) non-recommended suppliers. In 2019, 65 companies represented 80% of purchases.

1

1.3. Organization and internal control

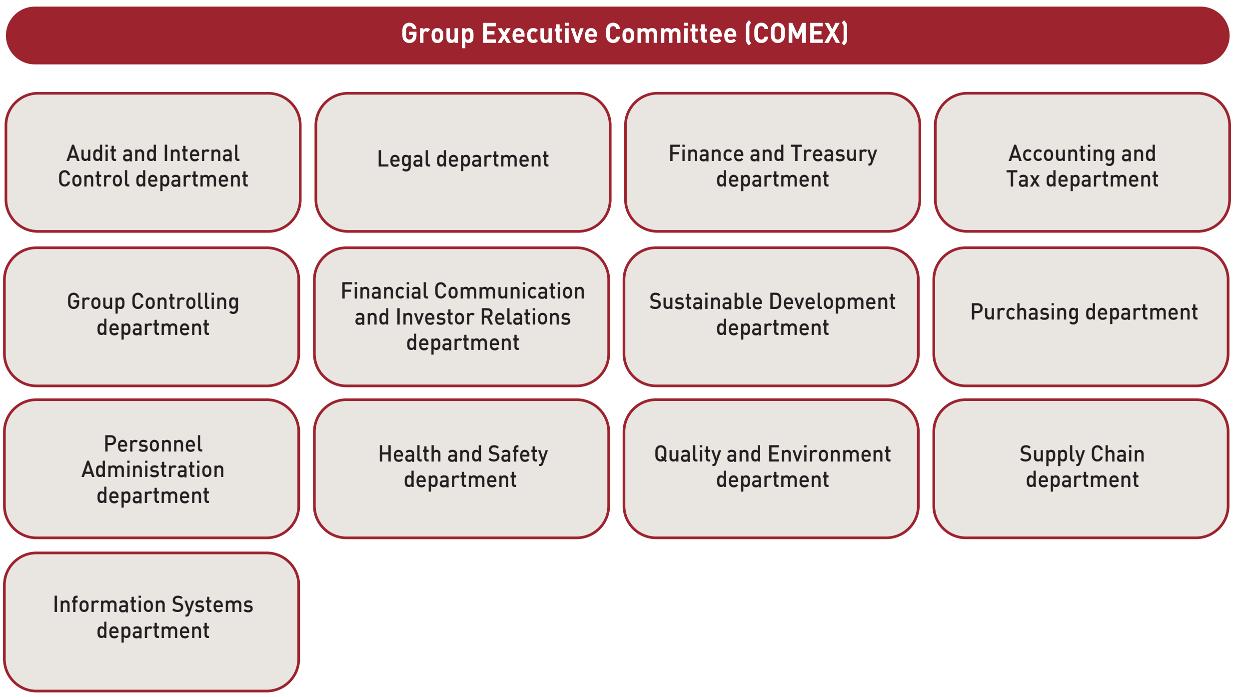
The scope of application of internal control and risk management procedures encompasses all of the Group's companies and employees, from governance bodies to individual employees. The operational and functional management structures are responsible for implementing these procedures.

Groupe SEB is an international entity, organized primarily into geographical zones by continent, each with their own ranges of products to sell. In addition, operations are managed by activity, covering a group of product lines and trademarks. Lastly, functional management supports operations transversally across all of the Group's businesses. The primary aim of this functional management is to ensure that activities are consistent and effective and to oversee the control functions (e.g. by means of financial standards, IT tools, quality rules, etc.).

The Group's conduct and operational processes are based on two key documents: the Group's Code of Ethics and the Internal Control Manual, which sets out what is expected of employees.

ORGANIZATION OF INTERNAL CONTROL AND KEY PLAYERS

The key control activities are identified within the functional departments described below, which report directly to a member of the Group Executive Committee.



Audit and Internal Control department

The Audit and Internal Control department is tasked with evaluating compliance with the Group's internal rules and procedures and detecting non-compliance with local legislation. This department is also required to evaluate the efficient conduct of operations and to ensure that business risks are anticipated and mitigated.

To achieve this, the Audit and Internal Control department is focused on three parallel activities:

- **Defining and rolling out internal control procedures** ("Internal Control Manual"). This document covers all of the Group's control processes. It is circulated to all the Group's entities once a year, after the Audit team has carried out its annual update to reflect changes in operations, regulations and management systems.
- **The implementation of a multi-year audit plan**, based on prioritizing the entities to be covered according to several parameters: assessment of the level of risk (size of the subsidiary, geography, information system, etc.); frequency of audit coverage; and lastly, the rating of the most recent audit. The plan is approved by the Audit and Compliance Committee each year.
- **Coordination and oversight of risk mapping.** The Group's risk map is updated every year using the process described on p. 36 "Risk identification and control process".

The Group's audit team comprised 12 auditors and 1 head of internal control as at 31 December 2019.

Legal department

The role of the Group Legal department is to ensure compliance with legal and regulatory requirements in the various countries, to protect the Group's assets (and particularly intellectual assets) and businesses, and to protect the Group's interests by effectively managing risks.

Its main tasks are based on the following activities:

- **Providing Legal support for operations,** regarding all types of regulations, drawing up and updating contract strategy (purchase of goods and services, terms of sale, sales promotions, after-sales service, etc.), negotiation support, oversight of legal firms consulted, pre-litigation and litigation management, coordination of all the Group's lawyers, defense strategy for intellectual creations, protection of industrial property titles (trademarks and trade dress in particular), and legal watch.
- **Protecting the Group's intellectual property assets,** including legal support for the increasingly digital side of the business (connected products, data marketing, etc.), managing international intellectual property before and during litigation and managing anti-counterfeit operations.
- **Ensuring Compliance:** instituting a compliance policy (anti-corruption measures, GDPR, etc.) in line with all Group-wide corporate, operational and continental functions.
- **Providing support throughout the different stages of the Group's corporate procedures:** overseeing around 150 subsidiaries, including two listed companies, ensuring insider trading is prevented, providing shareholder services, negotiating finance contracts and supporting the Group's real estate projects.
- **Coordinating the Group's insurance program,** described in detail on p. 51 "Insurance", allowing for an appropriate insurance program for the Group's activities;

Participating in the Group's acquisition strategy: preparatory agreements, merger control, contract negotiation, and post-acquisition restructuring. The Legal department also helps implement integration processes within the Group.

Financial Communication and Investor Relations department

The Financial Communication and Investor Relations department works closely with the other departments within the Finance Function, with the operational, support and continental management structures, and with the Sustainable Development and Corporate Communications departments in *order* to carry out two key tasks related to the status of SEB S.A. as a listed company:

- **Developing and disseminating the Group's financial communications.** This communication takes place according to a specific timetable and in compliance with the regulatory framework (AMF *, ESMA *, etc.), ensuring in particular the dissemination of clear, accurate, precise and true financial information, as well as conformity to the principles of equal treatment of investors and consistency of information. The documents and materials produced, published and circulated (Universal Registration Document, Convening Notice, press releases, finance section of the Group website www.groupeseb.com, Analyst and Investor presentations, letters to shareholders etc.) undergo a structured, traceable, production process and are prepared in close collaboration with the Group's various functions. They are reviewed by concerned business Managers and finally approved by the Executive Committee. The Financial Communication department, in conjunction with the Legal department, coordinates the MAR (Market Abuse Regulation) Committee described on p. 34.
- **Identifying the shareholder base and investor relations throughout the year,** through physical or telephone conferences, roadshows, *analyst/investor days or individual meetings. These exchanges are intended to give the market information about the Group's strategy*, performance and outlook, and to maintain and fuel interest in the stock. In 2019, nearly 52 events were organized (roadshows, conferences, site visits), leading to more than 720 contacts.

Finance and Treasury department

The Group's Finance and Treasury department is tasked with ensuring the liquidity of Group operations, the security, transparency and efficiency of treasury and finance operations, and hedging against all financial risks. Its areas of work are as follows:

- Managing financial resources to ensure the Group's liquidity;
- Managing and securing cash flows (cash management);
- Quantifying and hedging against financial risks (particularly currency, interest rates and raw materials risks);
- Monitoring relations with banks;
- Financing projects, particularly acquisitions;
- Overseeing strategies for hedging customer risk.

Group Controlling department

The Group Controlling department coordinates budget planning and control, using a handbook of management procedures and rules applicable to all entities, including Group budgeting, re-projections *and* management reporting methods.

Its key oversight responsibilities are as follows:

- **Budgeting process.** Guidelines and recommendations are circulated to the various entities for budgeting purposes. The Group Controlling department consolidates and oversees the various budgetary adjustments before a budget is approved by the Executive Committee and the Board of Directors.
- **Re-projections:** throughout the year, as the Group's business evolves, the Group Controlling department alerts the Executive Committee in the event of a deviation from the budget, quantifies the impact of corrective measures and coordinates re-projections at key times during the year. These are then consolidated and approved at the Executive Committee level.
- **Reporting** and analysis: every month, to enable effective Group oversight, the Group Controlling department consolidates all information from a single, centralized management tool to establish dashboards for the Executive Committee and Group management. The dashboards include appropriate analyses of significant deviations and trends.

Accounting and Tax department

The Accounting and Tax department is responsible for ensuring that the Group's accounting principles and standards are compliant with commonly accepted international accounting standards. It defines the Group's accounting standards and oversees their distribution and application, particularly through training courses. It is responsible for preparing the Group's Consolidated Financial Statements and closes the Group's Financial Statements, in collaboration with the entities, in a timely manner.

The Group Accounting and Tax department oversees and coordinates the Shared Service Centers for Accounting and Management Services. These entities, in France, Poland, Germany, the United States, and China, help improve the Group's internal control system through the sharing of best practices and standardization of procedures, and through the positive effect of the work of the Shared Service Centers on the division of tasks.

The Group Accounting and Tax department also ensures compliance with tax regulations and obligations in all countries where the Group operates. It also ensure the:

- monitoring tax inspections carried out by tax authorities in all of the Group's entities,
- ensuring consistency in the tax procedures used by the entities,
- liaising with tax consultants to verify that the Group's main activities are compliant with current legislation.

Sustainable Development department

The Sustainable Development department drives and coordinates the sustainable development policy. It documents and rolls out short- and medium-term action plans, in line with the Group's priority criteria, in each division and on every continent, thus promoting appropriate conduct. It is supported by a dedicated Steering Committee, described on p. 34.

In addition, the Sustainable Development department is responsible for the content of the Group's Code of Ethics and ensures that it is properly circulated and understood in all the entities. As the principles of the Code of Ethics are included in the Internal Control Manual, the ethical compliance of our subsidiaries is regularly checked on site by the internal audit teams. Conformity to the values mentioned in the Code of Ethics does not stop with the company: the Sustainable Development department also monitors the application of these principles by suppliers, by means of a Responsible Purchasing Charter, which is circulated to and signed by all its partners, and regular outsourced audits. This last measure is fully in keeping with our action plans for compliance with the "SAPIN II" and "Duty of Vigilance" laws.

Each of the Group's plants is organized to prevent any pollution (of air, water, or soil) or environmental accidents and to reduce its carbon and environmental impact (particularly in terms of energy, water, and waste). To achieve this, each plant complies with local environmental regulations as well as standards shared by all Group sites. The regulations, and changes in them, are monitored locally by Health, Safety and Environment coordinators.

Measures to assess risks, prevent pollution and reduce environmental impact are implemented locally and coordinated at Group head office: a dedicated staff member is responsible for setting environmental goals and defining shared standards. The Sustainable Development department also ensures the implementation of performance indicators, which are then monitored and consolidated.

Environmental risk is overseen by a dedicated Group team which regularly monitors changes in regulations and transcribes these regulations into the Group's standards. The processes are then rolled out to the plants. As part of its compliance policy, the Sustainable Development department appoints an external service provider to audit the Group's industrial sites *in* countries presenting ethical, social and environmental risks.

Personnel Administration department

The Group had 33,293 employees at 31 December 2019, divided between more than 100 operational entities worldwide. The Personnel Administration department is responsible for ensuring the consistency of personnel management processes. It is organized around the following main areas:

- **Defining personnel management rules applicable** to all of the Group's businesses, in line with local regulations: management of working time and leave, business expenses, tools available to personnel (computers, telephones, cars, etc.), and the payroll process (checks, approval and security).
- **Rolling out and overseeing a single personnel** management tool at Group level, in accordance with local personal data protection regulations. This includes the administrative process related to employee entry, performance monitoring, and exit;
- **Managing the Shared Service Center** dedicated to payroll for all French entities, ensuring the division of tasks and a strict level of control. The Personnel Administration department also reviews the standard processes for setting up outsourced payroll management.
- **Keeping people safe:** the Personnel Administration department is responsible for drawing up safety rules, particularly in countries identified as risky (Ministry of Foreign Affairs) and coordinates the monitoring of traveling employees with an external partner to ensure their safety.

Purchasing department

The scope of the Purchasing department includes the purchasing of components and raw materials required to manufacture products, purchases of finished products, and indirect purchases. The scale of the financial flows involved means that the Purchasing department is central to the Group's internal control process:

- **Managing centralized purchasing** in France and Asia to be close to our suppliers. This oversight begins with the implementation of strict rules on how to manage purchases (calls for tenders, purchase requests, approvals, etc.).
- **Overseeing suppliers**, including through performance indicators and reviews and audits of suppliers, relating not only to operational aspects (quality, supply chain, etc.) but also responsibility and ethical, social and environmental compliance, in partnership with the Sustainable Development department.
- **Monitoring purchasing performance:** establishing purchasing strategies, objectives and analyses to optimize efficiency and strengthen control.

Quality & Environment department

Improving the quality of its products and processes *has* always been a central concern for Groupe SEB. Groupe SEB uses a Quality Management System (QMS), a key pillar of any business, implemented through a shared tool available on the Group Intranet.

This system includes all the procedures, tools and methods relating to the Group's key processes:

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

Monthly reporting allows the Quality department to accurately track key indicators and adjust its actions.

Supply Chain department

The distribution of the Group's businesses across all continents requires constant optimization of the production process, of logistics, of flows *and procurement.* The Supply Chain department's task is to meet these needs while securing processes:

- **Review of our industrial footprint and global** deployment of our OPS program, which allows us to guarantee a high level of quality both in our processes and *in* our products, as part of our commitment to excellence and drive for continuous improvement.
- **Definition and roll-out of stock management procedures** that apply to all the Group's warehouses, outsourced or not, including receipt and dispatch management process, inventory management process, security requirements at storage sites.
- **Oversight of product flows:** definition and optimization of product flows (with a view to improving the flexibility of industrial sites) in line with international regulations and in compliance with customs regulations.

Information Systems department

Groupe SEB's information systems are designed to guarantee the security, integrity, availability and traceability of information.

Several priority areas within the Information Systems department help to improve the Group's control environment, including:

- **Operational tools (ERP, business software, office automation, communication, etc.):** The Information Systems department oversees operations for the Group's tools and participates in an Information Systems Steering Committee, described on p. 34.
- **Network architecture:** the Information Systems department ensures the consistency, availability, and integrity of the Group's networks.
- **Security of information systems and personal data protection:** a Chief Information Security Officer (CISO) oversees the Group's key indicators, monitors the implementation of security rules in projects, and takes the necessary information, awareness and risk prevention measures. This activity is supported by an Information Systems Security Committee (described on p. 34). With regard to personal data protection requirements, the CISO works with the Legal and Personnel Administration departments: this cross-functional organization is described on p. 43 ("Information systems and personal data protection").
- **Digital applications:** The Information Systems department ensures the implementation of software components and infrastructure to ensure the quality, security and availability of the service provided to consumers: downloadable applications on mobile phones and tablets to facilitate the use of connected products and give access to digital content, photos, recipes, etc.

Health and Safety department

Employee health and safety within the Group is our number one priority and everyone's responsibility, whether they work in industry, on logistics platforms, commercial subsidiaries, or at headquarters.

The Health and Safety policy is coordinated by the Group Health and Safety department, which is responsible for managing it. It is structured around five focus areas that are communicated to the sites continuously:

- ensuring that health and safety is always seen as our number one priority;
- focusing on one ambitious objective, monitored with indicators on site and at Group level;
- taking every serious accident or incident into consideration and making it a learning opportunity;
- sharing the same level of skills and requirements based on shared standards;
- acting promptly on any recorded non-compliance to address it rapidly.

A Group-wide Strategic Health/Safety Committee is described on p. 38.

Alongside these departments overseeing the Group's control activities, Committees have been set up spanning various control topics. These Committees meet two to four times a year and involve managers from the aforementioned departments. Each are responsible for identifying, in their respective areas, any situations requiring action at the central level (regulatory changes, evolution of the market context, etc.). In this case, each Committee will report to the Group Executive Committee.

COMITÉ EXÉCUTIF DU GROUPE (COMEX)

Thierry de La Tour d'Artaise	**Chairman and Chief Executive Officer**
Stanislas de Gramont	**Chief Operating Officer**
Nathalie Lomon	**Senior Executive Vice-president, Finance**
Harry Touret	**Senior Executive Vice-president, Human Ressources**
Alain Leroy	**Executive Vice-president, Industrial Operations**
Patrick Llobregat	**Executive Vice-president, Cookware**
Olivier Naccache	**Executive Vice-president, Small Electrical Appliances**
Cyril Buxtorf	**Executive Vice-president, EMEA**
Martin Zouhar	**Executive Vice-president, Americas**
Vincent Tai	**Executive Vice-president, Asia - Executive Vice-president, EMEA**

Compliance Committee

- Audit and Internal Control department
- Legal department
- Human Resources department
- Sustainable Development department
- Finance and Treasury department

MAR (Market Abuse Regulation) Committee

- Chairman and Chief Executive Officer
- Chief Operating Officer
- Senior Executive Vice-president, Finance
- Legal department
- Financial Communication and Investor Relations department

Information Systems Steering Committee

- Information Systems department
- Continental departments
- Products & Innovation department
- General Finance department
- General Human Resources department

Information Systems Security Committee

- Information Systems department
- Audit and Internal Control department
- Human Resources department

Sustainable Development Steering Committee

- Sustainable Development department
- Audit and Internal Control department
- Human Resources department
- Quality & Environment department
- Research department
- Brands department
- Marketing department
- Sales department
- Strategy department
- Legal department
- Customer Satisfaction department
- Industrial department
- Purchasing department

Health and Safety Committee

- Chairman and Chief Executive Officer
- Chief Operating Officer
- Senior Executive Vice-president, Human Ressources
- Group Communication department
- Directors of Industrial Activities
- Group Health/Safety department

In particular, the Compliance Committee implements measures relating to recent regulatory developments. A cross-functional action plan involving several Group departments has been drawn up to address the requirements of the SAPIN II law and the Duty of Vigilance law relating to parent companies and principals.

This action plan focuses on the following key points, most of which are already in place:

- Code of Conduct;
- internal whistle-blowing system;
- risk mapping, corruption and suppliers;
- customer and supplier assessment procedures;
- internal and external accounting control procedures;
- training system;
- disciplinary system;
- internal system to control the implementation of the above measures.

Lastly, to ensure efficient overall management, Groupe SEB relies on the decentralization of operational responsibilities and clearly defined rules of operation and delegation. It also benefits from a well-established corporate culture, rooted in shared fundamental human values that foster an ethical working environment: Entrepreneurial drive, Passion for innovation, Professionalism, Group spirit, and Respect for people.

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

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

More details on the whistle-blowing system are provided in Chapter 3.2, page 128.

1.4. Risk factors

INTRODUCTION

The nature of Groupe SEB's business and its large international presence opens up significant development opportunities, but also exposes it to various types of internal and external risks. These risks may adversely affect the Group's activities, results, financial position or assets, or have consequences for its various stakeholders – consumers, employees, shareholders, customers, suppliers, partners, the local ecosystem (public authorities and civil societies), etc.

The Group implements a range of measures to identify risks and measure their potential impacts and probability of occurrence. These risks are then managed according to risk control plans that are regularly reviewed and involve the players concerned in the Group's various departments. As with any control system, however, it cannot provide an absolute guarantee of total control or elimination of all risks.

RISK IDENTIFICATION AND CONTROL PROCESS

Given that EU regulation 2017/1129 and its delegated regulation 2019/980 took effect on 21 July 2019, this year, the Registration Document has become the Universal Registration Document.

In addition to the new name, the purpose of the change is to make this document, and especially the risk factors section, easier for shareholders and investors to read. In this respect, the Group has structured risks according to their severity and specific nature compared to the business. As a result, some risks that do not pose a specific or material threat to the Group's business are not discussed in this section.

The risk identification and control process is an ongoing process incorporated within the Group's operations. In order to provide comprehensive information, the various stages of collecting and processing information were defined as follows: operational approach, Group approach at Executive Committee level and, finally, consolidation by key theme.

COLLECTION OF OPERATIONAL RISKS

Operational risks – risks related to operations, legal affairs, the industrial side of the business and the environment – are identified and reviewed annually by means of data collection grids sent to all entity managers (sales subsidiaries, factories, Shared Service Centers) and to all function managers. Questionnaires are partially guided (based on the usual risk typologies) and partially open to ensure information is circulated as broadly as possible.

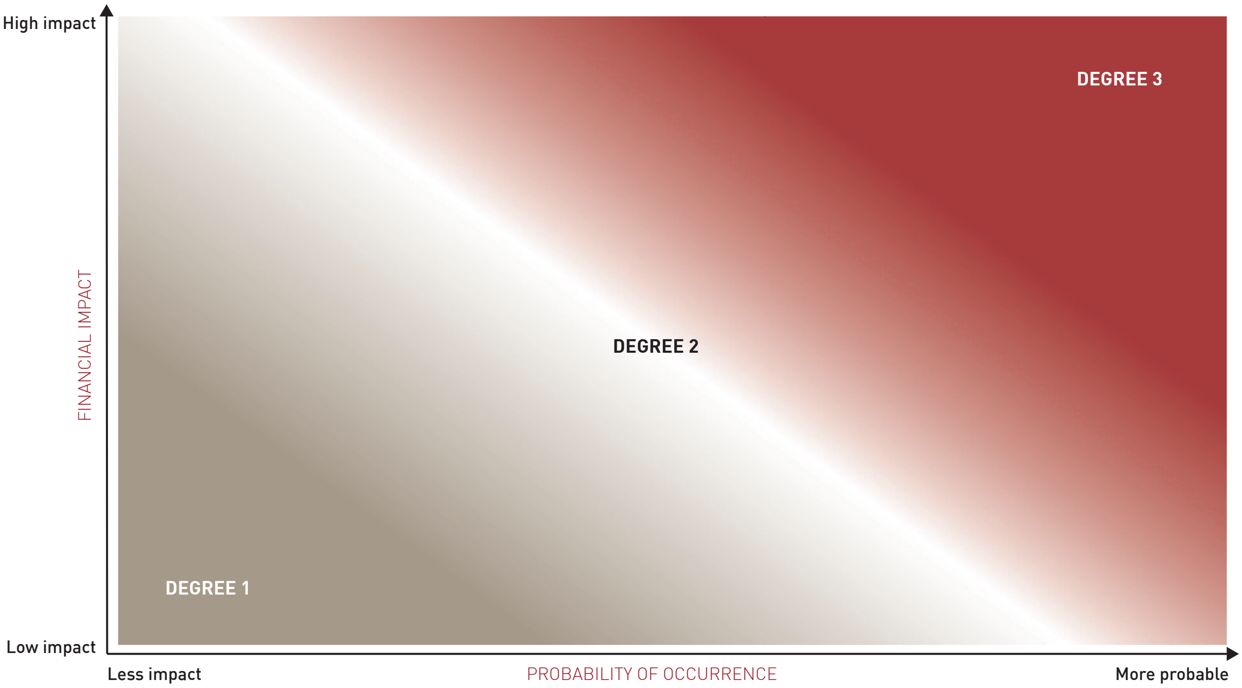
The questionnaires are then consolidated by the Audit and Internal Control department to identify the main issues by theme.

On the basis of this consolidation, each function director meets individually with the Audit and Internal Control Director so as to assess thoroughly the main risks and associated risk management plans.

CONSOLIDATION AT GROUP LEVEL

An annual working meeting is held with the Executive Committee members on the basis of the above elements. This meeting covers all the information from the operational collection as well as those stemming from the previous year's risk mapping. Each risk is reviewed in detail, to evaluate how it has evolved and its relevance in terms of both potential financial impact for the Group and probability of occurrence.

For each residual risk, after taking mitigation measures into account, a degree of exposure is defined, with level 1 corresponding to the risks to which the Group is least exposed, and level 3 to the risks to which the Group is most exposed.



For each of these risks, the risk management action plan is reviewed by the Executive Committee twice a year: an assessment of what has been achieved during the past year and an action plan for the year to come; plus a mid-year review to ensure that the various topics are being monitored and executed properly.

Lastly, the review of the Group's risk mapping activity is included as a specific agenda item at an annual meeting of the Audit and Compliance Committee (review of methodology, risks, their assessment by Group management and the associated action plans).

SPECIFIC RISK: COVID-19

(Elements subsequent to the February 25, 2020 board of directors' meeting).

DESCRIPTION OF RISK

In terms of the risks associated with the coronavirus pandemic, it is, as of the date of this document, difficult to quantify the impact on Group business activities, either in terms of industrial production or sales, but the Group is expecting a significant impact in FY 2020.

The Group's primary concern is to safeguard its employees, customers and partners.

The Group needed to, and may further need to, temporarily close one or more of its sites (production sites, warehouses, commercial subsidiaries and administrative offices, retail stores etc.) due to the restrictions put in place by national governments.

In addition, the supply chain for Group finished products, raw materials and components may be affected insofar as Group suppliers and subcontractors have seen restrictions to the manufacture and distribution of their products.

Lastly, travel ban and confinement measures in certain regions had resultied in a drop of footfall in physical stores and to the closure of many stores, which could have a direct and significant impact on the resale of our products to end-users. This decline may only be partially offset by an increase in online sales.

This risk concerns both consumer and professional activity, the latter is also penalized by the closure of cafes, restaurants, hotels, and large catering chains. This could result in late payments or the risk of insolvency of certain customers.

All of these elements could lead to a decrease in sales and in Operating Result from Activity (ORfA) in several Group geographies.

MANAGEMENT OF RISK

As a result, the Group has put in place a procedure to continually review the impact of this crisis under the authority of a dedicated committee comprising members of General Management and operational managers.

A Business Continuity Plan has been elaborated, which provides in particular for:

- Systematic implementation of measures taken by national governments.
- Specific crisis management and protection measures for Group employees in the various open sites (production sites, warehouses, commercial subsidiaries and administrative offices, retail stores etc.) including in particular:
  - temperature measurement and provision of protective equipment (hydroalcoholic gel, masks) for employees, regular cleaning and disinfection of common areas, layout of workstations to respect the necessary distance and ensure strict compliance with barrier gestures recommended at all Group sites;
  - possibility of using telework for all employees whose activity allows, on all Group sites;
  - in general, intense communication, information and awareness campaigns for all employees.
- Continuity of customer service through continuation of our logistics platforms, while safeguarding employee health.
- Communication with partners, customers, suppliers and stakeholders regarding the continuity of key services.
- Ban on travel and attendance at industry events for all Group employees.
- Reduction in operational expenses, strict control on administrative costs.
- Strengthened monitoring of customer receivables. It will also be recalled that:
  - the Group is present in all existing distribution channels, depending on the country and its activities, and that its customer portfolio is balanced; as a matter of fact, no customer represents more than 5% of consolidated sales;
  - the Group has a broad and international program of credit insurance policies.
- Preservation of liquidity, thanks to balanced funding in terms of instruments and maturities. The Group's short-term debt is fully covered by undrawn syndicated credit lines for an amount of one billion euros. Loans and lines of credit are not subject to any prepayment clause based on covenants. Information on the maturities and characteristics of the borrowings and credit lines can be found in Note 24 to the consolidated financial statements on page 251 of this document.

CONSOLIDATION BY THEME

When the information relating to potential risks for the Group has been collected and analyzed, the Audit and Internal Control department consolidates it by key theme for circulation to the Group's various stakeholders.

RISKS INVOLVING EXTRA-FINANCIAL ISSUES (DESCRIBED IN CHAPTER 3, "CORPORATE SOCIAL RESPONSIBILITY")

Strategic risks

Degree 3

- Market competition and concentration for Small Domestic Equipment market
- Changes in the distribution industry
- Innovation and intellectual property
- Competitiveness
- Image and reputation

Operational risks

Degree 2

- Integration of new operations
- Sales volatility
- Talent attraction and retention
- Macroeconomics, geopolitics and regulations
- Cybersecurity and Information Systems failures

Legal risks

Degree 1

- Internal and external fraud
- Human Rights
- Litigation

Degree 2

- Compliance
- Corruption

Industrial and environmental risks

Degree 1

- Climate Change
- Product quality and risks related to product liability

Degree 2

- Business continuity
- Health, Safety and Environment

Financial and Market risks

Degree 2

- Fluctuations in currencies and raw materials

MAIN RISK FACTORS

1.4.1. STRATEGIC RISKS

RISK RELATED TO COMPETITION AND CONCENTRATION IN THE SMALL DOMESTIC EQUIPMENT MARKET

Description of risk

The Small Domestic Equipment market is still fragmented on a global level, particularly in certain sectors/geographic areas. There are a large number of competitors, and particularly: (I) international groups with global brands in one or more product categories (ii) groups operating mainly in their national market (iii) specialists who are leaders in one single product category (iv) companies selling their products under retailer brands or without a brand name.

This diversity results in intense competition, that, when you combine with distribution, creates an environment driven by sales promotions. Furthermore, with some Asian companies gaining traction in domestic and international markets and with new 100% online BtoC business models popping up, some brands are quickly gaining market share in targeted categories, at the expense of our products.

Lastly, there is a risk that our competitors will ramp up their acquisition policy and bolster their market positions – in the small electrical appliances market, in the cookware market, or in the BtoB market (coffee in particular). A competitor gaining momentum could impact the Group's competitiveness as the Group would receive reduced economies of scale and bargaining power with distributors.

Management of risk

- Regarding competition risk, the Group relies on a competitive and versatile manufacturing tool. In particular, the Group has an industrial base in Asia through its subsidiary Supor, which supplies the domestic and international markets of the Group.
- Market fragmentation can also be a strategic opportunity. With a long-standing commitment to consolidating the market, the Group actively watches the markets to identify companies that could become good acquisition targets. This watch prioritizes the most strategic sectors/geographic areas.
- In fact, the Group has rolled out an active acquisition policy that complements our organic growth strategy. It focuses on major strategic acquisitions (Moulinex in 2001, Supor in 2007, WMF in 2016) and targeted acquisitions, introducing product, geographic or business synergies.

RISK ASSOCIATED WITH CHANGES IN THE DISTRIBUTION INDUSTRY

Description of risk

The distribution industry has experienced some major changes over the past few years. These changes have had a lasting impact on the Group's business: sector consolidation (through acquisitions or by setting up central buying organizations). The rapid emergence and success of e-commerce specialists have radically transformed the business environment as well. Similarly, new digital companies offering direct BtoC service have appeared, shattering traditional distribution models.

Although the Specialists channel has been able to develop its online sales through a Click & Mortar sales business, some of the Group's long-standing customers, especially traditional retailers in mature markets, have not been successful in transforming their business to digital. As a result, they've had to embark on major reorganizations to counter declines in store traffic – shifts within the portfolio of products sold, major discounts to attract customers, lean inventory management, limited restocking, optimizing their store network, etc. In some cases, these changes included restructuring, including cost reduction measures and even store closures. Certain brands didn't survive and went bankrupt.

As a result, this profound transformation within the distribution industry may spill over onto the Group and adversely impact sales and/or market share.

Management of risk

- The Group strives to grow in a sustainable and balanced way, serving all existing distribution networks according to the country and the business. If no customer accounted for more than 5% of consolidated sales, in some countries, a distributor's weight may significantly exceed this threshold. In essence, we're talking about long-term partners with whom the Group is keen to maintain a solid, trustworthy business relationship.

- Changes in the distribution industry can also be a strategic opportunity for the Group and fine-tuning how we do business is a core concept of our corporate plan. The sales teams are structured to adequately respond to changes, with dedicated and specialized sales forces in particular.
- The Group's e-commerce sales account for more than 25% of total sales, rising steadily for several years. The same has been true for pure players and Click&Mortar stores. In Direct to Consumer (DTC), the Group has already generated around 7% of our sales through our network of directly operated stores (Home&Cook, WMF, Supor Life Stores, etc.) and is testing out some online DTC models via brand websites.

RISK RELATED TO INNOVATION AND INTELLECTUAL PROPERTY

Description of risk

The Group has to regularly renew our product portfolio through innovations. Innovations are designed to satisfy consumers' new needs and may emerge through existing product or service improvements or via breakthrough innovations.

Over the past few years, product life cycles have shortened, and agile players have emerged with short-lived product offerings (even mono-products) delivered through an innovative marketing and distribution approach. This phenomenon is in tune with new consumer trends and rapid technological developments, especially "digital" products, connected products and related services.

Adapting to these new trends and understanding new ways to consume products and services is a key issue for the Group as we have to learn them and respond to them with an innovative product offering to defend and even increase sales and market share.

The Group's brands and innovations are world-renowned. This leads to various types of intellectual property right infringements (patents, trademarks, designs), which can hurt the Group's sales and create image risks.

All of the Group's innovations must therefore be protected through patent, design and model filings along with other intellectual property assets including a portfolio of registered brands.

Conversely, the Group's active innovation approach is liable to be in conflict with a patent or a design already filed by a competitor. This would result in a litigation, reputational or financial risk in the event of a recall of the product concerned.

Management of risk

- Innovation has been a major part of the Group's strategy since the very beginning. That's why we invest considerable human and financial resources to support it (€267 million or more than 3.5% of sales in 2019).
- A product offering that stands out above the crowd and fast factory to shelf time are major advantages that can add momentum to the business and win market share. With this in mind, the Group is constantly striving to make the product development process more agile so innovations can be launched on the market faster. Over these past few years, the Group has emphasized digital innovations with the development of connected products to improve consumers' daily lives and offering related services as part of a comprehensive ecosystem.
- In addition, actively monitoring consumer trends and competitor innovations provides input on both changes in product offerings and on potential acquisition targets for the Group.
- The Group allocates the budgets required to protect and develop our key intangible assets such as trademarks and innovation, and to combat counterfeiting. A strategy of targeted registration of trademarks, designs and patents has been implemented, taking into account the sales outlook and high-risk countries;
- The Group monitors risk of intellectual property right infringement online and in the field:
  - anti-counterfeiting measures are being systematically applied in the field, primarily in high-risk countries such as China and the Middle East as well as in high-stake trading countries; These measures include monitoring trade fairs where investigations are perforemd which lead to customs seizures, legal action and destruction of molds and inventories,
  - on the internet (marketplaces, websites), measures are being taken thanks to a global monitoring system that generates regular reports and makes it possible to take rapid action to have online copies removed and combat trademark infringement and cybersquatting;
- The Group also monitors risk of third parties having their intellectual property infringed upon due to actions integrated into the product innovation and development process. As a result, many product launch projects are subject to a freedom to operate analysis of the trademarks, designs and patents before validation and launch. Nevertheless, the probability remains that a prior industrial property right has not been identified, and in this case, the Group may have to modify the technical or aesthetic construction of a product to eliminate any risk of litigation, negotiate an amicable settlement of the potential dispute or defend itself if the prior industrial property right is not a priori invalid or if the alleged infringement is not proven.

RISK ASSOCIATED WITH COMPETITIVENESS

Description of risk

Amid intense competition and sales promotions, competitiveness is a major challenge based on:

- Our ability to streamline our facilities' productivity: shifting between in-house and outsourcing manufacturing, managing industrial investments and manufacturing costs, simplifying processes and flows, optimizing the supply chain and related inventories (components, works in progress, finished products), etc.
- Our plants' flexibility when dealing with fluctuating demand: seasonality, product offering, loyalty program, etc.
- Our ability to speed up output over the entire value chain to better respond to customers' expectations.
- Implementing our Digital Strategy 4.0 as part of our Industry of the Future plan.
- Streamlining product diversity and complexity (postponing differentiation or introducing complexities as early in the process as possible).
- Changes to external invoices such as raw material prices and exchange rates.

Management of risk

- As a manufacturing company, Groupe SEB constantly has to decide between internal or outsourced production. Against this background, around two-thirds of the Group's products are manufactured internally, particularly products with a high technological value, while more commonplace products are outsourced. Thinking in terms of Total Cost Ownership, we want to simplify product outflows while attempting to manufacture as much as possible close to our customers and limit the distance in between our suppliers' manufacturing sites.
- For in-house production, our local and central/cross-functional manufacturing teams continuously strive to improve the competitiveness of our sites, specifically through the roll-out of the continuous improvement program such as: OPS (Operation Performance SEB) and PCO (Product Cost Optimization). Each Group site therefore improves its manufacturing indicators to maintain an appropriate level of competitiveness.
- At the same time, the production teams have put in place an industrial flexibility program using diverse technological platforms (kettles, blenders, deep fryers, etc.) to improve our responsiveness and adaptability to market need, as well as to potential rapid developments in market conditions (currencies, customs fees, raw materials, etc.).
- Managing changing raw material prices and currencies is described in "Currency and raw material volatility" on page 54.
- We constantly think about our manufacturing footprint. Our goal is to better leverage the proximity between our plants and our customers while keeping these sites a certain size to maintain competitiveness.

IMAGE AND REPUTATIONAL RISK

Description of risk

Groupe SEB relies on a unique portfolio of around 30 brands that hold leadership positions around the world in their respective domestic market. The reputation of these brands is based on product quality and their distribution method, as well as on the marketing and advertising policies they implement.

Products or communication that is inappropriate to the image of the brands, improper conduct by the Group's brand ambassadors, employees, distributors or suppliers, as well as the circulation of damaging information in the media could affect the brand's reputation, have an adverse effect on sales or negatively impact the brands' valuation on the balance sheet (over €1 billion at 31 December 2019).

In times where information circulates more and more rapidly (through internet sites, instant messaging, social networks, etc.), any negative overtones may have an impact on the Group's image, at a country, a region, or even global level, with repercussions on sales and profit.

Risk can emerge based on founded or unfounded information and/or rumors and can cover a wide array of subjects – product quality or safety, material safety (especially food), manufacturing processes, environmental impact, business practices, ethical values or compliance with regulations (tax, labor).

Management of risk

Groupe SEB supports and builds up the reputation of our brands by collaborating with reputable professionals in their fields (communication agencies, ambassadors, inluencers etc.), to respect and promote the personality of each brand.

At the same time, the Group actively protects our brands' reputation using a three-level protection mechanism.

- The first level of protection against image risk is preventative and consists in not creating a situation that could lead to negative communication about the Group. This is achieved by conforming to the Group's values and the Code of Ethics, and complying with internal processes (particularly quality, financial reporting, internal control, safety, etc.). All Group employees are regularly reminded of these key principles: when they are hired, and during long-term training and communications. They are alerted to compliance with ethical rules at all levels and some employees receive training in digital technology and social networks and how to use them.
- The second protection consists in setting up a response system for monitoring information: in addition to conventional means for monitoring traditional media, the Group uses an e-reputation tracking tool on social networks, alongside an internal (feedback to management, decision-making) and external (crisis management and procedure unit) communication process.
- Lastly, the Group applies measures to secure information-sharing processes to limit the risks of fraudulent communication and identity theft.

1.4.2. OPERATIONAL RISKS

RISK ASSOCIATED WITH THE INTEGRATION OF NEW OPERATIONS

Description of risk

In addition to its organic growth targets, the Group is implementing an external growth strategy to accelerate its expansion and strengthen its position. This strategy emerged from major strategic acquisitions (Moulinex in 2007, Supor in 2007, WMF in 2016) and more targeted acquisitions, introducing product, geographic or business synergies.

Each of these transactions has specific features in terms of corporate culture, structure, operational processes and distribution channels. Failing to identify these specific features or not taking them into account could have an adverse effect on the integration process and the value creation expected from these transactions, particularly regarding:

- growing the business;
- generating synergies;
- measuring the value of intangible assets.

Management of risk

- Over the years, the Group has built up real experience and strong skills in integration. An ad hoc structure is set up to oversee each integration process.
- The Group Strategy department is tasked with designing and overseeing integration plans, and with ensuring coordination between all stakeholders (acquired company, Business Units concerned within Groupe SEB, and markets concerned by the acquisition).
- The Group Controlling department, together with the Strategy department, integrates the new entities into the Group's reporting and decision-making processes. This ensures reliable and regular monitoring of the business plan and key indicators previously defined by the operational entities concerned.
- The Information Systems department develops a plan to achieve consistency in computer software and programs.
- The Human Resources department assists the relevant teams (the acquired company and Groupe SEB employees concerned) in order to integrate new employees into a homogenous environment as smoothly as possible.
- The Audit and Internal Control department implements its standard processes and carries out an audit mission during the integration phase, to make an inventory of processes with shortcomings and puts the relative action plan in place.

RISK RELATED TO OUR SALES VOLATILITY

Description of risk

A significant portion of our products is sold during holiday periods or for special events (Black Friday, Prime Day, Christmas, Chinese New Year, Ramadan, Singles' Day in China, Mother's Day, Chandeleur, etc.); November and December have the biggest money-making events: Christmas, Black Friday and Single's Day in China. Because of this, we achieve a substantial proportion of revenue at the end of the year. As a result, traditionally, both sales and earnings are heavily weighted toward the 4th quarter. Additionally, since some holidays fall on different days (Chinese New Year, Ramadan, etc.), sometimes an event could happen twice in one fiscal year and then not at all during another.

Some of our products are also highly seasonal and depend on weather conditions, such as fans.

The Group's several-year-long commitment to loyalty programs for consumers with distributors is another factor in sales volatility. These programs, led by the distribution retailers, consist in occasionally offering major loyalty and/or promotional offers in a product category to loyal consumers accumulating rights due to making purchases within a short period of time. They let distributors boost footfall in their stores and consumers access our products at discounted prices. These high-visibility operations generate major sales but, on the other hand, can dry up the market and generate elevated revenue that may not be recurrent from one year to the next.

Groupe SEB also pursues a product partnerships policy to develop new concepts and boost sales. These partnerships can take the form of a distribution, license and co-development contract, and result in a co-branding between two well-known brands: Krups with Nespresso and Dolce Gusto, Krups with Heineken for BeerTender and The SUB, Rowenta and L'Oréal for Steampod straightener, Rowenta for Elite in hairdressing, Tefal with Jamie Oliver in cookware. However, in this market, our partners can change their policies, which can generate revenue risk.

Lastly, in Professional Coffee, beyond our current business, signing and executing major contracts for equipment or to replace machines can lead to sales volatility.

The Group's revenue and operating result can therefore fluctuate considerably over a quarter, a half-year or over a year.

Management of risk

- Business during high resale periods are planned in conjunction with our major distribution partners to reduce unknown risks. Sales and promotional campaigns remain aggressive during the low season to spread out revenue a little more evenly throughout the year. The Group's geographic diversification also reduces the risk of volatility caused by seasonal products sold due to weather conditions.
- With regard to loyalty programs, the Group has set up a meticulous management process – no loyalty program can be started without management's approval and after analyzing operational what-ifs (offerings, visibility, brand, supply chain) and profitability.

This process is accompanied by monitoring throughout the campaign with the different stakeholders, to secure volumes and procurement. The relevant marketing campaigns are coordinated with the distribution retailer to ensure successful resale. In addition, no operations of this kind can take place without approval from management, after analyzing the operating scenarios.

- Lastly, with regard to partnerships, the main measure of risk management is based on sustainability of the relationship (the major partnerships are more than 10 years old) and on the diversification of these partnerships that allows portfolio balancing in this activity. Moreover, the teams involved implement actions with our current partners to boost commercial activities and develop products, solidifying the viability of the partnerships concerned.
- Regarding our professional coffee machines business, the Group makes every effort to have a growing list of contracts – including the smaller contracts – that it manages in an order book, to offset the impact from huge one-off deals from one year to another.

RISK RELATED TO ATTRACTING AND RETAINING TALENT

Description of risk

When the company is experiencing sustained growth in a market that's in constant flux, we have to constantly shape our human resources and expand our expertise within the Group.

Our Consumer markets (small electrical appliances and cookware) and BtoB are largely impacted by major societal trends (consumption patterns, and especially food, environmental impact from the business, robotics, digitization, etc.) The Group is keeping up with these trends with a strong commitment and major investments – in innovation, supply chain, data, digital technology – requiring increasingly specialized and qualified employees.

For some of these key profiles, shortages and/or increasing competition could make it difficult to attract and retain talents. This could cause delays in integrating expertise needed to develop and manufacture Group products.

Certain geographic areas, or certain areas of the Group's expertise, are particularly prone to this risk.

Management of risk

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

CYBERSECURITY AND INFORMATION SYSTEMS FAILURE RISK

Description of risk

Information systems are embedded within the Group's businesses, in terms of both operational processes (production management, accounting, reporting, etc.) and means of communication (telephone, mail, networks, tablets and objects connected to the mobile network).

If these systems break down or are disrupted, it would have a potentially significant impact on the Group's operations. A failure could come from a cyber-attack, an intentional or unintentional system contamination by a computer virus or by exploiting weaknesses in our systems' security.

Moreover, the sharp increase in the volume of information processed and the development of connected objects are making data management processes and tools more complex and more technical. Combined with the reinforcement of international regulations on personal data protection (particularly in Europe with the General Data Protection Regulation), this significantly increases the impact that a security breach could have on data. A data breach involving our customers, suppliers, consumers or employees, for instance, could have a major long-term impact on the Group's business.

In addition, the Group's expansion (geography, size, business sector) frequently requires us to upgrade or develop our infrastructures, our management systems (ERP), and our applications. This may necessitate minor (adaptation of systems in place) or major changes (definition, construction and implementation of a new system). Each of these developments causes complexity and disruption in the existing IT environment with, in particular, risks to the resources affected by implementation and to operations, if the migration is not effective.

These two risks can produce substantial costs and can expose the Group's business and performance to risk.

Management of risk

- Regarding cybersecurity risk and systems failure, a coordinated watch with several suppliers specializing in systems protection and security aims to monitor developments and actions to counter cybercrime (antivirus, firewalls, and user identification processes).

  The Information Systems department draws up an annual IT risk map, in collaboration with the Audit and Internal Control department.

  The Group has a highly centralized information systems management policy to guarantee consistency in the security and management of tools. Most of our application servers and data servers are hosted by third parties located in France, in highly secure and redundant environments, enabling business continuity without loss of data. Backup and filtering solutions (antivirus, antispam, web filtering, etc.) are continuously reinforced.

  Lastly, the Group has taken out insurance policies specifically covering cyber-attacks. The policy also covers personal data breaches.

  Resources are specifically dedicated to these issues and are structured internally (reporting to the CISO – Chief Information Security Officer – and the Information Systems Security Committee) and externally (e.g. an intrusion detection specialist).

  Generally speaking, however, the Group is responsible for making all employees accountable: specialists (developers, network administrators, etc.) or end-users (password protection, procedures for opening e-mails, compliance with the IS Usage Charter included in an annex to the internal rules).

- When tools are developed and new businesses integrated, the Information Systems department, in collaboration with the Group Controlling department, sets up dedicated transition/project teams to ramp up new systems while maintaining existing systems to ensure a smooth and seamless transition.

  The Group minimizes these changes as much as possible over the same time period or geographic area. On average, in one year, less than 20% of subsidiaries are affected by an upgrade or change in management system.

  Next, each management system roll-out is supported by specialized service providers, enabling correct definition of needs and configuration of the management tools, minimizing operational risk when the tool is launched.

  Lastly, the Group makes sure to employ extra resources internally during the start-up phases to reduce the impact on local teams and ensure the solid, stable launch of new solutions.

MACROECONOMIC, GEOPOLITICAL AND REGULATORY RISKS

Description of risk

Since the Group operates in nearly 150 countries, we are exposed to various outside risks that are beyond our control. These outside risks go beyond currency risk – the Group must deal with political, economic or social instability, particularly in developing countries where we achieve a significant portion of our sales.

This instability may adversely impact consumer confidence and thus household consumption. If there is a proven and prolonged recession, the Group's business could suffer from currency depreciation for the local currency combined with an upsurge in inflation.

The Group also has to face geopolitical risks which could result in economic sanctions between countries – embargoes or high taxes on certain goods or commodities, which could include our products – or they could result in open conflict. The Group may decide to pass on a portion of these taxes onto the product's sale price, which risks losing a competitive edge compared to competitors that may not be subject to the tax, or we can keep prices the same and lose profit margin.

Lastly, changes in taxes (corporate income tax, VAT, withholdings, tax agreements, etc.) may impact the Group's operations in the countries concerned.

Management of risk

- The Group's international presence – both commercial and industrial – helps to diversify risks, as they can be offset between countries and geographical areas.
- A risk map is also drawn up each year by the Audit and Internal Control department, in collaboration with the management teams of the entities concerned, to assess changes in risks (political, social, economic, etc.) for each country.
- Constantly adapting to changes in the markets is an integral part of the Group's know-how. When the Group was going through the financial crisis, we knew we needed to adjust our structures and prices quickly to reduce impacts from local currency depreciation as quickly as possible and adjust our cost bases to a reduction in sales.
- The Group's powerful and versatile manufacturing base gives the Group some flexibility in how to supply different markets and potentially transfer the manufacturing base if necessary.

1.4.3. LEGAL RISKS

COMPLIANCE

Description of risk

The domestic and international environment has become more complex over the years.

Non-compliance brings a risk of administrative or legal proceedings alongside financial and/or reputational risk.

Management of risk

- Compliance with international and local regulations is a Group priority set out in our Code of Ethics.
- The Group established a Compliance Committee (described on page 34), responsible for incorporating these specific regulations and rolling out a specific action plan. Each local management team is responsible for applying these rules, including the General Manager and Chief Financial Officer of the subsidiary, with the support of legal teams, or a local law firm. Compliance risks and more specifically anti-corruption risks are factored into the mapping of Group risks.
- With respect to personal data protection, the Group has established a dedicated specific organization that brings together multiple functional departments: legal, human resources, information systems, marketing, etc. Moreover, security processes in the event of security breaches to our IT applications impacting personal data have been drawn up and rolled out to ensure a rapid and effective response to this risk.
- The Group is gradually developing training courses adapted to regulatory developments, as part of a Global Compliance training program. This program includes a "Code of Ethics" training course as a starting point, as well as more specific training ("Antitrust", "Anti-corruption" or indeed "Personal data protection").
- In terms of tax regulations, the Group cooperates with and has an open relationship with the tax authorities and endeavors to comply with and implement tax regulations in all the countries in which it operates.

Regulatory changes are monitored by the Accounting and Tax department and local finance departments.

The Group's Code of Ethics sets out the principles governing its tax policy:

- "We pay all taxes due in the countries in which we operate."
- "We endeavor to ensure that the accounting and tax filings we make to the authorities are exhaustive and reflect the real picture in each subsidiary."

The Group also applies OECD transfer pricing recommendations and is regularly audited by the relevant tax authorities.

CORRUPTION RISK

Description of risk

Groupe SEB is present in nearly 150 countries, through its subsidiaries or distributors. The Group's business includes manufacturing, distribution and sales operations and therefore contracts with numerous suppliers and customers as well as exposure to public and private officials.

Any proven instance of corruption could have material financial consequences for the Group (conviction or fines) as well as risks to the Group's image and reputation.

Management of risk

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

INTERNAL AND EXTERNAL FRAUD RISK

Description of risk

The Group's expansion into new geographical areas, changes in technology, and growing competitive pressure are all factors that increase the risks of fraud situations appearing, whether originating internally or externally, or non-compliance with Group rules.

Despite the Group setting up and explicitly and widely communicating operating principles, and despite our sophisticated and regular internal control and audit process (internal and external), the Group is not immune from violations, be they intentional, or not, material or modest. Failure to comply with the internal control principles defined within the Group could adversely affect its business and results.

In addition, the attempted "fake President" frauds (involving, for example, the theft of identities of members of the Group's Executive Committee) are steadily growing and more sophisticated.

Management of risk

- With respect to the fight against external fraud, a process of systematically reporting information on attempted fraud to the Audit and Internal Control department allows the Group to analyze these situations, inform all entities of the risks and respond quickly by implementing new checks (particularly updating our firewalls). A major initiative to raise awareness among financial employees and the systematic implementation of dual checks, for example, have enabled the Group to fight against attempts of identity theft of customers, suppliers and Group senior managers through technological means.
- Risk mapping fraud forms the basis for tests performed on our IT systems by the Audit and Internal Control department to identify potential fraud. This approach is reinforced every year by measures including the use of a specialized tool for processing and analyzing data, based on the Group's information systems.
- Finally, the Group's internal control system and its standard processes are regularly reviewed to ensure that the risk of fraud or non-compliance with the Group's principles are taken into account. This review gives rise reinforcement of the processes if necessary (for example additional controls on the recognition of turnover or on third-party banking information changes in our systems). However, as adequate as it may be, the system put in place cannot provide absolute guarantee that the risk does not occur.
- Page 43 provides more details on the management of computer security.

RISK RELATED TO RESPECTING HUMAN RIGHTS

Description of risk

At the end of 2019, the Group counted 34,000 employees, dealing with over 4,000 suppliers. Being at the center of such a large, complex human environment means that the Group is faced with risks relating to the respect of Human Rights, which are also intrinsically linked to the Group's founding values. In terms of the Group's operations, this risk can be represented by failure to comply with the working conditions recommended by the World Trade Organization: failure to respect local labor laws or failure to respect differences in the company, in terms of gender or orientation.

Any breaches in this area could incur financial consequences from the competent authorities, and above all have an impact on the Group's reputation.

Management of risk

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

LITIGATION RISK

Description of risk

In the ordinary course of its business, the Group may be faced with disputes entailing a direct or indirect impact (legal costs, financial convictions, criminal convictions, operational blockages, damage to image and reputation).

Management of risk

- The Group endeavors to have as much of its dealings with partners covered by contracts to provide its operations with an appropriate legal framework.
- Legal department:
  - educates its stakeholders on the need to have dealings with partners governed by a legal framework;
  - gives operational staff as much support as possible with contractual negotiations;
  - puts in place procedures to identify and manage legal risks;
  - takes the lead in lawsuits and their follow-up through a network of legal firms covering most countries in which the Group operates. Additional details on litigation can be found in Note 21.2 “Claims and litigation and other contingencies” and Note 29.1.2 “Litigation” in the Consolidated Financial Statements.

1.4.4. INDUSTRIAL AND ENVIRONMENTAL RISKS

RISK OF BUSINESS INTERRUPTION

Description of risk

Because of its size and product diversity, Groupe SEB manages an increasingly complex procurement process that includes raw materials, components and finished products.

It is subject to several factors that could have an impact on the Group’s business continuity:

- As a manufacturer, the Group manufactures 2/3 of the products we sell in our own plants. Our ability to forecast sales and adjust our production schedule, and our ability to correctly deliver our contracts are therefore crucial.
- Every year the Group purchases significant volumes of raw materials, components, finished products, etc. Having an excessive concentration of suppliers could lead to dependency with a high risk to business continuity if there is ever a disruption (delivery delay, business interruption, business relationship gone sour, bankruptcy, major incident such as fire, etc.)
- As the Group operates on a global scale, the supply chain in place is increasingly complex. The way our plants, suppliers and markets are spread out leads to a high dependence on certain logistics routes (China to Europe, China to the United States, Europe to the Middle East or the Americas, etc.). These routes could be disrupted, especially if natural or geopolitical risks arise, significantly impacting our operations.
- The Group has to face natural risks (fires, floods, landslides) or epidemics that can affect our plants, warehouses or a geographic area where the Group operates and could affect industrial operations at the site or in the area concerned.

Management of risk

- Planning and logistics are managed at the global level. The Group has rolled out a group-wide and collaborative S&OP (Sales and Operating Planning) process, from sales forecasting in market companies to capacity planning, production and delivery to the customer.
- The Group is particularly vigilant about diversifying risks and limiting dependence in terms of component, raw material and finished product supplies. Its priority is to ensure continuity of production under optimum economic conditions, while conforming to ethical principles, and to have alternatives at its disposal within a single product family or for a specific technology.
- With regard to logistics routes, there is no systematic alternative for all shipments; however, the Group encourages alternative routes as much as possible, such as river transportation.
- Concerning the continuity of our industrial operations, each of the Group’s plants undergo an annual assessment of local risks and prevention plans are put in place. Additionally, the Group has applied an active approach to industrial risk prevention by conducting regular audits, investing in maintenance and optimizing certain processes to limit the probability of such risks occurring. The European, US and Chinese sites are generally not, or only slightly, exposed to major natural risks (hurricanes, floods, earthquakes, etc.), and the same is true of the warehouses.
- Moreover, the risk of a pandemic is included in our international health plan “Health in SEB” and in each sites continuity plans. More details can be found on page 142 in Chapter 3.

HEALTH, SAFETY AND ENVIRONMENT RISK

Description of risk

The health and safety of its employees are among Groupe SEB's foremost concerns. Nonetheless, the risk of work-related illnesses, workplace accidents or physical injuries cannot be ruled out.

With nearly 34,000 employees spanning the globe, the risk of a workplace accident will always be present and it concerns all categories of employees (on site, in stores, at headquarters, etc.).

On the other hand, with 42 plants around the world, the Group is exposed to industrial risks (fires, accidents, pollution emission), which may affect the health of our employees and the environment.

As the Group operates in nearly 150 countries, we are also exposed to safety and security risk for our employees: operations in at-risk countries, frequent work travel in different areas where the Group operates, abrupt geopolitical changes in certain areas involving physical risks for local teams, etc.

We cannot totally rule out these events from occurring and it could have an adverse impact on the Group's business and results, our human resources as well as our image and reputation.

Management of risk

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

RISK RELATED TO CLIMATE CHANGE

Description of risk

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

Management of risk

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

PRODUCT QUALITY RISK AND RISKS RELATED TO PRODUCT LIABILITY

Description of risk

The Group is particularly vigilant in matters of consumer safety and pays the utmost attention to the safety and security of raw materials, components and finished products. It may, however, have to accept liability or witness its image, or that of its brands, being tarnished. Instances of users being hurt when a product malfunctions or is used inappropriately cannot be ruled out. The Group is, therefore, exposed to risks of warranty or liability claims from customers and consumers. Product recalls may prove necessary in some cases.

Meanwhile, regulations regarding food products and materials liable to create a health risk are constantly changing (generally moving towards a tightening of regulations) and are sometimes preceded by media campaigns about the harmfulness of certain materials. Any of these situations might generate a risk zone for the Group if one or more of the materials concerned were used in the production of our products.

Management of risk

- The Group's quality policy is fully incorporated into the design and manufacture of all products: each stage of product design is part of a standard quality process and is subject to successive approvals, particularly with regard to the components used, the materials implemented, and the suppliers selected.
- In addition, the Group carries out numerous quality controls on the products we market. We also endeavor to include simple and accessible user information sheets with our products to warn of potentially hazardous uses.
- In the markets, the Group uses a network (usually outsourced) of service centers, which manages product repair and follow-up. The employees/technicians in these service centers receive regular and comprehensive training from the Group to ensure they can provide optimum support to consumers should one of its products malfunction. The service centers are also authorized to handle customer complaints, repairs under and outside warranty, and the sale of spare parts and consumables, in order to provide the best level of service to our consumers.
- With regard to potential health risks, the Group has set up a regulatory and technical watch process (on all media, including the internet). This ensures that standards and restrictions in these areas (including the update following the European Directive on Dangerous Substances amongst other things) are rolled out to the R&D teams.
- The Group has also recorded a provision for product warranty costs based on historical statistics and has put in place insurance coverage for civil liability (see paragraph on Insurance).

1.4.5. FINANCIAL AND MARKET RISKS

RISK RELATED TO FLUCTUATIONS IN CURRENCIES AND RAW MATERIALS

Description of risk

Groupe SEB has a commercial presence in nearly 150 countries. With production rather concentrated in Europe and in China, our business is, therefore, highly exposed to transaction currency risk when our products are billed to our customers in a currency that is different from the country where the products were manufactured. This makes managing foreign exchange fluctuations a competitive priority. There is also a translation effect when converting revenues and earnings from different countries into euros on consolidation. Currency fluctuations may thus have a significant impact on the Group's results.

Moreover, Groupe SEB uses a certain number of raw materials in our manufacturing processes: aluminum (for cookware), nickel (for certain steel alloys, mainly stainless steel), copper (mainly wire for motors and electric cords), plastics (a key material in small electrical appliances) and paper/cardboard products for printed documents and packaging. These materials and components vary as a percentage of direct purchases for the Group: on average over the last two years, aluminum has accounted for 11% of direct purchases for manufacturing, steel and metal parts for 20%; plastic materials and parts for 19%; and electrical and electronic components for 24%.

The Group is therefore exposed to risks concerning the availability of raw materials and fluctuations in their prices. These include both a risk of shortages and of being forced to pass all or part of price increases on to consumers. This could affect performance (sales and earnings).

Management of risk

- The Group's currency position is short in dollars and yuan and long in all other currencies. To limit its risk, the Group hedges a portion of its highly probable future cash flows, as well as almost all of its balance sheet transaction risk, by means of forward contracts and options.
- Given the sometimes sudden and significant fluctuations in exchange rates, the Group adapts our pricing policy: increasing sale prices to preserve the local profitability of commercial subsidiaries, where the relevant currency depreciates against the production currency, and adjusting prices downwards to preserve market momentum and competitiveness if exchange rates improve.
- Details of currency risks are given in the notes to the Consolidated Financial Statements (Note 26.2.1).
- To deal with the exposure on raw materials, Groupe SEB has implemented a hedging policy intended to protect us against the effects of abrupt changes in the prices of metals and thus enable us to avoid any brisk changes in sale prices. This policy has no speculative purpose but, for any given year and in relation to actual market prices, may produce:
  - positive impacts when raw material prices are rising;
  - negative impacts when commodity prices are falling.
- In addition, the Group constantly endeavors to improve our manufacturing productivity and to reduce our purchasing costs, which both help to offset market volatility.
- Commodity risks are dealt with in Note 26.2.3 to the Financial Statements.

1.4.6. INSURANCE

GROUP GENERAL INSURANCE COVER (EXCLUDING INSURANCE OF PERSONS)

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

INTEGRATED WORLDWIDE COVERAGE

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

DAMAGE TO ASSETS AND LOSS OF EARNINGS

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

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

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

CIVIL LIABILITY

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

The amounts of coverage are based on the quantification of the risks to which the Group is exposed in view of its business.

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

ENVIRONMENT

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

Coverage applies to:

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

TRANSPORT AND INVENTORY

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

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

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

CYBER

Financial protection held by Groupe SEB against attacks on its IT systems covers damage and liability for a total amount of €15 million. This broad-scope insurance policy also covers attacks on personal data.

CUSTOMER RISK

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

LOCAL INSURANCE POLICIES

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

2 Corporate governance

2.1. Implementation framework for corporate governance principles

Groupe SEB adheres to the June 2020 version of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which can be consulted on the MEDEF website (www.medef.com).

Pursuant to the recommendations of the AFEP-MEDEF Code, as well as Article L. 225-37-4 paragraph 8 of the French Commercial Code, this Chapter reports on the application of the provisions adopted and explains why some provisions were not applied. In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code, this Chapter includes a portion of the Corporate Governance Report, appended to the Management Report, as shown in the cross-reference table available on page 349.

It should be noted that the information referred to in Article L. 225-37-5 of the French Commercial Code and, in particular, information concerning the capital structure of the company and factors which could affect a hypothetical takeover bid, appears in Chapter 7, "Information concerning the company and its share capital".

2.2. Management structure

The company is managed by Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer. He is assisted by Stanislas de Gramont, Chief Operating Officer, who took office on 3 December 2018.

CHAIRMAN AND CEO

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

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

Each time Thierry de La Tour d'Artaise was reappointed, in 2004, 2008, 2012, 2016 and for his planned reappointment in 2020, the Board of Directors confirmed this structure for the company's management authority, deemed to be the most appropriate given the company's organizational structure and operating methods, offering faster and more efficient decision-making.

Moreover, the Board of Directors applied no limits to the powers of the Chairman and CEO, which are described on page 79.

CHIEF OPERATING OFFICER

Following its meeting of 10 October 2018, the Board of Directors, on the proposal of the Chairman and Chief Executive Officer and after studying the recommendations of the nominations and remunerations Committee (now called governance and remuneration Committee), appointed Stanislas de Gramont as Chief Operating Officer, replacing Bertrand Neuschwander.

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

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

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

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

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

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

COMPOSITION OF THE BOARD OF DIRECTORS

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

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

To reflect the changing family shareholder base and statutory changes on employee representation and gender balance, the Board of Directors, upon the recommendation of the Governance and Remuneration Committee (formerly Nominations and Remuneration Committee) decided to refresh its membership in 2019.

GENERAL PRINCIPLES RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS

Since the Annual General Meeting of 22 May 2019 and Groupe SEB's European Committee of 27 June 2019, the Board of Directors has 17 members whose terms of office are four years in accordance with the bylaws.

The composition of the Board of Directors is as follows:

- Chairman;
- 8 directors representing the Founder Group, namely:
  - 4 directors from VENELLE INVESTISSEMENT,
  - 2 directors from GÉNÉRACTION,
  - 2 directors from FÉDÉRACTIVE;
- 5 independent directors;
- 1 director representing employee shareholders; and
- 2 directors representing employees.

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

It also strives to maintain a balance in its membership and in its committees, particularly when it comes to diverse careers and experience.

In this respect, having 8 women, i.e. 53% (8/15) of the members of the Board of Directors, in line with the calculation method in the bylaws used up to that point, which included the employee shareholder director but excluded the two employee directors, achieves the gender balance required under Article L 225-18-1 of the French Commercial Code. In accordance with the new provisions of the PACTE law, the applicable calculation method was changed with a resulting change to the bylaws proposed in Resolution 23 being put to the Annual General Meeting on 19 May 2020. Under this, 7 women will be counted, i.e. 50% (7/14) of the members of the Board of Directors (the employee directors and the employee shareholder director no longer being included in the calculation).

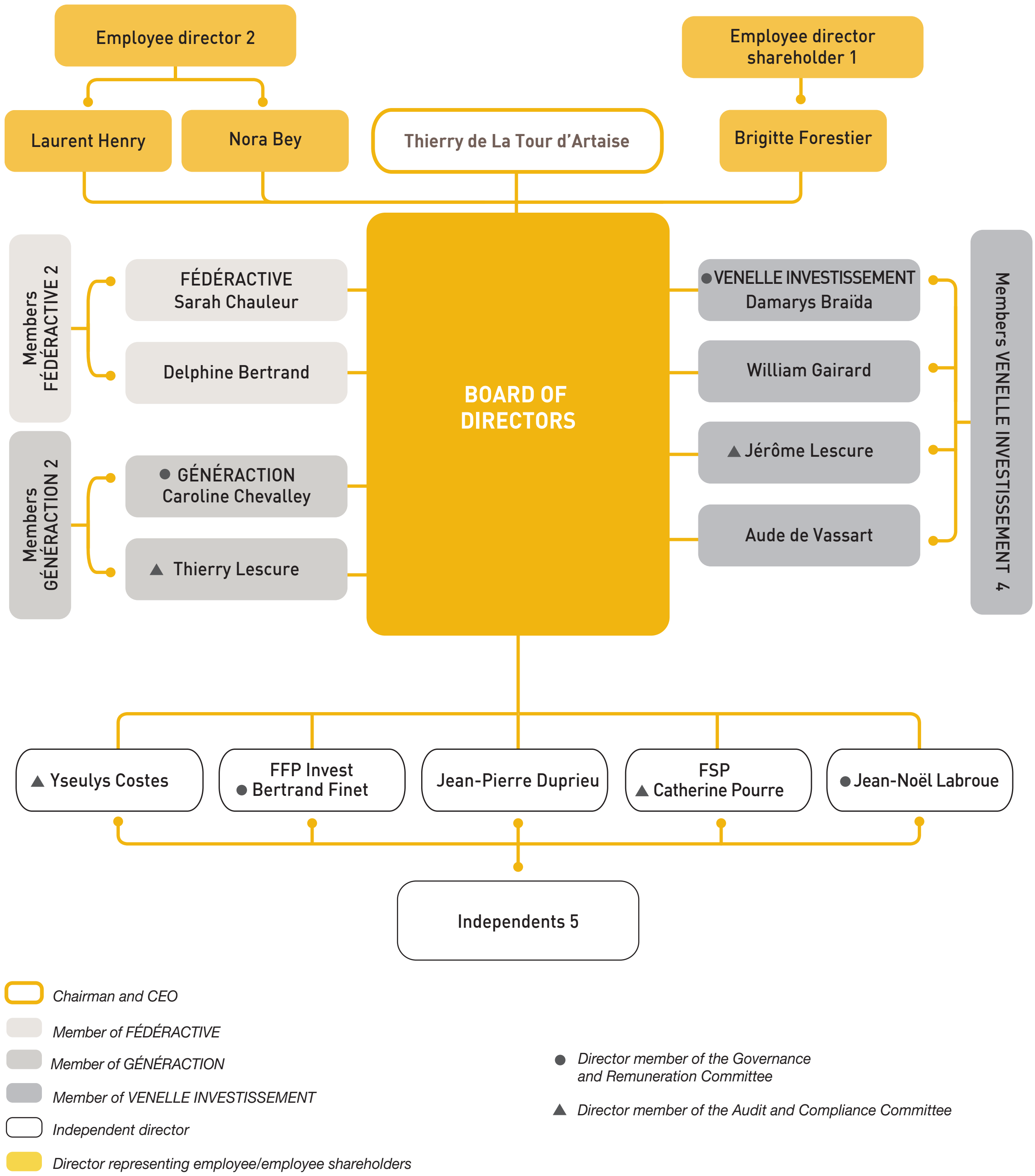
In addition, the international experience acquired by certain directors during their professional careers or as a result of their residency abroad ensures that the Board of Directors takes greater account of international practices and issues.

This diversity also stems from the independent directors being mutually supportive and having a wide range of expertise (distribution, finance, data marketing, strategy, human resources, audit, governance and CSR), contributions from the employee representatives and the family shareholder base's long-term outlook.

During the 2019 evaluation of the Board of Directors, the members were able, through various questions on this subject, to express their satisfaction with the diversity in the composition of the Board and with the resulting enrichment.

The directors together hold, 20.0% of the OGM capital and 12.6% of the EGM capital of the company and 25.6% of the OGM theoretical voting rights and 16.1% of the EGM theoretical voting rights thereby adhering to the terms of the Directors' Charter and internal rules of the Board of Directors (the "Charter and internal rules") under which each director is required to hold a minimum number of pure registered SEB S.A. shares equivalent to about two years of attendance fees (except for directors representing employees and employee shareholders).

Composition of the Board of Directors in 2019



ABOUT THE DIRECTORS

FOUNDING CHAIRMEN

Frédéric Lescure †

Henri Lescure †

Emmanuel Lescure †

Thierry DE LA TOUR D'ARTAISE

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 65

Nationality: French

Committee member: No

Number of SEB shares held: 546,002

Chairman and Chief Executive Officer

- **Date of first appointment:** AGM of 3 May 1999
- **Date of last reappointment:** AGM of 19 May 2016
- **End date of term of office:** 2020 AGM (Reappointment)

Biography

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

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

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

Other current offices and positions

Company	Functions and current mandates
SEB Internationale (wholly-owned subsidiary of SEB S.A.)	Chairman
Zhejiang Supor Co., Ltd* (China – a subsidiary 81.19% owned by SEB Internationale S.A.S.)	Chairman of the Board of Directors
WMF Group GmbH	Chairman of the Supervisory Board
Peugeot S.A.*	Member of the Supervisory Board
CIC – Lyonnaise de Banque	Permanent representative of Sofinaction on the Board of Directors
Holding HPP	Chairman

Other offices and positions held in the last five years and now expired

Company	Functions and current mandates
Club Méditerranée S.A.	Director
Legrand*	Director and member of the Nominations and Governance Committee

* *Listed company.*

Delphine BERTRAND

Director – member of the Founder Group, member of FÉDÉRACTIVE

- **Date of first appointment:** AGM of 11 May 2017
- **Date of last reappointment:** AGM of 16 May 2018
- **End date of term of office:** 2022 AGM

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 54

Nationality: French

Committee member: No

Number of SEB shares held: 120,141 (including 9,825 full-ownership and 110,316 bare-ownership shares)

Biography

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

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

Delphine Bertrand is certified in corporate governance: “objectif administratrice” from EM Lyon.

Other current offices and positions

Company	Functions and current mandates
FÉDÉRACTIVE	Member of the Advisory Board

Offices and positions held in the last five years and now expired

None

Nora BEY

Director representing employees

- **Date of first appointment:** Groupe SEB European Committee 27 June 2019
- **End date of term of office:** 2023

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 46

Nationality: French

Committee member: No

Number of SEB shares held: n/a

Biography

Nora Bey holds a Master’s degree in Sales and Marketing from the Conservatoire National des Arts et Métiers in Paris and is a CSCP certified Supply Chain Professional. She joined Groupe SEB in 1997. Nora performed various Supply Chain functions for Tefal SAS before being appointed head of sales and operations planning in the cookware business in 2017.

Other current offices and positions

None

Other offices and positions held in the last five years and now expired

None

Yseulys COSTES

Independent Director

- **Date of first appointment:** AGM of 14 May 2013
- **Date of last reappointment:** AGM of 11 May 2017
- **End date of term of office:** 2021 AGM

Main professional address:
28 Rue de Châteaudun
75009 Paris – France

Age: 47

Nationality: French

Committee member: audit and compliance Committee

Number of SEB shares held: 750

Biography

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

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

In 2014, she moved to Palo Alto in California, the heart of Ad Tech, to develop Numberly, the Group's international subsidiary. She moved back to France in 2018. She is a member of the Strategy Board of the City of Paris.

Other current offices and positions

Company	Functions and current mandates
Numberly* – 1000mercis Group	Chairwoman and CEO
Ocito (Groupe 1000mercis)	Chairwoman of the Supervisory Board

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Numergy	Member of the Supervisory Board
Vivendi*	Member of the Supervisory Board

* *Listed company.*

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Jean-Pierre DUPRIEU

Independent Director

- **Date of first appointment:** AGM of 22 May 2019
- **End date of term of office:** 2023 AGM

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 67

Nationality: French

Committee member: No

Number of SEB shares held: 355

Biography

Jean-Pierre Duprieu is an agronomic engineer with a Master's Degree in Food Industry from the Institut National Agronomique (AgroParisTech). He is also a graduate of the Institut de Contrôle de Gestion and the International Forum (Wharton). He joined the Air Liquide Group in 1976. He spent his entire career at Air Liquide holding various commercial, operational, strategic and general management positions, first as International Marketing Director, then as Sales and Marketing Director for France and then as Executive Vice-president of Air Liquide France. In 2000, Jean-Pierre Duprieu was appointed Senior Vice President and member of the Group's Executive Committee in charge of Europe, Africa and the Middle East. For five years, he was based in Tokyo as a member of the Executive Committee, Director of the Asia Pacific region and of the World Electronics Business Line. Upon returning from Asia in 2010, he was named Deputy Chief Executive Officer of the Air Liquide Group.

Other current offices and positions

Company	Functions and current mandates
Michelin*	Member of the Supervisory Board and Audit Committee
Korian Group*	Director, member of the Audit Committee and Chairman of the Compensation and Appointments Committee

* *Listed company.*

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Air Liquide Group*	Deputy Chief Executive Officer
Air Liquide Welding	Director
Air Liquide Santé International	Director
Air Liquide Eastern Europe	Chairman

FÉDÉRACTIVE

Registered office:
66, avenue des Champs-Élysées
75008 Paris – France
487 544 223 RCS Paris

Committee member: No

Number of SEB shares held:
4,095,647 (4,095,644 of which are bare ownership and 3 full ownership).

Director – member of the Founder Group

- Simplified joint-stock company with share capital of €205,312

- **Date of first appointment:** AGM of 11 May 2006
- **Date of last reappointment:** AGM of 16 May 2018
- **End date of term of office:** 2022 AGM

INFORMATION

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

The company has been represented on the Board of Directors of SEB S.A. by Sarah Chauleur, replacing Pascal Girardot, since the Annual General Meeting of 11 May 2017.

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Other current offices and positions
None

Offices and positions held in the last five years and now expired
None

Sarah CHAULEUR

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 48

Nationality: French

Permanent representative of FÉDÉRACTIVE on the Board of Directors

Biography

Sarah Chauleur has a postgraduate degree in Information and Communication Sciences and an “objectif administratrice” corporate governance diploma from EM Lyon. She served as Communications Manager for FÉDÉRACTIVE until 2019. Now, Sarah is in charge of responsible shareholding, CSR and governance. She is also co-convener of the Première Pierre foundation (under the auspices of the Fondation de France).

Other current offices and positions

Company	Functions and current mandates
FÉDÉRACTIVE	Member of the Advisory Board

Offices and positions held in the last five years and now expired
None

Registered office:
66, avenue Charles de Gaulle
92200 Neuilly-sur-Seine – France

535 360 564 RCS Paris

Committee member: Governance and remuneration committee

Number of SEB shares held:
2,521,522

FFP INVEST

Independent director

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

- **Date of first appointment:** AGM of 14 May 2013
- **Date of last reappointment:** AGM of 11 May 2017
- **End date of term of office:** 2021 AGM

INFORMATION

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

It is represented on the Board of Directors by Bertrand Finet.

Other current offices and positions

Company	Functions and current mandates
Immobilière Dassault*	Member of the Supervisory Board
IDI*	Vice-Chairman and member of the Supervisory Board
Financière Guiraud	Chairman
IDI Emerging Markets (Luxembourg)	Member of the Supervisory Board
Orpea*	Director
Lapillus II	Director
FFP Les Grésillons	Managing Director
LDAP	Member of the Executive Committee
SPIE*	Director
Lisi*	Director
Total Eren	Director on the Board of Directors

* *Listed company.*

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Zodiac Aerospace*	Member of the Supervisory Board
LT Participations	Director
IPSOS*	Director
ONET	Member of the Supervisory Board
SANEF*	Director
Gran Via 2008	Director
Valmy FFP	Managing Director

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 54

Nationality: French

Bertrand FINET

Permanent representative of FFP Invest on the Board of Directors

Biography

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

He was appointed Managing Director of CVC Capital Partners France in 1996, before heading the Paris office of Candover France starting in 2006.

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

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

Other current offices and positions

Company	Functions and current mandates
FFP*	Chief Operating Officer
FFP Invest	Chief Executive Officer
FFP Investment UK Limited (United Kingdom) Needed in EN version?	Director
FFP Invest Arb	Chairman
LDAP	Permanent representative of FFP Invest on the Executive Committee
SPIE*	Permanent representative of FFP Invest on the Board of Directors

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Bpifrance Investissement	Executive Director within Mid & Large Cap Equity department
Bpifrance Investissement	Executive Director within SME Equity department

Offices and positions held in the last five years and now expired (continuation)

Mersen*	Member of the Supervisory Board
Sequana*	Permanent representative of Bpifrance Participations on the Board of Directors
Constellium*	Board observer on the Board of Directors
Vallourec*	Permanent representative of Bpifrance Participations on the Board of Directors
Technicolor*	Permanent representative of Bpifrance Participations on the Board of Directors
Verallia*	Permanent representative of Bpifrance Participations on the Board of Directors
Consolidation et développement gestion	Chairman of the Supervisory Board
CDC Entreprise Capital Investissement	Chairman and CEO

* *Listed company.*

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 48

Nationality: French

Committee member: No

Number of SEB shares held: n/a

Brigitte FORESTIER

Director representing employee shareholders

- **Date of first appointment:** AGM of 11 May 2017
- **Date of last reappointment:** None
- **End date of term of office:** 2021 AGM

Biography

Brigitte Forestier has a Master's in Human Resources from the Institut de Gestion Sociale in Lyon. She joined Groupe SEB in 1997. She held various Human Resources positions at Calor, followed by Groupe SEB France and Groupe SEB Retailing. In November 2018, Brigitte Forestier was appointed Director of Human Resources of Campus SEB.

Other current offices and positions

None

Offices and positions held in the last five years and now expired

None

FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP)

Registered office:
93 Boulevard Haussmann
75008 Paris – France
753 519 891 RCS Paris
Committee member: Audit and Compliance Committee
Number of SEB shares held: 2,633,876

Independent director

- SICAV with a Board of Directors and share capital of €400,000

- **Date of first appointment:** AGM of 15 May 2014
- **Date of last reappointment:** AGM of 19 May 2016
- **End date of term of office:** 2020 AGM (Reappointment)

INFORMATION

FSP was registered on 14 September 2012.
It is represented on the Board of Directors by Catherine Pourre.

Other current offices and positions

Company	Functions and current mandates
Safran	Director through F&P, held jointly with FFP
Arkema*	Director
Eutelsat Communications*	Director
Tikehau Capital Advisors	Director
Tikehau Capital SCA*	Member of the Supervisory Board
Elior Group	Director
Neonen	Director

* *Listed company.*

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Zodiac Aerospace*	Director

Catherine POURRE

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France
Age: 62
Nationality: French
Committee member: Audit and Compliance Committee Chairwoman

Permanent representative of FSP on the Board of Directors

Biography

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

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

Other current offices and positions

Company	Functions and current mandates
Beneteau S.A.*	Member of the Board of Directors
Crédit Agricole S.A.* and its subsidiary Crédit Agricole CIB	Director
CPO Services SARL (Luxembourg)	Director

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Neopost S.A.* (now called Quadient)	Director
U&R Management B.V. (Netherlands)	Director

William GAIRARD

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

- **Date of first appointment:** AGM of 12 May 2015
- Date of last reappointment: AGM of 22 May 2019
- **End date of term of office:** 2023 AGM

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 39

Nationality: French

Committee member: No

Number of SEB shares held:
387,500 shares (254,394 of which bare-ownership shares)

Biography

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

In 2012, he moved to Mexico where he became an entrepreneur. Today, he is a partner and Chief Financial Officer of Minimalist Technology, a digital software development agency in Mexico.

Other current offices and positions

Company	Functions and current mandates
Ecopro Solutions S.A. de C.V. (Mexico)	Sole Director
Minimalist Technology (Mexico)	Chief Financial Officer

Offices and positions held in the last five years and now expired

None

GÉNÉRACTION

Director – member of the Founder Group

- **Date of first appointment:** AGM of 22 May 2019
- **End date of term of office:** 2023 AGM

Main professional address:
5 A Chemin du Pâquier
1231 Conches – Switzerland

Committee member: Governance and Remuneration Committee

Number of SEB shares held: 430

INFORMATION

GÉNÉRACTION is an association of Swiss shareholders of SEB SA, registered on 16 April 2017 in the Trade and Companies Register. It is represented on the Board of Directors by Caroline Chevalley.

Other current offices and positions

Company	Functions and current mandates
None	

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
None	

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 56

Nationality: French & Swiss

Caroline CHEVALLEY

Permanent representative of GÉNÉRACTION on the Board of Directors

Biography

Caroline Chevalley holds a law degree from the University of Lausanne and is Vice-Chairwoman of FCL Investissements S.A., a financial holding company. She is co-founder and Chairman of GÉNÉRACTION, an association of shareholders of SEB SA, created in May 2017.

Other current offices and positions

Company	Functions and current mandates
FCL Investissements	Director and member of the Diversification Committee
Company Civile Immobilière Evermont	Manager
GÉNÉRACTION	Chairman of the Executive Committee

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
FÉDÉRACTIVE	Chairwoman of the Advisory Board

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 52

Nationality: French

Committee member: No

Number of SEB shares held: n/a

Laurent HENRY

Employee director

- **Date of first appointment:** 13 October 2017 (elected by the France Works Council – CGF)
- **Date of last reappointment:** None
- **End date of term of office:** 2021 meeting of the France Works Council

Biography

Laurent Henry has a Master's in Logistics from the École Supérieure in Brest and a Master's in Economic Sciences from the University of Caen. He began his career at Moulinex and joined the Group in 2001. He has held various logistics positions and was appointed Head of Logistics at the Mayenne plant in 2012.

Other current offices and positions

None

Offices and positions held in the last five years and now expired

None

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 72

Nationality: French

Committee member: governance and remuneration Committee Chairman

Number of SEB shares held: 1,250

Jean-Noël LABROUE

Independent director

- **Date of first appointment:** AGM of 12 May 2010
- **Date of last reappointment:** AGM of 16 May 2018
- **End date of term of office:** 2022 AGM

Biography

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

Other current offices and positions

Company	Functions and current mandates
Generix S.A.*	Non-voting director
Kiabi France	Non-executive Chairman
JNL Conseil	Chairman

* *Listed company.*

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Generix S.A.*	Director

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 45

Nationality: French (Swiss resident)

Committee member: No

Number of SEB shares held: 2,250

Thierry LESCURE

Director – member of the Founder Group, member of GÉNÉRACTION

- **Date of first appointment:** AGM of 22 May 2019
- **End date of term of office:** 2023 AGM

Biography

Thierry Lescure holds a Master's degree in Business Law and Taxation from the University of Paris, Panthéon Assas Faculty, and a Master's in Business Administration from IAE Paris. He also completed an Investment Strategies and Portfolio Management program at Wharton School and an Advanced Asset Management program at INSEAD. After working as a consultant at Tefal UK in London, Thierry Lescure joined Yahoo! France in 2001 as a Finance Producer in charge of the Yahoo! Finance channel, before serving as Head of E-Commerce.

He then joined Yahoo! Europe in 2004 where he was in charge of Yahoo! automotive channels. He left this company in 2006 to become Chief Digital Officer at Reed Business Information to create new growth drivers in France and Europe. He then went on to invest in and coach innovative start-ups as owner of Aucelha. In 2016, he joined the family office of Geneva-based Premium Assets as Senior Asset Manager.

Other current offices and positions

Company	Functions and current mandates
FCL Investissements	Member of the Diversification Committee
50 Partners	Member of the Committee Capital II
GÉNÉRACTION	Member of the Executive Committee

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
Aucelha SARL	Managing Director

Jérôme LESCURE

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

- **Date of first appointment:** AGM of 19 May 2016 (director of SEB S.A. from 1994 to 2005)
- **End date of term of office:** 2020 AGM (Reappointment)

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 59

Nationality: French

Committee member: audit and compliance Committee

Number of SEB shares held: 48,096

Biography

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

Since 2013, Jérôme Lescure has been an entrepreneur and investor. He is now Chairman and CEO of Neofor, an industrial wood-processing group.

Other current offices and positions

Company	Functions and current mandates
Lavilla S.A.R.L.	Co-Managing Director
NEOFOR S.A.S.	Representative of Chairman Lavilla
Additio S.A.S.	Chairman
MANUTAN INTERNATIONAL S.A.*	Director

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
APICAP (former OTC Asset Management S.A.S.)	Chairman
Barques	Chairman
CAMSEL S.A.S.	Chairman
Brassac Holding S.A.S.	Chairman
Les Bois du Midi S.A.S.	Chairman
Ymagis S.A.*; Active 3D; Inspirational Stores S.A.; D3T; Archimen Group SAS	Director, permanent representative of APICAP

* *Listed company.*

Aude DE VASSART

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

- **Date of first appointment:** AGM of 22 May 2019
- **End date of term of office:** 2023 AGM

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 41

Nationality: French

Committee member: No

Number of SEB shares held: 31,968 full-ownership and 26,874 bare-ownership shares

Biography

Aude de Vassart holds a degree from ISEP and an MBA from HEC. She began her career in 2001 as an electrical engineer in England at STMicroelectronics, then at SuperH (start-up). When she returned to France, she joined Texas Instruments in 2003 and held several positions in R&D, then in Marketing before becoming head of marketing at Oberthur Technologies, a leader in debit, credit and prepaid bank cards.

Aude is currently managing director of the urban mobility business at IDEMIA. IDEMIA manufactures and sells public transportation cards for transit systems around the world.

Other current offices and positions

Company	Functions and current mandates
Alliance OSPT (Germany)	Director
VENELLE INVESTISSEMENT	Member of the Supervisory Board

Offices and positions held in the last five years and now expired

Company	Functions and current mandates
None	

VENELLE INVESTISSEMENT

Registered office:
72, rue du Faubourg Saint-Honoré
75008 Paris – France
414 738 070 RCS Paris
Committee member: Governance and Remuneration Committee
Number of SEB shares held: 17,898

Director – member of the Founder Group

- Simplified joint-stock company with share capital of €3,750,736.68

- **Date of first appointment:** 27 April 1998
- **Date of last reappointment:** AGM of 19 May 2016
- **End date of term of office:** 2020 AGM (Reappointment)

Information

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

It is represented on the Board of Directors by Damarys Braida.

Other current offices and positions
None

Offices and positions held in the last five years and now expired
None

Damarys BRAIDA

Main professional address:
Campus SEB
112 chemin du Moulin Carron
69130 Écully – France
Age: 52
Nationality: French

Permanent representative of VENELLE INVESTISSEMENT on the Board of Directors

Biography

A graduate of the École des Mines engineering school in Paris, Damarys Braida joined L'Oréal in 1991 to set up the capillary asset laboratory. After having held several Research positions, she has been managing the Cosmetics Business Lines' global strategy since 2019.

Other current offices and positions

Company	Functions and current mandates
VENELLE INVESTISSEMENT	Chairwoman
Venelle Plus	Chief Executive Officer

Other offices and positions held in the last five years and now expired
None

SUMMARY TABLE OF DIRECTORS

Surname – First name	Nationality	Age	Start date	Capacity	Committee Member	Individual attendance rate* – 2019 Committee	Individual attendance rate* – 2019 Board
THIERRY DE LA TOUR D'ARTAISE	French	65	03-05-1999 AGM Ratification of co-optation	Chairman	No		100%
DELPHINE BERTRAND	French	54	11-05-2017 AGM Ratification of co-optation	-	No		100%
NORA BEY	French	46	Appointment by the Group European Committee of 27-06-2019	Employee	No		100%
YSEULYS COSTES	French	47	14-05-2013 AGM	Independent	Audit and Compliance	100%	100%
JEAN-PIERRE DUPRIEU	French	67	22-05-2019 AGM	Independent	No		
FÉDÉRACTIVE (Sarah Chauleur)	French	48	14-05-2013 AGM	-	No	100% (c)	100%
FFP INVEST (Bertrand Finet)	French	54	11-05-2017 AGM (a)	Independent	Governance and Remuneration	100%	100%
BRIGITTE FORESTIER	French	48	11-05-2017 AGM	Employee shareholder	No		100%
FSP (Catherine Pourre)	French Luxembourg resident	62	15-05-2014 AGM Ratification of co-optation (b)	Independent	Audit and Compliance (Chairwoman)	100%	100%
WILLIAM GAIRARD	French Resident of Mexico	39	12-05-2015 AGM	-	No		100%
GÉNÉRACTION (Caroline Chevalley)	French & Swiss, Swiss resident	56	22-05-2019 AGM	-	Governance and Remuneration	100% (d)	100%
LAURENT HENRY	French	52	Appointment by the France Works Council on 13-10-2017; joined the BoD on 14-12-2017	Employee	No		100%
JEAN-NOËL LABROUE	French	72	12-05-2010 AGM	Independent	Governance and Remuneration (Chairman)	100%	100%
JÉRÔME LESCURE	French	59	19-05-2016 AGM	-	Audit and Compliance	100%	100%
THIERRY LESCURE	French, Swiss resident	45	22-05-2019 AGM	-	No		100%
AUDE DE VASSART	French	41	22-05-2019 AGM	-	No		100%
VENELLE INVESTISSEMENT (Damarys Braida)	French	52	27-04-1998 AGM Ratification of co-optation	-	Governance and Remuneration	100%	100%
DIRECTORS WHOSE TERMS OF OFFICE ENDED DURING THE YEAR							
HUBERT FÈVRE	French Swiss resident	55	13-05-2003 AGM		Audit	100%	100%
CÉDRIC LESCURE	French	52	12-05-2010 AGM Ratification of co-optation		No		100%

(a) FFP Invest was co-opted by decision of the BoD on 23 July 2013 to replace FFP.
*(b) FSP was co-opted by decision of the BoD on 25 February 2014 to replace Philippe Lenain.**
** The individual attendance rate for directors appointed during 2019 was calculated on a pro rata basis for meetings of the Board of Directors and of Committees that took place starting from when their term of office began.*
(c) FÉDÉRACTIVE was a member of the Governance and Remuneration Committee until 23 July 2019 and was represented on this Committee by Pascal Girardot.
(d GÉNÉRACTION, represented by Caroline Chevalley, has been a member of the Governance and Remuneration Committee since 23 July 2019.

RESIGNATIONS, REAPPOINTMENT AND APPOINTMENT OF DIRECTORS IN 2019

Reappointments and appointments

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

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

During the past year, the Annual General Meeting of 22 May 2019 reappointed William Gairard as director and named as director Jean-Pierre Duprieu, GÉNÉRACTION, Thierry Lescure, and Aude de Vassart for a four-year term.

Finally, Nora Bey was appointed by the Groupe SEB European Committee on 27 June 2019.

Resignations

No directors resigned in 2019.

SUMMARY OF HOW DIRECTORS' TERMS OF OFFICE ARE STAGGERED

DIRECTOR	2020 AGM	2021 AGM	2022 AGM	2023 AGM
THIERRY DE LA TOUR D'ARTAISE	•			
DELPHINE BERTRAND			•	
NORA BEY				*
YSEULYS COSTES		•		
JEAN-PIERRE DUPRIEU				•
FÉDÉRACTIVE (Sarah Chauleur)			•	
BRIGITTE FORESTIER		•		
FFP INVEST (Bertrand Finet)		•		
FSP (Catherine Pourre)	•			
WILLIAM GAIRARD				•
GÉNÉRACTION (Caroline Chevalley)				•
LAURENT HENRY		*		
JEAN-NOËL LABROUE				
THIERRY LESCURE				•
JÉRÔME LESCURE	•			
AUDE DE VASSART				•
VENELLE INVESTISSEMENT (Damarys Braida)	•			

* *The France Works Council of the Group European Committee is responsible for appointing and reappointing employee directors, in accordance with Article 16 of the bylaws.*

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2020

At its meeting on 17 December 2019, the Board of Directors examined and then approved the proposal to renew the terms of office below ending during the 2020 Annual General Meeting for a four-year period, after having heard the Governance and Remuneration Committee's recommendations:

- Directorship of Thierry de La Tour d'Artaise;
- Independent directorship of FSP, represented by Catherine Pourre;
- Directorship of VENELLE INVESTISSEMENT, represented by Damarys Braida;
- Directorship of Jérôme Lescure.

These reappointments will be submitted for approval at the 2020 Annual General Meeting (Resolutions 4 to 7).

In 2020, the Board of Directors will thus be composed of 17 members, as in 2019.

DECLARATIONS OF THE DIRECTORS

Founder family connection

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

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

Absence of criminal convictions or sanctions

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

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

Absence of conflicts of interest

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

Service contracts

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

Regulated agreements

The existing related party agreements have been authorized in advance in accordance with the law and are described in Chapter 2.5, "Remuneration policy", as well as in the statutory auditors' report on regulated agreements. Pursuant to Article L. 225-40-1 of the French Commercial Code, agreements signed and authorized in prior years which continued in 2019 were reviewed at the Board of Directors' Meeting on 25 February 2020. The directors had no comments to make, particularly with regard to their purpose or their financial conditions.

Description of the procedure for evaluating agreements relating to current operations concluded under normal conditions

Pursuant to article L 225-39 of the French Commercial Code, a review of the financial flows between the Company and interested persons within the meaning of the regulations is carried out by the Governance and Remuneration Committee, which reports, as part of the procedure for evaluating agreements concluded under normal conditions, to the Board of Directors upon request by the latter.

In case of doubt about the qualification of an agreement, the verification of compliance with current status and normal conditions is carried out by the Governance and Remuneration Committee so that, if necessary, the Board of Directors implements the regulated agreement procedure. In this case, people directly or indirectly interested in this agreement do not participate in its evaluation.

MARKET ETHICS CHARTER

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

Groupe SEB has also adopted a Market Ethics Charter that details the obligations of directors and persons with whom they have close personal ties, the company's senior managers, and certain employees that may hold sensitive information, in accordance with the applicable laws and regulations. This was updated to incorporate the changes introduced by the entry into force of regulation no. 596/2014 of 16 April 2014 on market abuse, which came into effect on 3 July 2016. It was also translated into English in order to expand its distribution. A how-to guide in the event of an AMF control has been appended to the Market Ethics Charter.

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

INDEPENDENCE OF THE DIRECTORS

With five independent directors, i.e. more than one-third of the directors (the employee directors and employee shareholder directors are not included in this calculation), the composition of the Board of Directors meets the recommendations of the AFEP-MEDEF Code, according to which, "in controlled companies, independent directors should account for at least a third".

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

- is not an employee or executive officer of the company, nor an employee, nor an executive officer or director of a company consolidated by the company, its parent company or a company consolidated by such parent company, and has not been in such a position for the last five years (**criterion 1**);
- is not an executive officer of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the company (who is currently in office or has held such office within the last five years) is a director (**criterion 2**);

- is not a customer, supplier, investment banker, commercial banker or adviser that is material to the company or its group, or for which the company or its group represents a material portion of the business (**criterion 3**);
- does not have close family ties with an executive officer (**criterion 4**);
- has not been a director of the company for more than twelve years (**criterion 5**);
- has not been a statutory auditor of the company in the last five years (**criterion 6**).

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

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

Therefore, after examining the findings of the Governance and Remuneration Committee and the individual status of the members of the Board of Directors as regards the criteria set out by the AFEP-MEDEF Code, the Board of Directors found that Yseulys Costes, Jean-Pierre Duprieu, Bertrand Finet (permanent representative of FFP Invest), Jean-Noël Labroue and Catherine Pourre (permanent representative of FSP), were qualified as independent directors.

DIRECTORS' STATUS IN TERMS OF INDEPENDENCE CRITERIA

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Eligibility
Yseulys Costes	yes	yes	yes	yes	yes	yes	Independent
Jean-Pierre Duprieu	yes	yes	yes	yes	yes	yes	Independent
Bertrand Finet (FFP invest)	yes	yes	yes	yes	yes	yes	Independent
Jean-Noël Labroue	yes	yes	yes	yes	yes	yes	Independent
Catherine Pourre (FSP)	yes	yes	yes	yes	yes	yes	Independent

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

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

Following the evaluation of the Board of Directors in 2019, the directors said they were mostly satisfied with the number and role of the independent directors and stressed how important their contribution is.

MANAGING CONFLICTS OF INTEREST

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

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

The individual status of directors is also reviewed on a yearly basis using an individual questionnaire analyzed by the Governance and Remuneration Committee. The latter reports its findings to the Board of Directors, which is consequently informed about the status of each director.

The annual declarations submitted for review at the Governance and Remuneration Committee Meeting of 5 December 2019 and the Board of Directors' Meeting of 17 December 2019 did not reveal any conflicts of interest.

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

As in previous years, the Nominations and Remuneration Committee reviewed the business transactions between some Groupe SEB entities and Numberly – 1000mercis Group, of which Yseulys Costes is Chairwoman and Chief Executive Officer. This business flow corresponds to interactive advertising and marketing services requested by Groupe SEB to support it in its digital development. In 2016, the governance and remunerations Committee examined the history of this business relationship and the way in which it was managed by the operational teams. The selection process was also checked and the reasons behind the decision to collaborate with Numberly – 1000mercis Group, as well as the prior existence of calls for tender. During the review conducted in 2019, the Governance and Remuneration Committee found that:

- the relationship between SEB and Numberly – 1000mercis Group preceded the term of office of Yseulys Costes;
- the relationship is only managed by the operational teams;

- SEB is not a significant client of Numberly – 1000mercis Group;
- Numberly – 1000mercis Group is a leader on the interactive marketing market;
- the value of these transactions represents 4.5% of the consolidated revenue of Numberly – 1000mercis Group and 0.031% of the consolidated revenue of Groupe SEB for 2019.

Given the above, the Board of Directors, at its meeting of 17 December 2019, found that this business relationship was unlikely to compromise Yseulys Costes' independence of judgment and ruled out the possibility of a conflict of interest, thus confirming her status as an independent director.

ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

ROLE AND MEETINGS OF THE BOARD OF DIRECTORS

Role of the Board of Directors

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

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

With regard to decisions relating to the possible use of Annual General Meeting authorizations to increase the capital, the Board of Directors nevertheless decided, as an internal rule and in view of the importance of such authorizations, that decisions should be made by a qualified majority vote of 14/17ths of the members present or represented.

A Board of Directors focused on strategy

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

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

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

The role of the Board of Directors is not restricted to acquisitions. It remains at the heart of any plans outside the framework of the announced strategy if the investment is significant.

In line with suggestions for improvements following the evaluation of the Board of Directors performed annually, the Board is gradually improving how it deals with strategy by having an additional presentation on the Group's long-term business strategies and reserving a special time slot during the April board meeting to review group-wide topics chosen by directors.

Meetings of the Board of Directors

The Board of Directors met eight times in 2019. The attendance rate was 100%. The individual attendance rate of each director is shown in the summary table of directors included on page 72 of this chapter.

The meetings are generally arranged as follows:

- February: Review of annual financial statements for the last financial year and approval of the budget for the year in progress;
- April: Review of the quarterly results, analysis of shareholder base, and a specific topic;
- May: Meeting following the Annual General Meeting for the free performance share award program;

- July: Examination of the half-yearly financial statements and strategy;
- October: Review of quarterly results, report on the Audit and Compliance Committee's compliance and internal control work while visiting an industrial site or a commercial or industrial subsidiary abroad;
- December: Review of the financial statements at the end of November, report from the Governance and Remuneration Committee on the evaluation and composition of the Board of Directors, Annual Review of Human Resources, sustainable development and review of the CSR report.

The Board of Directors may meet as often as the interests of the company require, in accordance with the law and the bylaws. As a result, the board met on 25 February 2019 to approve the new Board composition and assess the family shareholder base, then they met again on 13 June 2019 to review the new multi-year corporate plan.

A meeting is traditionally held each year at one of Groupe SEB's sites in France or abroad so directors can meet Group employees at industrial sites and at commercial subsidiaries. This initiative helps the Group understand local challenges and problems and think about the history, people and culture of their different locations so directors can have more in-depth discussions.

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

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

- drafting and publication of the schedule of Board of Directors and Committee Meetings at least one year in advance;
- option to take part in meetings over the telephone or by videoconference if directors are unable to attend in person.

At the end of the Board of Directors evaluation (which took place at the end of 2019), the directors expressed their satisfaction with how meetings are organized, and especially the meeting schedule, the materials made available to them and the content of the minutes.

CHAIRMAN AND CEO

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

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

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

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

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

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

SECRETARY OF THE BOARD OF DIRECTORS

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

BOARD OF DIRECTORS' COMMITTEES

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

At its meeting on 23 July 2019, the Board of Directors voted to change the committee names to reflect how the committees have evolved over time. The new names are: Audit and Compliance Committee, Governance and Remuneration Committee.

Furthermore, the membership of these committees has changed to take into account changes in the shareholder base while still complying with AFEP MEDEF Code recommendations on majority presence of independence directors.

The operation of the Committees is specifically assessed as part of the procedure for the annual evaluation of the Board of Directors. After the evaluation was conducted in 2019, the directors again said that they were satisfied with the number of Committees, the quality of their contribution and with the way they operate.

The Audit and Compliance Committee (formerly the Audit Committee until 23 July 2019)

COMPOSITION AND INDICATORS

COMPOSITION	Fonds Stratégique de Participations, an independent director, represented by Catherine Pourre Yseulys Costes, independent director Jérôme Lescure, member of VENELLE INVESTISSEMENT Until the end of her term of office, 22 May 2019: Hubert Fèvre, member of GÉNÉRACTION
CHAIRPERSON	Catherine Pourre, an independent director and permanent representative of FSP, chairs the Audit and Compliance Committee.
NUMBER OF MEETINGS	4
ATTENDANCE RATE	100%
PERCENTAGE OF INDEPENDENT DIRECTORS	50% from 1 January 2019 to 22 May 2019 67% from 22 May 2019 to 31 December 2019 The Chairman, who is an independent director, has the deciding vote

WORK AND POWERS

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

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

- reviewing and informing the Board of Directors about identifying, evaluating and handling the main financial risks to which the Group may be exposed;
- assessing the Group's internal control systems and reviewing the Internal Audit responses and action plans;
- ensuring the relevance and continuity of the accounting methods used to prepare the annual and half-yearly financial statements;
- notifying the Board of Directors of any useful observations or recommendations;
- preparing the statutory auditor selection process, overseeing the process for appointing statutory auditors, and ensuring they are independent.

The Audit and Compliance Committee may request opinions or consultations from external experts on specific points.

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

For logistical and organizational reasons, Audit and Compliance Committee Meetings are generally held one day prior to examining the half-yearly and annual financial statements by the Board of Directors. However, any documents that are useful for Audit and Compliance Committee Meetings are sent in advance so Committee members can familiarize themselves with the documents prior to the meeting and prepare for the Board of Directors' deliberations on the financial statements.

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

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

Since 2018, given the increase in powers granted to the Audit and Compliance Committee, it has been decided that an additional meeting will be arranged each year to dedicate more time to issues relating to risk mapping and across-the-board compliance issues, particularly regarding anti-corruption.

MAIN WORK

As is its prerogative, in 2019, the Audit and Compliance Committee audited the following, as it does every year:

- the draft annual financial statements as of 31 December 2018 and the draft half-yearly financial statements as of 30 June 2019, prior to their submission to the Board of Directors;
- the main French and foreign legislation and regulations, reports and commentary on corporate governance, risk management, internal control and audit;
- the type and results of the statutory auditors' work; their comments and recommendations regarding internal control; a review of tasks they have accomplished on top of their legal duty to review the financial statements;
- the review of the main findings of the internal audits carried out in 2019;
- the proposed schedule of internal audits for 2020;
- the mapping and analysis of major risks;
- the mapping of anti-corruption risks;
- the review of cross-entity compliance issues.

The above shows that the Audit and Compliance Committee:

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

The governance and remunerations Committee (formerly the nominations and remuneration Committee until 23 July 2019)

COMPOSITION AND INDICATORS

COMPOSITION
Jean-Noël Labroue, independent director FFP Invest, independent director represented by Bertrand Finet VENELLE INVESTISSEMENT, represented by Damarys Braida Until the Board of Directors meeting on 23 July 2019: FÉDÉRACTIVE, represented by Pascal Girardot Starting from the Board of Directors meeting on 23 July 2019: GÉNÉRACTION, represented by Caroline Chevalley
CHAIRPERSON
The gouvernance and remunerations is chaired by Jean-Noël Labroue, independent director.
NUMBER OF MEETINGS
4
ATTENDANCE RATE
100%
PERCENTAGE OF INDEPENDENT DIRECTORS
50% – The Chairman, who is an independent director, has the deciding vote

WORK AND POWERS

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

- issuing recommendations on the composition of the Board of Directors, the appointment or reappointment of Board members, and the Group's organization and structures;
- establishing and monitoring succession plans, particularly for senior managers and executive officers;
- proposing the compensation policy for executive officers and examining the compensation policy for the main senior managers;
- proposing the introduction of and procedures for stock option plans and performance shares;
- issuing recommendations on governance and/or ethics matters;
- examining and implementing the regular evaluation procedure for current agreements concluded under normal conditions;
- examining the Group's sustainable development policy, analyzing the Group's CSR challenges, and conducting an annual review of the CSR measures taken and the main non-financial performance indicators.

In addition, if necessary, the Governance and Remuneration Committee may request opinions or consultations from external experts on specific points. This was the case particularly in 2019 for the issue of the remuneration and pensions of the Group's senior managers due to the changes in the regulations.

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

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

- the composition of the shareholder base;
- the skills, experience and representative nature of the candidate;
- expanding the range of experience within the Board of Directors (diversity policy);
- the gender balance.

At the end of the Board of Directors evaluation performed in 2019, Board members expressed their satisfaction with the quality of its work and their reporting to the Board.

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

MAIN WORK

In 2019, the Governance and Remuneration Committee:

- monitored the succession plan for executive officers and made recommendations in this regard;
- reviewed the candidacies of directors whose appointment or reappointment was proposed at the Annual General Meeting of 22 May 2019;
- made recommendations on the 2018 variable and 2019 fixed and variable remuneration for the Chairman and CEO, the Chief Operating Officer and other members of the Group Executive Committee;

- assessed the performance of the Chairman and CEO in his absence, as well as the performance of the Chief Operating Officer and the other members of the Group Executive Committee;
- reviewed the terms of office expiring at the next Annual General Meeting on 22 May 2020;
- reviewed a benchmark relating to attendance fees paid to directors of SBF 120 companies and comparable panels to check the company's positioning;
- compiled the responses to the evaluation of the Board of Directors as well as directors' self-assessments and made recommendations in this regard;
- reviewed the answers given by directors to the annual questionnaire designed to prevent and identify conflicts of interest, and made recommendations on the business relationship between the Group and Numberly – 1000mercis Group, of which Yseulys Costes is Chairwoman and CEO;
- reviewed several reports on governance and assessed how relevant they were to SEB's governance;
- conducted the annual review of Human Resources;
- reviewed the sustainable development policy and validated the summary of actions taken and the company's plans in this regard;
- issued a recommendation to introduce non-financial performance criteria (CSR) into the calculation of Groupe SEB's bonus awards. This recommendation was adopted by the Board of Directors on 26 February 2019 for application in 2019;
- at its meeting on 4 February 2020 and in accordance with the AFEP-MEDEF Code, deliberated the performance of the Chairman and Chief Executive Officer during the year. The Chairman and CEO did not attend this meeting. The Committee reported its work to the Board of Directors during the next meeting.

INFORMATION PROVIDED TO DIRECTORS

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

To optimize the transmission of information, ensure its confidentiality and make the Board more efficient, in 2017 the company introduced a new application enabling simple and secure access to documents using digital tablets. Directors thus have permanent access to preparatory documents for meetings and recurring information left at their disposal and can follow meetings on their digital tablets. This system is in keeping with plans for the Group's sustainable development and digitization.

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

Software is regularly updated and improved using new functional features so the Group can best meet directors' expectations to streamline the meeting organization and preparation process.

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

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

Following the 2019 evaluation of the Board of Directors, the members of the Board again said that they were satisfied with the information submitted to perform their duties and expressed their complete satisfaction with the tool made available to them.

EVALUATION OF THE BOARD OF DIRECTORS AND DIRECTORS

Evaluation of the Board of Directors

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

The evaluation conducted in 2019 was completed using a questionnaire duly adapted to the context and new governance issues. This questionnaire focuses on the organization of meetings, reporting, composition and operation of the Board of Directors, as well as its committees. It also makes it possible for questions on governance and CSR to be raised as well as issues relating to interactions with the Management.

The answers given by directors were analyzed by the Governance and Remuneration Committee, whose findings were presented to the Board of Directors on 17 December 2019. As in previous years, the comments and discussions showed that directors were, on the whole, very satisfied with the way in which the Board of Directors and its committees operate and, particularly:

- the diverse membership;
- the schedule, organization and frequency of meetings;
- the contents of the meeting minutes;
- the contact with the various stakeholders;
- the number of independent directors;
- the quality of information and documents posted on the directors' website, and the input from senior managers during meetings;
- the measures to prevent and deal with conflicts of interest within the Board of Directors; and
- with interactions with the management.

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

- to increase the time granted to each subject by prolonging the length of meetings held in a day by an hour;
- to schedule discussions on major topics tackled throughout the year in advance by asking every director for subject proposals and by setting up a specific time during the April Board of Directors meeting to present on the selected topic(s);
- to increase interactions and discussions at meetings, resulting in fewer presentations by the management and thus leaving more time for discussions, by keeping a specific time slot for open-table discussions;
- to improve how Committees present their work through recap slides;
- to have new directors enhance their knowledge about the Group and their induction via an induction program that nevertheless remains open to the other members.

Director self-assessment

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

The answers given by directors were analyzed by the Governance and Remuneration Committee, whose findings were presented to the Board of Directors on 17 December 2019. In particular, the comments and discussions showed that the directors have a very good understanding of their role and their duties on the Board of Directors and have complementary skills and experience that lend to substantive discussions.

DIRECTORS' CHARTER AND INTERNAL RULES OF THE BOARD OF DIRECTORS

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

This document is regularly updated, and was updated in 2019 due to the change in:

- the composition of the Board of Directors;
- the composition and names of the Committees.

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

Directors' Charter

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

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

Internal rules

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

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

PROCEDURES RELATING TO SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

Note that Articles 32 and 33 of the bylaws define the procedures for shareholder participation in Annual General Meetings in accordance with the current regulations.

All shareholders are entitled to participate in Annual General Meetings, or to be represented at such meetings, under the terms and conditions of the bylaws, a summary of which is given in Chapter 7, "Information concerning the company and its share capital".

IMPLEMENTATION OF THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE

With regard to the "Apply or Explain" rule provided for in Article L. 225-37-4 paragraph 8 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the company believes that its practices comply with the recommendations of the AFEP-MEDEF Code. However, some recommendations were not applied for the reasons explained below:

AFEP-MEDEF recommendations not applied	Reason
Article 11.3: Board and Committee Meetings It is recommended that a meeting not attended by the executive officers be held each year.	Issues relating to the Chairman and CEO's performance are discussed by the Governance and Remuneration Committee in his absence. For this reason, and given the collective nature of the Board of Directors, there are no plans to hold formal meetings of the Non-Executive Directors not attended by the Chairman and CEO. The Board remains free to hold discussions at any time in the absence of the Chairman and CEO, however.
Articles 15.1 and 17.1: Proportion of independent directors on the Nominations Committee and the Remuneration Committee The Nominations and Remuneration Committee must include a majority of independent directors.	The Committees historically comprise at most four members, two of whom are independent directors, and, considering the company's shareholding structure, two directors representing reference shares. As a result, the Governance and Remuneration Committee comprises an equal number of independent directors and representatives of the family voting block. Moreover, the Chairman of the Governance and Remuneration Committee is independent.
Article 18.1: Composition of the Compensation Committee It is recommended that the committee chair be independent and that an employee director be a member of the committee.	Both Committees are chaired by an independent director who leads and steers the Committee's work. They have the deciding vote in the event of a tie. In view of the current composition of the Governance and Remuneration Committee and in order not to increase its size, there is no employee director on this Committee.
Article 21: Remuneration of the directors The largest portion of director compensation is variable.	The variable portion of director compensation, linked to the attendance rate, was introduced by the company in 2013 with an initial variable portion of 50% deemed decisive by the Board of Directors. At the meeting of the Board of Directors on 17 December 2019 and upon the Governance and Remuneration Committee's recommendation, the variable portion linked to attendance was increased to 60%. This change will take effect for the next period when director compensation will be calculated, which will begin at the end of the Annual General Meeting on 19 May 2020. Moreover, the Chairman of the Governance and Remuneration Committee is independent.
Article 22: Chief Executive Officer's employment contract When an employee is appointed as Chief Executive Officer of the company, it is recommended that its employment contract with the company or with a company affiliated to the Group be terminated, whether through contractual termination or resignation.	Thierry de La Tour d'Artaise began his career with the Group in 1994 and was appointed Vice-Chairman of SEB S.A. in 1999, before becoming Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract has been suspended since 2005. The Board of Directors' Meeting of 17 February 2012, having re-examined the circumstances of the Chief Executive Officer, considered that Thierry de La Tour d'Artaise's employment contract, which had been suspended since 2005, should remain suspended, in light of his age, personal situation, and seniority within the Group. The same decision was made following the Board of Directors' Meetings on 23 February 2016 and 25 February 2020, with a view to reappointing Thierry de La Tour d'Artaise.

2.4. Group management bodies

EXECUTIVE COMMITTEE (AT 31.12.2019)

Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer
Stanislas de Gramont	Chief Operating Officer
Nathalie Lomon*	Chief Financial Officer, Group Executive Vice-president
Harry Touret	President, Human Resources, Group Senior Executive Vice-president
Alain Leroy**	President, Industry
Vincent Tai	President, Asia
Cyril Buxtorf	President, EMEA
Martin Zouhar	President, North and Central America
Patrick Llobregat	President, Cookware
Olivier Naccache	President, Small electrical appliances

* *Nathalie Lomon assumed her role on 4 September 2019, replacing Vincent Léonard.*
** *Alain Leroy took office on 1 February 2019, replacing Stéphane Laflèche, who retired in March 2018.*

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

2.5. Remuneration policy

Pursuant to the provisions of Article L 225-37-2 of the French Commercial Code, this section describes the policy on corporate officer compensation. This policy is in the corporate interest of the company. It contributes to its continuity and is in line with its commercial strategy.

This section is an integral part of the Report on Corporate Governance cited in the last paragraph of Article L. 225-37 of the French Commercial Code.

Under Article L 225-37-2 II. of the French Commercial Code, and based on the principle of ex-ante voting, the Ordinary Shareholders' Meeting of 19 May 2020, must approve, on the basis of the Report on Corporate Governance, the policy on the compensation of the corporate officers (9th resolution).

Moreover, in accordance with the ex-post voting principle, the Ordinary Shareholders' Meeting on 19 May 2020 will be asked to approve:

- pursuant to Article L225-100 II. of the French Commercial Code, the information described in Part I of Article L.225-37-3 of the French Commercial Code, as presented in this Report on the Corporate Governance of the company (10th resolution);
- pursuant to Article L225-100 III. of the French Commercial Code, for each executive officer, the fixed, variable and exceptional items composing the total remuneration and the benefits of any kind paid during the previous year or allocated for the same year (11th and 12th resolutions).

CROSS-REFERENCE TABLE WITH THE STANDARD PRESENTATION OF THE COMPENSATION AS PUBLISHED IN POSITION-RECOMMENDATION N ° 2009-16 OF THE FINANCIAL MARKETS AUTHORITY (AMF) AND IN THE AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR PUBLICLY TRADED COMPANIES REVISED IN JANUARY 2020.

Table 1 - Table summarising the compensation, options and shares awarded to each executive officer	Summary table of the remuneration and options and shares due or awarded to M. Thierry de la Tour d'Artaise	p. 95
	Summary table of the remuneration and options and shares due or awarded to M. Stanislas de Gramont	p. 99
Table 2 - Table summarising the compensation of each executive officer	Summary table of the remuneration paid or awarded to M. Thierry de la Tour d'Artaise	p. 95
	Summary table of the remuneration paid or awarded to M. Stanislas de Gramont	p. 100
Table 3 - Table on the directors' fees and other compensation received by non-executive directors	Remuneration received by the Directors amounts paid or in 2019 for the 2018/2019 period	p. 88
Table 4 - Subscription or purchase options awarded during the financial year to each executive officer by the issuer and by any group company	Stock options awarded in 2019 to M. Thierry de la Tour d'Artaise	p. 96
	Stock options awarded in 2019 to M. Stanislas de Gramont	p. 101
Table 5 - Subscription or purchase options exercised during the financial year by each executive officer	Stock options exercised in 2019 to M. Thierry de la Tour d'Artaise	p. 97
	Stock options exercised in 2019 to M. Stanislas de Gramont	p. 101
Table 6 - Performance shares awarded during the financial year to each executive officer by the issuer and by any group company	Performance shares awarded in 2019 for M. Thierry de la Tour d'Artaise	p. 97
	Performance shares awarded in 2019 for M. Stanislas de Gramont	p. 101
Table 7 - Performance shares that have become available during the financial year for each executive officer	Performance shares fully vested in 2019 for M. Thierry de la Tour d'Artaise	p. 97
	Performance shares fully vested in 2019 for M. Stanislas de Gramont	p.101
Table 8 - Past awards of subscription or purchase options	History of stock option awards to executive officers	p. 103
Table 8bis - share subscription or purchase options granted or exercised by the top ten employees	Share subscription or purchase options granted or exercised by the top ten employees	p. 315
Table 9 - Past awards of performance shares	History of performance share awards to executive officers	p. 104
Table 10 - Table summarising the multi-annual variable compensation paid to each executive officer	Multi-year variable remuneration paid to M. Thierry de la Tour d'Artaise	p. 97
	Multi-year variable remuneration paid to M. Stanislas de Gramont	p. 101
Table 11 - Information on executive officers	General information about executive officers	p.104

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The terms of directors' remuneration are set by the Board of Directors on a proposal from the Nominations and Remuneration Committee. In 2019, the remuneration received by directors obeyed the same allocation rules as for the previous year, namely a fixed portion and a variable portion, calculated according to directors' attendance at Board and Committee Meetings.

No remuneration is given to members of the Board of Directors. The travel expenses incurred as a result of their participation in meetings are paid for.

Following the approval of the 9th resolution of the Shareholders' Meeting of 22 May 2019, the total package authorized for the remunerations allocated to the members of the Board of Directors was €600,000 to take into account the increase in the size of the Board, which rose from 14 to 17 members. For information purposes, the allocation rules are as follows:

Function	Fixed portion	Variable portion
Director	€15,000	€15,000 €
Committee Chairman (in addition to the fixed and variable remuneration for an administrator)	€7,500	€7,500 €
Committee member (in addition to the fixed and variable remuneration for an administrator)	€5,000	€5,000 €

As of the Shareholders' Meeting of 19 May 2020 and in accordance with the decision made by the Board of Directors on 17 December 2019, on the recommendation of the Governance and Remuneration Committee, the preponderance of the variable proportion will be increased up to 60% compared with 50% previously, but will continue to be calculated on the attendance rate of Directors at Board and Committee Meetings.

In accordance with the decision of April 8, 2020, the Board of Directors has refrained from submitting to the General Meeting of May 19, 2020 an increase in the overall compensation package allocated to members of the Board of Directors to bring it to €685,000 due to the current context related to COVID-19. In this regard, the overall envelope of compensation allocated to members of the Board of Directors will remain unchanged and amounts to €600,000 in accordance with the 9th resolution approved at the General Meeting. from May 22, 2019.

AMOUNTS PAID FOR IN 2019 FOR THE 2018/2019 PERIOD

In 2019, the overall remuneration paid to Board members totaled €503,750 (gross amount before deductions and/or withholdings), compared with €490,000 in 2018, as shown in the table below:

Remuneration received by the Directors *(in €)*

Board members	Remuneration paid in 2018 for the 2017/2018 period	Remuneration paid in 2019 for the 2018/2019 period
Thierry de La Tour d'Artaise	30,000	30,000
Delphine Bertrand	30,000	30,000
FÉDÉRACTIVE (Sarah Chauleur)	30,000	30,000
Yseulys Costes	37,500	38,750
FÉDÉRACTIVE (Pascal Girardot)	10,000*	10,000*
Hubert Fèvre	40,000	38,333
FFP (Bertrand Finet)	37,500	40,000
Brigitte Forestier	30,000	30,000
William Gairard	30,000	28,333
Laurent Henry	15,000	28,333
Jean-Noël Labroue	45,000	45,000
Cédric Lescure	30,000	30,000
Jérôme Lescure	40,000	40,000
FSP (Catherine Pourre)	45,000	45,000
VENELLE INVESTISSEMENT (Damarys Braida)	40,000	40,000
TOTAL	**490,000**	**503,750**

* *With respect to its participation on the Nominations and Remuneration Committee.*

REMUNERATION OF EXECUTIVE OFFICERS

The information presented below covers the fixed variable and exceptional items composing the total remuneration and benefits of any kind (performance shares, severance payments, benefits in kind and supplementary pension benefits) for Thierry de La Tour d'Artaise and Stanislas de Gramont, the sole corporate officers receiving this type of remuneration. Board members receive only the remuneration referred to in the previous section.

PRINCIPLES AND OBJECTIVES

The remuneration policy for Groupe SEB executive officers is set by the Board of Directors on a proposal from the Governance and Remuneration Committee. It is reviewed on a regular basis and is designed to provide balanced and consistent remuneration in line with the recommendations of the AFEP-MEDEF Code revised in January 2020, to which the Group refers.

According to these principles, the Governance and Remuneration Committee proposes to the Board of Directors the components of the remuneration of each executive, while remaining attentive that it remains balanced, in line with the corporate interest, and that it contributes to its continuity, that it is in line with its commercial strategy, and that quantifiable and qualitative performance criteria are taken into account.

Completeness and simplicity

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

Balance and consistency

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

Motivation and performance

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

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

According to the AFEP-MEDEF Code, the various components of the remuneration of corporate executive officers are reported on the company's website after the Board Meeting that adopted the relevant decisions.

Fixed remuneration

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

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

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

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

Annual variable remuneration

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

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

THE QUANTIFIABLE CRITERIA

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

- revenue growth; and
- growth in the Operating Result from Activity.

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

THE QUALITATIVE CRITERIA

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

TARGET AND CAP

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

- for the Chairman and Chief Executive Officer: annual variable remuneration may vary from 0% to 100%, if all of the quantifiable and qualitative targets are met (target level), and rise to 150% (maximum level) if financial performances are exceptional compared with the targets set;
- for the Chairman and Chief Executive Officer: annual variable remuneration may vary from 0% to 80%, if all of the quantifiable and qualitative targets are met (target level), and rise to 120% (maximum level) if financial performances are exceptional compared with the targets set;

Performance shares

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

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

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

These cover revenue and Operating Result from Activity targets and are assessed on an annual basis over a three-year period. The achievement rates are set each year by the Board of Directors on a proposal of the Governance and Remuneration Committee, but made not be published for confidentiality reasons.

They meet the dual necessity of being sufficiently stringent while remaining a source of motivation.

With regard to the 2019 plan, the performance calculation depends on the rate of achievement of the revenue and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2019, 2020 and 2021):

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

Awards have been made as follows:

- the total number of performance shares awarded to executive officers in one financial year amounts to 14.8% of the total number of performance shares awarded in this same year;
- the total volume of performance shares awarded to corporate executive officers must be capped at 0.4664% of the share capital on the date of the decision to award, as provided for in the 22nd resolution of the Annual Meeting on 22 May 2019.

Executive officers are also bound by the following obligations:

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

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

Following the Annual General Meeting on 22 May 2018, the Board of Directors decided to use the authorization granted by the shareholders to implement the performance share plan approved at the Board of Directors' Meeting on 26 February 2019.

In addition, the Board of Directors' Meeting of 25 February 2020, after examining the findings of the Governance and Remuneration Committee, reviewed and approved the proposed performance share award plan for 2020, in line with the process established by the Board of Directors on 16 December 2011.

Authorization for the award will be submitted to the shareholders at the next Annual Shareholders' Meeting of 19 May 2020 (20th resolution).

Remuneration allocated to the members of the Board of Directors

The Board of Directors may decide to pay remuneration to the corporate executive officers, according to the same rules as those applicable to all the directors set out above. The attribution of the remuneration allocated to members of the Board of Directors will be submitted to a vote by shareholders at the next Annual General Meeting (9th Resolution).

Benefits in kind

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

Deferred commitments

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

CONTINUATION OF EMPLOYMENT CONTRACT

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

The Board of Directors' Meetings of 23 February 2016 and of 25 February 2020, in the context of the reappointment of Thierry de La Tour d'Artaise, reviewed the situation and agreed that his employment contract should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

A corporate officer agreement with Stanislas de Gramont was signed on 12 December 2018. He has no employment contract.

PENSION COMMITMENTS

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

For the executive officers present at 3 July 2019, the provisions of Ordinance 2019-697 of 3 July 2019 governing professional supplemental pension plans forced the Group to freeze and close this plan at 31 December 2019.

A new plan will be set up, within the framework of the PACTE Act and Ordinance 2019-697, for this same group once the conditions for implementing the measures are known (Ministry Circular from the Department of Social Security SD3C currently in preparation).

The previous plan was frozen and closed at 31 December 2019 and was established as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

The Chief Executive Officer, Stanislas de Gramont, who assumed his position on 3 December 2018, will benefit from the new plan under the PACTE Act and Ordinance 2019-697, once the conditions for implementing the measures are known and when the new plan will be set up in 2020.

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

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

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

Thierry de La Tour d'Artaise and Stanislas de Gramont were authorized by the Board of Directors to benefit:

- from the "incapacity/disability/death" insurance plan applicable to senior managers and similar persons, which is funded by contributions based on tranches that are deductible from the taxable base for the corporate tax:
  - A 1.37%, paid in full by the employer,
  - B 1.78%, paid 60% by the employer and 40% by employees,
  - C 1.78%, shared equally between the employer and employees.

These contributions are not included in the social security contribution base, capped at 6% of the annual social security ceiling (€2,431 in 2019) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,862 in 2019).

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

- from specific life insurance cover under "tranche D incapacity, disability and death insurance", which is funded by a contribution paid by Groupe SEB of 3.25% of the portion of the remuneration that is between 8 and 12 times the annual social security ceiling and deductible from the taxable base for corporation tax.

These contributions are partially excluded from the social security contribution base, including contributions paid under the aforementioned "incapacity/disability/death" insurance plan, capped at 6% of the annual social security ceiling (€2,431 in 2019) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,862 in 2019).

This insurance plan includes, in particular, the payment of a death benefit, the amounts of which are stated below.

SEVERANCE ALLOWANCE AND NON-COMPETE PAYMENTS

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

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

Payment of the indemnity will be subject to performance conditions, measured in the following manner:

- if he is dismissed after four years from his appointment as an executive officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, over the last four full years of service:
  - if the average percentage achieved is below 50%: no termination benefit is paid,
  - if the average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
  - if the average percentage achieved is above 100%: 100% of the benefit is paid.

REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Components of remuneration paid or allocated for fiscal year 2019

FIXED REMUNERATION

In 2019, the fixed remuneration for Thierry de La Tour d'Artaise amounted to €1,000,000. Previously set at €900,000, the increase in the fixed remuneration of Thierry de La Tour d'Artaise was approved by the Board of Directors on 26 February 2019; this remuneration was reviewed the last time in 2016.

ANNUAL VARIABLE REMUNERATION

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

- based on quantifiable criteria (Groupe SEB revenue and Operating Result from Activity targets), the variable portion is 102.1% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%;
- based on qualitative criteria, the variable portion amounted to 135% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, the active pursuing of the acquisition strategy and the consideration of extra-financial performance criteria (Corporate Social Responsibility).

Consequently, the variable remuneration paid in 2020 for fiscal 2019 is €1,152,400, or 115.2% of the fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration paid in 2019 for fiscal 2018 was 122.1% of his fixed remuneration, or €1,099,238.

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

The variable remuneration (11th resolution) items awarded to Thierry de La Tour d'Artaise for the previous year will be able to be awarded only after the Shareholders' Meeting approves the items.

REMUNERATION ALLOCATED IN HIS CAPACITY AS A MEMBER OF THE BOARD OF DIRECTORS

Thierry de La Tour d'Artaise receives remuneration for his position as a member of the Board of Directors according to the rules applicable to all Board members. In 2019, Thierry de La Tour d'Artaise received €30,000 gross as a director of the company, unchanged from 2018.

PERFORMANCE SHARES

In accordance with the authorization granted by the Shareholders' Meeting of 22 May 2019 (22nd resolution), the Board of Directors, at its meeting held on the same day, decided to award 18,000 performance shares to Thierry de La Tour d'Artaise for 2019.

The shares granted to Thierry de La Tour d'Artaise under the 2019 performance share plan represented to 0.0359% of the share capital.

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

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

At its meeting on 25 February 2020, the Board of Directors, on a proposal of the Governance and Remuneration Committee, reviewed the terms of the holding requirement with regard to the situation of Thierry de La Tour d'Artaise and decided that they were still appropriate.

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

BENEFITS IN KIND

Thierry de La Tour d'Artaise has a company car, representing a benefit of €8,702 for the year, and receives €15,200 per year for the use of an apartment in Paris.

LONG-TERM COMMITMENTS

Pension commitment

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

The various conditions of the pension plan imply that, at the legal retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory plans) of 30.5% of his reference remuneration, which would correspond to a replacement rate of 22.7% of his reference remuneration (not counting statutory plans).

Estimation of rights at 31 December 2019:

Regime	Amount
Deferred defined-benefit pension plan	€216,209 gross per year
Supplementary defined-benefit pension plan	€226,206 gross per year
Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since January 2012)*	€11,797 gross per year

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

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

- This plan notably includes the payment of supplementary benefits for Thierry de La Tour d'Artaise, set at a maximum annual amount as follows:

In the event of incapacity	€243,144
In the event of first degree disability	€145,886
In the event of second and third degree disability	€243,144

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,361,606.

In addition to the collective incapacity, disability and death insurance plan, Thierry de La Tour d'Artaise also benefits from an individual life insurance policy with a capital amounting to €3,652,134. The expense recorded for the year ended 31 December 2019 totals €78,984. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.

In accordance with the procedure for regulated related-party agreements and commitments, the renewal of this commitment was approved by Board of Directors at its meeting of 25 February 2020 and will be submitted for the approval of the Annual General Meeting of 19 May 2020, when the appointment of Thierry de La Tour d'Artaise is renewed (8th Resolution).

Severance payments

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

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

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

An amendment to Thierry de La Tour d'Artaise's employment contract was signed making the termination benefit subject to performance conditions. The termination benefit is set at two years' remuneration (calculated based on the average remuneration earned during the last two financial years), and is adjusted for the rate of achievement of his targets for the last four years of service:

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

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

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

Entitlement to stock options in the event of termination:

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

Retirement lump-sum payment

The retirement payment of Thierry de La Tour d'Artaise amounts to €550,532 due to his seniority.

Remuneration components or awarded for 2020

FIXED REMUNERATION

For fiscal year 2020, the remuneration of Thierry de La Tour d'Artaise remains fixed at €1,000,000 in accordance with the increase approved by the Board of Directors at its meeting of 26 February 2019.

REMUNERATION ALLOCATED IN HIS CAPACITY AS A MEMBER OF THE BOARD OF DIRECTORS

The maximum amount of the remuneration that may be allocated to Thierry de La Tour d'Artaise, in his capacity as a member of the Board, will be €12,000 gross for the fixed portion and €18,000 gross for the variable portion.

ANNUAL VARIABLE REMUNERATION

Thierry de La Tour d'Artaise's annual variable remuneration will be set according to the same principles, i.e., it may represent a maximum of 150% of his fixed remuneration, or €1,500,000, according to the rate of achievement of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2020 using the quantifiable targets set by the Board of Directors' Meeting of 25 February 2020, which are based on Groupe SEB's targets for Revenue and Operating Result from Activity. Qualitative targets relate to the integration of the new Chief Operating Officer, improvement of Groupe SEB's profitability, the integration of the latest acquisitions and the consideration of Corporate Social Responsibility criteria.

PERFORMANCE SHARES

The Board of Directors reserves the right to decide to implement a new performance share award plan, under the authorization that will be submitted to the Annual General Meeting on 19 May 2020.

Should the Board of Directors be granted the necessary powers to award performance shares, it would decide to award performance shares to Thierry de La Tour d'Artaise in the same proportions as previously granted, in line with the plan described in the proposed 20th resolution.

SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES DUE OR AWARDED TO THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer	2018	2019
Remuneration due fo the period	€2,053,330	€2,206,302
Value of the options awarded for the year*	- €	- €
Value of the performance shares awarded for the year*	€2,774,765	€2,763,693
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**€4,828,095**	**€4,879,995**

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

SUMMARY TABLE OF THE REMUNERATION PAID OR AWARDED TO THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise Chairman and Chief Executive Officer	Amounts relating to 2018		Amounts relating to 2019	
	Due	Paid	Due	Paid
Fixed remuneration	€900,000	€900,000	€1,000,000	€1,000,000
Annual variable remuneration	€1,099,238	€1,214,100	€1,152,400	€1,099,238
Extraordinary remuneration	none	none	none	none
Remuneration as a member of the Board of Directors	€30,000	€30,000	€30,000	€30,000
Benefits in kind:				
• car	€8,892	€8,892	€8,702	€8,702
• housing	€15,200	€15,200	€15,200	€15,200
TOTAL	**€2,053,330**	**€2,168,192**	**€2,206,302**	**€2,153,140**

EQUITY RATIO BETWEEN THE LEVEL OF REMUNERATION OF THE CHAIRMAN AND CEO AND THE AVERAGE AND MEDIAN REMUNERATION OF THE COMPANY

This presentation was carried out in accordance with the recent terms of Law no. 2019-486 of 22 May 2019, known as the "PACTE" law, in order to ensure immediate compliance with the new transparency requirements regarding the remuneration of executive officers. It may evolve on the basis of subsequent clarifications made by the legislator for the attention of listed companies.

	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Chairman-CEO remuneration (€)	3,101,680	3,620,240	4,780,440	4,888,800	4,772,958
Change/N-1		16.72%	32.05%	2.27%	-2.37%
Average SEB Développement S.A.S remuneration (€)	102,685	101,402	102,971	102,978	103,461
Change/N-1		-1.25%	1.55%	0.01%	0.47%
Median SEB Développement S.A.S remuneration (€)	86,402	86,490	90,013	91,430	90,375
Change/N-1		0.10%	4.07%	1.57%	-1.15%
Average ratio	30.2	35.7	46.4	47.5	46.1
Change/N-1		+5.5 points	+10.7 points	+1.1 point	-1.4 point
Median Ratio	35.9	41.9	53.1	53.5	52.8
Change/N-1		+6 points	+11.2 points	+0.4 point	-0.7 point
Groupe SEB net sales (M€)	4,770	5,000	6,485	6,812	7,354
Change/N-1		6.1%	9.2%	7.8%	5.8%
Groupe SEB Operating Result from Activities (M€)	428	505	678*	695	740
Change/N-1		18.0%	34.2%	2.5%	6.5%

* *Excluding one-off impacts of the WMF purchase price allocation.*

Methodology:

The "Equity Ratio" is the ratio between the Fixed remuneration paid + Variable remuneration paid + Award of performance shares for the financial year and the total annual full-time salary for all employees from SEB Développement S.A.S for all fixed-term contracts (excluding professional contracts/apprenticeship) and permanent contracts (excluding expatriates) in accordance with the rule set out in the PACTE Law and excluding executive officers. The total annual salary of employees includes base salary, bonuses (if any), variable remuneration, holiday bonuses, profit-sharing and incentive bonuses, as well as performance share grants for employees of SEB Développement S.A.S.

In accordance with the PACTE Law, these ratios are calculated on the basis of the median data of the employees and then on the basis of the average data of the same employees, excluding executive officers.

The comparison with regard to SEB S.A. is irrelevant as only the two executive officers are attached to the parent company SEB S.A., which is why the comparisons are made with regard to the data of SEB Développement S.A.S., the most appropriate company for this comparison (it includes most of the support functions and the majority of the Group's management positions in France).

STOCK OPTIONS AWARDED IN 2019 TO THIERRY DE LA TOUR D'ARTAISE

	Date of the plan	Type of option	Valuation of the options based on the method used in the Consolidated Financial Statements	Number of options awarded	Exercise price	Exercise period
Thierry de La Tour d'Artaise	No options were awarded in 2019					

STOCK OPTIONS EXERCISED IN 2019 BY THIERRY DE LA TOUR D'ARTAISE

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Thierry de La Tour d'Artaise			No options were exercised in 2019	

PERFORMANCE SHARES AWARDED FOR 2019 TO THIERRY DE LA TOUR D'ARTAISE

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Thierry de La Tour d'Artaise	22/05/2019	18,000	2,673,693	22/05/2022	22/05/2022	Achievement of Revenue and Operating Result from Activity targets

PERFORMANCE SHARES FULLY VESTED IN 2019 FOR THIERRY DE LA TOUR D'ARTAISE

	Date of the plan	Number of shares vested	Vesting date	Availability date	Acquisition conditions
Thierry de La Tour d'Artaise	19/05/2016	18,000	19/05/2019	19/05/2021	Achievement of Revenue and Operating Result from Activity targets

MULTI-YEAR VARIABLE REMUNERATION PAID TO THIERRY DE LA TOUR D'ARTAISE

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

REMUNERATION OF THE CHIEF OPERATING OFFICER

Component of remuneration paid in fiscal year 2019 or allocated for 2019 to Stanislas de Gramont

The Board of Directors determined the payments and benefits to which Stanislas de Gramont would be entitled in his capacity as Chief Operating Officer, while respecting the specific procedure for regulated related-party agreements. The agreement stipulated the terms of Stanislas de Gramont's remuneration, authorized by the Board of Directors at its meeting on 19 December 2018, and approved by the Annual Shareholders' Meeting on 22 May 2019.

It should be noted that Stanislas de Gramont received no compensation or payment of any kind at the time he assumed his duties, in accordance with the policy on remuneration for senior managers laid down by the Board of Directors.

FIXED REMUNERATION

In 2019, the fixed remuneration paid to Stanislas de Gramont was €750,000 in accordance with the amount set by the Board of Directors on 19 December 2018.

ANNUAL VARIABLE REMUNERATION

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

- based on quantifiable criteria, the variable portion is 81.6% of Stanislas de Gramont's fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance with respect to Groupe SEB's growth targets for Revenue and Operating Result from Activity;
- based on qualitative criteria, the variable portion is 107.2% of Stanislas de Gramont's fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects.

Consequently, the variable remuneration paid in 2019 for fiscal year 2018 was €58,400 or 116.8% of his fixed remuneration. The variable remuneration for fiscal 2019 to be paid in 2020 is €689,040, or 91.9% of his fixed remuneration.

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

The variable remuneration items (12th resolution) awarded to Stanislas de Gramont for the previous year will be able to be awarded only after the Shareholders' Meeting approves the items.

BENEFITS IN KIND

Stanislas de Gramont has had a company car since April 2019, representing an annual benefit of €3,779.

As he does not have an employment contract with the Group, Stanislas de Gramont benefits from unemployment insurance for company directors and senior managers, representing an annual benefit of €4,267.

PERFORMANCE SHARES

In accordance with the authorization granted by the Annual Meeting on 22 May 2019 (22nd resolution), the Board of Directors, at its meeting on the same day, decided to award 11,000 performance shares to Stanislas de Gramont for fiscal year 2019.

The portion granted to Stanislas de Gramont under the 2019 performance share plan represented 0.0219% of the share capital.

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

- the number of shares to be held must correspond to 20% of the net capital gain, net of tax and social contributions and transaction fees.
- once the number of shares held by Stanislas de Gramont reaches the equivalent of one year's remuneration (fixed and target bonus), the holding requirement no longer applies.

LONG-TERM COMMITMENTS

Pension commitment

Stanislas de Gramont is a member of the collective supplementary pension plan set up for Groupe SEB's French senior managers (members of the Executive Committee) as described above.

The value of the pension benefits that Stanislas de Gramont may enjoy at the statutory retirement age was unknown as of the date of filing of this document. It will be updated pursuant to the PACTE Act and Ordinance 2019-697 as soon as the conditions for implementing the measures are known and the new plan is in place.

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

Stanislas de Gramont continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees.

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

This plan for Stanislas de Gramont notably includes the payment of:

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

In the event of incapacity	€243,144
In the event of first degree disability	€145,886
In the event of second and third degree disability	€243,144

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,694,650.

In addition to the collective incapacity, disability and death insurance plan, Stanislas de Gramont will be the beneficiary of an individual life insurance policy with a capital amounting to €2,239,424. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. The annual expense for this policy for the fiscal year amounts to €15,977.

This agreement, authorized by the Board of Directors on 19 December 2018, was approved by the shareholders at the Annual Meeting of Shareholders on 22 May 2019, in accordance with the procedure for regulated related-party agreements (15th resolution).

Severance payments

In the event of dismissal, he will be entitled to severance pay capped at two years' fixed and variable remuneration, including, where appropriate, the amounts paid under the non-compete clause.

The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Stanislas de Gramont received in his capacity as Chief Operating Officer.

Payment of the indemnity will be subject to performance conditions, measured in the following manner:

- if he is dismissed within four years of his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows:
  - as an executive officer, for the period following his appointment; and
- if he is dismissed after four years from his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service.

In both situations, performance is assessed as follows:

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

Non-compete clause

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

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

The Board of Directors may waive Stanislas de Gramont from this obligation by releasing him from the non-compete clause.

This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 19 December 2018 and were also disclosed as part of the permanent information related to remuneration and benefits. This agreement was approved by the shareholders at the Annual Meeting on 22 May 2019, in accordance with the procedure provided for regulated related-party agreements (15th resolution).

RETIREMENT LUMP-SUM PAYMENT

The total retirement lump-sum payment entitlement of Stanislas de Gramont amounts to €0 due to his seniority being less than 2 years.

Remuneration for 2020

FIXED REMUNERATION

Stanislas de Gramont's annual fixed remuneration, approved by the Board of Directors on 19 December 2018 when he was appointed, i.e. €750,000 was approved by the shareholders at the Annual General Meeting of 22 May 2019 (10th and 11th Resolutions), and, will remain the same in 2020.

ANNUAL VARIABLE REMUNERATION

Stanislas de Gramont's annual variable remuneration will be set according to the same principles, i.e. that it can represent a maximum of 120% of his fixed remuneration, or €900,000 according to the rate of achievement of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2020 based on the quantifiable targets set by the Board of Directors' Meeting of 25 February 2020. Qualitative targets relate to the improvement of Groupe SEB's profitability and the consideration of extra-financial performance criteria (Corporate Social Responsibility). They will also include elements linked, in particular, to Stanislas de Gramont's performance in implementing specific Group projects.

PERFORMANCE SHARES

The Board of Directors reserves the right to decide to implement a new performance share award plan, under the authorization that will be submitted to the Annual General Meeting on 19 May 2020.

Should the Board of Directors be granted the necessary powers to award performance shares, it would decide to award performance shares to Stanislas de Gramont in the same proportions as previously granted, in line with the plan described in the proposed 20th resolution.

SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES DUE OR AWARDED TO STANISLAS DE GRAMONT

Stanislas de Gramont Chief Operating Officer	2018**	2019
Remuneration due for the period	€121,940	€1,447,086
Value of the options awarded for the year*	N/A	N/A
Value of the performance shares awarded for the year*	-€	€1,633,924
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**€121,940**	**€3,081,010**

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

** *Stanislas de Gramont joined the Group in December 2018; as a result the year 2018 consists of only one month of salary and in-kind benefits.*

SUMMARY TABLE OF THE REMUNERATION PAID OR AWARDED TO STANISLAS DE GRAMONT

Stanislas de Gramont Chief Operating Officer	Amounts relating to 2018*		Amounts relating to 2019	
	Due	Paid	Due	Paid
Fixed remuneration	€62,500	€62,500	€750,000	€750,000
Annual variable remuneration	€58,400	-€	€689,040	€58,400
Extraordinary remuneration	N/A	N/A	N/A	N/A
Remuneration for the members of the Board of Directors	N/A	N/A	N/A	N/A
Benefits in kind:				
• car	-€	-€	€3,779	€3,779
• GSC benefit in kind	€1,040	€1,040	€4,267	€4,267
TOTAL	**€121,940**	**€63,540**	**€1,447,086**	**€816,446**

** Stanislas de Gramont joined the Group in December 2018; as a result the year 2018 consists of only one month of salary and in-kind benefits.*

EQUITY RATIO BETWEEN THE LEVEL OF REMUNERATION OF THE CHIEF OPERATING OFFICER AND THE AVERAGE AND MEDIAN REMUNERATION OF THE COMPANY

This presentation was carried out in accordance with the recent terms of the "PACTE" Law, in order to ensure immediate compliance with the new transparency requirements regarding the remuneration of executive officers. It may evolve on the basis of subsequent clarifications made by the legislator for the attention of listed companies.

	31/12/2015 *	31/12/2016	31/12/2017	31/12/2018 *	31/12/2019 **
Chief Operating Officer remuneration (€)	1,450,632	1,819,840	2,368,670	2,312,610	2,442,340
Change/N-1		25.45%	30.16%	-2.37%	5.61%
Average SEB Développement S.A.S remuneration (€)	102,685	10,402	102,971	102,978	103,461
Change/N-1		-1.25%	1.55%	0.01%	0.47%
Median SEB Développement S.A.S remuneration (€)	86,402	86,490	90,013	91,430	90,375
Change/N-1		0.10%	4.07%	1.57%	-1.15%
Average ratio	14.1	17.9	23.0	22.5	23.6
Change/N-1		+3.8 points	+5.1 points	-0.5 point	+1.1 point
Median Ratio	16.8	21.0	26.3	25.3	27.0
Change/N-1		+4.2 points	+5.3 points	-1.0 point	+1.7 point
Groupe SEB net sales (M€)	4,770	5,000	6,485	6,812	7,354
Change/N-1		6.1%	9.2%	7.8%	5.8%
Groupe SEB Operating Result from Activities (M€)	428	505	678 ***	695	740
Change/N-1		18.0%	34.2%	2.5%	6.5%

Explanatory elements for Chief Operating Officer's equity ratio

* *The salary elements paid to Bertrand Neuschwander are taken into account for the financial years 2015, 2016, 2017 and 2018. He was appointed Chief Operating Officer in April 2014 and, as such, the bonus paid in 2015 for 2014 included a pro-rata element of 8/12. It was revoked in October 2018 and, as such, the fixed salary paid in 2018 was only 9 months' fixed salary.*

** *The salary elements paid to Stanislas de Gramont are taken into account for the financial year 2019. He joined the Group in December 2018, and as such, the bonus paid in 2019 for 2018 includes a pro-rata element of 1/12.*

*** *Excluding one-off impacts of the WMF purchase price allocation.*

Methodology:

- The “Equity Ratio” is the ratio between the Fixed remuneration paid + Variable remuneration paid + Award of performance shares for the financial year and the total annual full-time salary for all employees from SEB Développement S.A.S. for all fixed-term contracts (excluding professional contracts/apprenticeship) and permanent contracts (excluding expatriates) in accordance with the rule set out in the PACTE Law and excluding executive officers. The total annual salary of employees includes base salary, bonuses (if any), variable remuneration, holiday bonuses, profit-sharing and incentive bonuses, as well as performance share grants for employees of SEB Développement S.A.S.
- In accordance with the PACTE Law, these ratios are calculated on the basis of the median data of the employees and then on the basis of the average data of the same employees, excluding executive officers.
- The comparison with regard to SEB S.A. is irrelevant as only the two executive officers are attached to the parent company SEB S.A., which is why the comparisons are made with regard to the data of SEB Développement S.A.S., the most appropriate company for this comparison (it includes most of the support functions and the majority of the Group’s management positions in France).

STOCK OPTIONS AWARDED FOR 2019 TO STANISLAS DE GRAMONT

	Date of the plan	Type of option	Valuation of the options based on the method used in the Consolidated Financial Statements	Number of options awarded	Exercise price	Exercise period
Stanislas de Gramont	No options were awarded in 2019					

STOCK OPTIONS EXERCISED IN 2019 BY STANISLAS DE GRAMONT

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Stanislas de Gramont	No options were exercised in 2019			

PERFORMANCE SHARES AWARDED FOR 2019 TO STANISLAS DE GRAMONT

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Stanislas de Gramont	22/05/2019	11,000	€1,633,924	22/05/2022		Performance targets for revenue and ORfA

PERFORMANCE SHARES FULLY VESTED IN 2019 FOR STANISLAS DE GRAMONT

	Date of the plan	Number of vested shares	Vesting date	Availability date	Acquisition conditions
Stanislas de Gramont	No performance shares were awarded in 2019				

MULTI-YEAR VARIABLE REMUNERATION PAID TO STANISLAS DE GRAMONT

Stanislas de Gramont Chief Operating Officer	Financial year
	No multi-year variable remuneration paid

REMUNERATION OF MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

In 2019, the total remuneration of Groupe SEB's current Executive Committee amounted to €9,935,000, including €5,500,000 in fixed remuneration and €4,435,000 in variable remuneration. This change in the Executive Committee's total remuneration is mainly due to the retirement in 2018 of Stéphane Laflèche, Executive VP Industry, who was replaced by Alain Leroy, who assumed his duties on 1 February 2019. Moreover, there are the remuneration of both Business Unit Chief Operating Officers for the period from 15 April 2019 to 31 December 2019 with the appointment of Olivier Naccache and Patrick Llobregat on 15 April 2019. Following the appointment of Nathalie Lomon at 2 September 2019, remuneration was also paid on the position of Senior Executive Vice-president, Finance (with Vincent Leonard, who left the workforce on 31 December 2019).

ANNUAL VARIABLE REMUNERATION

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

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

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

In 2019, the quantifiable and qualitative performance criteria were assessed and discussed by the Governance and Remuneration Committee and approved by the Board of Directors at its meeting on 26 February 2019.

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

- revenue growth; and
- growth in the Operating Result from Activity.

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

PERFORMANCE SHARE AWARDS

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

With regard to the 2019 plan, the performance calculation depends on the rate of achievement of the revenue and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2019, 2020 and 2021):

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

In accordance with the authorization granted by the Annual Meeting on 22 May 2019 (22nd resolution), the Board of Directors, at its meeting on the same day, decided to award 48,500 performance shares to ten members of the Executive Committee for fiscal 2019 (excluding corporate officers).

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

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

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

BENEFITS IN KIND

Senior managers have company cars.

HISTORY OF STOCK OPTION AWARDS TO EXECUTIVE OFFICERS

At 31 December 2019	Subscription plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Meeting date	04/05/2000	03/05/1999	14/05/2002	14/05/2002	06/05/2004	06/05/2004
Date of Board of Directors' Meeting	14/06/2001	19/04/2002	17/10/2002	18/06/2003	18/06/2004	04/08/2005
Total number of shares granted	493,500	417,450	598,125	612,150	539,100	554,700
Those awarded to corporate officer Thierry de La Tour d'Artaise*	66,000	49,500	6,600	115,516	104,989	105,000
Stock option exercise start date	14/06/2005	19/04/2006	17/10/2006	18/06/2007	18/06/2008	04/08/2009
Expiration date	14/06/2009	19/04/2010	17/10/2010	18/06/2011	18/06/2012	04/08/2013
Subscription or purchase price (in €)*	18.18	27.88	25.15	24.24	31.67	28.00
Average of last 20 prices prior to Board Meeting (in €)*	17.95	27.78	26.65	24.03	31.52	28.2
Number of options exercised* by Thierry de La Tour d'Artaise	66,000	49,500	6,600	115,516	104,989	105,000
Number of options cancelled*	**0**	**0**	**0**	**0**	**0**	**0**
BALANCE OF STOCK OPTIONS NOT YET EXERCISED AT 31 DECEMBER 2019*	**0**	**0**	**0**	**0**	**0**	**0**

At 31 December 2019	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Meeting date	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010	10/05/2012
Date of Board of Directors' Meeting	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010	15/06/2012
Total number of shares granted	589,798	579,150	1,005,900	371,300	412,592	408,925
Those awarded to executive officer Thierry de La Tour d'Artaise*	105,012	105,000	105,000	71,250	59,942	54,000
Stock option exercise start date	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiration date	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018	15/06/2020
Subscription or purchase price (in €)[(a)]	29.33	44	38.35	28.05	53.86	54.12
Average of last 20 prices prior to Board Meeting (in €)[(a)]	29.01	43.73	38.35	28.05	53.85	54.12
Number of options exercised[(a)] by Thierry de La Tour d'Artaise	105,012	105,000	105,000	66,922	55,978	51,449
Number of options cancelled*	**0**	**0**	**0**	**4,328**	**3,964**	**2,551**
BALANCE OF STOCK OPTIONS NOT YET EXERCISED AT 31 DECEMBER 2019	**0**	**0**	**0**	**0**	**0**	**0**

(a) Takes into account the award of bonus shares in March 2004 (1 for 10) and the 3-for-1 stock split on June 16, 2008.

HISTORY OF PERFORMANCE SHARE AWARDS TO EXECUTIVE OFFICERS

At 31 December 2019

Meeting date	13/05/2009	12/05/2010	12/05/2010	14/05/2013	15/05/2014	12/05/2015	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Date of Board of Directors' Meeting	12/06/2009	18/06/2010	15/06/2012	23/07/2013	22/07/2014	12/05/2015	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Number of shares granted	50,472	58,363	63,938	233,475	169,175	169,450	171,075	193,450	185,330	226,700
Of which to executive officers	5,938	4,995	4,500	18,000	27,000	27,000	27,000	27,000	27,000	29,000
• Chairwoman and CEO	5,938	4,995	4,500	18,000	18,000	18,000	18,000	18,000	18,000	18,000
• Chief Operating Officer	N/A	N/A	N/A	6,750*	9,000	9,000	9,000	9,000	9,000	11,000
Performance condition	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and Operating Result from Activity	Revenue and ORfA
Award date	12/06/2009	18/06/2010	15/06/2012	23/07/2013	22/07/2014	12/05/2015	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Vesting date	12/06/2011	18/06/2012	15/06/2014	23/07/2016	22/07/2017	12/05/2018	19/05/2019	11/05/2020	16/05/2021	22/05/2022
Number of shares earned by executive officers										
• Chairwoman and CEO	5,938	4,395	3,850	18,000	18,000	18,000	-	-	-	-
• Chief Operating Officer	N/A	N/A	N/A	6,750*	9,000	9,000	-	-	-	-
Expiry of lock-up period	12/06/2013	18/06/2014	15/06/2016	23/07/2017	22/07/2019	12/05/2020	19/05/2021	11/05/2020	16/05/2021	22/05/2022
Number of shares cancelled or lapsed	0	600	650	0	0	-	-	-	-	-
BALANCE OF SHARES YET TO BE VESTED	**0**	**0**	**0**	**0**	**0**	**0**	**27,000**	**27,000**	**27,000**	**29,000**

* *Concerns Bertrand Neuschwander.In 2013, award as a member of the Executive Committee (became a corporate officer in April 2014 and was dismissed in October 2018).*

GENERAL INFORMATION ABOUT EXECUTIVE OFFICERS

	Employment contract		Supplementary pension plan **		Compensation or benefits due, or likely to be due as a result of termination or a change of roles		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry de La Tour d'Artaise	Suspended *		frozen		X			X
Stanislas de Gramont		X	X		X		X	

* *The Board of Directors' Meeting of 25 February 2020, in accordance with the AFEP-MEDEF Code, reviewed the situation and considered that Thierry de La Tour d'Artaise's employment contract should remain suspended, in light of his age, personal situation, and seniority within the Group.*

** *For the executive officers present at 3 July 2019, the provisions of Ordinance 2019-697 of 3 July 2019 governing professional supplemental pension plans forced the Group to freeze and close this plan at 31 December 2019. A new plan will be set up, within the framework of the PACTE Act and Ordinance 2019-697, for this same group once the conditions for implementing the measures are known (Ministry Circular from the Department of Social Security SD3C currently in preparation). Stanislas de Gramont will benefit exclusively from this new plan*

SAY ON PAY: REMUNERATION PAID DURING OR ALLOCATED FOR THE YEAR ENDED 31 DECEMBER 2019 TO CORPORATE EXECUTIVE OFFICERS

COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REMUNERATION SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS

Components of remuneration submitted for a vote	Amounts paid during the previous year	Amounts allocated for the previous year and book valuation	Presentation
Fixed remuneration	**€1,000,000**		At its meeting on 23 February 2016, the Board of Directors, on the recommendation of the Governance and Remuneration Committee, revised the fixed remuneration of Thierry de La Tour d'Artaise to €900,000. This proposal was made to adjust the amount, which has not changed since 2011, for inflation. At its meeting on 26 February 2019, the Board of Directors, on the recommendation of the Governance and Remuneration Committee, re-evaluated Thierry de La Tour d'Artaise's fixed remuneration of €1,000,000 in order to take into account the higher cost of living, as this remuneration was last revised in 2016. This remuneration was approved by the shareholders at the Annual General Meeting of shareholders on 22 May 2019.
Annual variable remuneration	**€1,099,238 (amount approved by the Ordinary General Meeting of 22 May 2019 in accordance with the ex-post voting principle - 12th Resolution) (No deferred** portion of this remuneration)	**€1,152,400 (amount to be paid after approval by the Ordinary General Meeting on 19 May 2020 in accordance with the ex-post voting principle - Resolution 11)** (No deferred portion of this remuneration)	At its meeting on 25 February 2020, the Board of Directors, on the recommendation of the Governance and Remuneration Committee, assessed Thierry de La Tour d'Artaise's variable remuneration. Given the quantitative and qualitative criteria set by the Board of Directors on 26 February 2019 and the rate of achievement noted at 31 December 2019, the variable remuneration was measured as follows: • **based on quantitative criteria:** the variable portion is 102.1% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on Group revenue and Operating Result from Activity growth targets; • **based on qualitative criteria:** the variable portion is 135% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, changes to its organizational structure and the active pursuing of the acquisition strategy. The variable component can amount to no more than 150% of his annual fixed remuneration. Consequently, the variable remuneration paid in 2020 for fiscal 2019was €1,152,400, or 115.2% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration paid in 2019 for 2018 was 122.1% of his fixed remuneration, or €1,099,238.
Multi-year variable remuneration in cash	**N/A**		Thierry de La Tour d'Artaise receives no multi-year variable remuneration.
Performance share awards		**Performance shares: €2,673,693** (carrying amount)	In accordance with the authorization granted by the Shareholders' Meeting of 22 May 2019 (22nd resolution), the Board of Directors, at its meeting held on the same day, decided to award 18,000 performance shares to Thierry de La Tour d'Artaise for 2019. The shares granted to Thierry de La Tour d'Artaise under the 2018 performance share plan represented to 0.0359% of the share capital. The performance criteria for the 2019 plan were assessed with regard to the rate of achievement of a matrix composed of the following: • Revenue growth target; and • Operating Result from Activity growth target, • over the three-year vesting period (namely 2019, 2020 and 2021):

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

Components of remuneration submitted for a vote	Amounts paid during the previous year	Amounts allocated for the previous year and book valuation	Presentation
	Shares: N/A Other securities: N/A		Note that Thierry de La Tour d'Artaise must hold shares resulting from options exercised and bonus shares awarded in registered form (see page 90). Thierry de La Tour d'Artaise receives no other awards of shares or other securities.
Extraordinary remuneration	**N/A**		Thierry de La Tour d'Artaise receives no exceptional variable remuneration.
Remuneration for the office of director	**€30,000 gross**		Thierry de La Tour d'Artaise receives remuneration as a member of the Board of Directors under the rules applicable to all its Board members and detailed on page 87. In 2019, Thierry de La Tour d'Artaise received €30,000 gross as a director of the company.
Value of benefits in kind		**€23,902 (carrying amount)**	Thierry de La Tour d'Artaise has a company car, representing an in-kind benefit of €8,702 for the year, and receives €15,200 per year for the use of an apartment in Paris.
Severance payments	**None received**		Thierry de La Tour d'Artaise is only entitled to the severance pay owing under his employment contract, to the exclusion of any other benefit, in the event of termination of his corporate office. Under the provisions of his employment contract, which was suspended on 1 March 2005, Thierry de La Tour d'Artaise will receive, by way of settlement, a total termination benefit to be paid only under the following circumstances: • termination of the employment contract at the employer's initiative, except on the grounds of serious misconduct or gross negligence; • forced departure as a result of a change in the control of Groupe SEB. An amendment to Thierry de La Tour d'Artaise's employment contract was signed making the termination benefit subject to performance conditions. The termination benefit is set at two years' remuneration (calculated based on the average remuneration earned during the last two financial years), and is adjusted for the rate of achievement of his targets for the last four years of service: **Average rate of achievement over the previous four financial years** – **Amount of benefit paid** 100% or more – 100% Between 50% and 100% inclusive – Between 75% and 100%, according to a straight-line calculation Less than 50% – None If the previous year-end presents a net loss, the Board of Directors reserves the right to reduce such termination benefits by a maximum of one half, without such benefits falling below the fixed salary plus bonuses of the previous financial year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of such benefits. Entitlement to stock options in the event of termination: In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision will also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated pursuant to resignation from the Group, were such resignation to arise from a change in the control of the Group. However, he will forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as executive officer should he resign on his own initiative. At the reappointment of Thierry de La Tour d'Artaise, the continuation of this commitment was approved by the Board of Directors on 25 February 2020 and will be submitted for approval by the Annual General Meeting on 19 May 2020 (8th Resolution).
Non-compete payments	**N/A**		Thierry de La Tour d'Artaise has no non-compete clause.
Retirement lump-sum payment	**None received**		Due to his seniority and in accordance with the Metallurgical industry collective agreement, the amount due for the retirement lump-sum payment would amount to €550,532.

<table>
<tr><th>Components of remuneration submitted for a vote</th><th>Amounts paid during the previous year</th><th>Amounts allocated for the previous year and book valuation</th><th>Presentation</th></tr>
<tr><td>Supplementary pension plan</td><td>None received</td><td></td><td>
Thierry de La Tour d’Artaise is a member of the collective supplementary pension plan set up for Groupe SEB’s French senior managers (members of the Executive Committee).
The plan complements the statutory schemes and is composed as follows:
• a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
• a supplementary defined-benefit plan, subject to seniority and service conditions, with the potential benefits accruing per year of service being 0.8% of the reference compensation calculated on the average of the annual target compensation over the preceding three years and capped at 20 years’ service, i.e. a maximum of 16% of the reference compensation;
• a collective defined-benefit plan available to senior managers, with a contribution equal to 8% of their salaries. Benefits payable under this plan are deducted from the supplementary pension originating from the supplementary defined benefit plan.
Entitlements estimation at 31 December 2018:
<table>
<tr><th>Regime</th><th>Amount</th></tr>
<tr><td>Deferred defined-benefit pension plan</td><td>€216,209 gross per year</td></tr>
<tr><td>Supplementary defined-benefit pension plan</td><td>€226,206 gross per year</td></tr>
<tr><td>Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since January 2012)</td><td>€11,797 gross per year</td></tr>
</table>
This plan was closed and frozen at 31 December 2019, as the provisions of Ordinance 2019-697 of 3 July 2019 governing supplemental pension plans forced the Group to freeze and close this plan.
Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings.
The plan is capped at 41% of the reference remuneration, i.e. both fixed and variable remuneration (including the income from compulsory plans), in accordance with the AFEP-MEDEF Code. This reference remuneration is itself capped at 36 times the annual social security ceiling in force at the time of retirement.
At the reappointment of Thierry de La Tour d’Artaise, the continuation of this commitment was approved by the Board of Directors on 25 February 2020 and will be submitted for approval by the Shareholders’ Meeting on 19 May 2020 (8th Resolution).
</td></tr>
<tr><td>Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance</td><td>None received</td><td></td><td>
Thierry de La Tour d’Artaise continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company’s employees.
This plan notably includes for Thierry de La Tour d’Artaise:
• supplementary benefits, set at a maximum annual amount as follows:
<table>
<tr><td>In the event of incapacity</td><td>€243,144</td></tr>
<tr><td>In the event of first degree disability</td><td>€145,886</td></tr>
<tr><td>In the event of second and third degre[e] disability</td><td>€243,144</td></tr>
</table>
Less social security benefits for the 3 items.
• a death benefit set at a maximum of €1,361,606.
In addition to the collective incapacity, disability and death insurance plan, Thierry de La Tour d’Artaise also benefits from an individual life insurance policy with a capital amounting to €3,652,134. The expense recorded for the year ended 31 December 2019 totals €78,984. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. At the reappointment of Thierry de La Tour d’Artaise, the continuation of this commitment was approved by the Board of Directors on 25 February 2020 and will be submitted for approval by the Shareholders’ Meeting on 19 May 2020 (8th Resolution).
</td></tr>
</table>

COMPONENTS OF REMUNERATION FOR THE CHIEF OPERATING OFFICER SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS

Components of remuneration submitted for a vote	Amounts paid during the previous year	Amounts allocated for the previous year and book valuation	Presentation
Fixed remuneration	**€750,000**		When Stanislas de Gramont was appointed, the Board of Directors' Meeting of 19 December 2018 set the amount of his yearly fixed remuneration at €750,000. This remuneration was approved by the shareholders at the Annual General Meeting of shareholders on 22 May 2019 (10th, 11th and 13th Resolutions).
Annual variable remuneration	**€58,400 (amount approved by the Ordinary General Meeting of 22 May 2019 in accordance with the ex-post voting principle - 13th Resolution)** (No deferred portion of this remuneration)	**€689,040 (amount to be paid after approval by the Ordinary General Meeting on 19 May 2020 in accordance with the ex-post voting principle - 12th Resolution)** (No deferred portion of this remuneration)	At its meeting on 25 February 2020, the Board of Directors, on the recommendation of the Governance and Remuneration Committee, measured Stanislas de Gramont's variable remuneration. Given the quantifiable and qualitative criteria set by the Board of Directors on 26 February 2019, and the rate of achievement noted at 31 December 2019, the variable remuneration was measured as follows: • **based on quantitative criteria:** the variable portion is 81.6% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance with respect to Groupe SEB's growth targets for Revenue and Operating Result from Activity; • **based on qualitative criteria:** the variable portion is 107.2% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects. The variable component can amount to no more than 120% of his annual fixed remuneration. Consequently, the variable remuneration paid in 2019 for fiscal year 2018 was €58,400 or 116.8% of his fixed remuneration. The variable remuneration paid in 2020 for fiscal year 2019 was €689,040, or 91.9% of his fixed remuneration.
Multi-year variable remuneration in cash	**N/A**		Stanislas de Gramont receives no multi-year variable remuneration.
Performance share awards		**Performance shares: €1,633,924 (carrying amount)**	In accordance with the authorization granted by the Annual Meeting on 22 May 2019 (22nd resolution), the Board of Directors, at its meeting on the same day, decided to award 11,000 performance shares to Stanislas de Gramont for fiscal year 2019. The portion granted to Stanislas de Gramont under the 2019 performance share plan epresented 0.0219% of the share capital. The performance criteria for the 2019 plan were assessed with regard to the rate of achievement of a matrix composed of the following: • Revenue growth target; and • Operating Result from Activity growth target, over the three-year vesting period (namely 2019, 2020 and 2021): Note that Stanislas de Gramont will be required to hold shares resulting from options exercised and bonus shares awarded in registered form.
Extraordinary remuneration	**N/A**	**N/A**	Pro rata
Remuneration for the office of director	**N/A**	**N/A**	Stanislas de Gramont is not a member of the Board of Directors.

<table>
<tr><th>Components of remuneration submitted for a vote</th><th>Amounts paid during the previous year</th><th>Amounts allocated for the previous year and book valuation</th><th>Presentation</th></tr>
<tr><td>Value of benefits in kind</td><td></td><td>€8,046 (carrying amount)</td><td>Stanislas de Gramont benefits from a company car representing an annual in-kind benefit of €3,779 and unemployment insurance for company directors and executives, in the absence of an employment contract with the Group, representing an annual benefit of €4,267.</td></tr>
<tr><td>Severance payments</td><td>None received</td><td></td><td>In the event of dismissal, he will be entitled to severance pay capped at two years' fixed and variable remuneration, including, where appropriate, the amounts paid under the non-compete clause.
The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Stanislas de Gramont received in his capacity as Chief Operating Officer.
Payment of the indemnity will be subject to performance conditions, measured in the following manner:
• if he is dismissed within four years of his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows:
• as an executive officer, for the period following his appointment, and
• if he is dismissed after four years from his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service.
In both situations, performance is assessed as follows:
<table>
<tr><th>Average rate of achievement over the previous four financial years</th><th>Amount of benefit paid</th></tr>
<tr><td>100% or more</td><td>100%</td></tr>
<tr><td>Between 50% and 100% inclusive</td><td>Between 75% and 100%, according to a straight-line calculation</td></tr>
<tr><td>Less than 50%</td><td>None</td></tr>
</table>
This commitment, approved by the Board of Directors on 19 December 2018, was approved by the shareholders at the Annual Meeting of Shareholders on 22 May 2019 (10th resolution).</td></tr>
<tr><td>Non-compete payments</td><td>None received</td><td></td><td>Pursuant to the non-compete agreement, in case of termination of his appointment of office as Chief Operating Officer, by means of dismissal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.
In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.
The Board of Directors may release Stanislas de Gramont from this obligation by waiving the non-compete clause.
This non-compete agreement, and the terms of severance detailed above, were authorized by the Board of Directors on 19 December 2018 and were also disclosed as part of the permanent information on remuneration and benefits. This agreement was approved by the shareholders at the Annual Meeting of Shareholders on 22 May 2019 (10th resolution).</td></tr>
<tr><td>Retirement lump-sum payment</td><td>None received</td><td></td><td>Due to his seniority, which is less than 2 years and in accordance with the Metallurgical industry collective agreement, Stanislas de Gramont's total retirement lump-sum payment entitlement amounts to €0.</td></tr>
<tr><td>Supplementary pension plan</td><td>None received</td><td></td><td>Stanislas de Gramont will take part in the new collective supplementary pension plan set up for Groupe SEB's French senior managers (members of the Executive Committee).
The value of the pension benefits that Stanislas de Gramont may enjoy at the statutory retirement age is unknown as of the date of filing of this document.</td></tr>
</table>

Components of remuneration submitted for a vote	Amounts paid during the previous year	Amounts allocated for the previous year and book valuation	Presentation	
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	**None received**		Stanislas de Gramont continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees. He also benefits from individual life insurance. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. This plan for Stanislas de Gramont notably includes the payment of: • supplementary benefits, set at a maximum annual amount as follows:	
			In the event of incapacity	€243,144
			In the event of first degree disability	€145,886
			In the event of second and third degree disability	€243,144
			Less social security benefits for the 3 items.	
			• a death benefit set at a maximum of €1,694,650. In addition to the collective incapacity, disability and death insurance plan, Stanislas de Gramont is the beneficiary of an individual life insurance policy with a capital amounting to €2,239,424. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. This commitment, authorized by the Board of Directors on 19 December 2018, was approved by the shareholders at the Annual Meeting of Shareholders on 22 May 2019 (10th resolution).	

TRANSACTIONS IN SEB SHARES CONDUCTED BY BOARD MEMBERS AND SENIOR MANAGERS (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE) DURING 2019

Identity	Function	Number of shares purchased or subscribed	Average purchase price	Number of shares sold	Average sale price
Luc Gaudemard	Member of the Executive Committee	4,860	€54.1200	4,860	€153,398
Cyril Buxtorf	Member of the Executive Committee	7,860	€54.1200		
GENERACTION	Director	430	€140.9674		
William Gairard	Director			2,000	€153,994
Aude de Vassart	Director			7,797	€138,600
Thierry Lescure			€138.7494		
Jérôme Lescure	Director				€141,753

3 Corporate Social Responsibility

DPEF *The elements related to the Extra-Financial Performance Declaration are identified in the summary using the pictogram.*
DV *DV The elements related to the Duty of Vigilance are identified in the summary with the help of the pictogram.*

3.1. Commitment and management

COMMITMENT AT THE HIGHEST LEVEL

Corporate social responsibility is an essential component of Groupe SEB's strategy, and is driven by top management. For a great many years, Groupe SEB has been committed to an approach that strives to be ethical, economically profitable, socially fair and environmentally responsible. There are regular presentations on this policy to the Board of Directors and the Governance and Remuneration Committee is responsible for monitoring it.

In line with this commitment, the Group supports initiatives designed to get a growing number of companies to begin their CSR (Corporate Social Responsibility) journey. It is with this in mind that its Chairman, Thierry de La Tour d'Artaise, and four other business leaders in the Lyon region established the Mix-R network in 2018. Mix-R aims to be an "activist for responsible companies". It offers its members various activities to stimulate collective intelligence and joint development: experience sharing, conferences, inter-company thematic programs, promotion of proven CSR initiatives, etc. At year-end 2019, the network already had 60 member companies. Over the course of the year, it organized a dozen or so gatherings, workshops or programs on a range of CSR-related themes: corporate challenges and risks posed by climate change, youth employment, flexible purpose corporations and reason for being, eco-design, responsible negotiation, employee engagement, etc. This is all done in a spirit of openness and with a desire to promote concrete initiatives.

OUR EVOLVING SUSTAINABLE DEVELOPMENT STRATEGY

A JOINTLY DEVELOPED STRATEGY

From 2012 to 2018, the Group's sustainable development strategy focused on the basics: ethics and Human Rights, responsible employment policy, solidarity, sustainable innovation, the environment. Building on the work done in these various areas, the Group took another step forward in 2018 by proactively incorporating the challenges associated with its businesses.

The new strategy, completed in 2018 and rolled out in 2019, is the result of a major internal consultation that involved the various Group businesses and teams across a dozen countries. In line with the UN's Sustainable Development Goals (SDGs), it aligns the vision of all teams. It is built on four pillars that underpin the "business" challenges:

- **People matter**: Demonstrate our respect for everyone and our benefit to society on a daily basis.
- **Sustainable innovation: Empower our customers to adopt sustainable lifestyles thanks to our products and services:**
  - **Cooking for good:** Make delicious, healthy home cooking accessible to everyone, and offer consumers moments of sharing, products and services that facilitate day-to-day cooking,
  - **Better home life:** Help everyone to live better in a healthier home, with appropriate products and technologies, regardless of their age and health;
- **Circular revolution:** Make the Group's products and services part of the circular economy;
- **Climate action:** Contribute to the fight against climate change thanks to our low-carbon strategy in line with the 2° C scenario of the Paris Agreement.

STEERING AND ROAD MAPS

The sustainable development strategy is implemented under the oversight of the **Sustainable Development department**, which reports to the Senior Executive Vice-president, Human Resources, who is a member of the Executive Committee. Made up of a team of seven people, two of whom are seconded to the Fonds Groupe SEB, it coordinates and drives Group-wide participatory efforts with the support of a dedicated **Steering Committee**. In order to instill sustainable development criteria at all levels of the company and on all continents, this Steering Committee is composed of around 20 members hailing from a variety of business areas and divisions (communications, quality/environment, innovation, purchasing, logistics, marketing, etc.) and meets twice a year. The Sustainable Development department also relies on the network of continental Human Resources Managers who act as contacts with the countries.

2019 was mainly spent rolling out the four pillars of the new sustainable development strategy. A dozen thematic road maps were developed together with the representatives of the relevant businesses along with **targets for 2023** [1]. All functions were involved in the process: Purchasing, Quality, Environment, R&D, Marketing, Brands, Health and Safety, Human Resources, Production, IT and Digital, Logistics, Consumer Satisfaction, Design, etc. Each road map is built around projects with targets and quantitative indicators. Twice a year a progress report is put together by the Sustainable Development department with the "business" contributors.

(1) These targets are specified in each relevant section of Chapter 3 (page 171), under the heading "Groupe SEB 2023 Target".

In parallel, the country teams started to determine their areas of priority, in line with the direction of the new strategy. The “country” road maps are steered by the sustainable development contact, typically the subsidiary’s Human Resources Manager. The Sustainable Development department also supports the local teams with project planning and aims to create a network of best practice-sharing to drive momentum.

DIALOG WITH STAKEHOLDERS

Paying close attention to the Group’s “ecosystem”, the Sustainable Development department has been holding a series of discussions with a panel of the Group’s stakeholders since 2013, to gather their opinions and suggestions about its sustainable development policy. This panel was mainly comprised of external experts: expert in positive branding, expert in responsible consumption and sustainable eating, eco-design and circular economy, cooking blogger, etc., and an employee representative, member of the European Works Council. The meeting held at end-January 2020 mainly focused on the Group’s evolving sustainable development strategy and on the company’s exploration of its sense of purpose. At the previous meeting, in early 2019, the members of the panel had discussed the corporate responsibility of the brands with a particular focus on Tefal and Rowenta.

RAISING EMPLOYEE AWARENESS

The Group uses a number of communication methods to increase employee awareness of sustainable development issues, including a dedicated section on the Group’s intranet, which is regularly updated with news, articles in site newspapers, telexes and events. There is also the Yammer internal social network’s Sustainable Innovation community, which is a forum for discussions on sustainable innovation. Many sustainable development-related themes are also dealt with in the Group’s Code of Ethics, which regularly inspires training and awareness-raising initiatives (see page 128).

Every year, a **sustainable development week** is organized worldwide and is a special opportunity to enlist the cooperation of employees. The 2019 theme was combating climate change, one of the four pillars of the Group’s new sustainable development strategy. The proposed activities come in very different forms including, for example: awareness raising and challenges surrounding energy consumption and reduction of waste and plastic, handing out of EMSA mugs to teams to replace disposable cups, cooking workshops on cutting food wastage; awareness raising regarding waste sorting on-site; presentation of the UN Sustainable Development Goals, etc.

CSR CRITERIA IN THE BONUSES OF TOP MANAGERS

The remuneration of all managers who have a certain level of responsibility comprises a variable portion related to the results of the Group and those of the entity in which they work. Since 2018, the Group has been looking at environmental, social and ethical performance criteria when calculating the bonuses awarded to its 690 top managers. The goal is to embed the Group’s non-financial performance in all businesses and levels of the company, as part of an overall value creation approach. A portion of the bonus is thus subject to the achievement of the carbon emission goals of Group plants, to the number of workplace accidents and social compliance rating awarded to Group sites in the course of social audits done in at-risk areas.

INTERNAL AUDIT AND SUSTAINABLE DEVELOPMENT

In 2013, the Audit and Internal Control department included the Code of Ethics and the Responsible Purchasing Charter in the internal control manual used when auditing subsidiaries. Since 2016, the Sustainable Development department has also sent it the action plans implemented by the subsidiaries as part of the new ethical, social and environmental audit procedure (see page 130). This strengthens the ethical, social and environmental monitoring within all the Group’s processes. Sites that are not audited by the Audit and Internal Control department during the year are sent a self-assessment questionnaire through reporting software. This covers the same checkpoints audited during on-site audits and includes the internal control manual and also the rules contained in the Code of Ethics and the Responsible Purchasing Charter. Both sets of guidelines are therefore fully harmonized and ensure that the audit process is fully consistent. Furthermore, when studies take place prior to company acquisitions, the Strategy department conducts a review of social and environmental issues using a questionnaire that covers the key points in the Code of Ethics.

EXTERNAL VERIFICATION OF DATA

Groupe SEB has been a pioneer in this regard since 2011, and had a selection of corporate social responsibility indicators for the 2010 financial year audited by one of its statutory auditors, PricewaterhouseCoopers Audit. It continued this voluntary commitment and PricewaterhouseCoopers Audit issued a limited assurance report for the 2011 and 2012 financial years on a selection of social and environmental indicators. Finally, to comply with what are now legal obligations, every year since 2013 the Group has had the completeness and fairness of the social, employment-related and environmental information in the Universal Registration Document / Registration Document audited. In 2017, Groupe SEB changed its independant third party to Mazars (see a detailed description of the reporting process on page 126 and Mazars' report for 2019 on page 181). Since 2010, 80 audits have been carried out on 27 different sites in seven countries (Germany, France, Italy, Brazil, Colombia, China and the United States).

AN ESTABLISHED CSR POLICY

A growing number of management companies are basing their investment decisions on the corporate social responsibility of listed companies, or including this factor in their stock-picking process. The CSR policy is regularly included in the Group's financial communications, and the Sustainable Development department meets with investors at least once a year, at conferences or roadshows focused on non-financial performance.

NON-FINANCIAL RATING

Several **non-financial rating** agencies assess the ESG (Environmental, Social, Governance) performance of Groupe SEB.

This performance is increasingly gaining recognition by the **CDP (Carbon Disclosure Project) agency**, which manages the largest database of company environmental data in the world. In 2019, the Group strengthened its position in the CDP ranking, getting a B rating for its efforts to combat climate change.

The Group's commitments and initiatives are also assessed every two years by **Vigeo-Eiris** (2), the leading agency in Europe. Its 2020 rating, increasing by 1 point compared to 2018, allows Groupe SEB to maintain its first place in its sector in Europe, on a panel of 40 companies. It is also ranked 68th worldwide (out of 4,904 companies). Vigeo-Eiris also published a study at year-end 2018 that put Groupe SEB in the top 1% of the best performing companies worldwide in terms of Human Rights (see page 129).

The SEB share is included in several SRI (Socially Responsible Investment) indices. The Group has kept its place in Vigeo-Eiris's **Europe 120 and Eurozone 120** indices, composed of the companies with the highest scores based on more than 330 indicators. It also reaffirmed its position in the **FTSE4Good** international index, a global benchmark in the field, with a score of 4/5 (Personal & household goods category). The SEB share also features in **Forum Ethibel**'s Excellence Europe index. Finally, it is on the research panels of Gaïa Rating, Sustainalytics and Oekom, which has awarded it Prime status.

When it comes to its CSR reputation, Groupe SEB was ranked 4th in the **Rep Track** survey, out of a panel of 200 large companies active on the French market. This survey, conducted in 2018 with 38,000 participants, is based on three aspects: working environment, governance and social commitment.

AWARDS

The Group's CSR approach won numerous awards in 2018/2019, in particular for its efforts to foment the circular economy: LSA "Development of Environmental Responsibility" award, Special Award at the Trophées Défis RSE, award at the European Business Awards for its reparability policy (selected from among 112,000 competing companies in 34 countries), etc. Tefal also won the Grand Prix de la Responsabilité Sociétale des Marques. Two awards in 2019 specifically recognized its collaborative approach to encourage inclusive design: the Mines ParisTech & Cegos Sustainable Development CSR award and the LSA "La conso s'engage" award. The Group's corporate sponsorship policy was also recognized by the Franco-Chinese CSR award handed out by CCI Paris-Ile-de France and KPMG for the Chinese primary school development program being run by Supor over the past number of years (see page 151).

Giving consideration to social and environmental issues is also a winning strategy for the brands, as shown by Havas Media Group's Meaningful Brands study, which regularly examines the performance of brands with regard to the quality of life and well-being of consumers (1,500 brands in around 30 countries). In the 2017 study, two Groupe SEB brands were included in the French selection (Seb and Moulinex) for the first time. Both went straight to the top of the national brands most trusted by French consumers (4th and 6th place respectively). In the 2019 study, Seb was still in the top 10 of the best rated brands in France.

(2) Vigeo and EIRIS merged in October 2015.

3.2. Non-Financial Performance Statement (DPEF)

In accordance with Ordinance 2017-1180 of 19 July 2017 on the disclosure of non-financial information by certain large companies and major corporate groups, the Non-Financial Performance Statement (*Déclaration de Performance Extra Financière*, or "DPEF") is intended to present the measures implemented within the Group to identify and attenuate risks.

BUSINESS MODEL DPEF

The Groupe SEB business model is presented in pages 6-7 of this document. In order to develop the Business Model, a working group composed Sustainable Development, Strategy and Financial Communication departments were set up in 2018. After studying the recommendations of the MEDEF and different ITOs, the working group discussed key financial and extra-financial indicators representative of the performance of the Group in the long term. This subject was also the subject of discussions with General Management, which validated the Business Model at the end of 2018. In 2019, following an exchange by this working group, it was decided to keep the entire content of the business model while updating the data..

RISKS DPEF DV

MAPPING OF RISKS, IDENTIFICATION PROCESS & METHODOLOGY FOR SELECTING THE MAIN RISKS (DPEF AND DUTY OF VIGILANCE)

The Group's risk management method (see methodology described under "Risk Factors" Chapter 1 of the 2018 Registration Document) has been applied to the areas covered by the Duty of Vigilance law and the Non-Financial Performance Statement, namely: CSR risks – social, environmental, societal, Human Rights and the fight against corruption.

As part of this process, the Audit and Internal Control department brought together the Group's Sustainable Development, Legal, Financial Communication, Environment, Health & Safety departments to identify and integrate these risks into the company's overall mapping of risks already completed elsewhere.

Groupe SEB operates in nearly 150 countries in a variety of complex economic and socio-cultural environments. The CSR risks identified are intrinsically linked to our operations but also the risks inherent to the countries in which our subsidiaries and suppliers operate. On the basis of this frame of reference, the Group identified that its main CSR risks are concentrated in the emerging countries. That is why the ethical, social and environmental audits are primarily done in these high-priority areas.

In order to consider both the company's vision and stakeholder expectations, this identification of CSR risks was also cross-checked against the materiality matrix. The whole thing was approved by the Group's stakeholder panel in January 2018.

RISK VALIDATION PROCESS (DPEF AND DUTY OF VIGILANCE)

The main CSR risks were presented and validated by the stakeholder panel in January 2018 and presented to the Audit Committee in October 2018. The main CSR risks are reviewed annually as part of the Group risk review process.

POLICY AND KEY INDICATORS DPEF

Policies and actions plans are in place to prevent, identify and attenuate the occurrence of these CSR risks; the details of these actions plans are described throughout Chapter 3.

This correspondence table provides the necessary references.

Area	Risks	Policies	Key performance indicators	
Social and societal	Health and safety of staff	Protect and ensure the health and safety of the employees thanks to the Health and safety policy of the Group	Frequency of workplace accidents Rate of OHSAS 18001 certified entities	Chap 3.5/Health and safety/p. 141
	Talent attraction and retention	Promote recruitment, development and retention of talents, thanks to career and attractiveness of the Group	Average employee turnover rate	Chap 3.5/ A responsible employment policy/p. 131
Ethics and corruption	Corruption	Ensuring ethics and transparency of our business as well as respect for the laws through the implementation of a: • Code of Ethics – Code of Ethics training *(e-learning* and classroom) • an anti-corruption *e-learning* module planned for H2 2019	Rate of roll-out of *Code* of Ethics e-learning training	Chap 3.5/Ethics compliance/p. 129
	Tax evasion	Ensure compliance with tax regulations and obligations in all countries where the Group is implanted	Effective tax rate	Chap 1 .4/Risk Factors/p. 40
	Human Rights	Ensure respect Human Rights, in our activities, everywhere where the Group is established, thanks to the implementation of: • a Code of Ethics • a responsible purchasing policy	Percentage of sites with an overall compliance score greater than 80% Intertek Audit of suppliers (Group level)	Chap 3.5/Ethics compliance/Code of Ethics/p. 129
Environmental	Climate change	Reduce the Group impact on climate change thanks to: • a circular economy policy • the 4x20 objectives	Rate of recycled materials in new products Rate of recyclability of electrical products Rate of repairable products Rate of energy improvement of production sites Rate of improvement of energy consumption by electrical products Quantity of waste generated Rate of ISO 14001 certified entities Greenhouse gas emissions per manufactured finished product (scopes 1 and 2)	Chap 3.8/Using recycled materials/p. 165 Chap 3.8/ Reparability/p. 163 Chap 3.9/ Eco-production/p. 171 Chap 3.9/ Eco-logistics/p. 175 Chap 3.9/ Eco-design/p. 169

Exclusions

Because of the Group's businesses, certain issues relating to the Decree of 24 April 2012 and Article 4 of the Law of 11 February 2016 on the fight against climate change were not considered to be relevant: the fight against food insecurity and animal protection.

3.3. Vigilance Plan

INTRODUCTION

For the second consecutive year, Groupe SEB complies with law 2017-399 of 28 March 2017 concerning the duty of parent companies and order-giving companies through the development of this plan.

This plan presents the measures taken within the Group to identify risks and prevent serious harm to Human Rights and fundamental freedoms, the health and safety of individuals and the environment, related to our activities as well as those of our subcontractors and suppliers.

Corporate social responsibility has been an essential component of the Group's strategy for many years, and these risks have been identified over time and form the basis for the implementation of all the Group's sustainable development actions and policies.

The new legal requirements relating to the duty of vigilance therefore reflect the values and actions defended by the Group for many years.

This plan restates the actions already anchored in the Group's policies that are the foundation of its sustainable development approach: Code of Ethics, health and safety policy, low-carbon objectives, responsible purchasing policy, and more.

The plan is the subject of dedicated monitoring. In 2019, monitoring and updating of the plan were coordinated by the Department of Sustainable Development. This coordination was performed within a working group that involved the Legal, Internal Audit and Sustainable Development departments. Each department contributed to the completion and update of the plan.

MANAGEMENT OF RISKS OF SERIOUS HARM TO INDIVIDUALS AND TO THE ENVIRONMENT

PREVENT AND MANAGE THE RISKS RELATED TO HUMAN RIGHTS *(DETAILED ON PAGE 129 CHAPTER 3.5)*

Ethics

The top priority when it comes to ethics is to apply the laws in force in each country where Groupe SEB operates. Groupe SEB also adheres to the international standards set out by the UN, and particularly to the principles of the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO) and the OECD's guidelines for multinational enterprises. It is also a signatory of the UN's Global Compact and the APPLiA's [1] Code of Conduct.

In order to formalize the policy and ethical values of the Group internationally, a Code of Ethics was created in 2012 to cover 18 topics. Translated into the Group's 11 main languages, it has been distributed to all employees. It describes the whistleblowing procedure, including the contact email address: ethics@groupeseb.com.

To ensure that every employee understands the key concepts of the Code of Ethics and knows how to act when faced with an ethical dilemma, a vast training program was deployed in 2018. At year-end 2019, 90% of 11,436 connected employees had taken the online training program. In order to make it as real-world as possible, this training was developed jointly by various Group departments: Sustainable Development, Training, Human Resources, Quality Standards & Environment, Audit and Internal Control, Purchasing, Legal, Health and Safety. This is included in the mandatory training for new employees.

For employees without online access, classroom-based training began in 2019 and will be rolled out worldwide in 2020. Coordinated by the Human Resource managers and site managers, it focuses on areas considered priority and on specific cases tailored to local circumstances.

Human Rights

Integrated in our Code of Ethics, respect for Human Rights is one of our strong commitments, which has been validated by the signing of the Global Compact since 2003. The Group decided in 2007 to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people. Up until 2014 it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and, for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check). These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and drove improvements.

(1) Home Appliance Europe (formerly CECED: European Committee of Domestic Equipment Manufacturers).

The audits (conducted once every three years) are accompanied by action plans to rectify any non-compliances, and sites with a compliance score of less than 70/100 must undergo a follow-up audit. The action plans are submitted to the Sustainable Development department. This department shares them with the Industry department (including the Health, Safety and Environment managers), the Human Resources department and the Audit and Internal Control department, which are therefore able to verify their implementation. An annual summary of the audit results is also sent to the Executive Committee. This monitoring system, similar to the one used for the Group's suppliers, allows external comparisons to be made and the generating of audits that can be used in dealings with customers.

Trade payables

Groupe SEB bears great responsibility in terms of the manufacturing of its products under ethical conditions. It follows a responsible purchasing policy that includes reporting and control systems to ensure that its suppliers comply with its ethical, social and environmental requirements worldwide.

This policy includes:

- Responsible Purchasing Charter;
- preliminary evaluation of suppliers;
- mapping of CSR challenges by purchasing family;
- ethical, Social and Environmental Audits.

This policy has been continually reinforced since 2012. It is covered by a shared road map between the Purchasing and Sustainable Development departments. It is implemented by teams trained in responsible purchasing: this area is incorporated into various trainings and events run by the Purchasing community, such as web forums, that are regularly run on specific issues.

PREVENT AND MANAGE THE RISKS RELATED TO HEALTH-SAFETY-SECURITY OF INDIVIDUALS

Health and safety of consumers

Groupe SEB is committed to offering consumers high-quality products that are guaranteed to be safe and harmless. In each country, the Group complies with all the standards and regulations governing the products it sells. Responsible products are the first theme addressed in Groupe SEB's Code of Ethics, evidence of the importance that it places on respect for the consumer.

- **Product safety**: this is ensured by a set of rigorous processes at every stage of product development and production. During development, each project review (RP1 to RP4) includes formal checking of product compliance via a series of validations listed in the EMQS (Environment, Marketing, Quality and Standards) reference document.
- **Harmlessness**: the Group is particularly vigilant when it comes to selecting component materials, going beyond regulatory requirements. As part of its commitment to quality, the Group has introduced a "Health & Environment" notice which has been on Tefal/T-fal non-stick cookware for several years. This commitment gives a guarantee that there is no PFOA [(2)], lead or cadmium and therefore that the coatings are safe for the consumer.
- **Unpopular substances:** the Group classifies in this category substances that, although not banned by the regulations, are considered by some stakeholders, such as NGOs, to be potentially hazardous. On this basis, the Group is working on plans to replace a number of these substances and materials, even though they are not currently covered by the regulations, in order to stay a step ahead of future directives. Phthalates, for example, which were added to the RoHS European Directive [(3)] in 2015, were already viewed as unpopular substances by Groupe SEB in 2012.

Health and safety of employees

For several years, Groupe SEB has been developing measures to reduce the number of workplace accidents and limit the number of professional illesses. It has set the following objectives by 2023:

- cut the number of workplace accidents with days lost * (2017 base) by at least half, i.e. LTIRi <1.5; *With a direct link to work, including temporary workers – LTIR: Lost Time Injury Rate.
- 100% of plants certified to health and safety standards – OHSAS 18001/ISO 45001.

The health and safety policy draws on a global network of 35 Environment, Health and Safety (EHS) Coordinators, who cover all of the plants and logistics sites (more than 40) in 13 countries. They meet quarterly in person for France and via Skype for the other global sites. Once a year, they meet up at a Group site. These annual seminars make it possible to strengthen the international dynamic of the network, something that is also supported by the Yammer community (Groupe SEB social network). The Group has also undertaken to certify its health and safety management system OHSAS 18001), with 100% of its industrial and logistical entities certified at the end of 2019.

- **Safety**: Groupe SEB's safety approach is reflected in the worldwide Safety in SEB program. The 2020 road map emphasizes the involvement of employees as participants in their own safety. At the plants, for example, safety is one of the points that is reviewed daily by the production teams as part of the OPS (Operation Performance SEB) initiative, via Frequent Events. Every month, all accidents occurred in the Group are summarized in a newsletter sent to all managers (including the Executive Committee) and to the Health and Safety community. This policy has borne fruit: within five years (2014-2019), the number of workplace accidents with days lost has fallen by over half. Safety-specific checkpoints have been incorporated into day-to-day field visits by local managers since 2018. This feeds into the safety pyramid, a tool designed to detect hazardous situations ahead of time to quickly remedy them so as to anticipate accident risks. Since 2016, the Group has strengthened the safety culture in its tertiary (offices) and commercial entities (stores). The golden rules are systematically communicated and some sites have introduced their own unbreakable rules.

(2) PFOA: Perfluorooctanoic acid is a substance used as an aid to polymerization in many polymer manufacturing processes.
(3) Restriction of the use of certain Hazardous Substances.

- **Health**
  - Health plan: The Group's international health plan, Health in SEB was launched in 2016. It started with an analysis of all the plants to identify the main health risks (dust, noise, repetitive work, etc.). This inventory was used as a basis for the creation of Group standards and to define health targets, accompanied by monitoring indicators. This is particularly true of ergonomics where the indicator measures improvements that are deemed significant using specific analysis methods, scoring grids, a decision-making tool developed by ergonomists and the person's experience. All plants and logistics sites worldwide have taken steps to improve workstation ergonomics with a target of 25% of workstations to be improved annually.
  - Efforts to combat musculoskeletal disorders: As an industrial group, Groupe SEB focuses a large part of its efforts on combating musculoskeletal disorders (MSDs) in the upper limbs, and lower back pain. The aim is to prevent them from appearing and slow their deterioration. This is a major issue for the industrial sites, particularly in Europe, exacerbated by the aging of the workforce and extensions to the pension age. The Group's response involves awareness-raising and training measures, taking MSD prevention into account from the design phase of products and processes as well as the carrying out of specific measures on the sites.
    - Dedicated Steering Committee: Every French plant and logistics site has a Steering Committee for Musculoskeletal Disorders and one or more MSD Specialists who ensure that risks are taken into account upstream, at the product design stage, and downstream, by amending hard-pressed workstations.
    - Training programs: Since 2015, the Groupe SEB University and the Industry department have offered a training program, primarily for the methods teams, several modules of which are devoted to combating MSDs (School of Methods).
  - Social protection: in terms of social protection, in 2017 the Group launched an initiative designed to offer its employees, throughout the world, a high level of coverage compared with the local context, beyond regulatory obligations. Since 2018, the Group has progressively rolled out a global floor for social protection and working conditions, WeCare@SEB, based on two pillars in the first phase:
    - life insurance:12 months of salary paid to the employee's family in the event of death in the context of work;
    - medical care: coverage of hospitalizations because of accidents (capped at 70% of actual costs). A third pillar is being defined for deployment over 2020-2021. (in € millions) Remuneration (a) Payroll taxes (b) Pensions 2018 World Each employee working under a permanent contract, whatever his/her country and hierarchical level, will benefit at a minimum from the coverages of this global floor. The implementation of the three pillars will extend until the end of 2021.
- **Measures to combat harassment:** Groupe SEB pays very close attention to the issue of sexual harassment, an issue on which many countries have passed specific laws. In India, for example, Groupe SEB has introduced a very aggressive policy in the country to prevent such behavior, ensure careful investigation of complaints or reports, and finally protect the victims and punish those responsible. The subsidiary regularly holds awareness and training sessions on this issue for all staff. It has established a dedicated committee to deal with sexual harassment, comprising employees and a social worker from outside the company. In France, the updating of the internal rules of all sites makes it possible to raise awareness and to reflect the new legislative provisions designed to combat all forms of harassment. Thus, in 2019, each French legal entity with over 250 employees added a point of contact tasked with combating sexual harassment and sexist behavior.

PREVENT AND MANAGE ENVIRONMENTAL RISKS

Carbon footprint: Groupe SEB produces an average of 200 million products per year. At each step in their life cycle, these products consume natural resources and emit greenhouse gases, which contributes to global warming. Aware of this responsibility, the Group completed a carbon assessment of its businesses in 2016. This provided a precise image of the distribution of carbon emissions over the entire value chain (extraction of raw materials, manufacture, transport, use, end of life) and led to the implementation of concrete actions to reduce the environmental impacts related to its activity.

As a result, ambitious goals were defined:

- **By 2023**:
  - 40% fewer greenhouse gas emissions per manufactured product in tons of CO_2 equivalent, base year 2016),
  - 15% fewer greenhouse gas emissions related to the energy consumption of our products (base year 2016);
- **By 2050:** carbon neutrality (reduction and offset 100% of remaining carbon emissions).

This low-carbon policy led by the Quality Standards and Environment and Sustainable Development departments is organized around 3 primary elements and involves a number of businesses.

- **Eco-design**: Eco-design of products is decisive in significantly reducing the environmental impact. Integrating recycled raw materials, improving energy efficiency, reducing energy consumption without compromising performance, and making a product repairable and recyclable are eco-design drivers. The Group has defined an eco-design policy to act on 70% of the carbon impacts. This facilitates consideration of these criteria in the development of new products:
  - increasing the duration of use of the products: durability and reparability,
  - using alternative/recycled materials: aluminum, plastics, stainless steel, etc.
  - improving the energy performance of the products,
  - increasing recyclability.

- **Eco-packaging**: Groupe SEB is careful to design packaging that guarantees its principal functions, while minimizing its environmental impact. This is why it set 3 targets for 2023:
  - ZERO expanded polystyrene,
  - 90% recycled fibers in the boxes,
  - ZERO internal plastic packaging.
- **Eco-production**: Saving resources is one of the goals of the manufacturing sites through the policy of eco-production:
  - reducing energy and water consumption,
  - reducing and recycling waste,
  - using renewable energy.

Every year, the sites are mobilized on "eco-innovating" projects. The goal is to highlight sustainable innovation projects and disseminate best practices to reduce the environmental impact. More than 150 best practices have already been developed.

- **Eco-logistics**: To reduce emissions related to the transport of products and the materials and components used to manufacture them, the Group encourages local production, optimizes logistics circuits and is developing transport alternatives to road transport (rivers, rail) that are less polluting. Because lower empty transport means emitting less CO_2 while reducing costs, the Group also optimizes the load rates of the transport units (trucks or shipping containers), particularly by reducing the size of the packages and the empty space inside.
- **Resource depletion**: The Group fights the depletion of natural resources in several ways. First, it limits the consumption of water, energy and raw materials necessary to produce the products. Second, it places its products and services at the center of the circular economy (extending product life and re-use, promoting recycling and the use of recycled materials, experimenting with shared product use).
- **Air, soil and water pollution**: Prevention of air, soil and water pollution is the first pillar of the Group's environmental policy, designed to protect the ecological balance around our sites. The Group strengthened its tools in this area, putting in place an environmental risk assessment methodology common to all Group sites and defining a common standard for emergency response situations.

WHISTLEBLOWING AND REPORTING MECHANISM

As part of the measures introduced to ensure that the Code of Ethics' commitments are properly applied, in 2012 the Group set up a **whistleblowing system** so that any employee or person from outside the Group can report situations that violate the Code. The system is also shared with suppliers through the Responsible Purchasing Charter and a clause included in supplier agreements whenever these are renewed.

This system has been supplemented by a recently updated whistleblowing procedure. It clearly sets out the various steps for whistleblowers to follow to exercise their right, the people to be contacted, the information to be provided, the way in which reports are handled, the confidentiality rules and protection for whistleblowers, assuming they come forward disinterestedly and in good faith. It is explained in the Code of Ethics as well as in the new Code of Ethics training program and made available to employees on the Group's intranet.

For example, when faced with an ethical dilemma, the following questions should be asked:

Is the law being obeyed? Is the situation in line with Groupe SEB's values and Code of Ethics? Am I comfortable talking to my friends and family about it?

If the answer to any of these questions is negative or if there is any doubt as to how to proceed, we ask employees to discuss the matter with one of the three Ethics Advisers, namely:

- the supervisor;
- the Human Resources manager of the site, country or continent;
- the Audit and Internal Control Director via the dedicated email address *ethics@groupeseb.com*.

The Audit and Internal Control Director may be contacted in the event of an exceptional situation that cannot be resolved by the first two levels of Ethics Advisers. As necessary, this person will involve the Groupe SEB Ethics Committee, of which he or she is a member, together with the Senior Executive Vice-president of Human Resources, the General Counsel, the Sustainable Development Director, and the Secretary of the European Group Works Committee, which represents the employees. The Audit and Internal Control Director is also Secretary of the Compliance Committee of the Groupe SEB Board of Directors, which annually receives a report on the ethics warnings received and dealt with.

This whistleblowing procedure has been widely communicated through the publication of the Code of Ethics, training on the Code of Ethics and a posting on the Group's intranet site. It is also included in the Group's internal regulations.

Thanks to this training and communication campaign on the Code of Ethics worldwide, we had 87 reports in 2019 (vs. 35 in 2018). All reports were analyzed and 41 were the subject of a detailed action plan.

MANAGEMENT, GOVERNANCE AND MONITORING OF THE PLAN DEPLOYMENT

PLAN VALIDATION PROCESS

The main CSR risks and the vigilance plan were presented and validated by the stakeholder panel in January 2018 and presented to the Audit Committee in October 2018.

COMPLIANCE COMMITTEE

To address internal and external risks and uncertainties, Groupe SEB has set up a Compliance Committee whose objective is to identify, quantify, prevent and control these risks as much as possible.

This committee includes members from the:

- Audit and Internal Control department;
- Legal department;
- Human Resources department;
- Sustainable Development department;
- Finance and Treasury department;

and meets two to four times a year to review the actions taken, discuss the challenges encountered, and formalize corrective action plans.

BUSINESS LINE ROAD MAPS

The implementation of Groupe SEB's CSR actions is based on a dozen thematic road maps developed together with the representatives of the relevant business lines. All business lines are therefore involved in the process: Purchasing, Quality, Environment, R&D, Marketing, Brands, Health and Safety, Human Resources, Production, IT and Digital, Logistics, Consumer Satisfaction, Design, etc. Each road map is built around projects with targets and quantitative indicators. Twice a year a progress report is put together by the Sustainable Development department with the "business" contributors. Thus, these meetings also ensure regular review of the Group's different risks with all businesses concerned, an assessment of the actions taken, discussion of the challenges encountered, and the development of formal corrective action plans. By involving all businesses, the Group ensures that risks are identified and known to everyone at all levels, and that corrective actions are applied.

3.4. Stakeholders

Generally speaking, Groupe SEB conducts a transparent dialog with all of its stakeholders through various communication media, annually via the publication of the Business and Sustainable Development report and the Universal Registration Document, and on an ongoing basis thanks to a dedicated section of the Group's website and the publication of news items. Stakeholders are identified using the methodology described in paragraph 5.3.2 of the ISO 26000 standard.

Stakeholders	Modes of dialog
Employees Employees (managers and non-managers)	Intranet site, welcome booklet, internal communications initiatives, Annual Appraisal Interviews (AAIs), employee survey (*Great Place to Work*), site newspapers and documents on a range of topics (Code of Ethics, Management Values and Practices, etc.).
Future employees	Website, careers site, social networks, school forums, outreach meetings, etc.
Employee representatives Employee representative bodies	Labor relations agenda, employee-management dialog bodies, dedicated intranet, signing of collective agreements, etc.
Consumers	Group and brand websites, social networks, Groupe SEB TV, media and non-media communications, marketing research, Home & Cook stores, consumer service, etc.
Suppliers and subcontractors	Discussions with Group and local purchasers, Responsible Purchasing Charter, Code of Ethics, annual evaluation, regulatory compliance via the EcoMundo platform, social and environmental audits, etc.
Public authorities	Participation in working groups, conferences, partnerships/local projects, public/private research partnerships, competitiveness clusters, etc.
Shareholders	Business and Sustainable Development report, Universal Registration Document, letter to shareholders, website, webzine, Annual General Meeting, information meetings, etc.
Customers Distributors	Code of Ethics, sales meetings, partnerships and multi-year action plans, etc.
Professional associations CECED, Gifam, Unitam, Medef, Afep, Demeter, Éco-Systèmes, FIEEC and other eco-organizations, etc.	Participation in working groups, involvement in governance, etc.
Civil society NGOs, associations, communities	Business and Sustainable Development report, selection and support of projects via the Fonds Groupe SEB or subsidiaries, partnerships, cause-related marketing products, etc.
Financial and non-financial bodies Rating agencies, financial analysts, institutional investors, banks, funds, etc.	Business and Sustainable Development report, Universal Registration Document, website, SRI meetings, road shows, responses to questionnaires, press releases, communication on progress of the UN Global Compact, Investor Days, formal meetings, etc.

LOBBYING ACTIVITIES

Groupe SEB sees lobbying as a positive approach that consists of communicating its opinion to the authorities about the potential consequences of an action or a decision. It provides insights through professional associations of which it is an active member and which intervene in the same way as other stakeholders such as consumer associations and other NGOs. The aim is for the authority concerned by a given subject to have all the data at hand to make the best decision with respect to the desired aim and expectations of the various stakeholders. The Group bases its analysis on its industry expertise and its market knowledge. Since 2015, it has structured its lobbying activities in the European Affairs department, reporting to its Head of Quality, Standards and Environment. The department is tasked with transmitting to the authorities the information needed to define regulations and standards that may impact the Group's product designs.

In 2019, Groupe SEB continued to act to promote the circular economy by emphasizing the importance of product reparability and by continuing to demand the creation of a tax incentive to encourage sector operators to repair and use recycled materials. It also acted in the context of the European work to promote the return of an energy label on vacuums to guarantee that the consumer has relevant information about energy consumption and performance. Groupe SEB has also worked on different issues, such as:

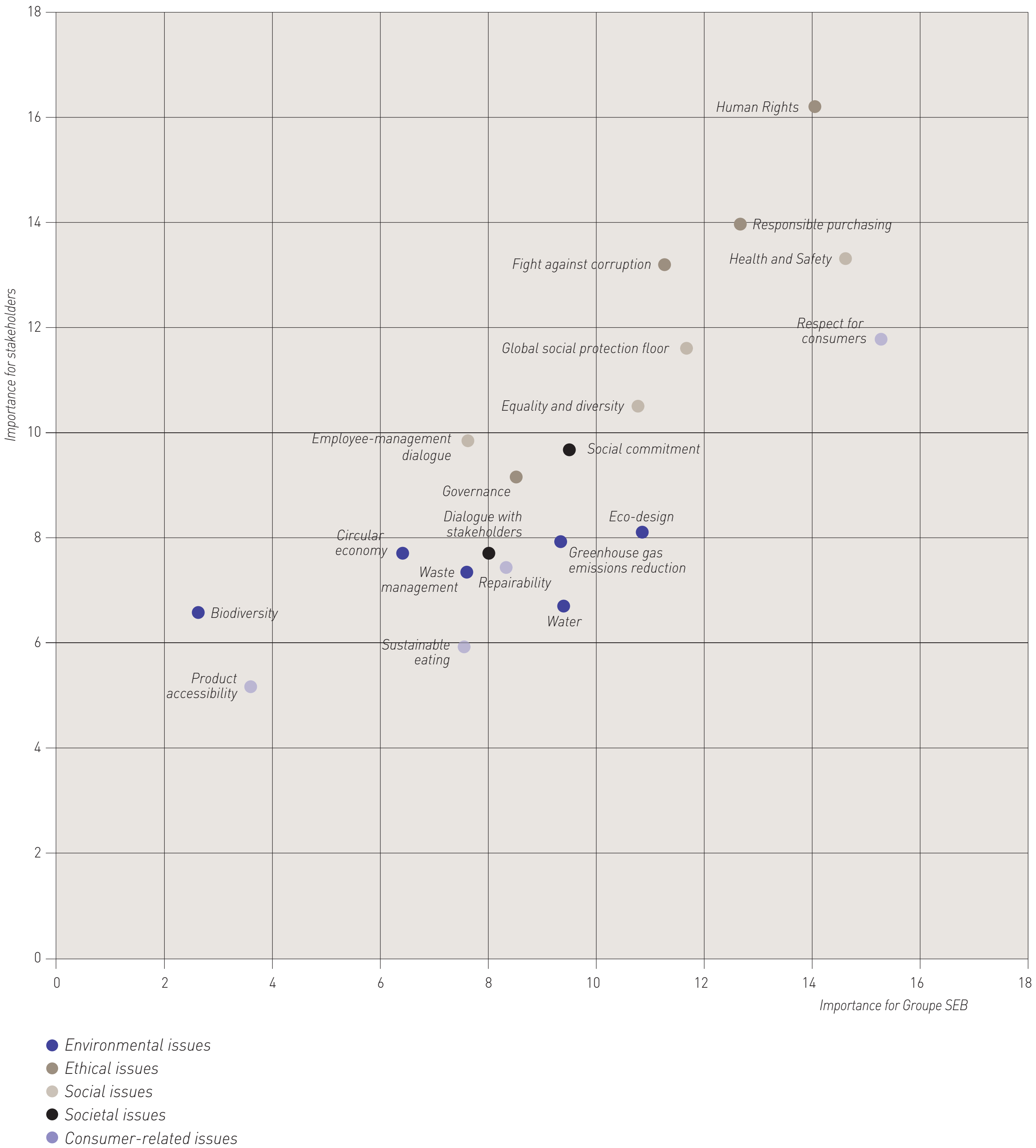
- the regulations on materials in contact with food;
- the regulations on connected products;

- the development of standards on the efficient use of materials.

To contribute to discussions about its industry, Groupe SEB plays an active role in various French and European professional associations such as:

- AFEP – French Association of Private Sector Companies;
- FIEEC – French Federation of Electrical, Electronic and Communication Industries;
- GIFAM – French Association of Household Appliance Manufacturers;
- UNITAM – Union of Homeware Manufacturers;
- APPLiA – Professional Association of European Household Appliance Industry;
- FEC – Federation of the European Cutlery, Flatware, Holloware and Cookware Industries.

MATERIALITY MATRIX



To make it easier to read the information contained in this chapter, the table below summarizes the 20 issues identified by Groupe SEB, defines them and lists the number(s) of the pages on which the issue is addressed.

Challenges	Definitions	Page no.	SDG*
PEOPLE MATTER/ETHICS			
Human Rights	Fight against any form of forced or compulsory labor, concealed work, child labor, inhuman working conditions and excessive overtime.	130	
Responsible purchasing	Require our suppliers to respect Human Rights and essential ethical, social and environmental principles.	130-131	
Anti-corruption measures	Prohibit strongly any kind of corruption in our relationships, not only with our commercial and institutional partners, but also with the Government.	132	
Governance	Work in favor of a more responsible governance: diversity and independence of the Board of Directors, increased female participation in key positions, transparency about the pay of executive officers, etc.	Chapter 2	
PEOPLE MATTER/A RESPONSIBLE EMPLOYMENT POLICY			
Equality and Diversity	Ensure equal treatment between employees. Only take into account their professional skills when it comes to their recruitment, pay and development within the Group.	138-140	
Employee-management dialog	Respect for freedom of association and union representation while encouraging employee-management dialog on both an individual and collective basis.	140	
Health and Safety	Provide each employee with a safe and healthy working environment.	141-144	
Global social protection floor	Ensure fair pay, minimum social cover and decent working conditions for all employees.	145-146	
PEOPLE MATTER/A CORPORATE CITIZEN			
Dialog with stakeholders	Take into account the expectations of all our stakeholders in the conduct of our activities: consumers, associations/NGOs, municipalities/public authorities, suppliers, customers, shareholders, employees, etc.	115	
Social commitment	Fulfill our economic and social responsibilities in the territories in which we operate: creating jobs, taking part in the development of local companies and supporting local associations acting against exclusion.	151-153	
SUSTAINABLE INNOVATION AND RESPECT FOR CONSUMERS			
Respect for consumers	Propose high-standard products with all the guarantees in terms of safety and harmlessness. Be very demanding about the quality of the information given to consumers through our call centers, and via our brands' websites and our after-sales service.	156	
CIRCULAR REVOLUTION/A MORE CIRCULAR ECONOMY			
Circular economy	Make the circular economy central to our sustainable innovations. The circular economy requires a chain structuring approach (e.g. recycling chain and re-use chain). This economic system is based on exchanges and production. At every stage of the life cycle of the products, goods and services, it aims to increase the efficiency of the resources and reduce the impact on the environment while enabling the well-being of individuals.	163-166	
Reparability	Facilitate the repair of our products: design, availability and price of spare parts, training of approved service centers, etc.	163-164	
BETTER HOME LIFE/PRODUCTS ACCESSIBLE FOR AS MANY PEOPLE AS POSSIBLE & A HEALTHY HOME			
Product accessibility	Promote the accessibility of the product offer to as many as possible by working on price, ergonomics and distribution networks.	161	
GOOD AND HEALTHY COOKING/HEALTHY AND SUSTAINABLE HOMEMADE FOOD			
Sustainable eating	Promote consumption modes favoring healthy and sustainable eating by innovating and supporting consumers.	160	
CLIMATE ACTION/REDUCTION OF ENVIRONMENTAL IMPACT			
Eco-design	Reduce the environmental footprint of products through eco-design.	169-170	
Water	Limit the water consumption of our sites together with their emissions to water.	174	
Waste management	Limit and recover waste from production by favoring solutions with a smaller impact on the environment.	173-174	
Greenhouse gas emissions reduction	Reduce greenhouse gas emissions linked to the production process (optimization of energy consumption, use of renewable energies, etc.) and the transport of products, raw materials and components.	171-172; 175-177	
Biodiversity	Promote ordinary biodiversity and limit the impacts of our processes and products on biodiversity.	174-175	

* *SDG: Sustainable Development Goals. The list of all the SDGs can be found on the United Nations website: https://www.un.org/sustainabledevelopment/*

3.5. Objectives for 2023

Employment Conditions, Health & Safety	> 100% of employees worldwide are covered by the global employment conditions program > Cut the number of workplace accidents with time lost * by at least two, i.e. LTIRi < 1.5 > 100% of plants certified in accordance with health and safety standards – OHSAS 18001/ISO 45001
Equity & diversity	> 30% of women hold management positions > Bring the % of female managers into line with the % of women in the Group
Quality of life at work	> Achieve 75% on the GPTW question: "All in all, I can say it is a great place to work"
Solidarity	> 100% of the countries in which we operate run a corporate philanthropy program

Better home life	> Develop one inclusive design product range > Create one awareness program around healthy homes
Healthy and sustainable eating	> One program to make homemade food accessible to everyone > One charter to promote healthy and sustainable eating for recipes associated with our products

Recycled materials	> 2x the plastic 100% recycled in our products in France. > 50% of recycled materials in our products/packaging
Repairability	> Over 90% of SDA 10-year repairable products for Moulinex / Rowenta / Tefal / Seb / Calor / Krups
Second life	> Experiment with different business models to give our products a second life

Factories	> -40% carbon intensity at our plants > 100% of plants certified in accordance with the ISO 14001 Environmental Management standard
Logistics	> -10% carbon intensity in terms of the transport of our products > -15% carbon intensity in terms of the energy consumption of our products
Products & packaging	> Eco-packaging: • 0 expanded polystyrene • 90% of recycled fibers • 0 plastic packaging

3.6. Reporting process

MEASURING OF SOCIETAL, EMPLOYMENT-RELATED AND ENVIRONMENTAL PERFORMANCE

Since 2002, Groupe SEB has been committed to reporting on its social, employment-related and environmental performance. To this end, it has established a set of monitoring indicators and reporting procedures that are regularly reviewed as part of a continuous improvement process. The indicators and procedures are set out in an internal document entitled "Reporting process for CSR steering indicators".

SELECTION OF INDICATORS AND GUIDELINES

The indicators used by Groupe SEB to measure its performance in 2019 cover all of the items listed in Article 225 of French law no. 2010-788 of 12 July 2010, known as the Grenelle 2 law. The Group goes beyond this legal requirement by reporting other indicators that fall particularly under Global Reporting Initiative (GRI) recommendations. Based on these guidelines, which are an international standard for the reporting of non-financial information, Groupe SEB has incorporated the materiality approach within its reporting process in order to identify the main sustainable development priorities and the related indicators.

In keeping with the development of national and international requirements and the Group's philosophy of continuous improvement, it has therefore added new indicators. It has also specified the components of certain indicators to improve the reliability of published data, and in many areas has extended the reporting scope, including new acquisitions where possible.

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

METHODOLOGY AND TOOLS

The Sustainable Development department coordinates the Group-wide reporting of social, employment-related and environmental information. It develops formal processes for every relevant division and consolidates all the data collected in a specific non-financial reporting system.

Since 2012, Groupe SEB has used Tennaxia's reporting system for sustainable development reporting. Its flexibility will make it easy to incorporate future developments: adding indicators, modifying reporting scopes, etc. It also makes it possible to create analysis reports and dashboard charts that are useful for management and decision-making. Its international roll-out was completed during 2013.

The processes and tools used to collect data for the various indicators vary from one theme to the next and between regions (France and World):

Theme/Region	France	World (excluding France)
Breakdown of workforce by gender, age, region and classification; external labor	Data extracted from SAP BW imported into Tennaxia (annual)	SAP BW data imported into Tennaxia (annual)
People with disabilities	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Absenteeism rate	Data extracted from SAP BW imported into Tennaxia (annual)	Data extracted from SAP BW imported into Tennaxia (annual)
Collective agreements	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Overtime	Data extracted from SAP BW imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Health	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (annual)	Data input directly into Tennaxia (quarterly)
Safety	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (annual)	Data input directly into Tennaxia (quarterly)
Training	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Corporate sponsorship expenses	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Environmental data excluding direct raw materials	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Direct raw materials	Data compiled in a spreadsheet (annual)	Data compiled in a spreadsheet (annual)

The reporting of these data involves more than 200 correspondents from different divisions on all Groupe SEB's sites.

ACCURACY AND COMPARABILITY

Groupe SEB is committed to ensuring that the data it publishes are accurate by carrying out a number of consistency tests. The Tennaxia reporting system provides an automatic consistency checking functionality to limit data entry errors. It also allows users to attach files and add comments. Any potential inconsistencies or errors flagged are reviewed with the sites and corrected. The Group also strives to maintain uniformity across its reports, presenting its indicators over a period of three years when data are available.

METHODOLOGICAL LIMITATION AND SCOPE

The social, employment-related and environmental indicators may present methodological limitations due to the lack of standard definitions and national/international laws (e.g. for workplace accidents) and/or the qualitative nature of certain data. Given these limitations, as well as potential difficulties with data collection, the reporting scope may vary depending on the indicator. Whenever the scope of an indicator is limited, this is explicitly stated. Any other variations in scope may be related to the creation, acquisition, sale or closure of sites.

Data on absenteeism came with a methodological limit in 2015. Due to the lack of any official international definition of absenteeism, information from international subsidiaries is not subject to formal monitoring and controls at Group level. Groupe SEB has worked on its own international definition in order to be able to monitor and report on absenteeism worldwide since 2016.

Regarding Health and Safety reporting, a limitation has been identified in the recording of work-related illnesses on a global scale. Some legal systems (such as Germany) recommend medical secrecy and figures are therefore unavailable and treated as null for these specific cases.

REPORTING PERIOD

The period used for annual reporting of sustainable development information is the financial year, which corresponds to the calendar year for Groupe SEB (1 January to 31 December).

AUDIT

To comply with legal obligations, the Mazars firm verified the completeness and fairness of the social, societal and environmental information provided in this Universal Registration Document.

3.7. People matter

SHOW OUR RESPECT FOR EVERYONE AND OUR BENEFIT FOR SOCIETY ON A DAILY BASIS.

ETHICAL COMPLIANCE

The top priority when it comes to ethics is to apply the laws in force in each country where Groupe SEB operates. Groupe SEB also adheres to the international standards set out by the UN, and particularly to the principles of the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO) and the OECD's guidelines for multinational enterprises. It is also a signatory of the UN's Global Compact and the APPLiA's [(1)] Code of Conduct.

The Group's tangible commitments in terms of Human Rights put it in the top 1% of the best performing companies worldwide in this sphere, according to the "Human Rights in a globalized world: why do companies need to pay more attention?" study published at end-2018 by the non-financing rating agency Vigeo-Eiris. This study was published to mark the 70th anniversary of the Universal Declaration of Human Rights and looks at companies in 60 countries and 38 sectors, tracking their performance from April 2016 to October 2018.

CODE OF ETHICS

18 areas, 11 languages

Over the last 10 years, Groupe SEB has more than doubled in size, acquiring several companies (including EMSA and WMF in 2016 and Wilbur Curtis in 2018), and has become an increasingly international group. It now has close to 34,000 employees around the world, with around two-thirds of its workforce located outside of Europe. Since a common culture and a shared set of values are essential to a successful ethical approach, Groupe SEB has structured and formalized its policy in the form of a Code of Ethics, which was drafted in 2012. Translated into the Group's 11 main languages, it has been distributed to all employees worldwide and is now available online on the Group's intranet. This document addresses 18 key areas, including child labor, anti-corruption measures, non-discrimination, environmental protection and the prevention of conflicts of interest.

A global training program

The implementation of the Code of Ethics in 2012 was backed up with close to 10,000 hours of training. In 2018, the Group launched a new wave of training to ensure that every employee understood the key concepts and knows how to act when faced with an ethical dilemma.

At year-end 2019, 90% of 11,436 connected employees had taken the online training program, available in ten languages on the iGrow@SEB HR online platform. It consists of 6 modules designed in an interactive and fun manner. They comprise a theoretical component followed by a quiz and a case study where the employee is faced with an ethical issue. In order to make it as real-world as possible, this training was developed jointly by various Group departments: Sustainable Development, Training, Human Resources, Quality Standards & Environment, Audit and Internal Control, Purchasing, Legal, Health and Safety. This is included in the mandatory training for new employees.

For employees without online access, classroom-based training began in 2019 and will be rolled out worldwide in 2020. Coordinated by the Human Resource managers and site managers, it focuses on areas considered priority and on specific cases tailored to local circumstances.

Whistleblowing system

As part of the measures introduced to ensure that the Code of Ethics' commitments are properly applied, in 2012 the Group set up a **whistleblowing system** so that any employee or person from outside the Group can report situations that violate the Code. It was also communicated to suppliers through the Responsible Purchasing Charter.

The whistleblower process sets out the various steps for whistleblowers to follow to exercise their right, the people to be contacted, the information to be provided, the way in which reports are handled, the confidentiality rules and protection for whistleblowers, assuming they act in a selfless manner and in good faith. It is explained in the training on the Code of Ethics and made available to employees on the Group's intranet.

Thanks to this training and communication campaign on the Code of Ethics worldwide, we had 87 reports in 2019 (vs. 35 in 2018). All reports were analyzed and 41 were the subject of a detailed action plan.

The various points in the Code of Ethics are included in the **internal audit** manual and are verified during site audits.

More information about risk factors can be found from page 40 onwards.

(1) Home Appliance Europe (formerly CECED: European Committee of Domestic Equipment Manufacturers).

HUMAN RIGHTS

Respect for Human Rights forms an integral part of the Groupe SEB Code of Ethics as well as the training offered in this regard to international HR Managers. As a signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people, starting in 2007. Up until 2014 it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and, for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check). These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and drove improvements.

In 2015, Groupe SEB decided to apply the same **ethical, social and environmental audit** procedure that it operates with its suppliers (WCA – Workplace Condition Assessment) to its plants in risky areas [(2)], using the same specialist consulting firm Intertek.

The audits (conducted once every three years) are accompanied by action plans to rectify any non-compliances, and sites with a compliance score of less than 70/100 must undergo a follow-up audit. The action plans are submitted to the Sustainable Development department. This department shares them with the Industry department (including the Health, Safety and Environment managers), the Human Resources department and the Audit and Internal Control department, which are therefore able to verify their implementation. An annual summary of the audit results is also sent to the Executive Committee. This monitoring system, similar to the one used for the Group's suppliers, allows external comparisons to be made and the generating of audits that can be used in dealings with customers.

In 2019, eight sites were audited in India, Egypt, Vietnam and China. The average compliance score was 81/100, and no zero tolerance non-compliances were identified.

ANTI-CORRUPTION MEASURES

This issue has been incorporated in the global Code of Ethics that applies to all employees since 2013. It provides, in particular, that Groupe SEB strictly prohibits any form of corruption in its dealings with commercial and institutional partners as well as with the government. No financial rewards or other types of benefits may be offered in an effort to seek an advantage or be received in exchange for preferential treatment.

In addition to this Code of Ethics, a Code of Conduct was established this year and will be distributed in the spring of 2020. The goal of this Code is to guide all employees of Groupe SEB in the performance of their duties when they are confronted with a situation they believe presents a vulnerability risk in the fight against corruption and influence peddling. In accordance with the SAPIN II Act, a professional whistleblowing process allows any employee to confidentially report any violation or suspected violation of the Code or of any law or regulation governing Groupe SEB.

The Audit and Internal Control department includes the risk of fraud and corruption in its assessments. Given the economic environment in which Groupe SEB subsidiaries operate, the principal risks are related to the purchasing process (passive corruption of the purchaser) and sales (active corruption of customers' employees). These risks are mitigated for each of these two processes by specific rules; compliance with these rules is checked when the subsidiaries are audited. The great majority of subsidiaries have retailers as their customers (often several hundreds), with whom they deal directly without an intermediary. Close coordination was established between the outside audit team, the internal audit unit and accounting teams, particularly on internal control points. In 2019, as the result of the responses to a questionnaire sent to all entity managers (commercial subsidiaries, plants, shared service centers) and to all support managers, the risk mapping was enhanced with a special focus on the corruption risk.

RESPONSIBLE PURCHASING

Groupe SEB bears great responsibility in terms of the manufacturing of its products under ethical conditions. It follows a responsible purchasing policy that includes reporting and control systems to ensure that its suppliers comply with its ethical, social and environmental requirements worldwide. This policy has been continually reinforced since 2012. It is covered by a shared road map between the Purchasing and Sustainable Development departments. It is implemented by teams trained in responsible purchasing: this area is incorporated into various trainings and events run by the Purchasing community, such as web forums, that are regularly run on specific issues.

In 2019, Groupe SEB in France signed the responsible supplier relationship Charter, drawn up by the National Council for Procurement and Business Mediation, under the auspices of the Minister of the Economy and Finance. Through 10 commitments built on best practices, this Charter aims to drive improvement in dealings between SMEs and their major clients: financial equity, reciprocal reduction in dependency risks, assessment of total purchasing cost, incorporation of environmental issues, etc. It is wholly in line with Groupe SEB's responsible purchasing policy.

(2) Risky areas as defined by amfori/Business Social Compliance Initiative – Country Risk Classification, 2018.

RESPONSIBLE PURCHASING CHARTER

The Responsible Purchasing Charter, which stems from the Group's Code of Ethics, is available in French, English, German, Chinese, Spanish and Portuguese. **Sent to all suppliers in the panel** (including Supor) [(3)], it explains the Group's requirements in terms of respect for Human Rights and its ethical, social and environmental principles, with special mention for efforts to combat corruption. 90% of suppliers have signed up or are deemed to be compliant with Group requirements thanks to their policy in this area.

PRELIMINARY EVALUATION OF SUPPLIERS

When doing the preliminary evaluation of any new supplier of raw materials/components and finished products, 25% **of the rating is directly dependent on social and environmental criteria**. Moreover, if just one of the major social or environmental criteria is rated unsatisfactory, the supplier will be discarded. For the environmental aspect, these criteria primarily include the following factors: ISO 14001 certification, visible pollution (water, ground and air), and use of hazardous products. For the social aspects, the main criteria are: existence of a formal ethical/social policy or the signature of Groupe SEB's Responsible Purchasing Charter, working conditions, observance of employment law (age, working hours, etc.) and of safety rules. To evaluate new indirect (non-production) suppliers, the CSR criteria account for at least 10% of the score, depending on the purchasing category.

MAPPING OF CSR ISSUES BY PURCHASING FAMILY

In addition to the compliance requirement, the Group is striving to strengthen the sustainable development component of its purchasing. In order to identify opportunities for improvement, it has mapped out the social and environmental issues for its main purchasing families. This study notably led to the insertion of environmental and social clauses into calls for tender. These are designed, for example, to favor suppliers offering environmentally friendly solutions or who are committed to employing disadvantaged people.

This impetus is a game-changer: for example, FM Logistic France, which manages the Group's product logistics at its Saint-Cyr-en-Val platform, near Orléans, created FMEA, a company providing work to people with disabilities, on this site in 2015. This organization employs people with disabilities to perform repackaging operations (such as adding starter kits or samples to packaging). At the end of 2019, work subcontracted to the disability and inclusive employment sector totaled more than €5.5 million, equal to 305 Full-Time Equivalent (FTE) jobs, across all of the Group's French sites.

See also "A responsible participant in the economy", page 154.

ETHICAL, SOCIAL AND ENVIRONMENTAL AUDITS

Ethical, Social and Environmental Audit Charter

For the sake of transparency, the Group has put together an Ethical, Social and Environmental Audit Charter for its suppliers. It is sent to them, along with the points on which they will be rated during audits. To help suppliers make progress in social and environmental matters, the Group offers them training sessions on this topic. It thus makes sure that they have properly understood the Group's responsible purchasing policy and the checkpoints audited as part of the WCA (see below), especially in the areas of health, safety and working conditions. In 2019, five sessions were held in China, Vietnam and for the first time in Colombia. Representatives of 137 suppliers attended, along with the Group buyers responsible for monitoring them. Numbers at these sessions are continually rising (83 suppliers in 2016, 101 in 2017, 128 in 2018).

Internal global network of Social Audit Leaders

17 Purchasing Directors from Asia (8), South America (4) and Europe (5) make up the network of Social Audit Leaders, which gained 5 new members in 2017 (OBH, WMF, EMSA, Groupe SEB India and Supor Vietnam). They are responsible for the completion of audits in their areas and for progress plans undertaken by suppliers. This network is coordinated by the social compliance manager (based in Hong Kong) and through regular meetings (web conferences) attended by the Group's Purchasing Director, covering audit reviews, the analysis of results, exchanges of best practices, and so on.

A highly-formalized procedure

Ethical, social and environmental audits are done by Intertek. A global audit management tool ensures immediate and specific listed supplier monitoring and also makes it possible to compare the results obtained by the Group's suppliers with those of companies listed in the Intertek database (more than 32,000 audits).

The procedure is very formal. During an initial in-depth audit (involving one to three days on site, depending on the size of the company), the auditor reviews nearly **300 checkpoints** taken from the **WCA** (Workplace Condition Assessment) audit criteria. Each checkpoint is assessed according to a four-level scale of compliance ranging from "zero tolerance" (forced labor, blocked emergency exits, excessively long hours, etc.) to minor non-compliances, with moderate and major non-compliances (no pay slip, emergency exit signs, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group's Purchasing department.

- A single "zero tolerance" non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Purchasing Director or Sourcing Director requiring the implementation of a **corrective action plan** within two weeks, immediate suspension of any new consultations and a **follow-up audit** (by Intertek) one month [(4)] later to check that the issue has been resolved. If not, the Group decides to end the collaboration.

(3) Groupe SEB's listed suppliers comprise a selection of circa 470 direct suppliers (of materials and components), and 800 indirect suppliers (non-production). Listed suppliers account for over 70% of the Group's purchases in the raw materials/components categories. These preferred suppliers are considered to be particularly effective, based on criteria of quality, cost and corporate social responsibility.

(4) With respect to non-compliance regarding weekly working time, the follow-up audit may take place within 3 to 6 months as the case may be.

- With an aggregate score of less than 50/100, the Regional Head of Purchasing or Sourcing sends a formal letter warning the company to correct the breach and checks that the situation has been rectified through a follow-up audit in the following months.

Some companies newly acquired by Groupe SEB (such as OBH in 2015, WMF and EMSA in 2016) already had a social audit procedure, based on the BSCI [5] (Business Social Compliance Initiative). These audits are added to the Intertek database, and so the Group has signed up to the BSCI in order to better monitor them. The BCSI's compliance scale has 5 levels ranging from A (Very good) to E (Unacceptable) and a 6th reserved for zero tolerance cases. The Group considers A, B and C results to be acceptable. Zero tolerance cases are managed according to the Group procedure defined for WCA, as are D and E ratings, which are managed in the same way as WCA scores of between 0 and 50/100 (very low performance). The Group's approach is still focused on WCA, however.

Initial and follow-up audits

Every year the Group audits about a quarter of its listed suppliers of raw materials, components and finished products in terms of their compliance with its ethical, social and environmental requirements. Initial audits are paid for by the Group. Suppliers with a score of more than 70/100 are audited every four years, and the others once a year or every two years, depending on the volume of business carried out with the Group.

In 2019, the Group completed 168 initial audits (173 in 2018) of suppliers in Asia (114), South America (41) and Europe (13). Over the past two years (2018 and 2019), 110 follow-up audits were done to check the implementation of action plans. One of the suppliers, which refused to undergo this follow-up audit, was removed from the Group's listed suppliers and the Group stopped all new projects with it.

Intertek also hands out an Achievement Award (AA) label to suppliers who have an overall score of at least 85/100 and do not present any major or zero tolerance-type non-compliances. In 2019, 33 Group suppliers received the AA label.

MONITORING OF CHEMICAL SUBSTANCES

To help suppliers guarantee compliance with regulations relating to the non-use of hazardous substances, Groupe SEB works with EcoMundo, a consulting firm specializing in regulatory compliance in relation to chemical substances. Almost 1,000 Groupe SEB suppliers can access a dedicated internet portal, which makes it easier for them to write their eco-declarations. The Group is also making continuing efforts to monitor certain substances, in anticipation of future regulatory changes (particularly in Europe, i.e. RoHS [6] and REACH [7].

For further information on how purchasing is organized within Groupe SEB, see page 28.

A RESPONSIBLE EMPLOYMENT POLICY

Groupe SEB's Human Resources policy aims to consolidate a worldwide human resources policy based on the Group's values (entrepreneurial drive, passion for innovation, group spirit, professionalism and respect for people). It is based on major focal points such as respect for Human Rights, the development of skills, health and safety in the workplace, employee-management dialog and diversity and equality.

In the 2019 Best Employers in France awards run by the Capital magazine and Statista institute, Groupe SEB was ranked no. 1 in the electrical equipment sector for the second year running, with special mention of CSR (Corporate Social Responsibility) and Quality of Life at Work (QLW). All sectors combined, it is in the Top 20 of 2,100 companies with over 500 employees best rated by their employees (survey of 20,000 employees). It is 17th, up three places on 2018 when it had already surged 50 places on 2017.

All the data presented below are based on a worldwide scope, excluding EMSA Taicang, and excluding WMF Heshan. Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

GLOBAL HUMAN RESOURCES MANAGEMENT

To support its international growth and ensure equal treatment for all, Groupe SEB draws on human resources processes that are harmonized worldwide. These are integrated within a dedicated information system that uses the latest generation of digital tools. This digitization increased further in 2019. It enables more automated tasks and connects up the various processes more easily, improving global Human Resources management. It provides both a consolidated and cross-company view that makes the Group more agile.

The **Managerial Competency Model**, based on the Group's values and written in a language that is understandable by all, explains the managerial conduct that should be adopted to achieve the desired performance. Rolled out across all countries since 2016 [8], it has been incorporated into the framework of the Annual Appraisal Interview (AAI). It has also been included into the Group's leadership training programs and is used to evaluate the managerial competency of external and internal candidates when hiring or moving internally. To help managers implement it day-to-day, the Group regularly organizes

(5) Business Social Compliance Initiative (2003).
(6) Restriction of the use of certain Hazardous Substances.
(7) Registration, Evaluation and Authorisation of Chemicals.
(8) Excluding Supor, which already had a managerial competency model.

workshops for various entities' Management Committees: in 2019, this was done in Colombia, Brazil, Mexico, Eurasia, the Research department, the Cookware business as well as for the Asia-Pacific Human Resources department. Workshops were also held for middle-management (Turkey, Germany, India, etc.). Moreover, a special e-learning module is available to all employees to enable everyone, from the moment they join the Group, to share these core managerial practices.

Of the five personal targets defined in an AAI, one or two are linked to the personal development of the manager, directly linked to the managerial competency model. Ahead of this interview, the managers are given the opportunity to self-assess with a view to improving the discussion at interview-time. In 2018-2019, 94.9% of the 3,200 or so managers eligible for an AAI received such an interview worldwide.

In parallel to managerial skills, in 2018 Groupe SEB completed the mapping of technical skills relating to the company's divisions (marketing, sales, finance, purchasing, manufacturing, and so on). This **framework of professional skills and the associated jobs** was produced thanks to contributions from expert employees from each function who will later take part in its updating. It is now incorporated into the AAI as a basis for assessing job competency. At year-end 2019, some 250 job descriptions were available to all employees, including via the intranet.

ATTRACTIVENESS OF THE GROUP AND CAREER DEVELOPMENT

Professional development

Internal promotion is a priority for the Group: in 2018, most managerial positions were filled by Group employees, both in France and worldwide, and 80% of key positions, succession plans being driven internally. Internal job offers are published on the iMove@SEB website accessible on the intranet, which employees can use to apply for jobs. Geographic and job **transfers** are a component of internal promotion. There was a flurry of international managerial transfers in 2019, up 60% on 2018 and a geographic spread both in terms of host countries and countries of origin.

The Group offers a **mentoring** program to develop and retain talented individuals while promoting women's access to positions of responsibility. This has been rolled out internationally since 2018. The principle is for an experienced manager to support and advise a "high potential" employee for a year to help them to succeed in their career within the Group. The gender parity of the pairings is ensured with regard to both mentors and mentees. This development tool, which benefits both parties, has been highly successful. In 2019, two cohorts of 24 pairs brought together participants from 16 countries. Since its inception, over 130 managers have benefited from it.

The digital sphere helping recruitment

When it comes to external recruitment, the Group relies heavily on digital tools. It is increasing its presence and activity on targeted **social media/networks**, led by LinkedIn, but also Twitter, Instagram, JobTeaser, YouTube, Glassdoor and Wikipedia. Its followers continue to grow. At year-end 2019, they totaled 110,000 on LinkedIn (+24.5% compared with 2018) and around 3,100 on Twitter (+11.5%). On the Instagram channel, publications showing life inside the Group (#InsideGroupeSEB) and stories resulted in a 60% increase in followers. Awareness of the Group on social networks is growing thanks to a diversified editorial line, continually fed by contributors from all backgrounds within the company.

The Group also invested in a new **careers website**, with more content, being more international and providing a generally better experience for applicants. A gallery of portraits and first-hand accounts of employees worldwide give visitors a better sense of the Group's businesses and their challenges. Moreover, a new interface allows applicants to see all available opportunities within the Group and to target those that are a fit thanks to a more user-friendly presentation and more extensive search filters.

All external applications, wherever they come from, are gathered on a single **e-recruitment platform** appropriate to the Group's global structure (Taleo). This platform has been introduced in 46 countries, where it collected more than 30,000 applications in 2019 (15,000 applications in 2015). In order to get its job offers out into the marketplace, the Group has partnerships with the major jobs sites, both globally (LinkedIn, for example) and locally (in France: APEC, Cadremploi, Hellowork, etc.). Around 10% of monthly global traffic generated by Group job offers is directly from LinkedIn. In 2019, Taleo was upgraded to better handle new digital use patterns on smartphones and tablets with a simplified work flow for applicants. This platform also manages internal transfer requests (iMove@SEB). It is a key tool for HR teams responsible for recruitment.

Attracting young talent

To widen its pool of young talent, the Group maintains close ties with specific **higher education establishments**, specializing in Marketing/ Business and Engineering. It has in particular partnered with the ESSEC's Chair of Fast-Moving Consumer Goods (Paris) and, since 2018 AgroParisTech's Chair of Food, Nutrition and Eating Behavior. In addition to strengthening its "employer brand", these partnerships give it access to the work of researchers in these fields that are vital for its growth strategy.

To make itself more attractive to students of engineering schools and scientific universities, the Group established the Tech Challenge in 2018. In the 2019 international challenge, focused on sustainable innovation, students were asked to come up with the Small Domestic Equipment of the future. They submitted 258 innovative projects, 10 of which were pre-selected for presentation at the SEB Campus in Écully in March 2020, prototypes in hand.

Groupe SEB's ties with students are also firming up internationally through the partnership with the CEMS Global Alliance, which brings together some 30 leading management and business schools (30 countries, 1,000 students, 65 nationalities).

In January 2020, the Group launched the third wave of its **Graduate Program.** It aims to hire young graduates from business schools, engineering colleges and universities. The Group offers them the chance to do a two-year stint in one of its key business divisions with an initial 12-month posting in France followed by two six-month postings abroad. There are various programs: Purchasing, Finance, Manufacturing, Marketing, Research & Development, Human Resources, Supply Chain, Finance or Information Systems.

On average, the Group takes in about 300 **interns and work-study trainees** every year. In 2019, for the sixth year running, it was awarded the **Happy Trainees** (France) label, which recognizes excellence in its commitment to these students. In this instance, Groupe SEB was ranked 16th in the category of companies taking between 200 and 499 interns and work-study trainees. The Happy Trainees survey involving some 220 students, based on six criteria: professional advancement, stimulating environment, management, motivation, pride, job satisfaction. Over 8 out of 10 students felt that their time in the Group was a major step in their career. They are delighted with the trust shown, for what they have learned and the resulting strong progress.

This "Young talents" policy, which includes interns, work-study trainees and participants in the Graduate Program and VIEs [9] is producing results: the Group recruits nearly 75% of its young graduate employees by drawing on this pool.

Starting in 2018, as part of measures to hire interns, the Group works in France with the social start-up "Vendredi" to offer internships shared with charitable organizations: Interns spend four days a week at the company and one day working for an association, on an assignment with a high social impact.

The prizes and awards received by the Group are also measures of its appeal. In 2017, the Reputation Institute included it in its "Reptrak France" ranking for the first time. This index assesses the reputation of companies operating on the French market. In the 2018 awards of the top 100 companies, Groupe SEB was in 4th position behind Décathlon, Lego and Google.

BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHIC REGION

Worldwide (excl. EMSA Taicang, WMF Heshan, WMF Shanghai and SEB Professional Shanghai)

(number of individuals)	2019	2018	2017
France	5,843	5,882	5,771
Other EMEA countries	10,575	9,711	8,170
Americas	2,716	2,707	2,736
Asia	14,159	14,390	14,266
WORLD	**33,293**	**32,690**	**30,943**

The total workforce includes those working under permanent contracts, fixed-term contracts or other similar contracts, as well as work-study trainees. Temporary employees are not included in this figure. At 31 December 2019, Groupe SEB had 33,293 employees based on the scope defined in the table above. Including EMSA Taicang, WMF Heshan, and SEB Professional Shanghai, the Group has nearly 34,000 employees.

(9) Volunteers for International Experience – Young French graduates on assignment for 12 to 24 months outside France.

BREAKDOWN OF CHANGES IN THE WORKFORCE

Worldwide (excluding AFS Vietnam, EMSA Taicang, EMSA Vietnam, proHeq CZ, Schaerer AG Schweiz, Schaerer Netherlands, SEB Professional BELUX, SEB Professional France, SEB Professional NA, SEB Professional Shanghai, SEB Professional UK, SSEAC, WMF Bulgaria, WMF Española, WMF France Consumer Goods, WMF Heshan, WMF Nederland, and WMF Shanghai).

(number of individuals)	2019	2018	2017
FRANCE			
Recruitment [(a)]	**562**	**710**	**645**
Fixed-term and work-study	308	357	340
Permanent contracts	254	353	305
Departures [(a)]	**564**	**603**	**562**
Economic redundancies	0	6	1
Terminations for other reasons	50	55	70
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**1.40 ***	**1.08 ***	**1.33**
OTHER EMEA COUNTRIES			
Recruitment [(a)]	**2,593**	**2,423**	**816**
Fixed-term and work-study	970	1,247	397
Permanent contracts	1,623	1,176	419
Departures [(a)]	**2,001**	**1,978**	**553**
Economic redundancies	44	49	50
Terminations for other reasons	194	151	54
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**8.37 ***	**6.93 ***	**9.42**
AMERICAS			
Recruitment [(a)]	**552**	**661**	**1,342**
Fixed-term and work-study	124	129	256
Permanent contracts	21	532	1,086
Departures [(a)]	**589**	**751**	**1,367**
Economic redundancies	163	270	646
Terminations for other reasons	65	121	182
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**7.27 ***	**8.09 ***	**8.18**
ASIA			
Recruitment [(a)]	**6,569**	**8,546**	**10,163**
Fixed-term and work-study	5,968	8,347	9,591
Permanent contracts	601	199	572
Departures [(a)]	**6,739**	**8,476**	**10,540**
Economic redundancies	21	62	37
Terminations for other reasons	3	12	9
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**13.01 ***	**13.5 ***	**12.2 ***
WORLD			
Recruitment [(a)]	**10,276**	**12,340**	**12,966**
Fixed-term and work-study	7,370	10,080	10,584
Permanent contracts	2,906	2,260	2,382
Departures [(a)]	**9,893**	**11,808**	**13,022**
Economic redundancies	228	388	734
Terminations for other reasons	312	337	315
AVERAGE STAFF TURNOVER RATE [(b)] *(%)*	**6.37 ***	**5.57 ***	**5.48 ***

(a) Excluding internal transfers and the return of expatriates.
(b) Number of resignations of permanent contract employees/Average number of permanent employees.
** Turnover rate scope: also excludes Vietnam Fan, Supor China and Supor Vietnam.*

As in previous years, the consolidation of Supor in the Asia data leads to a high number of fixed-term or similar contracts, which are very common in China and are often for long terms, especially for manual workers. The high number of departures in the Asia region therefore reflects the expiry of these fixed-term contracts.

In 2019, the turnover rate was 6.37% (5.57% in 2018).

In Brazil, in 2016, Groupe SEB began transferring its industrial electrical product (Mooca) and cookware (São Bernardo do Campo) activities to Itatiaia, a new plant in the state of Rio de Janeiro, 350km north of São Paulo. The Mooca and São Bernardo site closures took place at the end of 2017, and were prepared for and carried out in line with the Group's values. The redundancy plans, which affected 498 and 188 people (50 key jobs were transferred), were approved by the union organizations and 90% of employees. These plans go far beyond the regulations and local practices, as they were announced eight months before the first production line was transferred and are accompanied by a large bonus in addition to the statutory redundancy compensation (nearly nine months' additional pay for a worker). They also provide for the maintaining of the meal allowance for eight months and health insurance for six months after departure, although this is not required by law.

This move is part of Groupe SEB's industrial investment program in Brazil, whose aim is to revive its activity and restore its competitiveness in this country. The location of the Itatiaia plant, which is a modern and competitive production facility, means it is able to serve its customers in the best possible conditions. The new teams have received many hours of training, including quality, safety, continuous improvement and professional technical training.

In France, the consolidation of all the small electrical appliance innovation teams at the SEB Campus in Écully began in 2017, with a view to improving efficiency. This implies transferring the electrical cooking business's strategic marketing teams from their current base in Selongey. This transfer, affecting 71 jobs, began in September 2017 and was completed in the summer of 2018. It was covered by a company redundancy plan unanimously approved by the employee representatives. The Group has done everything possible to ensure that non-mobile employees are not left without a solution.

BREAKDOWN OF WORKFORCE BY TYPE OF CONTRACT

Worldwide (excl. EMSA Taicang, WMF Heshan and SEB Professional Shanghai)

	2019	2018	2017
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts exc. work-study	5,531	5,590	5,512
Full time workforce (incl. work study)	90.4%	89.9%	89.7%
Part-time	9.6%	10.1%	10.3%
Work-study trainees [(a)]	312	292	259
OTHER EMEA COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts exc. work-study	10,338	9,482	7,956
Full time workforce (incl. work study)	77.4%	75.2%	75.3%
Part-time	22.6%	24.8%	24.7%
Work-study trainees [(a)]	237	229	214
AMERICAS			
Permanent contracts, fixed-term contracts or other short-term contracts exc. work-study	2,641	2,623	2,680
Full time workforce (incl. work-study)	99.7%	99.6%	99.4%
Part-time	0.3%	0.4%	0.6%
Work-study trainees [(a)]	75	84	56
ASIA			
Permanent contracts, fixed-term contracts or other short-term contracts exc. work-study	14,109	14,339	14,266
Full time workforce (incl. work-study)	99.8%	99.8%	99.9%
Part-time	0.2%	0.2%	0.1%
Work-study trainees [(a)]	50	51	0
WORLD			
Permanent contracts, fixed-term contracts or other short-term contracts exc. work-study	32,619	32,034	30,414
Full time workforce (incl. work-study)	91.1%	90.8%	91.6%
Part-time	9.0%	9.2%	8.5%
Work-study trainees [(a)]	674	656	529

(a) Apprenticeship and professional training contracts.

Worldwide, 65.6% of the workforce are on permanent contracts, 34.4% on fixed-term contracts, including 2% work-study trainees. Excluding Supor China and Supor Vietnam, where fixed-term contracts are normal and often for long periods, particularly for manual workers, 90.3% of the workforce are on permanent contracts.

DIVERSITY

Because diversity is a source of vitality, creativity and innovation, the Group promotes it in all its aspects: gender equality, social and cultural mix, age-group balance, inclusion of people with disabilities, etc. Groupe SEB has a non-discrimination policy to ensure that all employees are treated equally as regards their recruitment, pay and career development within the Group, in accordance with our Code of Ethics. In France, the Human Resources teams received awareness-raising training in stereotypes, diversity and gender equality in 2017. This approach was pursued in 2018 with a session dedicated to the Group Executive Committee. More specific training was developed on the theme "Recruiting and managing without discriminating, harassing or slandering" for Human Resources Managers and people responsible for recruitment. This was broadened in 2019 to the social partners and all Management Committees at French sites, representing over 172 people trained.

In France, Groupe SEB has been a signatory of the Diversity Charter since 2005. Numerous actions have been implemented to support this policy at local sites and raise employee awareness. Diversity is monitored by specific committees covering signed collective agreements on this issue. More specifically regarding gender equality, a Group committee tasked with monitoring the collective agreement (France) analyzes the actions taken in this regard. Moreover, the sites must roll out local action plans on various issues: professional development, access to training, equality in terms of remuneration, work-life balance and recruitment.

To improve the diversity of work-study trainee applicant profiles, and particularly increase the share of young people from poor districts, in 2017, in France, the Group began a partnership with recruitment firm Mozaïk RH, a specialist in the promotion of diversity. In 2019, this relationship made it possible to hire some nine young work-study trainees using a job dating format during which managers met candidates without having first reviewed their CVs. The partnership will continue in 2020. In Brazil, as part of its learning policy, the Group encourages the hiring of young people from low-income families, and offers them different types of training.

Gender equality

GROUPE SEB 2023 TARGETS

- 30% of female managers
- Bring the % of female managers into line with the % of women in the Group

Gender equality in the workplace is an integral part of the non-discrimination and diversity promotion policy followed by Groupe SEB. In 2019, it strengthened its approach with the **Gender Diversity global commitment plan**: each Management Committee, regardless of the country or type of entity (plant, sales subsidiary…) must commit to six actions on gender equality from a dozen actions suggested by the Group. For example: training against discrimination, implementation of a collective agreement promoting gender equality, the inclusion of at least one woman on the list of final applicants when hiring, etc.

The Group worked hard on this in 2019, with in particular:

- a global communications campaign on work-life balance;
- the establishment on the intranet of a Yammer community dedicated to gender equality;
- the commencement of a woman's network open to men within the Group;
- conferences accessible via Skype and/or on the intranet.

FRANCE: A KEY AGREEMENT

In France, gender equality in the workplace is covered by a **collective agreement**, which was renewed at year-end 2018. It details and amplifies actions already taken, in particular to reflect societal developments, and includes tools and methods for achieving the targets set. Firstly, the Group reaffirms its commitment to guarantee wage equality between men and women from hiring, to maintain it over time and not to penalize employees on maternity leave, adoption leave or child-care leave. Equal opportunity in terms of recruitment, professional development and training represents another avenue of attack, in particular to encourage the diversity of the businesses and expand access for women to managerial positions. The agreement also defines various areas for improvement in terms of working conditions and the work-life balance. The implementation of this agreement requires each French site to prepare an action plan with at least one action item per annum tailored to local circumstances. The results of these actions are included in the Comparative annual report, which measures actual progress.

There were various awareness-raising actions in France in 2019 including a number of conferences and a round table on gender equality organized on the SEB Campus in November and broadcast it by video-conference to all French sites.

WORK-LIFE BALANCE

Among the measures taken to help people balance their work and personal lives, employees were given the option of flexible work scheduling, and several sites introduced child-care or concierge service arrangements (Rumilly and Écully).

In France, the agreement on quality of life at work was renewed in 2019 with various areas of improvement (see page 140). Since 2016, this agreement had included suggestions from the **Forum on gender equality in the workplace** held that year: it brought together 150 employees from all French sites in the presence of the Group Chairman and CEO and the Senior Executive Vice-president, Human Resources. The proposals taken up in the quality of life at work agreement include tele-commuting, ensuring the diversity of applications transmitted by recruitment firms, and the paying of child-care costs during training, under certain conditions.

ACCESS TO MANAGERIAL POSITIONS

The Group is also endeavoring to improve the balance between women and men in management worldwide: in 2019, 38% of managers were women (32% in 2009) and 45% of the external new hires in this category (58% in France). Some entities are performing particularly well in terms of gender equality, such as Turkey where women represent half the members of the Management Committee of Groupe SEB Istanbul as against only 36% of the country's working population. Similarly, in Egypt, they represent close to 30% of the Management Committee (CODIR) versus only 24% of the working population. Women accounted for one third of expatriate managers in 2019. They still only make up 18.5% of the Group's 180 or so key managers, however, but this percentage is rising, standing at 12% in 2015. And in September 2019, a woman was appointed Senior Executive Vice-president, Finance, member of the Group Executive Committee.

To accelerate the rise of women to senior management positions, the Human Resources department is planning to have at least one woman in the short list of applicants for key posts. The mentoring program launched in 2017, based on strict gender parity, is also contributing (see Attractiveness section, page 132), as is the joint development program tested in France in 2018 and confirmed in 2019. This collective coaching (groups of 7 to 8 people) is intended for "high potential" women and places great importance on the ideas of trust and solidarity. Since 2018, the Group has also been on the board of Alliance pour la Mixité en Entreprise (AME). This association brings together the networks of some 20 large companies and aims to encourage experience sharing, benchmarking and mutual assistance on gender equality. In 2019, Groupe SEB actively participated in the organization of the AME annual conference in November on the theme of the male perspective of gender equality, a conference that was attended by two senior Group executives.

DIVERSITY OF THE BUSINESSES

To make it easier for women to move into technical jobs traditionally held by men, since 2016 all French sites have offered them specific training (awarding academic credits), accompanied by offers of higher grade jobs. Production operators can in this way become line supervisors, machinists or welders. In four years, 27 women have taken such training. A number of Group subsidiaries have similar initiatives. For example, in 2019, Groupe SEB Egypt hired the first ever female intern in the subsidiary's maintenance department. The Group is also doing its bit to promote gender equality in the workplace: in France, as part of the Égalités initiative, it has used YouTube to post various video messages from women within the Group with jobs that have traditionally been considered to be masculine roles ("The gender of my job" heading).

MEASURES TO COMBAT HARASSMENT

Groupe SEB pays very close attention to the issue of sexual harassment, an issue on which many countries have passed specific laws. In the Scandinavian countries, for example, it updated its policy in this area in 2017, and disseminated it to all its employees through the intranet. In India, the government has introduced very strict legislation against sexual harassment, particularly in the workplace. Groupe SEB has introduced a very aggressive policy in the country to prevent such behavior, ensure careful investigation of complaints or reports, and finally protect the victims and punish those responsible. The subsidiary regularly holds awareness and training sessions on this issue for all staff. It has established a dedicated committee to deal with sexual harassment, comprising employees and a social worker from outside the company. In France, the updating of the internal rules of all sites makes it possible to raise awareness and to reflect the new legislative provisions designed to combat all forms of harassment. Thus, in 2019, each French legal entity with over 250 employees added a point of contact tasked with combating sexual harassment and sexist behavior.

GENDER BREAKDOWN BY CLASSIFICATION

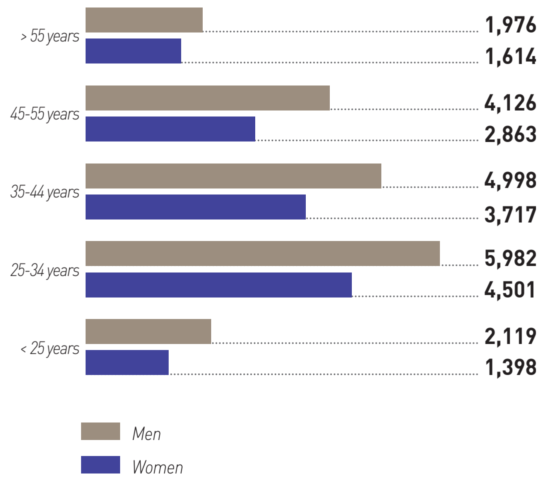
Worldwide (excl. EMSA Taicang, WMF Heshan and SEB Professional Shanghai)

(in %)	**2019**	2018	2017
MEN			
Manual workers	28.0	29.5	32.2
Employees	21.2	20.4	18.5
Managers	8.5	7.9	7.5
TOTAL	**57.7**	**57.8**	**58.1**
WOMEN			
Manual workers	15.8	17.2	18.5
Employees	21.4	20.2	19
Managers	5.1	4.8	4.3
TOTAL	**42.3**	**42.2**	**41.9**

At the end of 2019, 43.8% of the Group's workforce were manual workers, 42.6% were employees and 13.6% were managers, 37.7% of whom were women. Excluding Supor, manual workers, both male and female, represented 31% of the workforce, while the percentage of managers was 19%.

Breakdown of employees by age

Worldwide (excl. EMSA Taicang, WMF Heshan and SEB Professional Shanghai)



The inter-generational contract, renewed in France in 2016 with employee representatives, aims to bring young people, and particularly those without qualifications, into the workforce, to hire and keep older employees and to ensure that knowledge is transferred. The situation at year-end 2019: in three years, the Group has hired 253 people, 31% of whom are young people (the target was 25%), rising to 37% in the case of new hires to replace retired employees at plants. It also hired 7% of employees over 50 (the target was 5%).

This contract also includes a systematic ergonomic analysis of the jobs held by employees over 57, so as to reduce physical hardship as much as possible. The average age of Group employees in France is 43.6.

People with disabilities

Disability represents a two-fold challenge for Groupe SEB, which works to prevent it through its health and safety policy, while providing employment opportunities to people with disabilities. The three-year collective agreement on people with disabilities was renewed by Groupe SEB in France in 2017. It aims to deliver better conditions for disabled workers joining the workforce and ensure their long-term integration within both industrial and tertiary companies through a number of practical measures. Under the terms of this agreement, disabled workers undergo frequent monitoring during their induction within the Group and possible adaptations to improve their workstations are examined. They also receive increased specific financial assistance, training to develop their employability and, if they wish, mentoring by a Group employee, organized on a voluntary basis. Disabled employees reaching the end of their careers may reduce their working hours by 20% by producing a doctor's note, while keeping the same rate of pay and benefits. Specific training has also been designed for managers to make it easier for disabled employees to return to work after a long absence. The agreement also provides for the extending of leave to take care of sick children to disabled children, with no age limit. Groupe SEB has informed its partner schools of the signing of the agreement and works with specialized organizations to act from the recruitment stage.

In 2019, Groupe SEB signed a partnership in France with Hello handicap, a wholly online jobs fair for the employment of workers with disabilities. The idea: the company publishes its offers on the Hello handicap website and then does interviews by telephone or chat with the pre-screened applicants. At the session held at year-end 2019, the Group picked 10 applicants, with interviews to follow in early-2020. Another initiative in 2019: the Egyptian subsidiary entered into a partnership with IECD (Institut Européen de Coopération et Développement) to help hire people with disabilities.

Worldwide (excl. EMSA Taicang, EMSA Vietnam, WMF Heshan, WMF Shanghai, SEB Professional Shanghai and SEB Professional Japan)

	2019		2018		2017	
	World	France	World	France	World	France
Number of disabled employees	467	324	405	312	439	311
% of disabled employees [(a)]	1.8	5.6	1.6	5.36	1.42	5.39

(a) Ratio between the number of employees with disabilities and the total number of employees as of 31 December excluding temporary employees and ESAT (sheltered employment center) employees.

With the exception of Supor, where the number of physically disabled employees is relatively low, the number of disabled employees stood at 2.1% in 2019 (2.0% in 2018).

EMPLOYEE-MANAGEMENT DIALOG

Groupe SEB is committed to respecting freedom of association everywhere in the world and encourages employee-management dialog at its subsidiaries, on both an individual and collective basis. It also works to create employee representation bodies in all the countries in which it operates. This commitment was reaffirmed in the Group's Code of Ethics.

In France, in 2007 Groupe SEB signed a specific agreement with social partners. This Group agreement on the exercise of trade union rights and the status of employee representatives was renewed in January 2019 and signed by all social partners. It in particular increases the resources provided to elected employees (material resources, time allowed for the position, Group financial contribution, etc.) and the measures to safeguard and assess their career (skills assessment, career developments interview, review of salary positioning, etc.). In this respect, a new industrial relations training was rolled out in 2019 to all local managers with elected representatives in their team.

Groupe SEB has a European Works Committee with employee representatives from 14 countries from the European Union and the United Kingdom.

COLLECTIVE AGREEMENTS

Worldwide (excl. EMSA Taicang, EMSA Vietnam, WMF Heshan, WMF Shanghai, SEB Professional Shanghai and SEB Professional Japan)

	2019	2018	2017
France	10	38	38
Other EMEA countries	42	24	35
Americas	16	19	12
Asia	39	41	37
WORLD	**107**	**122**	**122**

A total of 107 collective agreements were signed in 2019. 48.0% of these agreements related to remuneration (51), 21% to health and safety (23), 7% to diversity (7) and 7% to employee-management dialog (8).

In France, in addition to renewing the agreement on the exercise of trade union rights (see above), in 2019 the Group renewed the agreement on quality of life at work first signed in 2016 (see page 140).

At year-end 2019, 65% of Groupe SEB's workforce was covered by a collective agreement signed during the year.

QUALITY OF LIFE AT WORK

GROUPE SEB 2023 TARGETS

- Achieve a 75% positive response rate to this question in the Great Place To Work survey:

"Overall, I can say that Groupe SEB is a good place to work"

GREAT PLACE TO WORK SURVEY

The Group also pays close attention to its employees' Quality of Life at Work. In order to make progress, since 2012 it has used a survey (64 questions) conducted by the **Great Place To Work** institute to assess employees' perceptions in this area. This employee survey was first introduced in France and has now been extended to all the continents, such that it covered around 40 countries in 2019. It is done every two years. The 2019 version covered some thirty countries with an 84% participation rate, on a constant upward trend (80% in 2018, 76% in 2017). 71% of employees felt Groupe SEB was a good place to work (i.e. 7 points above the industry average) and 73% of them said they were proud of working for the Group. On over 90% of the criteria looked at, the results of the 2019 survey were better than the aggregate results across the Group over the past four years, showing the effectiveness of the measures put in place.

In fact, based on the detailed results of the survey, each entity puts in place an action plan to improve its weak areas, by actively involving the teams. The best performers were three Central European countries (Bulgaria, Hungary, Slovakia), which were up over 20 points, with over 80% of employees broadly satisfied. The previous year, **Austria** had improved 13 percentage points (overall satisfaction level of 92%). This country is in the DACH zone (Germany, Austria, Switzerland) where the 2016/2017 survey had found a sense of lack of recognition of certain teams for the work they had done. In 2018, the Group responded to this expectation by introducing a profit-sharing system for people not receiving a bonus. As regards the areas that still require improvement, employees surveyed in 2019 referenced skills training and development, individual recognition and managerial coordination.

ACTION PLANS WORLDWIDE

Managers are invited to get involved so that the actions produce results and ultimately employees' perceptions improve. In **France**, for example, the sales subsidiary included the Great Place To Work survey in the management and monitoring tools for its company-wide project Be#One. In this country, numerous actions have been undertaken since 2015 to improve managerial communication and information about career development. Several sites have launched initiatives to present the various businesses to encourage transfers and raise knowledge between teams.

The actions carried out by subsidiaries to improve the Quality of Life at Work differ according to local priorities but there are some common themes. Thus, to enable a better **work life balance**, more and more subsidiaries offer flexible working hours and facilitate tele-commuting.

Many of them also emphasize **health**. Thus, in the **USA**, the Living Healthy program is run by the Well-being committees, which relay more than 100 initiatives, such as weight-loss competitions, online stress management seminars, sports activities, cooking and health workshops, help giving up smoking, etc. In **Mexico**, the subsidiary is encouraging that employees become more physically active (deals with sports clubs, preferential rates). It has set aside a relaxing space and offers massages, something that is also offered in **Korea**. **Poland** also pushes the adoption of a healthy lifestyle with its Get healthy, stay healthy program, which includes among other things a sports challenge per team. **Colombia** has developed a well-being at work improvement plan named "Groupe SEB te consiente" (Groupe SEB takes care of you) along three main lines: "care for myself, other people and the world around me".

The Great Place To Work Institute picks out certain entities because of their score. This happened to Groupe SEB **Korea** in 2018 when it was awarded the Grand Prix. This subsidiary undertakes a series of internal communication actions and social activities. They foster team motivation, which can be seen in ongoing sales growth.

This year, our entities in the United Kingdom, Portugal and Spain have earned a place on Great Place's Best Worplaces to Work, rewarding companies where life and work are good.

COLLECTIVE AGREEMENT IN FRANCE

A **collective agreement** on Quality of Life at Work was signed in France. First signed in 2016, it was renewed in 2019 and goes hand-in-hand with action plans in each Group entity. Since the outset, this agreement has resulted in the introduction of various measures such as tele-commuting, which has been a real success with employees: at year-end 2019, close to more than 15% of whom had already adopted it. The actions taken also include a social assistance hotline rolled out to all the sites, or indeed, on some sites, physiotherapy, osteopathy and occupational psychology services, as well as easier access to intercompany nursery facilities and the offering of concierge/personal services. Another tool viewed very positively by its users is the telephone support service for employees and their spouses who are caring for an elderly or disabled loved one (Responsage). The 2019 edition of this agreement contains a number of areas of improvement: easing of conditions for accessing tele-commuting (flexible working time, casual work days, etc.), increase in the Group matching contribution for the sharing of days off (solidarity between employees), more accurate guidelines on the right to log off and meeting times, additional breaks in the event of severe heat at plants, etc. With respect to break rooms, improvement works continued in 2019 particularly for production employees.

HEALTH AND SAFETY

OBJECTIFS GROUPE SEB – 2023

- Cut the number of workplace accidents with lost days [10] (2017 base) in half, i.e. LTIRi <1.5
- 100% of plants certified to health and safety standards – OHSAS 18001/ISO 45001

For several years, Groupe SEB has been developing measures to reduce the number of workplace accidents and limit the number of work-related illnesses (and particularly musculoskeletal disorders in France). To step up the implementation of this policy globally, the position of Group Health and Safety Director, reporting directly to the President for Industry, was created in 2017.

The health and safety policy draws on a global network of 35 Environment, Health and Safety (EHS) Coordinators, who cover all of the plants and logistics sites (more than 40) in 13 countries. **They meet quarterly in person for France and by Skype for the other global sites** and meet once a year at a Group site. These annual seminars make it possible to strengthen the international dynamic of the network, something that is also supported by the Yammer community (Groupe SEB social network). The Group has also undertaken to certify its health and safety management system (OHSAS 18001), with 100% of its industrial and logistical entities certified at the end of 2019. In 2020, this certification will switch to the new ISO 45001 standard, which is to supersede the OHSAS 18001 reference by **2020**.

SAFETY

Groupe SEB's approach to Safety is reflected in its worldwide Safety in SEB program. The 2020 road map emphasizes the involvement of employees as participants in their own safety. At the plants, for example, safety is one of the points that is reviewed daily by the production teams as part of the OPS (Operation Performance SEB) initiative, via Frequent Events. All accidents occurring within the Group are summarized monthly in a newsletter sent to all managers (including the Executive Committee) and the Health and Safety community. This policy has borne fruit: within five years (2014-2019), the number of workplace accidents with days lost has fallen by over half.

SAFETY STANDARDS

In 2019, the Group continued the worldwide roll-out of its **safety standards and the accompanying recommendations**. The safety standards formalize the Group's minimum requirements, above and beyond compliance with national and international regulations. These standards are incorporated into safety management procedures and are written in English, French and Chinese. They apply to all teams worldwide. Some standards concern safety organization and management, while others target the prevention of specific risks. Internal audits are conducted to ensure their application. At year-end 2019, 24 standards were operational, the most recent one covering an updated of the noise standard. Recommendations were also added, in particular on the steps to be taken when using virtual reality equipment (goggles, headset, etc.) and on identification colors (hazardous areas, suitable tools, etc.).

Some standards, such as the behavior-based safety inspection (VCS) are particularly important. As more than 75% of accidents could be avoided by making behavioral changes, the aim of the VCS is to eliminate dangerous practices and conditions on the basis of a discussion between the employee "inspected" and a line manager. The health and ergonomic aspects of the new VCS standard have been strengthened, notably by including new checkpoints relating to postures. Every industrial or logistics site employee is inspected twice a year on average for risky sectors. In 2019, the roll-out of the VCS and the "visitor" training continued at Asia Fan (Vietnam).

FEEDBACK

Safety-specific checkpoints have been incorporated into day-to-day field visits by local managers since 2018. This feeds into the Safety pyramid, a tool designed to detect hazardous situations ahead of time to quickly remedy them so as to anticipate accident risks. No initiative is off the table when it comes to raising the alarm: in Colombia, for example, the plants created a mobile app to encourage the teams to report safety risks and environmental hazards.

The number of VCSs and the number of reports in connection with the Safety pyramid are used by the Group as safety policy management indicators, along with the accident rate.

Any accident where feedback can be helpful to the action plan is communicated to all managers and to the Groupe SEB safety community (safety vigilance Flash system). Noting that 40% of accidents are linked to non-compliance with rules, in 2018 the Group has reviewed the definition of "mandatory rules" required at each plant and logistics site and on the SEB Campus (Group HQ), to make them more exact and better suited to the reality on the ground. Developed together with the operating teams, the new mandatory rules are now defined per business. Their review was completed at year-end 2019. These supplement the six universal golden rules that are designed to ensure that everyone within the Group contributes to the safety of all. The golden rules, illustrated through a cartoon, are available in 10 languages.

ALL AFFECTED ENTITIES

Since 2016, the Group has strengthened the safety culture in its tertiary and commercial entities (offices and shops). The golden rules are systematically communicated and some sites have introduced their

(10) Directly connected with work, including temps – LTIR: Lost Time Injury Rate.

own unbreakable rules. These entities are also now part of the safety vigilance Flash system. In 2019, the Health and Safety Department worked with the Retail Department to improve the safety of store personnel (nearly 500 points (Number to be specified by Retail Department) of sale affected). The corporate actions taken include the installation of a safety update quarterly between the two teams, and the inclusion of a special chapter on safety in the new store design guide.

In the field, there were a whole range of initiatives in 2019 to improve safety, with original and fun activities such as the WMF escape room in Riedlingen (Germany): employees wishing to participate were put into small groups in a dark room with their escape dependent on resolving safety questions using a collaborative approach.

HEALTH

In the health field, Groupe SEB focuses a large part of its efforts on combating **musculoskeletal disorders (MSDs)** in the upper limbs, and lower back pain. The aim is to prevent them from appearing and slow their deterioration. This is a major issue for the industrial sites, particularly in Europe, exacerbated by the aging of the workforce and extensions to the pension age. The Group's response involves awareness-raising and training measures, taking MSD prevention into account from the design phase of products and processes as well as the carrying out of specific measures on the sites.

HEALTH IN SEB

The Group's international health plan, Health in SEB was launched in 2016. It started with an analysis of all the plants to identify the main health risks (dust, noise, repetitive work, etc.). This inventory was used as a basis for the creation of Group standards and to define health targets, accompanied by monitoring indicators. This is particularly true of ergonomics where the indicator measures improvements that are deemed significant using specific analysis methods, scoring grids, a decision-making tool developed by ergonomists and the person's experience. All plants and logistics sites worldwide have taken steps to improve workstation ergonomics with a target of 25% of workstations to be improved annually. As part of this international health plan, business continuity plans have been put in place at the Group and production sites. They integrate the pandemic risk and the health and organizational measures put in place to protect our employees :

- awareness campaign, travel limitation, upgrading protection and disinfection equipment, establishment of e-working.

In France, the Group launched the Health Plan 2 (2017-2020) in 2017, following on from the first health plan in 2009. Its aim is to pass a new milestone by combining health with performance and prioritizing prevention and the well-being of employees. It has three focal areas: reducing physical and psychological risks (and especially MSDs); making health dashboard charts more reliable and developing communication; and improving safety management. A multidisciplinary Health Steering Committee makes it possible to share best practices and the focal areas for development of the Group's health policy, to monitor health-related issues in the workplace, and manage the measures taken, with the promotion of investments that combine health with performance.

EFFORTS TO COMBAT MUSCULOSKELETAL DISORDERS (MSDS)

Every French plant and logistics site has a Steering Committee for Musculoskeletal Disorders and one or more **MSD Specialists** who ensure that risks are taken into account upstream, at the product design stage, and downstream, by amending hard-pressed workstations. At year-end 2019, the Group had 42 MSD specialists in France and new specialists will be trained in 2020 from amongst operators and employee representatives.

In July 2019, a France Health network was launched with a seminar at SEB Campus that brought together MSD specialists, occupational physicians, nurses and ergonomists from various sites along with the Health and Safety department. Over two days, they shared and discussed best practice and areas for improvement. Ergonomic improvements of workstations, training and staff rotations, warm-up and cool-down exercises, as well as a quick response whenever an employee indicates discomfort while working are all actions that help prevent the emergence of MSDs.

Since 2015, the Groupe SEB University and the Industry department have offered a training program, primarily for the methods teams, several modules of which are devoted to combating MSDs (School of Methods).

PSYCHOSOCIAL RISKS

As part of the prevention of **psychosocial risks**, in 2019 Groupe SEB developed a training program on the theme of "Stress and well-being at work" for several hundred managers in France (Management Committees of sites and managers of Campus SEB). The goal is to help detect signs of stress as early as possible and to in turn adopt the correct behavior, not only for themselves but also for their teams. Four pilot sessions were run in 2019 with a view to roll them out in 2020.

Once again with respect to psychosocial risks, in 2012 Groupe SEB set up a counseling office in France, outsourced to the specialist firm Turka. The aim is to offer assistance and support to any employee who becomes the victim of or witness to such situations as harassment, discrimination and workplace violence or the stress resulting from them. The employee may remain anonymous if he or she wishes. In any event, the Turka counselor assists the employee and/or puts them in contact with the person in the best position to help. In the space of seven years, 78 employees contacted the counseling office, which is less than the national average according to Turka.

(Worldwide, excl. EMSA and WMF)

	2019	2018	2017
FRANCE			
Number of workplace accidents with days lost	44	41	40
Number of days lost	3,093	2,217	2,160
LTIR [(a)]	5.25	4.9	4.8
Severity rate [(b)]	0.37	0.26	0.26
Number of workplace fatalities	0	0	0
OTHER EMEA COUNTRIES			
Number of workplace accidents with days lost	22	13	9
Number of days lost	466	131	143
LTIR [(a)]	3.2	2.6	2
Severity rate [(b)]	0.07	0.03	0.03
Number of workplace fatalities	1	0	0
AMERICAS [(c)]			
Number of workplace accidents with days lost	11	8	12
Number of days lost	641	147	362
LTIR [(a)]	2.1	1.6	2.5
Severity rate [(b)]	0.12	0.03	0.07
Number of workplace fatalities	0	0	0
ASIA			
Number of workplace accidents with days lost	13	14	21
Number of days lost	1,148	1,382	1,113
LTIR	0.35	0.4	0.6
Severity rate [(b)]	0.03	0.04	0.03
Number of workplace fatalities	0	0	0
WORLD			
Number of workplace accidents with days lost	90	76	82
Number of days lost	5,348	3,877	5,482
LTIR [(a)]	1.56	1.4	1.5
Severity rate [(b)]	0.09	0.07	0.07
Number of workplace fatalities	1	0	0
LTIRi WORLDWIDE [(c)]	**2,0**	**2,6**	**2,9**

(a) Lost Time Injury Rate.
(b) Number of days lost per thousand hours worked.
(c) Lost Time Injury Rate including temporary employees.

All the data shown in the table exclude temporary employees.

The frequency rate of workplace accidents (TF1), used by the Group until 2013, corresponds to the number of occupational accidents with days lost per million hours worked. It counts all types of accidents with days lost including those that are not directly related to working conditions. In 2014, Groupe SEB adopted a new system of accounting for accidents that includes the idea of a link with work. This is the one used by the Occupational Safety and Health Administration of United States of America (OSHA) and is applied in many large groups. Accidents which have no direct causal link with work are no longer counted in the Group's new safety performance indicator, Lost Time Injury Rate (LTIR). The internal recording system has no effect on local legal declarations, which remain unchanged.

It should be noted that since 2018, the Group's Health and Safety targets have included temporary employees as well as the entire WMF and EMSA scope.

Accordingly, the target set in 2019 for the LTIRi (Lost Time Injury Rate including temporary workers) was 2.0 for the World, 4.3 for France and 4.2 for WMF.

The 2019 results were: World LTIRi = 2.0; severity rate is 0.09

France LTIRi = 5.9

WMF LTIRi = 3.6

France recorded 58 lost-time injuries with temporary workers, as well as 182 work-related accidents with and without lost days, including temporary employees. The LTIRi is 5.9 and the severity rate is 0.33.

WMF recorded 27 LTIi, as well as 55 work-related accidents with and without lost days, including temporary employees. The LTIRi is 3.6 and the severity rate is 0.16.

EMSA recorded 8 LTIi, as well as 9 work-related accidents with and without lost days, including temporary employees. The LTIRi is 12.3 and the severity rate is 0.06.

These three Group entities, France, WMF and EMSA thus account for nearly 66% of the total number of work-related accidents with lost days.

Finally, Groupe SEB recorded a total of 141 work-related accidents with days lost, and 203 accidents without lost days in 2019, including temporary workers.

The Group's results once again reflect improved performance. Thanks to the multiplication of global prevention efforts, standards and tools, Groupe SEB recorded **41** fewer accidents with time lost than in 2018, a reduction of 22%, and 51 fewer than in 2017, including temporary employees.

The severity rate for temporary employees is, however, on the increase: 6376 days lost as against 5,283 in 2018 and 8,476 days in 2017.

A worldwide survey of work-related illnesses has been conducted since 2013. 48 new cases of occupational illnesses were recognized throughout the Group in 2019, excluding temporary employees. An increase in the number compared with 27 in 2018, but which nevertheless shows a downward trend from the 66 and 62 incidents reported by 2017 and 2016.

Number of new occupational illness cases recognized in the year	2019	2018	2017
France	44	27	55
Other EMEA countries	0	0	0
Americas	4	1	11
Asia	0	0	0
WORLD	**48**	**28**	**66**

Groupe SEB is aware of the importance of the issue of occupational illnesses, especially Musculoskeletal Disorders (MSDs), and has taken health measures in France, such as ergonomic improvements to workstations on production sites, with the introduction of an indicator monitored monthly, training in manual handling, for example, staff rotations where this is permitted by the organization of the workstation, warm-up and stretching exercises and a quicker response when an employee reports that they are experiencing pain. Several sites in France also pay for visits to a physiotherapist and offer a hotline to an osteopath.

OHSAS 18001 CERTIFICATION

(Worldwide)

	2019	2018	2017
Number of certifiable entities	41	34	35
Entities holding OHSAS 18001 certification [(a)]	100%	100%	97%

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

Since 2007, the Group has set all its sites to work on the certification of its health and safety management system (OHSAS 18001). At the end of December 2019, 100% of the Group's industrial and logistics entities had this workplace Health/Safety certification.

Sites of EMSA, Groupe SEB Egypt and the sites in India were recently included in the scope of certifiable sites. The certifications are planned for 2020 and 2021. The WMF sites were certified in 2018.

GLOBAL SOCIAL PROTECTION FLOOR

GROUPE SEB 2023 TARGETS

- 100% of workers worldwide covered by the WeCare@SEB social protection floor

SOCIAL PROTECTION

In terms of social protection, in 2017 the Group launched an initiative designed to offer its employees, throughout the world, a high level of coverage compared to the local context, beyond regulatory obligations. A worldwide inventory of practices, produced in 2016 in the 73 countries where the Group has employees, already showed that 85% of them had death insurance cover. Since 2018, the Group has been progressively rolling out a global social protection base and working conditions, WeCare@SEB, built initially on two pillars:

- life insurance: 12 months' salary paid to the family of the employee in the event of work-related death;
- healthcare costs: coverage of hospital stays resulting from accidents (capped at 70% of actual costs);

A third pillar is being defined for a roll-out over 2020-2021.

Every permanent employee, regardless of his/her country and level, will benefit at least from the coverage of this global base. The implementation of the three pillars will extend until the end of 2021. This life insurance has already been in effect since 1 January 2019, with the exception of the entities that were not in the 2016 feasibility study, but will be covered by 2023.

The Group also looks to review employment contracts on a regular basis in order to supplement and/or improve existing insurance coverage. In 2019, for instance, medical insurance was extended in several countries, including Brazil and the United States.

PAYROLL AND CHARGES

Groupe SEB is committed to the implementation of a fair and transparent remuneration policy that is understandable by all. It is committed to paying wages in every country in line with current regulations and minimum industry standards, enabling employees to cover their basic needs and to benefit from disposable income. Using job evaluation tools, every employee's position can be assessed in relation to others in terms of remuneration and responsibility.

	2019		2018		2017	
(in € millions)	World	France	World	France	World	France
Remuneration [(a)]	1,007.9	277.7	951.3	252.3	921.1	244.8
Payroll taxes [(b)]	219.7	67.5	181.3	66.3	185.8	69.0
Pension and other post-employment benefit plan costs	63.1	45.0	70.4	43.8	56.9	42.7

(a) Excludes bonuses and profit-sharing – includes provisions for paid holidays, excludes employee benefits.
(b) Includes provisions for payroll taxes on paid holidays.

WMF and EMSA joined the consolidation scope in 2017. "Worldwide" data include "France" data.

STATUTORY AND DISCRETIONARY EMPLOYEE PROFIT-SHARING

In the area of profit sharing, Groupe SEB has been a pioneer: for over 50 years it has tied employee pay to the company's financial performance and does so in most countries in which it operates. In France, 50% of the total bonuses paid by the Group is distributed evenly across all employees in France. In addition, since it was listed on the Paris Stock Exchange in 1975, the Group has had employee shareholders. Since 2012, it has implemented 15 employee shareholding programs, gradually extending beyond France starting in 1992. The last program, in July 2019, covered 34 countries and the plan was taken by close to 4,200 employees (23% of the eligible employees).

(France)

(in € thousands)	2019	2018	2017
Provision for bonuses	18,139	16,117	19,058
Provision for profit sharing	16,893	17,500	18,498
By 2019	2,145	N/A	N/A
TOTAL	**37,177**	**33,618**	**37,556**

In 2019, the amount paid in profit-sharing and bonuses will amount to €37.2 million. Please note that figures include the employer's social tax contribution.

TRAINING AND SKILLS DEVELOPMENT

Training is key to skills development for all employees. Each year, the Human Resources department defines the Group's training priorities. Using this frame of reference, each subsidiary develops its own training plan based on the employees' needs and expectations. **Groupe SEB University (UGS)** runs international training programs and some more tailored for France. A global reporting system makes it possible to track the training provided throughout the world.

The digitalization of human resources processes makes possible the provision of an ever broader range of training content. All connected employees worldwide included in the SAP HR databases (including WMF, excluding Supor) now have access to the **iGrow@SEB** online HR portal, available in five languages (English, French, German, Spanish, Portuguese), which in particular gives them free access to the e-learning modules.

New functionality is regularly added to iGrow@SEB. Moreover, in various entities or countries, employees have access to a personalized training catalog and can apply for training online, with the subsequent sign-off process being automated. This service is operational in France, the United States, Mexico, Hong Kong, at WMF Germany, and in Latin America (Colombia, Brazil, Argentina and Chile). Since 2019, line managers have also been able to assign training to their employees with the click of a mouse and track the history of modules taken. A student page has also been added to the portal, improving the user experience and allowing customization for the automatic assignment of certain mandatory training, particularly for new entrants.

EXPANSION IN DIGITAL LEARNING

Over the past number of years, the Group has been broadening its online training offering (digital learning or e-learning) with a sharp acceleration since 2018. At year-end 2019, 11,000 connected employees had free access to over 400 programs, regardless of their business or geographic location. A large portion of these programs are available in multiple languages to reach as many employees as possible.

Digital Academy and Management Place

Around 60% of the online training modules are from the **Digital Academy** catalog, which doubled in volume in 2019 (180 programs). Typically available in French, English and German, they focus on the skills of the future and cover a broad spectrum: flexibility, creativity and innovation, digital dexterity, emotional intelligence, conflict management, etc. In 2019, this platform attracted over 2,000 employees who took at least one course.

In July-August, the Groupe SEB University innovated with the **Summer Digital Learning Camp** international campaign: over these two months, each week 5,000 employees were offered a selection of three modules from the most popular in Digital Academy. It was a great success with over 2,000 employees actively participating.

The UGS also launched the Management Place catalog in 2019, which brings together online training for Group managers worldwide. Its 50 modules (in French and English) are intended to develop their managerial competency.

Tailored programs

The second part of the e-learning offering brings together programs that meet specific needs of Groupe SEB. This is, for example, the case of the **Compliance** program, which saw two new modules being added on internal control and personal data protection in 2019. These come on top of three existing modules, which cover IT security, anti-competitive practices and the Code of Ethics. The latter module, launched in 10 languages in 2018, was taken by 91.4% of connected employees (a classroom based training was rolled out for employees without online access at year-end 2019), the other four were taken by over 80% of the employees at which they were more specifically targeted.

Another innovation in 2019: the new digital on-boarding tool called "**Around Groupe SEB in 80 days**". It is targeted at all connected employees worldwide (excluding Supor and WMF). Available in five languages and fully automated, it helps employees during their first months at the company: information about the Group, tips to help fit in, self-awareness tools, mandatory training, etc. This program supplements local on-boarding schemes.

Some "business" training has also become wholly digital. At year-end 2019, the UGS and the Supply Chain department began the first campaign surrounding **Supply Chain** basics within Groupe SEB, intended for 1,500 employees in the relevant functions. In partnership with the Retail department, the UGS also started rolling out the "Make a sale" module to provide training in sales techniques for employees in the Home & Cook stores in France, the United Kingdom and Nordic countries. These campaigns heavily involved the training teams in 2019, in close cooperation with the business teams.

Other tailored digital trainings were developed by various corporate teams (IS training, GSF Academy, Finance Academy, Sustainable Development, etc.) but also by local HR teams, in particular in Germany and Brazil.

TRAINING TAILORED TO EVERYONE

While e-learning is revolutionizing much training, it does not represent the end of class-based training, which remains key in many situations, in particular in manufacturing where fewer employees are connected. Leadership training, for managers, is also largely based on face-to-face even if there is increasingly a digital component.

On the theme of **leadership**, the UGS training range was expanded in 2019 with a new program for middle managers: Management & Leadership in Action. Offered in five languages, it takes 5 months, alternating between face-to-face and e-learning. After two pilot sessions in 2018, the international roll-out continued in 2019, bringing the number of people trained to over 300, primarily in the EMEA area and Eurasia. They will continue in 2020 and 2021, with an acceleration in Asia and the Americas. This program aims to train some 1,300 Group managers over four years. Two other programs supplement leadership training: Developing Your Leadership Impact and Developing Our Talents, targeted at talented young people. Over 150 people per annum are taking one of these three programs.

At the **Sales & Marketing School,** the UGS focuses on e-commerce. In 2019, it developed a new foundational training, "Fundamentals of e-commerce". It is intended for marketing, sales, supply chain employees who will be working within this new environment, which is flowering within the Group. Moreover, the cooking course for Marketing and Innovation teams working on food matters continued to expand in 2019, enabling 15 employees to obtain their professional competency certificate (14 in Cooking and 1 in Pastry).

Lastly, the training program on the OPS (Opération Performance SEB) initiative for the local management of plants, launched in 2017 in France, is being progressively extended to other countries, with a successful roll-out in Brazil in 2019.

Forward planning of employment and skills

In France, Groupe SEB management and the trade unions are cooperating on the forward planning of employment and skills (GPEC). The goal is to anticipate business trends and foster skills development in light of changes in Groupe SEB's environment and strategic direction.

At year-end 2017, Groupe SEB management and the trade unions reaffirmed this commitment by means of an agreement, designed to give employees some control over their professional development, to maintain and increase their employability. From training to mobility-career zones, not forgetting gateways between professions, a broad range of tools is available to Group employees. To ensure a shared vision of the employment and skills transformation challenges and ensure the fairness of the opportunities given to employees, trade unions and Management attend twice yearly **Career Centers.**

There was fresh impetus in 2018. All French sites did the same forward-looking analysis, involving the HR teams, Management Committees, operational staff and the elected members of the Career Centers. On the basis of Group jobs mapping, each site was able to identify emerging jobs, those under pressure (recruitment difficulties) and those in transformation. On the basis of this, specific measures were defined across all French sites and presented at the Career Centers at year-end 2018.

In terms of training, Groupe SEB added operational and structural tools to:

- **increase technical mentoring** to facilitate greater passing on of expertise as part of an initiative to keep expertise in-house;
- **support the digital transformation of Groupe SEB** by investing in training programs that are open to everyone and reflect the special nature of certain professions (factory of the future);
- **formalize and promote gateways between professions** by offering concrete paths to give employees a role in their professional development within the Group.

Technical mentoring allows an experienced employee to pass on his/her knowledge to a mentee, over multiple months. 20 pairings were in place in 2019. The other mentoring systems in place within the Group are work-study training (442 pairings in 2019) and the on-boarding of new employees (662 in 2019). The addition of the training component to the forward planning of employment and skills (GPEC) includes the gradual creation of Jobs Schools.

TRAINING (WORKFORCE AND TRAINING HOURS)

(Worldwide)

	2019	2018	2017
	World	World [b]	World [a]
Number of training hours	585,898	507,870	489,628
Number of employees trained	35,899	29,316	29,954
Number of women trained	13,048	11,010	12,954
Number of men trained	22,850	18,305	16,999

(a) Data updated to correct a calculation error.
(b) Excluding GS Belgium.

Of the total hours of training completed in 2019, 36% was for manual workers, 46% for office employees and 18% for managers.

In addition to the training referred to above, 11,466 connected employees spent more than 27,000 hours on the iGrow@SEB platform through the various e-learning modules.

TRAINING BUDGETS [a]

(Worldwide)

(as a % of payroll)	2018	2018 [c]	2017 [b]
France	4.67	4.63	4.33
Other EMEA countries	1.84	1.74	1.52
Americas	1.00	2.4	2.73
Asia	1.44	1.54	0.88
WORLD	**2.47**	**2.88**	**2.59**

(a) Teaching costs + expenses, wages for interns.
(b) Excluding All-Clad.
(c) Excluding GS Belgium.

The Group's training expenses represented 2.47% of its payroll in 2019. For the Supor subsidiary, these expenses amounted to 1.60% of its payroll for this year. WMF's training expenses for the German entities accounted for 1.94% of its payroll.

GROUPE SEB UNIVERSITY (UGS)

(Worldwide, excluding WMF and EMSA)

	2019	2018	2017
Number of employees trained	1,517	1,294	1,112
Number of training sessions	173	186	157
Number of training hours	36,089	32,710	31,681

The increase in the number of hours and the number of people trained is linked to the creation and roll-out of new training programs.

ABSENTEEISM RATE

Worldwide (EMSA Taicang, GS Singapore, GSE Côte d'Ivoire, GSE Maroc, proHeq CZ, SEB Professional BELUX, SEB Professional France, SEB Professional NA, SEB Professional Shanghai, SEB Professional UK, Schaerer Netherlands, SSEAC, WMF Bulgaria, WMF Española, WMF France Consumer Goods, WMF Heshan, WMF in Österreich Ges. m.b.H, WMF Nederland, WMF Shanghai)

	2019		2018		2017	
	World	France	World	France	World	France
Absenteeism rate [(a)]	3.3	3.7	4.2	3.5	4.0	4.4

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

OVERTIME

Worldwide (excl. EMSA Taicang, EMSA Vietnam, WMF Heshan, WMF Shanghai, SEB Professional Shanghai and SEB Professional Japan)

	2019		2018		2017	
	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor
Number of overtime hours *(in thousands)*	691	12,436	587	11,796	652	11,268
Full-time equivalent *(in persons)*	313	5,942	264	5,646	291	5,400

For the Chinese subsidiary Supor, these figures reflect the local context, where work is highly seasonal, and there are pressures on the recruitment of labor in eastern China. France accounted for 5,021 hours of overtime (equal to 2.8 full-time equivalent jobs).

Given the diversity of the Group's sites and local regulations governing working time, Groupe SEB's aim is not to exceed 48 hours in a standard working week and 60 hours including overtime. Every employee must also have at least one day off each week, except in exceptional circumstances, as explained in the Group's Code of Ethics. Groupe SEB is actively working to achieve these objectives, particularly in its Chinese plants.

EXTERNAL LABOR [(a)]

Worldwide (excl. EMSA Taicang, WMF Heshan, WMF Shanghai and SEB Professional Shanghai)

	2019	2018	2017
France	668	639	851
Other EMEA countries	720	175	651
Americas	1014	627	699
Asia	2,720	3,491	431 [(b)]
WORLD	**5,122**	**4,932**	**2,632**

(a) Temporary full-time equivalent employees.
(b) Excluding Supor China and Supor Vietnam.

A CORPORATE CITIZEN

The Group's commitment to social issues is reflected both in its corporate philanthropy initiatives, primarily focused on combating exclusion, and in its contribution to the economic and social growth of the regions where it operates.

CORPORATE PHILANTHROPY: LOCAL COMMITMENT, GLOBAL DYNAMIC

GROUPE SEB 2023 TARGETS

- 100% of countries where the Group is established involved in a corporate philanthropy program

COMBATING EXCLUSION

Groupe SEB's corporate philanthropy policy is an integral part of its corporate social responsibility approach. Its objective is to harmonize the various subsidiaries' philanthropic commitments and encourage employee involvement. The Fonds Groupe SEB endowment fund team is tasked with implementing the corporate philanthropy policy, ensuring the coherence of the various projects worldwide and coordinating the Group's community actions.

The Group formalized and clarified its corporate philanthropy policy in a document disseminated in 2017 to all the Corporate Philanthropy Correspondents (one correspondent per subsidiary). This document sets out the corporate philanthropy mission and strategic focuses, the participants involved (subsidiaries and Fonds Groupe SEB), their roles, and the various possible forms of contribution. These include financial donations, donations of products, philanthropy based on providing expertise, and cross-partnership or product-sharing operations. To encourage employee involvement, the subsidiary may give every permanent employee one day a year of working time to work on a public interest project linked to the fight against exclusion.

The social purpose of Groupe SEB's corporate philanthropy policy is **the fight against exclusion, in four areas of action**:

- inclusive employment;
- education and training;
- supplying household equipment and providing access to a healthy diet;
- Helping people with health issues.

The people helped may be homeless, excluded from the world of work or in a very vulnerable position.

TOTAL CORPORATE PHILANTHROPY EXPENSES

(Worldwide)

(in €)	2019	2018	2017	2016
Financial donations	2,432,811	2,345,656	2,165,756	1,925,452
including Fonds Groupe SEB	*500,000*	*345,000*	*352,000*	*360,000*
Product donations	614,697	561,944	509,309	551,184
including Fonds Groupe SEB	*199,970*	*356,142*	*308,065*	*246,955*
TOTAL CORPORATE PHILANTROPY EXPENSES	**3,047,508**	**2,907,599**	**2,675,064**	**2,476,636**

Overall, the Group allocated €3.05 million to corporate philanthropy activities in 2019, an increase of more than €139,000 (+4.8%) over 2018.This change is due to a series of changes, in particular to the higher financial allocation to Fonds Groupe SEB. This includes donations to public-interest organizations and cross-partnerships that are more like sponsorship, having a strong impact for the brand or company in terms of communications or public relations. Cause-related marketing products, where a product is sold and part of the proceeds go to charity, are an example of cross-partnerships. Donations of less than €10,000 for a single public-interest organization are reportable.

Local initiatives

CHARITY WEEK

Every year, **Charity Week**, which is coordinated by Fonds Groupe SEB, is a high point of employees' worldwide involvement in community actions. In 2019, the theme of the event, held at end-November/early December, was "**Working together to combat exclusion**". It resulted in the participation of employees from 63 sites and 35 countries in a wide range of actions. Each entity was able to share its initiatives with the whole Group thanks to the Charity Week community on the internal social network Yammer.

The bulk of sites worldwide organized **collections** of food, toys and clothing. Sales of "homemade" cakes, sports events or auctions were often done for local associations.

In France, SEB Campus and sites across the Lyon region organized various actions including 10 team **solidarity days** in which 110 employees participated: painting work in an accommodation center, cooking workshops with people suffering from mental illness, day of sharing with refugees, etc.

Many actions targeted support for **children in need or suffering from serious illnesses**. In Turkey, for example, the I have a wish program enabled children in an isolated village in the south-east of the country to get the Christmas present of their dreams: the Turkish team got their requests and bought the gifts that were handed out to them, in their school, by the employees behind the project. There were other actions of this kind in Germany (EMSA), the United States (All-Clad), Chile. etc. In Mexico, the subsidiary renewed support for its Fondation Renaissance, which helps street children. In Thailand, auctions were held for items donated by employees to a foundation helping children in need or orphans and employees volunteered to take part in activities with the children. In Japan, volunteers at the subsidiary cooked for the Kids' kitchen, which serves meals to isolated young people.

Various initiatives were also undertaken for people with **disabilities** and social events with Group employees, often involving the preparation of meals or snacks (Chile, Czech Republic, Spain, etc.). In certain instances, they got the opportunity to visit production lines such as in Germany (Silit) and in Switzerland (Schaerer).

Multiple sites also spent a day on **inclusive employment**. The Indian subsidiary hosted marginalized young people looked after by the Life Project 4 Youth association. The Rumilly (France) plant hosted young people assisted by Fondation des Apprentis d'Auteuil while the Egyptian subsidiary invited two groups of vocational school students to visit (one of girls and one of boys) to promote the gender diversity of the businesses.

During Charity Week, many Group employees also chose to **share in the day-to-day work of an association that supports the poorest and weakest in society**. In Germany (Birkenfeld), WMF apprentices spent a day in a shelter for homeless people, while in Portugal volunteers prepared meals with an association helping homeless people. In Brazil (Recife) and in India, Group employees visited isolated elderly people. Another example of team solidarity: in Colombia, at the initiative of Fondation Imusa Samurai, some one hundred employees helped build 10 houses for poor families in the vicinity of Medellin, in partnership with Fondation Techo.

THE SUBSIDIARIES COMMIT

The Group's subsidiaries also directly support and initiate projects all over the world outside Charity Week.

In China, for example, since 2006, **Supor** has pressed ahead with a vast construction program, **building schools** for disadvantaged children in rural areas. Since the start of the project, 23 schools have opened (including one in 2018 in Hebei) giving around 20,000 children the opportunity to go to school. Three new schools are being built. In addition to funding schools and organizing training sessions for teachers, this program asks employees to volunteer through leadership, learning support and book donation initiatives, including in particular during Charity Week. Thus, in 2019, seven employees spent a number of days with the children in the Mesuo school (Yunnan).

In **Nordic countries** (Sweden, Denmark, Norway and Finland), Groupe SEB continues the partnership begun more than 10 years ago by OBH with the Star of Hope organization, which works on education, healthcare and food for orphans. The four subsidiaries are currently sponsoring 30 children in the Philippines, who receive support until they reach adulthood. They receive individual financial support and school books, food products, leisure activities, etc. In 2019, all Swedish employees participated in a sale of goods to collect funds. The funds collected will help establish new schools and buy educational material.

In France, 130 employees participated in March 2019 in the second Charity Days event run by Groupe SEB France, which came out of the Be#One company-wide project. Goal: to get to know each other better, join together in a community project. More than a third of the subsidiary's employees took part in the national collection for Restos du Cœur and many other actions: clothes sorting, furniture refurbishment, painting or gardening as part of integration projects, landscaping of green areas, events in social housing, distribution of foodstuffs, etc.

Moreover, as part of measures to hire interns, the Group works in France with the social start-up Vendredi to offer shared internships with charitable organizations. Interns spend four days a week at the company and one day working for a charitable organization, on an assignment with a high social impact.

In **Brazil**, in 2019 Groupe SEB partnered with the Gastromotiva association to train marginalized young people in the São Paulo region in the cooking and restaurant trades. The goal is to help them develop their own business while providing a community service. Efforts to combat food waste are central to this four to six-month training to which volunteer employees contribute. The first class began at year-end 2019 with 58 young people aged 18 to 35, more than half of whom were women.

In **Egypt**, the subsidiary acted on a number of fronts in 2019. For example, for a number of months it supported an organization that helps street children (medical care, essential aid). It also offered 1,000 sets of Tefal cookware to poor young families.

The teams at various subsidiaries also supported victims of **natural disasters** over the past year: fires in South Korea, landslides in Colombia, typhoon in Japan, etc.

CAUSE-RELATED MARKETING PRODUCTS

Cause-related marketing products represent another form of philanthropy performed by Groupe SEB. In France, Tefal and Camif, an online sales specialist, ran this sort of campaign in 2019 for the second year running: every purchase from the Ingenio Resource 100% recycled aluminum range gave rise to the gifting of an item of Group cookware to the Banque Solidaire de l'Équipement, run by the Emmaüs Défi association. In 2018, Tefal joined with Carrefour for a similar campaign: for every product purchased, one product was given to Agence du Don en Nature, an association supported by Fonds Groupe SEB. These initiatives gave poorer families a helping hand in equipping their homes.

Fonds Groupe SEB

Aside from its duties leading and coordinating the annual Charity Week and its role advising on and steering the subsidiaries' corporate philanthropy initiatives, Fonds Groupe SEB provides financial support for various projects combating exclusiveness, mainly in France. In 2019, Fonds Groupe SEB supported 22 projects from a support budget that amounted to €500,000 in cash and €200,000 in product donations.

GOVERNANCE AND OPERATION

Governance of the Fonds Groupe SEB is split between two key entities: the Board of Directors and the Operational Committee, supported by a team dedicated to the Fonds.

The Board of Directors sets the strategy for the Fonds. Its members are:

- Thierry de La Tour d'Artaise: Chairman and CEO of Groupe SEB, Chairman of the Fonds;
- Nathalie Lomon: Senior Executive Vice-president, Finance, Treasurer of the Fonds;
- Harry Touret: Senior Executive Vice-president, Human Resources;
- Chantal Monvois: Managing Director of Fondation AgroParis Tech;
- Véronique de Montlivault: Chairwoman of the Rhône Branch of Fondation Frédéric Gaillanne.

The Operational Committee reviews and selects the projects submitted to the Fund. It monitors their implementation, thereby contributing to the steering and improvement of future philanthropic programs.

It has 10 members, who are Group employees, selected for the diversity of their skills (management, HR, communication, union representatives, etc.) and their commitment to solidarity.

An operational team of two people delivers and assesses the projects and develops the network of employee volunteers.

PROJECTS SUPPORTED

Since 2007, the Fonds has supported 435 projects in France aimed at "better living for all", conducted by charitable organizations with which it has close links, such as Emmaüs Défi, Agence du Don en Nature (ADN), Énergie Jeunes, Institut Télémaque and others.

Énergie Jeunes, for example, works to encourage children to continue with their studies at priority assisted schools in disadvantaged areas through input from volunteers primarily from the corporate world. These volunteers instill in young people the desire to learn, using highly interactive teaching methods. Since 2013, around 20 employees have taken part in initiatives in the Lyon, Isère and Burgundy regions and since 2019 in Haute-Savoie (Rumilly). The arrangement has proven to be highly effective: a study (2016) has shown that high school students who take part get much higher grades than other students. Also in the area of education, the Fonds has supported **Institut Télémaque** since 2011 and acts as the President of the Rhône-Alpes branch. The organization works with deserving and motivated young people from modest backgrounds until the age of 18, through a school corporate mentorship program. In 2019, 17 Group employees acted as tutors to one young person each to help them prepare for the future. In order to facilitate employee engagement with these two associations, the Group gives them four half days a year out of their working time to help young people.

In the area of household equipment and providing access to a healthy diet, the Fonds renewed its support, in 2019, for the **Agence du Don en Nature** (ADN – the Agency for Donations in Kind), of which it has been a founding member since 2008. The ADN collects new, unsold non-food products from manufacturers for redistribution to organizations assisting people in difficulty. Since its inception, support for the Fonds has translated into the donation of 288,000 products, financial assistance totaling €255,000, and the provision of skills. Of the **new projects supported in 2019**, the one run by the **Eris** association is focused on the integration of refugees and asylum seekers. It involves a twin-track program: intensive French lessons using qualified teachers and cooking experience shared with volunteer French speakers in a voluntary restaurant. This shared cooking makes it possible to both create a social bond and help with entry into the workforce. The course lasts 15 weeks. Fonds Groupe SEB also joined Entreprise des Possibles, a coalition of businesses in Lyon working to ensure decent housing for the homeless and the poorest and weakest in society. The organization pools and allocates to social stakeholders time (volunteer employees) as well as financial and material resources, significantly amplifying them.

The Fonds also runs programs to encourage employees to get involved in community projects. For the seventh year running, it organized the **API Sol'** in-house call for projects. The aim of this initiative is to support projects sponsored by the Group's employees. In 2019, the Fonds supported 18 projects selected by the sites' local juries. It also started the "Défis Solidaires en Équipe" (Team Community Challenges) in France in 2017, again to get employees involved. The movement continued in 2019 in various guises: solidarity days during Charity Week on SEB Campus, Groupe SEB France Charity Days, etc. The concept was exported under the name **Charity boost** with four countries answering the call: China, Greece, India and Russia. The four subsidiaries picked 10 short-listed projects sponsored by employees, projects that benefited from financial support or product donations.

A RESPONSIBLE PARTICIPANT IN THE ECONOMY

SOCIAL AND SOLIDARITY ECONOMY

Groupe SEB fulfills its economic and social responsibilities in the regions where it is located. In addition to the jobs it generates, it supports the development of local businesses, especially players in the non-profit and social sectors: company providing work to people with disabilities, sheltered employment center, welfare-to-work company, welfare-to-work temp agency, etc. Whenever possible, it favors the use of companies that support disadvantaged people looking for employment. Social clauses have been added to calls for tender to extend this responsible purchasing policy (see page 129). At the local level, a lot of the Group's sites are already working towards this goal.

In **France**, for example, 10 companies from the protected sector (companies providing work to people with disabilities and sheltered employment centers) work at **SEB Campus** in Écully in catering, cleaning, hospitality, maintenance of green spaces, etc. The head office strengthened its partnership with Handishare, a company providing work to workers with disabilities, in subcontracted Human Resources services (responses to job applications) and general services. The **Lourdes** production facility is working hard on social inclusion. It has a long working relationship with Adapei (Association départementale de parents et d'amis des personnes handicapées mentales) on sub-contracting. This partnership was strengthened in 2016 with the addition of a sheltered employment workshop on the site providing greater proximity between employees and workers with disabilities (between 8 and 16 workers as the case may be). In 2019, the site took a further step when it awarded Adapei the catering contract for site employees. The association also helps maintain the green spaces and prints the in-house newspaper. At **Pont-Évêque**, the plant subcontracts the assembly of plastic parts, labeling and product packaging to the Ateliers de l'Isère Rhodanienne sheltered employment center, representing around 30 people on a full-time equivalent basis. The **Faucogney** site also made extensive use of welfare-to-work associations for the packaging of spare parts and accessories, generating around 36 full-time equivalent jobs. The **Is-sur-Tille** plant has worked for many years with Groupe Coopératif Demain (formerly Juratri), a company specifically specializing in recycling that has over 140 employees, around half of whom are part of an inclusive employment program.

In 2019, the work subcontracted to the disability and inclusive employment sector totaled more than €5.5 million, equal to 305 FTE (Full-Time Equivalent) jobs, across all of the Group's sites in France.

The Group is also building partnerships with social organizations to give them access to reduced-price products. Two such partnerships were agreed in France in 2019 with the VRAC and Revivre associations (see page 159).

In **Colombia**, the Group works through its Imusa brand to support tinteros who live and work in impoverished conditions. These street vendors of coffee and snacks are Group customers because they mostly use Imusa vacuum flasks. To help them, Groupe SEB Colombia's teams have designed a model for them that is better suited to their need to keep the coffee hot for as long as possible, as well as a special trolley to transport them and a folding chair. Through its Tinteros de corazón program, the Colombian subsidiary also takes various steps to improve their circumstances. It particularly offers them training on the management of their activity and health and safety. Following each course, the tinteros are invited to visit the Rionegro plant where the vacuum flasks are manufactured. Every year, Tintero's Day is an opportunity for Imusa teams to show solidarity with the tinteros, for example by providing school supplies. For Tintero's day 2019, in December, other companies wished to support them alongside Groupe SEB Colombia by in particular offering food staples (sugar, coffee, milk, cookies, etc.). Imusa has been supporting some 2,000 tinteros and their families for many years.

LOCAL ROOTS

Although the Group has become very international, it has maintained a firm local footing in the Auvergne-Rhône-Alpes region, where more than 3,800 employees work at six sites: Écully, Pont-Évêque, Mions, Saint-Jean-de-Bournay, Saint-Priest and Rumilly. Internal promotion and skills development are priorities for the Group, whose commitment to the Lyon area is shown particularly in its membership of the "Alliance et Territoires" network, led by the Maison de Lyon pour l'Emploi. The aim of this network is to bring down barriers between member companies and create an intercompany GPEC (Forward Planning of Employment and Skills) and regional GPEC dynamic in the Lyon area.

More generally, the Group is an active member of the community in every region in which it operates. It maintains a number of links with local operators, and particularly with educational establishments, providing classroom talks and inviting students to take part in site visits or work experience programs. In the US, for several years the Canonsburg (All-Clad) plant has been working with three high schools on manufacturing and engineering-related topics. Students analyze the site's complex issues, look for alternative solutions and make recommendations. This initiative, which benefits dozens of high school students every year, won recognition for the Canonsburg site in 2015 at the Champions of Learning Awards, held in Pennsylvania by the Consortium for Public Education. In Germany, WMF has a partnership with the University of Geislingen in areas relating to eco-design and sustainable development.

Groupe SEB also takes part in events on topics related to its business or commitments. In November 2018, it participated in the Journées de l'Economie conference in Lyon, where 40,000 participants contributed to around 60 seminars and discussions. Thierry de La Tour d'Artaise took part in the round table discussion "Is there a model for Asian business development?" using the example of the acquisition of Supor. At another round table discussion on the circular economy, Joël Tronchon, Sustainable Development Director, presented the Group's strategy in this area.

Groupe SEB regularly takes part in discussions on social issues, such as food, health and inclusion. These topics are also handled by its Research and Development teams (see page 162).

3.8. Sustainable innovation

OFFER PRODUCTS AND SERVICES THAT ALLOW CONSUMERS TO MAKE SUSTAINABLE CHOICES.

INNOVATION AND SUSTAINABLE DEVELOPMENT

Since the outset, Groupe SEB has always placed innovation at the heart of its strategy, in order to better meet and anticipate consumer expectations (see page 21). Innovation also helps consumers move towards more responsible habits, an idea that increasingly strikes a chord with many consumers, especially in terms of food, health and ecological footprint. This convergence between innovation and sustainable development has become a reality within Groupe SEB. Sustainable innovation was also the theme of the Research department's November 2019 seminar.

A STRATEGIC APPROACH

To respond to new consumption trends where environmentally friendly considerations are gaining in importance, in particular amongst millennials, the Group launched two major strategic innovation projects. Jointly led by the Research and Marketing departments, they are linked to the realm of cooking and the home: **Cook For the Planet** and **Home for the Planet**. Goal: inventing the product and service offerings of the future by combining:

- an analysis of new expectations and consumption patterns;
- an open cross-disciplinary approach involving the Research, Marketing, Design, Development teams, etc. to come up with new concepts (creative marathons);
- flexible and iterative methods to quickly test the concepts generated.

The Cook For the Planet project, which was launched in 2018, produced 13 innovative concepts in 2019 meeting a range of challenges: efforts to combat wastage, energy saving, food preservation, flexitarian transition, etc. They were tested on target groups in different countries and two of them are already in research with a view to having prototypes finished by mid-2020.

The Home For the Planet project began in autumn 2019. It is initially focusing on linen care and will be broadened to personal care in 2020.

In parallel with these two projects, the Group introduced an **inclusive design** approach designed to facilitate the usage of its products by everyone. It will be followed in 2020 by a "good design" guide (see page162).

FLEXIBLE METHODS

This strong innovation policy relies on frequent and extensive discussions between the Research, Marketing, Design, Development, Quality and Sustainable Development teams. They are currently opening up to new methods, incorporating new skills and taking on technological challenges in fields such as materials, energy consumption and ergonomics.

SEBLab

SEBLab plays a central role in speeding up innovation: it establishes and coordinates a series of tools and methods tailored to the various types of projects and their stage of progress. In 2019, it added the BiiS (Boost innovation with a Social impact), representing an experimental approach launched in 2016 to accelerate social innovation by involving volunteer employees. This approach, since renamed Boost, has been rolled out to all the Group's innovation projects. Boost uses a start-up type approach: multi-disciplinary team following a user-centered (design thinking), pragmatic (test & learn), iterative approach with regular validations (scrum), etc.

Project platforms

Once more with a view to speeding up innovation, in 2019 the Group added project platforms dedicated to particularly innovative themes. The principle: bring together in a single place, in common time periods, a cross-disciplinary team (Research, Marketing, Design, etc.) focused on a single project. This "unity of time, place and action" improves interaction, speeds up decision-making and strengthens momentum. The first project platform began in November 2019 around linen care. Employees involved work together on a common project for three days a week.

Another example of methodological innovation: at year-end 2019, Groupe SEB began to test crowdfunding to evaluate new product designs. This new participative approach, on top of "traditional" innovation approaches, is based on the pre-sale of a limited number of copies. It makes it possible to get direct feedback from consumers and rapidly validate innovation.

COLLABORATION AND PARTNERSHIPS

Group innovation also draws on external collaborations, particularly through collaborative research programs in which public and private partners share their skills to achieve a common target. This open innovation also includes start-ups, in which the Group acquires stakes through the SEB Alliance Fund (see page 24). It invests in emerging businesses that offer disruptive technologies and/or new business models. The sectors targeted match the Group's strategic areas of innovation.

With respect to **healthy and sustainable eating**, Groupe SEB is a stakeholder in many large research or experimentation programs:

Cook2Health

The Group is participating in the EIT Health European program on the subject of "Healthy living and active aging". In this regard, it coordinates the Cook2Health project (2016-2019), run alongside academic partners, physicians, dietitians, digital players. The goal was to measure the impact on people's health of regular use of connected kitchen appliances through an extensive program of clinical trials (monitoring of 30 health parameters). To this end, Groupe SEB had provided volunteers with an Actifry and a connected Cookeo combined with an app containing a personalized nutritional coaching service. The most recent wave of trials, which ended at year-end 2018, covered 160 people whose daily cooking habits, at home, were monitored over one year (France and United Kingdom). The findings, released in 2019, backed by clinical data, confirm that Groupe SEB's connected appliances help move users towards a better diet by favoring healthy cooking teachings and the use of lightly processed products.

Ambitious Innovation Regions: regional food transition

In France, Groupe SEB is a key partner in the "2030 Sustainable Food System" project, led by Metropolitan Dijon and selected by the State in September 2019 under the Ambitious Innovation Regions. This is about creating, at the regional level (23 municipalities, 250,000 inhabitants), a demonstrator showing transition to a sustainable food system: how to enable all members of a household to eat better by promoting local produce and reducing the environmental impact of the food chain? This trial will begin in early 2020. Groupe SEB will in particular help facilitate homemade food thanks to connected products and services and related functionality (recipes, coaching, course lists, etc.), under the Cook2Health project.

Proveggas: focus on pulses

The Group also contributes to the Proveggas (Food-based plant protein) French research program focused on pulses. These foods are attracting growing interest with a view to stabilizing, or even decreasing, the consumption of animal proteins. The aim of the program is to make pulses more appealing to consumers, through simpler preparation (faster cooking), easier digestion and improved sensory properties. Supported by French public funds, the project was launched in 2017 for a four-year period.

ALL STAFF ARE INVOLVED

As innovation is one of Groupe SEB's key values and all employees are users of its products, the Research department, via SEBLab, launched the All Innovators Challenge in 2017, inviting all staff to put forward product and/or service innovation ideas related to the Group's business. Following an initial test edition on the Écully Campus in 2017, the challenge was extended to all the French sites in 2018. Of the 476 ideas put forward in 2018, five winning projects were chosen by an innovation panel following a vote by employees plus selection by a preliminary assessment panel consisting of Research and Marketing managers. The winners refined their ideas in 2019 with the support of SEBLab. Of the 11 winning projects over the two years, over half are linked to sustainable development (energy saving, waste reduction, healthy sustainable eating, etc.). In early 2020, three were in development and one already on offer to consumers: nine low-sugar gourmet recipes were added in 2019 to the Cake Factory app. The All Innovators Challenge will be broadened out across Europe in 2020.

(For more information on Groupe SEB's innovation strategy, see Chapter 1.2, page 21)

RESPECT FOR CONSUMERS

Groupe SEB is committed to offering consumers high-quality products that are guaranteed to be safe and harmless. In each country, the Group complies with all the standards and regulations governing the products it sells. Responsible products are the first theme addressed in Groupe SEB's Code of Ethics, evidence of the importance that it places on respect for the consumer.

QUALITY

Groupe SEB's **Quality Management System** (QMS) describes the steps to be taken, at every level, to ensure the quality of products and related services. The QMS covers all Groupe SEB activities, processes and sites throughout the world. Every Group operation, site, function and employee is responsible for the quality of the work performed and for compliance with the rules contained in the quality assurance documentation. Regular examination of the various components of the System during management reviews makes it possible to check the efficiency of Group processes and to manage the actions needed for the ongoing improvement of product and process quality. The quality management system is described in more detail on page 37.

Testing at all levels

The Group controls the quality of its products **at each stage of the design and manufacturing process**, including with subcontractors. The first quality tests are carried out from the design phase, on all products (excluding purely aesthetic variants): pre-production runs are tested in testing rooms close to the design teams.

For **endurance tests**, products are subjected to an intensive sequence of operating cycles in standard conditions of use, which may be spread over several weeks, without interruption. At the Shaoxing (China) site, for example, endurance tests on kettles are run on around 250 products per annum, each running for 2000 to 6000 heating cycles, depending on the range. In Is-sur-Tille, over 200 toasters were tested over 5,360 cycles each on average.

Other tests cover shock resistance, functionality, behavior in a wet environment, but also the performance of packaging that must protect product integrity from the factory door to the consumer. The surge in e-commerce is increasing single shipments and creating more constraints in terms of packaging. In 2019, the Group invested in new packaging test equipment at its laboratory in Saint-Priest (France).

Commencement of **new product** manufacturing is preceded by a Pilot Run Validation. This involves the pre-production of an additional 100 or so products, with extremely demanding quality criteria, so as to reduce the scrap rate as much as possible. In five years, the number of products not considered "good the first time round" has fallen in half, highlighting the progress made in the upstream development phase. During production, accelerated operating tests (short live tests lasting a few days) are carried out on randomly selected products to identify any faulty components that may have slipped through the quality control conducted by the supplier.

Rate of returns falling

For innovative products, the Group conducts tests in the homes of volunteer consumers to take all possible methods of use into account, even the most unlikely ones. The Group also incorporates consumer comments gathered by call centers as part of a continuous improvement loop. These are forwarded to the marketing teams, who factor them into product development. Proof of the continuous improvement in quality is that returns under warranty have continued to fall since 2009 and have dropped by a factor of more than 2 in 10 years. Finished product quality indicators are also continuing to improve, such as the percentage of potentially faulty products, which has decreased by 60% in six years (Group and subcontractors' plants, excluding WMF).

Finally, the Group takes monitoring measures and proactive steps to raise quality standards in the interests of consumers (see page 37).

PRODUCT SAFETY

Product safety is ensured by a rigorous set of procedures implemented at every stage of product development and production. During development, each project review (RP1 to RP4) includes formal checking of product compliance via a series of validations listed in the EMQS (Environment, Marketing, Quality and Standards) reference document. Several of these validations make a direct contribution to product safety, such as robust design analysis or field tests which validate the design under real conditions. During the production phase, lots of tests are carried out on the production lines (electrical insulation, sealing tightness, etc.) and samples are taken on a regular basis for accelerated functional testing which could reveal possible anomalies not detectable on the new product. A final check is made at the end of the production line, after packaging (test of finished product quality), when sample products are unpacked and tested to check that all the production tests have been carried out.

HARMLESSNESS AND UNPOPULAR SUBSTANCES

With regard to product harmlessness, the Group is particularly vigilant when it comes to selecting component materials, going beyond regulatory requirements. As part of its commitment to quality, the Group has introduced a "Health & Environment" notice which has been on Tefal/T-fal non-stick cookware for several years. This commitment gives a guarantee that there is no PFOA [(1)], lead or cadmium and therefore that the coatings are safe for both the consumer and the environment.

With regard to unpopular substances, the Group classifies in this category substances that, although not banned by the regulations, are considered by some stakeholders, such as NGOs, to be potentially hazardous. On this basis, the Group is working on plans to replace a number of these substances and materials, even though they are not currently covered by the regulations, in order to stay a step ahead of future directives. Phthalates, for example, which were added to the RoHS European Directive [(2)] in 2015, were already viewed as unpopular substances by Groupe SEB in 2012.

FEEDBACK AND SERVICE

Call centers and after-sales service

To answer consumers' questions, Groupe SEB has **multi-channel contact centers** (telephone, email, brand websites, social media, etc.) in most of the larger countries. To improve service across all markets, since 2014 it has had multi-country call centers. In 2019, it continues to expand the Sofia call center, which now covers Slovenia and nine other countries in Eastern and Central Europe, Australia and New Zealand. This center has a team that is able to respond in

(1) PFOA: Perfluorooctanoic acid is a substance used as an aid to polymerization in many polymer manufacturing processes.
(2) Restriction of the use of certain Hazardous Substances.

every language within the countries in question and to cater for the various time zones. A second multi-country call center has been up and running in Lisbon since 2016 for Spain and Portugal. In France, Groupe SEB has consistently won “Customer Service of the Year” for its quick responses and the quality of its customer relations on all communication channels.

The after-sales service of Groupe SEB aims to ensure the proper application of its reparability policy. To this end, it relies on a global network of approved repair centers, which are trained and supported by local Group teams (see page 164). In India, the **after-sales service** structure was completely overhauled in 2015/2016 to bring it up to Group standards. There is now a professional, effective network there of nearly 250 repair technicians, who are selected then trained. The Group has also developed a smartphone application for the country, allowing customers to book a repair time slot, as repairs at home are very common practice in India.

Inform the consumer

Keen to help the consumer in all circumstances, the Group continues to expand the services it offers. It continually does new product use and maintenance **videos** (on average, 3-4 a month), which are posted on YouTube and can be accessed via the brand websites. Consumers can also access a large **mutual assistance community** via the brands’ websites. In France, this community now numbers over 700,000 users of the Group’s products, willing to exchange advice and tips.

Groupe SEB is also making an effort to improve the transparency of information between manufacturers and consumers through a new service offered in France by the start-up Alkemics, of which it is a shareholder through the SEB Alliance fund. In 2019, Alkemics launched the “**Transparence Conso**” program: it allows manufacturers to freely share, with a single click, their product catalog and related information (ingredients, nutritional data, allergens, etc.) with consumer transparency apps, which are seeing exponential growth. Most apps, including Yuka, the leader in France in terms of downloads, have signed up to this initiative.

COOKING FOR GOOD

COOKING FOR GOOD

MAKE DELICIOUS, HEALTHY HOME COOKING ACCESSIBLE TO EVERYONE.

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

Worldwide, Groupe SEB is helping answer the question "What will we eat today?" while ensuring that what is on offer is a wholesome balanced meal that is easy and hassle-free to prepare. Our solutions are also designed to promote a more responsible diet, encouraging practices with a lower environmental impact.

MAKING HOMEMADE FOOD EASIER FOR EVERYONE

GROUPE SEB 2023 TARGETS

- One program to make homemade accessible to everyone

Nutritionists all agree: reducing our intake of ultra-processed food and eating homemade dishes, where possible using fresh ingredients, plays a significant part in improving health. Nine out of ten French people think that "cooking healthy, balanced meals" and "sharing meals with family or friends" are the activities that contribute the most to their well-being [(3)]. At the same time, however, 50% of them say they don't have the time to prepare meals. By their very nature, the Group's products and services make homemade cooking easier, with solutions that simplify life, save time and help produce recipes that allow people to eat well and enjoy their food.

Over the years, thanks to its innovations, the Group has proven that home cooking does not need to be complicated or time-consuming. For example, the famous Super Cocotte Seb pressure cooker (1953) was the first in a long line of pressure cookers, including Nutricook and its four cooking programs that preserve vitamins and other nutrients. More recently, in 2012, Cookeo enabled time-strapped cooks to put together dishes quickly, with hundreds of step-by-step recipes that could be made in less than 15 to 20 minutes. Over 2 million have already been sold in France. Cuisine Companion then raised the bar even higher: as well as cooking, it makes the preparation of ingredients, pastry or sauces easier, using a range of accessories for chopping, mixing, beating, kneading, grating, etc. Now connected, all these products are continually receiving digital enhancements, to offer consumers an infinite quantity of recipes and a variety of delicious meals.

In many countries, Group subsidiaries are organizing events to promote homemade cooking. For example, in 2019, Groupe SEB Korea ran such an event at the cooking studio of the public television station KBS. Two star TV chefs shared their experience and cooked recipes with Tefal products surrounded by 120 people including social media influencers, journalists, passionate newbie cooks, etc. The homemade message was spread through 90 articles and photo features in the large national dailies and through various sponsored messages on Instagram and YouTube.

Seb, Tefal and Moulinex sign up to the Malin Program

In its desire to make "eating well" accessible to as many people as possible, Groupe SEB includes vulnerable sections of society. That is why in 2017 it got involved in the French Malin program that aims to help young children from poor families get access to a balanced high-quality diet, and influence family eating habits. Notable Malin partners include Société Française de Pédiatrie, Croix-Rouge Française, Caisses d'allocations familiales, Blédina and Danone Communities (Danone), Lesieur and Groupe SEB via its Tefal, Seb and Moulinex brands. The French government included this program in its anti-poverty strategy, which became official in 2018, and in the National Nutrition and Health Program 4 in 2019. Many studies show that healthy eating from a young age helps to significantly reduce diet-related diseases such as diabetes and obesity.

As part of the Malin program, the Group offers cookware and electrical appliances at accessible prices for families (30 to 60% reduction). The objective is to offer a useful range of family products while reinforcing family home cooking habits and developing a sustainable balanced business model for the Group. These "preferential" sales are held twice a year (two-month periods) on an internet platform. A study of buying habits during these campaigns and discussions with the beneficiaries give greater insight into families and their practices in order to tailor the offering to their needs. The Group also uses this program as a platform to provide advice (good planning and tips) on healthier eating.

At year-end 2019, over 15,000 families had benefited from the Malin program since the outset. Over time, it will be offered to 480,000 eligible families throughout France with the goal of reaching at least 160,000.

(3) BVA survey conducted for Groupe SEB in July 2018, on a sample of 1,104 people representative of the French population, aged 18 and over.

Partnerships with the voluntary sector

Once again in line with the socially guided business approach, in 2019 the Group partnered with two associations in the Lyon region to give them access to reduced price products, in particular in the course of stock clearances. The first partner, Revivre, is a social development association with a focus on inclusive employment that acts as a central purchasing body for other charitable associations. The second partnership is the VRAC association, which helps establish purchasing groups in lower income areas, to give everyone access to quality products. The products are purchased directly from manufacturers at reasonable prices and then distributed by local residents. VRAC thus encourages sustainable and responsible consumption.

HEALTHY, TASTY MEALS

GROUPE SEB 2023 TARGETS

- A "healthy and sustainable eating" Charter for recipes accompanying products

A healthy and sustainable recipe Charter

In the quest for healthy food that has a lower environmental impact and the need to feed 10 billion humans by 2050, a dietary transition is required particularly in Western countries. Amongst these necessary changes, experts are recommending that fruit, vegetable and pulse consumption will need to double in tandem with a 50% plus reduction in animal protein consumption [(4)]. Aside from the positive health effects, the adoption of a **flexitarian diet** [(5)] reduces the carbon footprint by over 40%. To support this movement, in 2019 Groupe SEB finalized a "Healthy and sustainable recipe Charter". More vegetables, cereals and pulses, less meat, limited amounts of fat and salt, no overly-processed ingredients. These are the broad guidelines of this Charter, which is initially focused on salty dishes. It was developed by the Food Science and Sustainable Development teams on the back in particular of the recommendations of the National Health and Nutrition Program (PNNS – France) and on the expertise of a dietitian and a chef active in this area.

This Charter is a reference framework for expanding the proportion of healthy and sustainable recipes in the hundreds of recipes that the Group shares with consumers via a whole range of channels: apps connected with products, brand websites, social media, cookbooks, etc. The most recent cookbook for the Nutricook+ steam cooker, published at year-end 2019, offers a balanced breakdown of recipes: fruit and vegetables, pulses, fish and seafood, meat each represent 20% of recipes, carbohydrates 15% and dairy products 5%. They also list seasonal ingredients and give "zero waste" tips.

Solutions combining products and services

Eating quality food is the key focus of the Group's brands, which develop new solutions to promote healthy eating and enjoy food at the same time. Tefal and Moulinex are the Group's international brands most involved in this area.

TEFAL

Since its early days, Tefal's innovations have always focused on healthy eating. It all began with the invention of the non-stick frying pan, meaning that people could cook using very little oil, or even none at all. In the cookware section, the **Preserve frying pans** range, launched in France in 2018, is specifically designed for cooking at low temperature, conserving up to 30% more Vitamin C than cooking at high temperature.

In electrical products, the Actifry fryer (sold under the Seb brand in France and Belgium), in which healthy, tasty meals can be made using only a spoonful of oil, has been developed to make the consumer experience even easier with the **My Actifry application**. As well as providing "step by step" help to make dishes successfully, it also offers several hundred recipes so that people can vary their menus and enjoy a healthy, balanced diet. It encourages consumers to eat fresh produce, particularly fruit and vegetables. In 2019, tips for healthier food and lifestyles were added to My Actifry that evolves over the seasons.

Optigrill, another Tefal flagship product, launched a new model (Elite) in September 2019 that offers four automatic programs solely dedicated to vegetables, for healthier and more varied meals. As with previous versions, it benefits consumer health by means of an exclusive grilling technology for meat and fish that considerably limits the formation of undesirable compounds. The effectiveness of this technology, based on the cooking temperature, has been proven through assays by an independent laboratory.

Tefal is also innovating with a view to cooking rice in a healthier way: **Healthy & Tasty** cooks rice in two stages with a system that results in 20% less starch than traditional cooking. This new procedure has particular appeal in terms of preventing diabetes and obesity, especially in Asia-Pacific where 90% of rice production and consumption is concentrated. Healthy & Tasty was launched in 2019 in Malaysia and Singapore.

On the dessert front, since 2019 the **Cake Factory** application has offered a pack of low sugar recipes.

MOULINEX

The iconic "homemade" brand, Moulinex has strengthened its support to help consumers move towards better diets by offering services related to its connected products. In 2019, the new **Healthy** functionality was added to the **Cookeo** multi-cooker app, providing detailed nutritional information on recipes made using the appliance. It classifies recipes into food groups – vegetables, animal proteins or starches for example – indicating the number of daily portions they offer. In the first half of 2020, Cookeo Healthy will offer a nutritional coaching service: depending on goals set by the user (eat less meat, more vegetables, more balanced, etc.) and their tastes, the app will recommend a tailored selection of recipes to help them reach their goal.

Moulinex also reinvented steam cooking with **Steam'Up**, launched in 2019. Although everyone agrees on the nutritional benefits of this style of cooking, most consumers associate it with dishes that are bland and aren't very varied. With Steam'Up, steam cooking moves upmarket with a reverse steam technology that makes it possible to blend and retain flavors. The result: recipes that are both healthy and tasty, continually enhanced in the dedicated application.

(4) The EAT-Lancet Commission Summary Report "Food Planet Health" published in January 2019.
(5) A flexible vegetarian diet (or semi-vegetarianism).

Moulinex is also supporting the flexitarian transition with **Multicook & Grains**, which offers specific pulse cooking programs. This family of crops is a key source of plant-based protein, which have a lower environmental impact than animal proteins.

SUPOR

In 2017, Supor introduced vacuum technology to its blenders: by removing air from the bowl while mixing, **Vacuum Nutrition Plus** reduces the oxidization of food, conserving its full nutritional value. Moulinex did the same in 2018 on the European market with Freshboost, using the same technology.

Awareness-raising actions

Groupe SEB is also involved in raising awareness about nutrition among the general public. Product-based events done in various markets are also an opportunity to share various food messages. Thus, in many countries, Actifry is at the heart of campaigns to raise awareness of healthier ways of living and more balanced eating.

It is in this spirit that, in 2018, the Group became a partner of the "Diet, nutrition and eating behavior" Chair at the AgroParisTech University (France). This Chair develops innovative, fun food education activities using new educational tools, often based on digital technologies. In 2019, the Group turned to this partnership when preparing an e-learning module for its employees on "The secrets to healthy, balanced and sustainable eating". Based on quizzes and videos, it challenges conventional wisdom, provides basic explanations on proteins, carbohydrates, fats and gives tips on eating well without harming the planet. This module was launched in November for all connected employees in France. It will be rolled out internationally from 2020.

SUSTAINABLE COOKING

In addition to the impact on health and well-being, the choice, preparation and preservation of food has an impact on our ecological footprint. The healthy and sustainable recipes Charter includes this component: for example, reducing the amount of meat in favor of pulses helps reduce greenhouse gas emissions. Along the same lines, at year-end 2019, the Cookeo teams shared on social media content to help consumers who wanted to reduce their meat consumption. With, for example, suggested ingredients that might constitute an alternative to animal protein with recipes to cook them, as well as a range of tips and tricks regarding **flexitarianism**.

Combating food waste

A growing concern in many countries, efforts to combat food waste are another area in which the Group is committed. It naturally contributes to this by virtue of its core business that encourages homemade food: meals are prepared as required. And some products can be turned into anti-waste tools such as blenders, which, for example, allow great smoothies to be made with slightly too mature fruit and to use some fruit and vegetables whole, including the skins. The Group has developed a range of content in this area on social media in 2019, in particular in connection with the new range of Powelix blenders. In general, the Group gives advice on **using as many foodstuffs as possible** in recipes connected with the products. The cookbook included with the Moulinex juicers (Juice & Clean, Juiceo, Power Juice) for example abound with ideas on how to cook the pulp instead of throwing it away. Several subsidiaries also carry out awareness-raising actions on the topic of food waste. For several years now, Groupe SEB Brazil, for example, has held cooking classes showing how to use fruit and vegetables in their entirety, including peelings.

Storage jars, vacuum flasks, etc.

The Group's product range also includes food storage boxes. They are increasingly popular with consumers who use them to store their foodstuffs, keep leftovers in the fridge or bring food from home. They are also used within the Group: in Mexico, for example, the subsidiary signed an agreement with companies delivering meals to employees to eliminate all single-use plastic packaging and replace it with reusable Tefal boxes. Food retailers are also very interested in reducing disposable packaging, as seen from various initiatives launched in 2019. In Germany, the HIT retailer provides customers with Clip&Close boxes (EMSA) for their purchases at the delicatessen counter. In France, the Vrac'N Roll start-up, a pioneer in the online sale of loose organic produce, has started using Optima boxes (EMSA) for order shipments. Stackable, strong and easy to clean, they can also be kept for re-use.

Another Group product range in sync with more responsible daily practices: vacuum flasks and thermo mugs (EMSA, Tefal, Supor brands, etc.) are a sustainable alternative to disposable cups and other plastic containers that pollute the planet.

Group brands raise consumer awareness around food waste by sharing content on various information channels on the back of products that help this approach. This was, for example, the case of the No waste campaign undertaken by Tefal in Germany and the Netherlands in 2019 around Master Seal storage boxes and thermo mugs. In France, three young top chefs taking an environmentally-friendly approach were invited to cook "zero waste" recipes live on Facebook using a Seb pressure cooker. 10,000 people logged in to watch.

The Group also supports consumers who want to grow their own herbs or vegetables: with the **Click & Grow** (EMSA) indoor vegetable gardens, they can pick vegetables and herbs all year round, whenever they need them. The right combination of water, oxygen and nutrients ensure optimal growth with, amongst other advantages: no transport, less waste, 100% natural foodstuffs, etc. This home farming concept is one of the avenues for innovation being explored by the Group.

The environmental impact of Group products has long been part of its priorities. Two chapters in this document are dedicated to its policy in this area (see Circular revolution, pages – 164-168 and Climate action, pages 169-179).

BETTER HOME LIFE

HELP EVERYONE TO LIVE BETTER IN A HEALTHIER HOME REGARDLESS OF THEIR AGE AND HEALTH.

INCLUSIVE-DESIGN PRODUCTS

As well as permanent disabilities, anyone, at any time of their life, might experience limited sensory, physical or cognitive ability, due to injury, illness or old age. Certain situations may also create constraints, such as a young child in arms. Whether temporary or permanent, disability can affect the sense of touch, sight, hearing, taste or speech. As part of its commitment to make its products accessible to as many people as possible, in 2018 the Group began the process of raising the inclusiveness of all its products. Initially, it focused on the user-friendliness of breakfast products (kettle, coffee maker, toaster): an "inclusive" set will shortly be released onto the market. In 2019, this approach was broadened with the decision to develop a Good design guide in partnership with APF Franche Handicap and the support of Caisse Nationale de Solidarité pour l'Autonomie. It will be finalized in 2020.

An open source Good Design Guide

The Good Design playbook will bring together best design practice designed to facilitate daily usage for all users, in particular in terms of readability (size and color/contrast of writing), gripping, handling, weight, materials, etc.

In developing this guide, the Design team adopted a user-centered approach, with people with disabilities being involved at all stages of the project:

- observation: 90 hours of interviews and home testing to identify sticking points when using products;
- idea generation: 3 workshops, 60 participants (people with disabilities, helpers, designers, researchers, marketing people, etc.) and creativity tools to come up with solutions that help everyone;
- prototyping of chosen solutions;
- evaluation of prototypes by people with disabilities or otherwise to assess the universal added value of the inclusive product for all consumers.

The Good Design playbook is also based on recognized standards. The digital version will be released under an open source license. Applied to the area of small household appliances, it will not simply be a collection of best practices: it will also set out the methods and tools used to bring them out, in order to promote the expansion of good design to other sectors and other products and services.

Groupe SEB was recognized twice in 2019 for this collaborative approach to good design: it received the Mines ParisTech & Cegos Sustainable Development CSR Award and the LSA "La conso s'engage" award.

Initiatives to keep up the momentum

Aside from this draft guide, the Group undertook multiple actions in 2019 around inclusive design, and in particular:

- raising the awareness of the Design team regarding different forms of disability and the various daily usages in order to expand its inclusive design thinking (immersion workshops and understanding disability). This training was led by a coordinator from the hizy.org platform, established by Handicap international and supported by Fonds Groupe SEB, along with three occupational therapists from CRIAS (Centre régional d'information pour l'agir solidaire). It will be broadened to other teams from 2020, starting with Marketing and R&D;
- the commencement of two projects to improve accessibility of product instruction leaflet and Group websites (brand websites and institutional website);
- a "preferential" sale at reduced prices reserved for APF France Handicap members involving a selection of Group products identified as particularly tailored to people with disabilities. These include: the Cookeo multi-cooker, the Air Force upright vacuum cleaner, the Cake factory, the Clipso pressure cooker.

In fact, although the Group placed a stronger emphasis on accessibility since 2018, this issue was already a part of its product design. The Clipso pressure cooker, which came on the market in 1994, can be opened with a single hand. Similarly, Supor designed a rice cooker more particularly tailored to older people (very visible operating lights, easy opening button, ergonomic handle, etc.). Of the most recent examples, the Air Force Flex vacuum cleaner, launched in spring 2019, easily vacuums under furniture without the user having to bend down, something that is much appreciated by people with back pain. It is also particularly easy to maneuver, wireless and all the controls are on the upper part of the product.

A HEALTHY HOME

BETTER INDOOR AIR QUALITY

A better home life also means a healthy environment, starting with the quality of the air we breathe. This can be damaged by multiple pollution sources such as animal hair, dust and pollen, which cause respiratory allergies, as well as volatile organic compounds including formaldehyde, specifically found in paint or glue used in furniture, and recognized as one of the most dangerous pollutants in the home. Since 2015, the Group meets this need to purify air with the **Intense Pure Air** range. Its ultra-effective filtration system contains four filters. The Allergy+ filter, for fine particles, captures allergens, while another filter equipped with exclusive NanoCaptur™ technology, definitively destroys formaldehyde. The new version of this filter, launched in 2019, is more effective (50% longer lifespan) and its manufacture is more environmentally-friendly.

Thanks to its smart purification system, Intense Pure Air automatically starts working once it detects pollution. It can also be connected to an app that lets you view the indoor air quality and manage the appliance remotely, providing more information on air pollutants.

Proven clinical effectiveness

In 2018, the Alyatec Research Center, located in the new Strasbourg hospital, conducted a world first with Groupe SEB: a clinical trial aimed at demonstrating the effectiveness of the Intense Pure Air purifiers on respiratory allergies. Twenty-four patients suffering from allergy-related asthma spent two sessions, a maximum of two hours each time, in a sterile exposure chamber. Air containing extremely fine particles of cat allergens was introduced into the chamber, firstly in the presence of placebo purifiers (no filtration), then with active Intense Pure Air purifiers. During the first test, all the participants had allergic reactions, causing them to leave the room before the end of the session. By contrast, the results of the second test showed that the use of Intense Pure Air purifiers could reduce the risk of allergic reaction by a factor of 10. The results of this trial were presented in May 2018 at the European Academy of Allergy and Clinical Immunology (EAACI) Conference in Munich. They were also published in 2019 in Clinical & Experimental Allergy, the official journal of The British Society for Allergy & Clinical Immunology (BSACI).

CLEAN FLOORS WITHOUT DETERGENTS

With regard to home cleaning, a growing number of consumers are looking for ways to limit their use of detergents, which cause chemical pollution. Here again, Groupe SEB has come up with an innovative solution for keeping floors clean without using these products. The **Clean & Steam** vacuum cleaner, launched in 2017, vacuums and steam cleans the floor in one go. Besides saving time, cleaning in this way eliminates up to 99% of bacteria, which are destroyed by the heat. This is especially good for people suffering from allergies and parents of young children.

TAKING CARE OF YOURSELF AT ANY AGE

As part of its focus on personal care, in addition to its existing product range, the Group wants to develop products and solutions that help people stay fit and in good health, for better home life at any age.

In France in 2017, **Tefal** launched the **Body Partner**, smart bathroom scales that incorporate a unique and exclusive body shape tracker device. As well as measuring the user's weight and fat mass/lean mass ratio, Body Partner shows their hydration rate and integrates body shape data captured by a smart tape measure. All of this information is sent to a smartphone application, where it generates dashboard charts that allow the user to track the various parameters over time. Since 2019, the application also offers a coaching service to help users meet their goals, such as weight loss, thanks to advice and suggested sports exercises.

In 2018, the Group worked on preventing falls. This project led to a prototype solution related to balance, currently in development.

Through the Group's open innovation approach, it has also invested in the SeniorAdom start-up through its SEB Alliance fund (see page 25). SeniorAdom offers a new-generation, non-intrusive remote assistance solution that detects falls and illness without the user having to wear any particular device. In this way, it helps elderly people or people with reduced mobility stay in their own homes.

3.9. Circular revolution

CIRCULAR REVOLUTION

MAKE OUR PRODUCTS AND SERVICES PART OF THE CIRCULAR ECONOMY.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

The Group's goal in this area is to save the planet's resources by operating on several drivers: extending product life and re-use, promoting recycling and the use of recycled materials, experiment with shared product use.

The Group also contributes to the development of this virtuous circle through several initiatives involving various stakeholders. Since 2018, for example, it has supported the **Urban Mines Chair,** founded in partnership with three French "Grandes Écoles" universities (Arts et Métiers, Chimie ParisTech and Mines ParisTech) and the environmental organization Ecosystem. The Chair focuses on implementing a circular economy model that is profitable for everyone – citizens, manufacturers, recycling organizations and local authorities.

LONG-LASTING PRODUCTS

REPARABILITY

GROUPE SEB TARGET

- Over 90% of electrical appliances with the "10-year repairable product" commitment (for Tefal, Moulinex, Rowenta, Krups, Seb, Calor)

94% of products repairable for 10 years [1]

Product reparability is a vital aspect of the circular economy, as by increasing the lifetime of products it helps to reduce both the resources consumed and waste, and therefore preserve the environment. It is also beneficial for consumers who get an economic benefit (cheaper to repair than to buy a new product) and keeps users of the Group's products loyal by extending service lives as much as possible.

For Groupe SEB, reparability is an approach that ensures:

- that a product can be readily disassembled and reassembled;
- that the spare parts are reasonably priced, and readily available for an extended period of time;
- that there is a significant network of trained repairers while ensuring optimal regional coverage.

All of this should allow a streamlined customer experience and ensure the effective repair of products for many years.

The Group is a pioneer in this field. Its reparability policy, initiated in 2008, reached maturity in 2015 with its **"10-year repairable product" commitment**. This logo is now displayed on 94% of the new electrical appliances sold in Europe, Asia, the Middle East and Africa for the four brands Tefal, Rowenta, Moulinex and Krups, and for Seb and Calor in France and Belgium. In 2019, this commitment began to be broadened to all new ranges of WMF small electrical appliances and its extension to the Brazilian brand Arno is being considered.

In some countries, cookware (frying pans, stewing pots, saucepans, etc.) can also be repaired. For example, this is true in Egypt and the United States for All-Clad branded products (see page 168).

DEMANDING CRITERIA

Product reparability starts from product design, and is one of the priority areas in the Group's Eco-design Guide. Right from the start, products are designed to be easily disassembled and reassembled so that only the worn parts have to be replaced. In 2016, the Group adopted a more stringent calculation method when defining the level of reparability of its electrical appliances. In addition to the criteria of availability and price of parts, this definition now includes the percentage of repairable faults. The Group considers a product to be **mostly repairable** if at least 80% of faults are repairable (one or two parts at most are not available or cost more than half of the product's price, and this/these part(s) account for less than 20% of the risk of faults). A product is **fully repairable** (100% of faults are repairable) if all the components that can be replaced are available and none cost more than half the price of the product.

In 2019, of the 94% of repairable electrical appliances, 79% were wholly repairable and 15% were mostly so. In parallel, the **percentage of repaired products is increasing in approved centers**: in Europe, for example, the percentage of products under warranty repaired within 5 days rose from 70.3% in 2012 to 82.10% in 2017.

(1) Mostly repairable, on small electric appliances.

An attractive repair package

Since 2019, Groupe SEB trialed a new initiative to encourage consumers to increasingly repair their products after the warranty period, when they bear the cost of repair. To remove the main obstacles, the fear of a high cost or the risk of paying for a quote "for nothing", the Group has introduced a **fixed repair offer** with a single, fixed rate for each product category. The consumer has the assurance that they can get their product repaired for less than a third of the price of an equivalent new product from the brand, whatever the malfunction, the spare parts needed and age of the appliance (the reparability warranty lasts for up to 10 years). They also benefit from a warranty covering the whole product for six months after the repair has been done. This offer was initially launched in France for the Rowenta brand. Consumers can purchase the repair package directly on the rowenta.fr website, then follow the instructions to send the product or take it to an approved repair center. The service will be extended to other brands in France in early 2020 and will gradually be rolled out in other European countries, starting with Spain, Portugal and Italy.

Repair center and spare parts network

To ensure that repairs are of optimum quality, Groupe SEB uses a network of approved repair centers, which has gained in strength over the last 10 years. There are now over 6,200 worldwide, including 2,800 in China. The Group's local after-sales service teams in the different countries are responsible for training and supporting the repair centers.

The Group guarantees the repair centers that some 40,000 listed spare parts will be available for as long as 10 to 15 years after products cease to be manufactured, including sourced products, at the cheapest possible price (this price has not increased since the 30% reduction in 2012). In Western Europe, spare parts are delivered to repair centers within 24 to 48 hours, rising to a maximum of four days in other parts of the world.

Nearly six million spare parts are stored at the Group's central warehouses in Faucogney in the east of France (30,000 m^2 in storage area). In addition, in a growing number of countries, consumers can directly order accessories, consumables and spare parts on the brand websites. In 2019, direct orders were possible on 67 brand websites across the world. Since 2016, the Group has used a second spare parts and accessories warehouse in Hong Kong to deliver parts to repair centers or consumers in Asia more quickly.

The Group also moved into the **3D printing** of spare parts, allowing parts to be printed on demand. This simplifies inventory management and increases availability almost to infinity. Since 2015, certification testing has been done on repairs of volunteer "pilot" consumers. They regularly provide the Group with information on part performance over time and their feedback is over 90% positive. At year-end 2019, 80 3D-printed functional and technical parts were being tested in Western Europe. From 2020, approved items will be included in the standard spare parts catalog for repairers with the note "3D printed part certified by the manufacturer".

RépareSeb in Paris: a dedicated circular and solidarity economic hub

In 2019, the Group kicked off the RépareSeb project, a further step in the promotion of prolonged usage of small electrical appliances within the context of a social and solidarity economic approach. This hub, which will open in 2020 in Porte de la Chapelle, Paris, will offer four additional services, in partnership with the city of Paris and ARES Group, which is specialized in inclusive employment:

- small electrical appliance repair in a workshop that is certified for all Groupe SEB brands;
- appliance rental using the Eurecook model (see page 167);
- product refurbishment (mostly recovered as part of the after-sales service) for resale as "Second hand";
- training and support (small groups) in a collaborate space dedicated to the circular economy.

This project will enable the establishment of a new inclusive employment entity in Paris for people who are out of a job. They will be working on product repair and refurbishment.

Raising awareness among consumers and other stakeholders

Whether or not products are under warranty, the Group encourages consumers to have them repaired instead of exchanging them by directing them to the approved repair centers using several information methods: product documentation, brand websites, explanatory videos, etc.

More generally, since 2016, Groupe SEB has intensified its communication on the reparability policy to all stakeholders in European countries (press, NGOs, consumer associations, public bodies, etc.). Its "10-year repairable product" commitment is now largely relayed on social networks in Spain, Portugal, Romania, Poland, and other countries. As the Group is considered to be the European leader in reparability, it has been invited to present its approach at conferences organized by various public institutions, such as the Belgian Senate, the European Court of Justice and the Métropole du Grand Paris.

This commitment to reparability has won the Group many awards. In May 2018, it won the award for "Social and Environmental Responsibility" at the European Business Awards in Warsaw, having been selected from 112,000 companies from 34 European countries.

PRODUCTS WITHIN THE RECYCLING LOOP

DESIGNING RECYCLABLE PRODUCTS

Product recyclability is a priority of the Group's eco-design guide (see page 172) and all products are assessed for their recycling potential using a standardized method. When designing a product, the Group gives preference to materials that can be recycled (metallic components, certain plastics like polypropylene) and plans for quick and easy disassembly. For example, the Tefal Turbo Pro Anticalc steam iron, launched at year-end 2016, had a heat shield (the part above the sole-plate) made from recyclable PBT, rather than non-recyclable BMC, which was the case for previous ranges. Thanks to this change, the recyclability percentage rose to 82% compared to 76% for an equivalent iron with a BMC shield. Since then, all new steam iron ranges manufactured at Pont-Evêque (France) incorporate this part. The same change was made to the Calor Express Compact steam ironing station. Another illustration of the improved recyclability: in 2018, the Erbach (Germany) site adopted a new co-injection process that removes the use of non-recyclable glue.

The average potential recyclability rate for new electrical product families designed in 2019 reached over 80%.

USING RECYCLED MATERIALS

GROUPE SEB 2023 TARGETS

- 50% of recycled materials in Group products (including packaging)
- Double the amount of recycled plastic in products manufactured in France (2017 base)

Groupe SEB uses more and more recycled materials in its products. At year-end 2019, for products manufactured in-house, it had already exceeded its target set in 2013 of incorporating 20% recycled materials in new products and packaging by 2020, achieving 35%. The target is now 50% by 2023. It also made a specific commitment **on recycled plastics, with the goal of doubling the annual use in France** by 2025 compared to 2017 (subject to any changes in applicable regulations that might impact this strategy).

Metals: more recycled aluminum in cookware

As regards metals, across all products, most of the stainless steel used by the Group is already from recycled sources. This rate is 80% in cookware (utensils, frying pans, saucepans, stewing pots, pressure cookers, etc.). In the case of aluminum, mostly used for this product category, the proportion of recycled materials is lower but is rising on the back of efforts by the teams in question. Using recycled aluminum produces 90% less greenhouse gases than primary aluminum and consumes 20 times less energy. In 2009, the Natura cookware range was the first made from 100% recycled aluminum and three years later, in 2012, Tefal established the first recycling system for cookware in France. Of products recently put on the market, the Eco Respect and Resource frying pan ranges, which also use 100% recycled aluminum, won the Grand Prix de la Responsabilité Sociétale des Marques in April 2019 (France).

Recycled plastic: significant progress

The Group's recycled plastics strategy began 10 years ago with the Enjoy utensils, made from 95% recycled **PET**. It has since continued to ramp up efforts in this area, led by the Purchasing, Quality, Standards and Environment and Research departments in liaison with the Industry and Marketing departments: cooperation with recyclers to improve the quality of the plastics in question, verifying their regulatory compliance, performing injection and prototype testing, launching pre-production runs, etc. Compared to plastics from oil, recycled plastics reduces the impact on global warming by nearly 70%.

In 2015, the Group was a pioneer in France, setting up the first **circular economy loop for small electrical appliances**, with Veolia and the Ecosystem eco-organization. This cooperation led to the first steam generator with a **polypropylene** casing made from recycled electrical and electronic appliances, produced in Pont-Evêque (Silence Steam, Rowenta). Preparations are also being made to integrate this same recycled polypropylene in the steam irons produced in Erbach (Germany).

In 2018, Rowenta extended use of this material to the Silence Force Compact vacuum cleaner bases, through specific investment in production lines at the Vernon site. In 2019, this change was extended to most of the bagged vacuum cleaners produced on the site.

The Expresseria (Krups) coffee maker, manufactured in Mayenne, also saw an improvement in terms of recycled plastic: following the incorporation, in 2017, of an internal technical support made from recycled ABS, from early 2020 its base will also be made from recycled ABS/PC. The list of products incorporating recycled plastic is growing each year: raclette grills, fans, meat mincers, shredder, up to and including some EMSA Landhaus plant pot ranges made from diaper production scraps.. , etc. A dozen new products are on the way. Moreover, aside from its partnership with Veolia, the Group has developed its dealings with other recyclers with the aim of increasing its expertise to meet its needs. It carries out **training and awareness-raising** activities in-house for the relevant teams (design teams, laboratories, quality, marketing, etc.).

SHOPPING BAGS TOO

The use of recycled plastic also extends to the bags offered by the Group's stores to their customers. In Europe, in 2018, these were reviewed from an ecological and economic point of view. Made from 80% recycled plastic and 100% recyclable, the new bags have been awarded the Blue Angel environmental label. In addition to the use of recycled plastic, the reduction in the number of suppliers (from 10 to 4, including 1 covering 75% of needs) also helps to reduce the carbon footprint involved in transporting the materials. In early 2019, these bags were available in nearly all countries in the EMEA zone where the Group has stores (Home & Cook and WMF). The 13 Egypt stores also adopted this approach in 2019.

In recognition of all these efforts in recycled plastics, in 2018 the Group received the LSA Award for "Development of environmental responsibility" in France, beating around 100 other candidates.

END-OF-LIFE RECYCLING

What happens to products once they come to the end of their life? In Europe, the collection and processing of small electrical appliances are managed by national **eco-organizations.** Groupe SEB is particularly involved in this in France, as part of Ecosystem, the country's largest eco-organization for WEEE (Waste Electronic and Electrical Equipment).

As yet, there is no specific channel for aluminum pans, saucepans or stew pots, however. In France, for example, 60% end up as household waste (6,000 tons per year), even though they are 80% recyclable.

Since 2012, Groupe SEB has expanded the number of initiatives designed to promote **cookware recycling**, in particular in Europe with the Tefal brand (France, Netherlands, Norway, etc.). The operations involve a partnership between the Group, specialist recycling companies and partner distributors. Consumers are encouraged to bring their old products back to the store, in exchange for a discount voucher to purchase a new item. For the second year running, in 2019 the offer involved items made from recycled aluminum (Resource and So Recycled ranges). The used products are collected before being sorted and crushed. The main materials (aluminum, stainless steel and plastic) are separated, then recycled to manufacture new products, including cookware.

In 2019, in France, this campaign involved the Leclerc stores (partner since the outset), Géant, Boulanger, BHV, etc. Since 2012, all these campaigns have resulted in the collection and recycling of 940 tons of cookware, representing around 1.4 million cookware items. In the Netherlands, the renewed campaign with Blokker and Marskamer involved 32 tons (close to 140 tons in four years). Norway has also contributed, via a hundred or so stores. In Asia, Thailand has been running similar campaigns since 2013. In this country, the products collected are given to a local association which makes prostheses (artificial legs), mostly from aluminum.

Campaigns to collect and recycle frying pans and saucepans are being rolled out in ever more countries. In 2019, they took place in the United Kingdom, Belgium, Greece, Romania, Egypt, etc.

SHARED USE PRODUCTS

The Group is at the forefront of new, more sustainable, consumer models similar to product-service systems, and since 2015 has been testing an innovative **kitchen appliance rental service** in France to respond to ad hoc consumer requirements. Christened **Eurêcook**, it was initially rolled out in the Dijon area in partnership with a network of public and private sector operators such as ADEME [(1)], the ENVIE association and Groupe Casino. In October 2018, it was launched in Paris, this time in partnership with ENVIE and Monoprix, the leader in city center shopping. The principle is simple: the consumer books their Seb, Tefal or Moulinex appliance on the www.eurecook.fr website or in one of the five Parisian Monoprix stores initially participating in the campaign. They choose the length of the rental (from a weekend to a week) then pick up the appliance at one of the collection points or with their shopping delivery. Once they have been returned, the products are systematically cleaned, checked and re-packaged. This service will take on a new dimension in 2020 in Paris as part of the RépareSeb project (see page 165).

The Eurêcook service is part of our sustainable consumption initiative for more than one reason. From an ecological perspective, it is in keeping with the optimization of natural resources (a single product is used more often) and the packaging is re-usable and eco-designed (cellular polypropylene). From an affordability perspective, due to its lower cost of use, Eurêcook makes appliances more affordable for economically vulnerable people. Lastly, it uses a local inclusive employment company (ENVIE) to take care of product cleaning, testing, repackaging and logistics, from its workshop in Trappes.

(1) French Agency for the Environment and Energy Management.

PRODUCTS WITH MULTIPLE LIVES

GROUPE SEB TARGET

- Trial business models that give a new life to Group products

RE-USE OF SMALL ELECTRICAL APPLIANCES

When consumers return products, for example as part of after-sales service or in response to specific sales offers, and they can still be used, the Group makes every effort to give them a new life rather than shipping them off for dismantling or recycling. All the more so when most of them are almost new.

Thus, of the products returned to the Group's site in Alençon through distributors' after-sales services, most have not been used much and have a single fault. Since 2017, Groupe SEB France gives them to the ENVIE Anjou inclusive employment association. It dismantles and repairs defective products at its workshop near Angers before reselling them at a bargain price in its store with a one-year guarantee. Thanks to this partnership, the association put over 5,500 appliances back into circulation in 2019 that would, otherwise, have been destroyed. Over a three-year period, it has also allowed 15 people caught in an unemployment trap to get back working. The future RépareSeb center in Paris (see page 165) will incorporate a similar project.

In the United States, the Group has introduced a similar scheme, which it manages internally. After checking and any repackaging, products without defects are put back into stock for sale through the traditional channels, whereas products classed as seconds are resold through specialist channels (e.g. wholesalers) and products that cannot be repaired are given to disassembly/recycling companies. In Mexico too, products with minor defects are sold to wholesalers or other bodies at a reduced price.

REFURBISHMENT OF FRYING PANS AND SAUCEPANS

The **All-Clad** brand extends the lifetime of products with an unprecedented offering. Since 2015, it has offered its catering customers second-hand frying pans reconditioned at the Canonsburg plant in the United States. The All-Clad pans, recovered from chefs, are disassembled, cleaned, returned to their original condition, brushed, and polished for a pristine result. They leave the plant looking as good, and working as well, as when they were new, but at half the price and with much less of an impact on the environment (95% less energy consumed). This ENCORE range has received support from a number of chefs. 5,000 frying pans have been reconditioned within the past five years.

In 2019, in France, Tefal received the support of ADEME to study the retreading of stainless steel frying pans. This will start in 2020.

3.10. Climate action

CLIMATE ACTION

CONTRIBUTE TO THE FIGHT AGAINST CLIMATE CHANGE THANKS TO OUR LOW-CARBON STRATEGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

From the design of a product to the end of its life, the Group takes measures to limit its environmental footprint (eco-design, eco-manufacturing, eco-logistics, recycling, etc.) and contribute to combating climate change. It does so by using its product **eco-design guide** and **ISO 14001** international certification. In the factories, offices, laboratories and warehouses, all Group employees and contractors are made aware of the importance of respecting the environment. Groupe SEB's environmental strategy is supervised by the Quality, Standards and Environment department and is coordinated across the sites by Environment, Health and Safety Coordinators. Information on Groupe SEB's environmental expenditure is available on page 261.

The data given below are for a worldwide scope for ISO 14001-certified entities [(1)]. They include the WMF sites in Europe and Supor sites in Xiangsu, certified in 2018.

The SEB Campus head office in Écully joined the reporting scope in 2015.

Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes. The 2019 data is thus exclusive of EMSA and WMF (aside from WMF's European sites that were included in the reporting scope this year).

3

ANALYSIS OF THE GROUP'S GREENHOUSE GAS EMISSIONS

In 2017, Groupe SEB launched an assessment of the greenhouse gases (GHGs) emitted along the entire length of its supply chain. This analysis was performed according to data for 2016 with the help of the consultancy firm Deloitte. It distinguishes scope 1 and 2 greenhouse gas emissions that are directly linked to the Group's production activities from so-called indirect scope 3 emissions.

Scope 1: emissions linked to the consumption of fossil fuels (mostly natural gas) used for certain industrial processes or to heat buildings on the Group's ISO 14001-certified industrial and logistics sites.

Scope 1:58,049 tCO_2eq

Scope 2: emissions caused by the consumption of electricity bought on the Group's industrial and logistics sites.

Scope 2:149,106 tCO_2eq

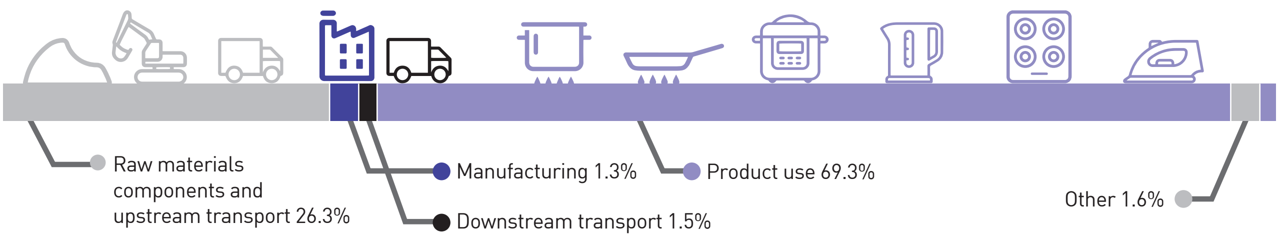
Scope 1 and 2 emissions (207,155 tCO_2eq) consist of the Group's emissions from its plants and logistics sites (see eco-manufacturing section on page 173).

Scope 3: indirect emissions that are not directly linked to the manufacture of products (e.g. purchases of goods and services, the use of products sold, and downstream and upstream transport).

Scope 3:15,473,978 tCO_2eq

Groupe SEB's total emissions in 2016 amounted to 15.7 million tons of CO_2 equivalent. These break down as follows:

BREAKDOWN OF GROUPE SEB'S ANNUAL GREENHOUSE GAS EMISSIONS



(1) *Certificates obtained by sites prior to their acquisition by Groupe SEB were not taken into consideration.*

GLOSSARY

Raw materials, components and upstream transport: emissions linked to the extraction of raw materials and the processing of materials and components by Groupe SEB. This includes emissions generated by purchasing services such as upstream transport.

Production: emissions linked to the energy consumed by the Group's industrial and logistics sites (combustion of fossil fuels and electricity consumption) = scopes 1 and 2.

Downstream transport: emissions linked to transportation of the Group's finished products from the plant to customers' warehouses.

Use of products: the calculation of emissions linked to the use of products takes into account the electricity consumed by small electrical appliances, the gas and electricity required for operation, and the washing (in hot water) of cookware. For every product category, the calculation considers their hypothetical use over the year and the sales volume.

Other: this emissions item covers various types of emissions that are not very significant if taken separately. It includes, for example, emissions linked to Group employees' journeys to work, business travel, and consumers' trips to stores. It also includes emissions linked to the end of life of products.

METHODOLOGICAL NOTE

The emissions factors used are taken from databases (that of the International Energy Agency and the carbon database of ADEME (2). There is a degree of uncertainty in the GHG Protocol's calculation method, since it is based on average emissions factors and given the number and type of data requested. It nevertheless provides information about the proportions of the Group's main emissions items, which serve as a useful guide for its strategies to reduce its carbon footprint.

To calculate the Group's carbon footprint, the teams used the eco-production reporting data for scopes 1 and 2, and the life cycle studies for the different product families for scope 3. The GHG emissions generated by product manufacture, described in the "Eco-manufacturing" section, and the GHG emissions linked to logistics presented in the "Eco-logistics" section, are monitored by a dedicated reporting system.

Products that have contributed to GHG emissions account for 94% of sales by volume and 98% by revenue. This assessment confirmed that the main priorities for improving the Group's carbon footprint are:

- products and their use;
- raw materials;
- transport of products and components;
- product manufacture.

TARGETS: SHORT AND LONG-TERM

Groupe SEB has set itself ambitious targets to reduce its carbon footprint:

2020 TARGETS

In 2013, the Group set out an initial series of 2020 targets:

- 20% lower energy consumption by electrical products (base year: 2013).

  Progress at year-end 2019: **down 11%** on reference products.

  As part of the international Science Based Target initiative (see below), the Group has undertaken to reduce the environmental footprint of its electrical products during use. Eco-design projects and developments in technology will enable significant reductions in energy consumption. That is already true for steam generators, hair dryers and kettles;
- 20% lower energy consumption by production plants (base year: 2010).

  Progress at year-end 2019: **21.3% reduction** at constant scope (3);
- 20% minimum recycled materials in the new products and their packaging.

  Progress at year-end 2019: **35%** for products manufactured by the Group;
- 20% lower greenhouse gas emissions from the transportation of products and components (per product sold) (base year: 2013).

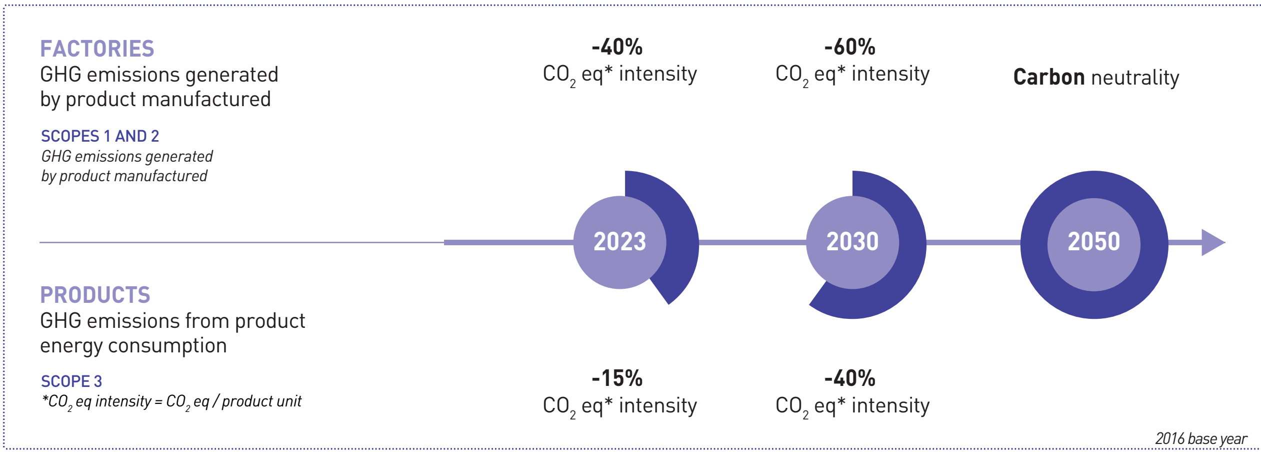
  Progress at year-end 2019: **33% reduction**.

(2) French Environment and Energy Management Agency.
(3) Covers all the industrial and logistics sites within the 2010 sustainable development reporting scope.

LOW-CARBON *SCIENCE-BASED TARGETS*

To strengthen its contribution to combating climate change, in 2016 Groupe SEB joined the Science Based Targets initiative launched by the WWF, alongside the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages large companies worldwide to align their greenhouse gas emission reduction targets with the IPCC's recommendations for limiting the average global temperature rise to below 2° C by the end of the century.

In 2018, the Group set out its own short and long-term SBT targets, that pick up on its 2020 targets. They were officially approved by the SBT Initiative (SBTi) in early 2019. Groupe SEB is thus amongst the 100 leading companies worldwide to have brought their low-carbon strategy into line with the Paris Accord.



The Group established special governance to achieve these goals and specify the necessary course:

- **the "product manufacturing" low-carbon strategy (scopes 1 & 2)** is defined and controlled by a low-carbon Steering Committee coordinated by the Sustainable Development department. It brings together representatives from the Cookware and Small Electrical Appliance Industry departments, the Quality Standards and Environment department, the Purchasing and Management Control department. This committee follows the environmental road-map, that more broadly covers all issues pertaining to environmental conservation. At its first session in July 2019, it set out the strategy's two priorities:
  - reduction in greenhouse gas emissions from plants,
  - the increase in their renewable energy sources.

  Three driving forces have been identified:
  - optimizing energy consumption: energy audits, roll-out of an energy indicator (kWh/product unit) within manufacturing operations, choice of less carbon-intensive energy sources, etc.
  - increasing the proportion of renewable energy: on-site energy generation with solar panels,
  - purchasing green energy: Renewable energy certificate, and so on;
- **the "product energy consumption" low-carbon strategy (scope 3)** is coordinated via the eco-design road-map. In 2019, under this road-map, two dedicated meetings were held for each product category to adjust the action priorities to its particularities.

To strengthen its environmental approach, the Group worked with the **WWF** NGO, which supported it with multiple specific projects including, in 2018, the formalization of SBT targets and its eco-packaging policy (see page 173).

ECO-DESIGN

ECO-DESIGN GUIDE

Groupe SEB's eco-design policy aims to reduce the environmental footprint of the Group's products throughout their life cycle. To move forward with this policy, it is supported by an **eco-design guide** that clearly incorporates every stage of the life cycle of products and their packaging (extraction of raw materials, manufacturing, transport, use and end of life). It is structured around the Group's eco-design **priorities**: energy efficiency, recyclability, reparability, use of recycled materials and bio-sourced polymers, reduction of carbon footprint during transport, replacement of unpopular substances, etc. For each eco-design priority, the guide states the Group's ambitions and defines performance levels based on measurable criteria. Eco-design is embedded within the product design process and allows project teams to select the appropriate performance level for each new product based on the specifications.

This guide is a key tool in meeting the Group's environmental targets. It has been distributed to the entire innovation community, i.e. the Marketing, R&D, Design, Purchasing, Quality and Legal teams. Its introduction was underpinned by a major **training** initiative in 2014/2015, and since then additional training has been regularly organized for the development teams. In 2019, the Group developed a new eco-design training module, extended to a broader audience (Innovation, Marketing, Design, Development and Quality teams) from a more operational perspective given the ramp-up in demand for eco-designed products. The goal is to help them better understand eco-design concepts and challenges, to understand the opportunities they represent in their area, and to make the most of them by using the resources provided by the Group (tools, case studies, monitoring documents, etc.). Two pilot sessions brought together 30 participants in 2019 with a view to an upcoming roll-out in France and later abroad.

Above and beyond the eco-design priorities set out in the guide, the Group favors any initiative designed to increase the eco-responsibility of Group products. Thus, wooden handles from the Natura cookware range and the Ingenio Wood utensils, launched in 2019, are manufactured using FSC certified wood from responsibly and sustainably managed forests.

Moreover, in order to speed up the process, the Group included an annual eco-design target into the road-map of the Marketing managers of the various product categories.

LIFE CYCLE STUDIES AND ENVIRONMENTAL PROFILES

The Group regularly updates its **product life cycle (PLC) studies**. These significant studies [(4)], which measure the various impacts of products on the environment, enable us to focus our research on reducing their ecological footprint. In 2019, 75% of families of products defined as the most significant were covered by a life cycle analysis. A new PLC study was done on blow-brushes and those relating to hair dryers and garment steam brushes were completely reviewed.

A special effort was made in 2018 to make the methodology more robust and to include new data from recyclers, particularly in partnership with Ecosystem, the main French eco-organization.

In 2016, the Group undertook to establish the environmental profile of each product family through summary fact sheets for internal use. Based on the results of the PLC study, they respond to 3 questions: Which stage of the product life cycle affects climate change the most? What resources are required to manufacture the product and make it work? What ways are there to reduce the impact on the climate and resources? Designed with the participation of the Development, Marketing and Quality teams, these facts sheets are available on the Intranet. They are both awareness-raising materials and a tool to assist with targeting eco-design efforts. Two new fact sheets were distributed in 2019, raising the number of environmental profiles done to date to 12.

ENERGY EFFICIENCY

Over the whole product life cycle, close to three quarters of the carbon impact comes from their energy consumption during the use phase, which far outstrips the figure for the manufacturing phase (1.3%). Aware of the importance of the energy issue, since 2015 the Group has ramped up its coordination of such initiatives. It is concentrating its efforts on **about fifteen priority product families**, those with the greater impact on electrical consumption in terms of their individual consumption and the volumes sold. For each one, the Group defined a standard method for calculating consumption and energy efficiency, as well as one or two standard products that will be used as a benchmark for measuring progress.

In the case of **kettles**, for example, aside from temperature setting functionality, which has already been incorporated, the Group is working on multiple areas of improvement, in particular to help consumers to only heat the amount of water they need. There has also been an emphasis on **hair dryers** with all new ranges released in 2019 now using the Effiwatts technology: on a like-for-like performance basis appliances consume on average 20% less energy than the benchmark models. Another product family that has improved its energy profile since 2018: **fans**. The Air Protect Eco (Samurai) fan now uses 50% less energy than the benchmark model, achieving the same performance level.

In previous years, the Group had already made significant progress on **vacuum cleaners**: in three years (2014-2017), the Marketing and R&D teams redesigned all the cylinder vacuum cleaner ranges, reducing energy consumption by 70% with no trade-off in terms of cleaning power or noise level. Since 2015, all new Rowenta models are under 900 watts, two years ahead of EU regulations. Progress is ongoing with new models released in 2019 only at 450 watts. To achieve this level of performance, the Group developed low input/high output motors, designed more effective suction nozzles and improved all air flows to reduce charge losses.

(4) Life cycle studies conducted on the most representative models of each of the Group's product families in terms of technical features, sales and geographic distribution.

To reduce the energy footprint of its products, the Group is also encouraging consumers to properly adjust their appliances. For example, in an increasing number of **steam generators**, the product automatically starts in "eco" mode rather than in standard mode. This initial default setting removes the risk of the consumer using a setting that is potentially more than they need.

ECO-PACKAGING

GROUPE SEB 2023 TARGETS

- Zero plastic packaging
- Zero expanded polystyrene
- 90% recycled fibers

The Group's eco-design policy includes product packaging. It is aimed at ensuring that it correctly fulfills its protective, storage, transport, information and handling functions while minimizing its environmental impact. In 2018, the Group standardized and formalized its responsible packaging policy with the support of the WWF (WorldWide Fund for Nature). It is produced and co-signed by the Sustainable Development department and the Purchasing department, and has 10 targets.

The use of 90% recycled fibers, the elimination of internal plastic packaging and expanded polystyrene are the top three priorities for 2023. In any event, the packaging must be designed along with the product, minimizing empty space and the amount of materials needed, while guaranteeing product quality. Packaging that is difficult to recycle must be limited and any superfluous packaging avoided. Suppliers are also strongly encouraged to use FSC certified cardboard sources. For printing, inks must be water or plant based, without mineral oils. With regard to inserted documents (user instructions, safety recommendations, etc.), the Group wants to make these paperless and so reduce the amount of paper used. Consumers will be made more aware of waste sorting and recycling, through information given on the packaging.

As regards the **elimination of plastic packaging**, many products achieved this in 2019, including the 5-second mini meat mincer (Tefal), 600,000 of which were sold, equating to the same number of plastic wrappers avoided. The Cookeo pressure cooker (Moulinex) plans to follow suit in 2020 and it is also planned for the transport of Tefal frying pans manufactured in Rumilly.

As regards the **substitution of expanded polystyrene** wedges, this has already been done for the Steam'Up steam cooker (Moulinex) using a clever cardboard padding system. Other solutions are being examined, in particular using "honeycomb cardboard", an option already in use over the past number of years for Rowenta vacuum cleaners manufactured in Vernon. Molded pulp packaging is another possible alternative.

With regard to the level of **recycled fibers**, the packaging used at the European production sites is already above the 90% target with Asian sites not far off. The Group is thus focusing its efforts on the Americas.

Beyond these three priorities, there are other examples of progress on eco-packaging in 2019. For example, bakeware (Kaiser) intended for the 8,000 counter displays designed for retailers are no longer individually wrapped but stored in bulk until placed on the counter display, before being sent to the outlets. Performance over the past year: 6.5 tons of cardboard and 600 kilos of plastic saved. In the Spiralizer vegetable cutter (Tefal), the paper instruction leaflet was removed and replaced with a digital version, which can be downloaded from the brand's website.

RECYCLABILITY AND USING RECYCLED MATERIALS

See page 166.

REPARABILITY

See page 164.

UNPOPULAR SUBSTANCES

See page 118.

ECO-MANUFACTURING

GROUPE SEB 2023 TARGETS

- 100% of plants ISO 14001 certified

Since 2003, the Group has adopted a worldwide environment management system. This system aims, first and foremost, to prevent pollution, control the use of resources (energy and water) and reduce waste. This approach translates into **ISO 14001** certification of sites based on compliance with applicable laws and regulations, and the principle of ongoing improvement in environmental performance and prevention of pollution.

In 2017, the Group adopted the new version of ISO 14001, which strengthens the role of management and promotes a more global approach to the impact of site operations on product life cycle. This change implies the upskilling of the teams through training and increased involvement of the international network of Health, Safety and Environment coordinators. This network is coordinated in particular through quarterly meetings, typically using video.

ECO-INNOVATIVE PROJECTS: BEST PRACTICES FOR SHARING

In order to share best practices, each plant and logistics site worldwide is invited each year to present at least one **eco-innovative project** designed to reduce the environmental impact. Five areas of action are identified: reducing energy consumption and using renewable energy; energy and environment management; reducing waste and recycling; reducing water use; biodiversity protection. Since 2014, this challenge has made it possible to create a database of close to 200 best practices for sharing.

The 2019 challenge brought together 53 projects across 30 sites and entities, over half of which are related to energy. Three projects in particular stood out for their innovative and reproducible nature, the significant environmental benefit they offer and their quick return on investment:

- the Selongey site (France) started a project designed to reduce water and energy consumption from the washing and degreasing of stainless steel parts when manufacturing pressure cookers. The replacement of the existing wash tunnels with more efficient equipment will allow significant environmental savings: 50% of natural gas, 10% electricity and more than 70% of water. A first tunnel washer was changed in 2019 and the three others will be shortly;
- on the EMSA site in Emsdetten (Germany), the emphasis was on reducing waste and protecting water resources. The goal was to eliminate any risk of the dispersal of the plastic granules used in the manufacturing process to prevent them from getting into the wastewater and then into nature in the form of micro-plastics. Recovery systems were therefore installed in the various areas in which the granules are used. This was accompanied by a campaign to raise the awareness of teams regarding the protection of the oceans;
- the third project, implemented in Lourdes (France), involves energy savings with the installation of a next generation variable speed compressor. Aside from its improved energy efficiency, it allows heat to be recovered for building heating and improves working conditions by virtue of the fact that it is quieter.

REDUCING THE SITES' CARBON FOOTPRINT

To achieve its "low carbon" targets for product manufacturing (scopes 1 and 2, see page 171), the Group acts on the two main drivers: reduction in energy consumption and use of renewable energy.

Using less energy

In 2019, the Group rolled out an energy management **standard**, based on the essential requirements of **ISO 50001**. It was incorporated into the online audit manual and will be gradually applied to all sites, harmonizing practices in terms of organization, energy monitoring, training, etc. Several of the Group's sites that are already ISO 50001 certified have made considerable advances in this area: Erbach (Germany), Rumilly and Tournus (France), most of WMF's European sites and the EMSA site in Emsdetten. In France, the Group provided the sites with detailed technical documentation on the energy optimization of compressed air, lighting, heating and air-conditioning installations.

On the Group's sites worldwide, the search for energy efficiency has led to a multitude of actions that can be shared as good practices. **Here are some examples**:

- In China, in 2017-2018 the Supor site in Shaoxing changed its 170 **molding machines to plastic injection** replacing a very energy intensive heating coil with a new insulation strip resulting in 30% less energy consumption. Moreover, its surface temperature, which is markedly lower, improves operator comfort. In 2019, the Hangzhou site installed this mechanism on all its molding machines. Along the same lines, other Group sites made progress in 2019 on the plastic injection insulation sheaths, in particular the ones at Emsdetten (EMSA) and at Mayenne in France. The Xiangsu site (China) launched a program to optimize insulation and the **mold** heating system with the key being energy consumption of close to 50% less when operating.
- The production of **compressed air** is also one of the areas for energy improvement and many sites are making progress on this, including Lourdes (see eco-innovative projects above), Shaoxing, Hangzhou, Shanghai and Erbach.
- In Selongey, optimizing the dust **extraction system** used in connection with the polishing of pressure cooker pots resulted in a sharp reduction in **energy consumption**. It encompasses both the electricity consumed by the three dust extraction systems relating to the reduction in air flows with the outside during winter. The operation has therefore significantly reduced both CO_2 emissions and energy bills.
- In Germany in 2018, the WMF/Silit site in Riedlingen installed a new **energy-saving** ventilation system that also recovers the warm air going out, which reduces heating needs. This system made it possible to significantly reduce energy consumption.
- In Omegna (Italy), where the site has taken advantage of two existing 80m wells (used for its industrial processes) to introduce a reversible cooling/heating system for its offices. The system is based on the fact that, at that depth, water remains at a stable temperature (around 10 °C), whatever the season. Passing through a circuit which does the rounds of the site premises, the water cools the buildings in summer and can heat them in winter. Meanwhile, the new site in Itatiaia (Brazil) has incorporated environmental considerations from its construction (natural ventilation and lighting and mist cooling system, etc.).

Generally speaking, all the sites are continuing to gradually replace their existing lights (particularly including fluorescent tubes) with LED systems (50% to 75% lower consumption). This operation will not only reduce the energy footprint, but also generate significant savings.

Developing renewable energy

The Is-sur-Tille site (France) was the first in the Group to install a solar power air-conditioning system for an assembly workshop where the temperature was very high in the summer. Photovoltaic panels supply the electricity needed by the air-conditioning units, and when these units are not in use, it is used for other purposes. This initiative improves working conditions using a carbon-neutral solution.

In 2019, solar panels were installed at SEB Campus in Écully with the goal of covering 20% of its energy consumption as well as at the headquarters of the subsidiary in the Netherlands. Plans for a solar power plant in Colombia were also approved and will shortly become a reality at the Rionegro plant. Other projects are being examined, in particular in France, Italy, China, Egypt, Brazil and Vietnam. It should be noted that the Wilbur Curtis site in Montebello (United States), which the Group recently acquired, has solar panels that generate over half its electricity (Wilber Curtis is not yet included in Group reporting).

Since 2010, the Group has reduced the energy consumption of its plants and logistics sites by 21.3%, at constant scope. It is therefore on its way to achieving the target of a 20% reduction that it has set itself for 2020.

ISO 14001 CERTIFICATION

Groupe SEB's goal is for all of its industrial and logistics entities to be ISO 14001 certified worldwide.

(Worldwide)

(in tons)	2019	2018	2017
Number of certifiable entities	41	34	35
Entities holding ISO 14001 certification *	100%	100%	97%

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

All the entities scheduled for ISO 14001 certification in 2019 successfully earned their certificates. The WMF sites (excluding WMF Heshan scheduled in 2020) entered the consolidated Group in 2019, which explains the increase in the number of certifiable entities between 2019 and previous years.

CONSUMPTION OF RESOURCES

(ISO 14001-certified entities)

Direct raw materials

(in tons)	2019	2018	2017
Total consumption of metals	166,707	165,758	161,731
Total consumption of plastics *	100,558	94,247	89,315
Total consumption of packaging	106,546	114,370	105,775

* *This indicator consolidates polymers including plastics and rubber.*

Several sites are innovating to reduce the amount of materials used. In Riedlingen, WMF reduced as far as possible the dimensions of the steel disks used to manufacture its stewing pots. For the 24 cm diameter product range alone, the site saved over 32 tons of steel in 2019. At the Rionegro site (Colombia), the optimization of the aluminum smelting process has halved the quantity of material needed to produce a caldero (pressure cooker) and the energy consumption per unit produced has been reduced by nearly 10%. A specific system was also put in place to recycle cast aluminum waste in the manufacturing chain.

Indirect raw materials

	2019	2018	2017
Total consumption of natural gas *(in GWh)*	282.9	217.9 *	230.5
Total consumption of liquefied gas *(in tons)*	4640.2	4857.3 *	3948.7
Total consumption of electricity *(in GWh)*	385.9	373.4 *	366.6
Total water consumption *(in thousands of m^3)*	3394.5	3395.1 *	3533.7
Total consumption of heating oil excluding fuel *(in m^3)*	143.3	20.6 *	14.9

* *Data updated.*

Total natural gas consumption rose 30% this year. This reflects the change in the scope of reporting, which now includes WMF. Consumption declined 5% at constant scope. With natural gas being the main source of energy for heating at the Group's plants, weather patterns have a significant effect on consumption.

After a start-up year for the cookware business in 2018, the Itatiaia site in Brazil recorded a more stable year in 2019. The decline in its consumption of liquefied gas for the process is partly the source of the 4% drop in the Group's consumption.

The increase in electricity consumption is limited because of a series of energy efficiency measures taken at our production facilities, particularly in China.

Total water consumption was stable: the water savings achieved by the highest consumers offset the expansion of the scope. Certain sites in China did in effect reduce the biggest water consuming processes.

The Hayingen site in Germany, newly included in the reporting, uses heating oil for heating. Its consumption has a strong impact on the Group's data.

Water supply

In 2019, Groupe SEB consumed nearly 3.4 million m^3 of water worldwide, mainly in cookware manufacturing processes. In addition to the volumes consumed, it is of paramount importance, however, to consider the location of consumption, in order to look at consumption in relation to regions under water stress where water is a sensitive resource. In 2015, the Group, wishing to assess the risks relating to water and its availability, carried out an analysis of its industrial facilities according to the geographic location of the sites in question, using the Aqueduct Water Risk Atlas reference tool published by World Resources Institute (WRI). This assessment was updated in 2016; with another update ongoing that is scheduled to be completed in 2020.

This analysis showed that none of the Group's plants or logistics sites is in a region under "extreme" or "high" water stress according to the Overall water risk indicator, which measures availability, quality and water-related dispute risks on an aggregate basis. In addition, 20 of the Group's industrial or logistics sites are located in regions exposed to a risk which is considered to be "low" or "low to medium". In the future, the Group will pay particular attention to the 12 industrial and logistics sites located in regions where the risk is considered to be "medium" or "high".

The Group is therefore attentive to the preservation of water resources. Good practices aimed at reducing water consumption and recycling effluents have been introduced on the industrial sites. They are shared as part of eco-innovative projects, as illustrated by the Selongey example in 2019 (see page 174). Many sites are involved in this approach: the Canonsburg site (All-Clad) has therefore implemented a program to eradicate excessive water consumption, while the sites in Hangzhou (China) and Rionegro (Colombia) recycle waste water which, after treatment, is re-used in production or to supply the washrooms. The Rionegro site has also put in place a system for capturing and storing rainwater, covering over half of the site's water needs. In Itatiaia (Brazil), some of the wastewater treated by the water treatment plant is used to clean tools.

WASTE

Progress is being made in the reduction of industrial waste, capitalizing on practical initiatives. On many of the Group's plants, the largest volume of non-hazardous waste comes from the **packaging of delivered components**. To reduce this, some packaging is now being sent back to suppliers to re-use for future deliveries: in Erbach for the cardboard that protects the iron sole-plates (6.4 tons of waste saved per year), in Selongey for the containers of pressure cooker modules and handles, and also in Is-sur-Tille, Vernon, Shanghai, and elsewhere. In Vietnam, the Binh Duong site (Asia Fan) eliminated the plastic sachets around the fan components.

Pallets are also re-used: in Lourdes and Vernon, component delivery pallets have been aligned with the palletization standards of the Group's finished products so that they can be re-used for shipments to customers. Some initiatives also relate to **production methods**, such as in Erbach where optimization of the assembly process of some irons has reduced the amount of glue waste from the rinsing cycles by a factor of three. In Saint-Jean de Bournay (France), the ink-pots in the tampon printing machines are being progressively modified to be able to adjust the volume of ink to production requirements, allowing the quantity used to be reduced by around a third.

(Scope: ISO 14001-certified entities)

	2019	2018	2017
Non-hazardous waste (NHW) ** *(in tons)*	34,599	26,559.5 *	25,002
Percentage of NHW recycled ** *(as a %)*	69.3%	58.3%*	61.4%
Percentage of NHW used for energy ** *(as a %)*	14.9%	18.1%	16.1%
Production of Hazardous Waste – excluding waste oil, effluent and sludge (in tons)	1,991	1,954.1 *	1,912
Sludge produced by internal wastewater treatment plants *(in tons)*	3,708	3,712.4 *	4,132

* *Data updated.*
** *Excluding Oils, Metals and Sludge.*

The increase in non-hazardous waste is primarily due to non-recurring work waste on site. In 2019, 84.2% of the non-hazardous waste was treated through recycling or used to produce energy. The portions of waste sent to the recycling streams are subject to highly variable local regulations and international context. The Group also records its metal waste: 20,194 tons.

GREENHOUSE GAS EMISSIONS

(ISO 14001-certified entities)

(in tons of CO_2 equivalent)	2019	2018	2017
Greenhouse gas emissions	241,954	220,995 *	218,426

* *Data updated.*

Greenhouse gas emissions rose between 2018 and 2019 (+9%), in line with the inclusion of WMF in the scope. At constant scope, we note, however, a 3% drop in emissions, due to the overall decline in the energy consumption of the sites (see table on consumption of indirect resources, page 175). By number of product unit, greenhouse gas emissions (scopes 1 and 2) are 859 gCO_2eq / product, down 4.1% compared to 2018.

With regard to volatile organic compounds (VOCs), Groupe SEB regularly tests its emissions (which are relatively small in terms of volume) in order to treat and control these emissions. The Group has made significant investments, totaling several million euros, to improve the sites most concerned by VOCs (e.g. Rumilly). These investments aimed to treat emissions as well as to overhaul processes in order to very substantially reduce VOCs.

PREVENTION OF POLLUTION

Prevention of air, soil and water pollution is the first pillar of the Group's environmental policy, designed to protect the ecological balance around our sites. In 2018, the Group strengthened its tools in this area, putting in place an environmental risk assessment methodology common to all the sites and defining a common standard for emergency response situations.

Discharges into water

All the sites have preventive systems, for example water reservoirs for extinguishing fires and pipe cut-off systems. Several of them have made significant investments since 2018 in modernizing their wastewater treatment plants, particularly Hangzhou and Shaoxing in China. **Chemical Oxygen Demand** (ISO 14001-certified entities)

Chemical Oxygen Demand (COD) represents the amount of oxygen necessary to oxidize the organic matter and mineral content in a body of water. It is used to measure the degree of organic and chemical pollution of the water. In 2019, Groupe SEB emitted 174 tons of COD from its own wastewater treatment plants.

Impact on soil

Besides metal stamping (pressure cookers, frying pans and saucepans), surface treatments (non-stick) and the manufacture of certain components that occupy less than 10% of total production staff, most of Groupe SEB's production involves assembly operations. Groupe SEB therefore believes it has no significant impact on or material use of land. In addition, where industrial restructuring resulted in plant closures, Groupe SEB ensured that sites were reclaimed in accordance with local legislation. Where appropriate or required by law, the Group conducts soil and sub-soil surveys, even though the majority of sites are not subject to any such compulsory assessments. Pollution studies carried out at sites that have been operational long term, confirmed that the Group's business does not have any notable impact on the soil and sub-soil.

Noise and other disturbances

At many sites, management of noise pollution must comply with regulations, and the management of any complaints in this regard must be managed in accordance with ISO 14001. All certified sites therefore have procedures in place to deal with these complaints. Furthermore, noise pollution, light pollution and odors from the Group's sites are insignificant given its operations.

BIODIVERSITY

In 2019, the Group did a global inventory of the practices of its sites in terms of protecting biodiversity by means of a questionnaire structured by major themes (wetlands, pollinating insects, birds, woodlands, etc.). The most striking and easily replicable initiatives were compiled into a booklet that will be provided to all sites worldwide. The Group encourages all its entities to take steps to protect biodiversity, for example to progressively eliminate the use of plant protection products to maintain green areas. This is already happening at Group headquarters: SEB Campus banned such products some years ago.

The Campus also houses a 300 m^2 **conservation garden,** established in 2016 with the **Vavilov** Institute (Saint Petersburg), the oldest plant gene bank in the world. Groupe SEB joined the network of Vavilov gardens in order to maintain biodiversity and develop healthy and responsible eating. This garden brings together varieties created in Rhône-Alps in the 19th and 20th centuries, old Russian varieties and a collection of wild species. Employees at the Campus can sign up for workshop on aspects of gardening, which are run monthly from March to November. This initiative was so successful that the number of workshops will be doubled in 2020 to accommodate more people. The garden can also be self-guided, thanks to information panels.

Many sites created flower meadows such as Emsdetten (Germany) or Is-sur-Tille (France). The latter installed a **swallow tower** used by a colony of swallows as a place to give birth and set up a home in a place where they were not usually found. Between 50 and 150 hatchlings take flight from there each year. Another such tower was also installed at SEB Campus. Other initiatives include: the Rumilly site (France) has hives; at Erbach (Germany), ponies take care of mowing the grass and at Canonsburg (United States) an aquatic biodiversity area was developed, using rainwater harvesting, just like at SEB Campus. Many sites also planted trees, usually fruit trees (Egypt, India, Colombia, etc.).

ECO-LOGISTICS

GROUPE SEB 2023 TARGETS

- Product transport 10% less carbon intensive
- (GHG emissions by product transported – 2016 base)

The transport of products as well as raw materials and components used to manufacture them is a major source of Groupe SEB's greenhouse gas emissions. The goal is clearly to reduce them. Reducing the carbon footprint is one of the main priorities of the eco-design guide.

An initial assessment of greenhouse gas emissions related to logistics transport was conducted by the Group in 2009 and its reliability is steadily improving. To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on two main areas: increasing the loading rate of transport units (trucks or containers) and developing new, low-impact transport methods as alternatives to road transport (river transport, rail, etc.).

Groupe SEB's Supply Chain department oversees the Group's eco-logistics policy and strategy. Its eco-logistics unit coordinates all actions, in France and internationally, and consolidates annual data using the Tennaxia sustainable development reporting system. It relies on the logistics managers of the plants and commercial subsidiaries in carrying out this work. In 2018, the eco-logistics unit and the Purchasing teams developed a checking procedure for environmental criteria during transport calls for tender. The aim is to prefer, at the same cost, suppliers who perform best in this area, in particular those that have signed up to the Objectif CO_2 Charter established by the French Ministry of Transport and ADEME. The criteria examined cover fuel-saving equipment, eco-driving, use of alternative fuels, route optimization software, etc.

Fret 21 Scheme

In 2017, Groupe SEB signed up to the Fret 21 scheme launched by the ADEME and the AUTF [5] to help companies better incorporate the impact of transport within their sustainable development strategies. This three-year commitment initially applies to the Groupe SEB France subsidiary, which is acting as a pilot. Efforts are concentrated on four areas for the improvement of product import and distribution flows. The actions undertaken since 2017 resulted in the following progress at the end of 2019:

- Increase in the transport unit loading rate: +2.5 pallets/truck on average leaving the Orléans platform compared with 2016;
- Increase in the number of direct deliveries to European customers from the Mions platform or from plants in France, without passing through the subsidiaries' platforms: by a factor of more than 6.6 in 2019 compared with 2016;
- In 2019, 42.4% of transport was performed by rail between the port of Le Havre and the Orléans platform, compared with 35% rail transport in 2016;
- Encouraging haulage firms to improve their sustainable development approaches: at the end of 2019, one-third of the intersite, distribution and international shippers in France were signatories of the Objectif CO2 program (established in 2016 by the French Ministry of Transport and the ADEME). (for information: 58% of shippers in France were "Objectif CO_2").

As part of this commitment, Groupe SEB uses the Fret 21 calculator for assessing GHG emissions linked to the global transportation of its products and components. It makes it possible to gradually improve the reliability of the Group's carbon analysis, in particular by reducing the extrapolation aspect.

Since 2005, Groupe SEB has also been a member of Club Déméter, which brings together retailers, logistics partners, manufacturers and public bodies such as **ADEME**, **University of Aix-Marseille** and **Mines Paris**. As a place in which to share thoughts and experiences, the aim of this club is to promote environmentally-friendly logistics and to implement operational solutions designed to reduce environmental impacts.

GREENHOUSE GAS EMISSIONS

(Worldwide)

(in tons of CO_2 equivalent)	2019	2018	2017
Average value of greenhouse gas emissions	241,810	228,744	205,596

The flows concerned in the calculation of greenhouse gas emissions are:

- transportation of components and raw materials between Tier 1 suppliers and the manufacturing site if this belongs to Groupe SEB;
- transportation of finished products between Tier 1 suppliers and warehouses of Groupe SEB subsidiaries;
- transportation of the finished product between its manufacturing site and the subsidiary's warehouse;
- distribution from the subsidiary's warehouse to the client's delivery address.

(5) French Association of Freight Transport Users.

All modes of transport are included: road, rail, sea, river and air.

Each year, a new audit is carried out and the Supply Chain department seeks to expand the calculation scope for CO_2 emissions to cover new countries. The share of extrapolated emissions is therefore steadily declining.

In 2019, Groupe SEB emitted 241,810 tons of CO_2 equivalent: 24% from maritime transport, 71% from road transport, 4% from air transport and 1% from rail and river transport.

As part of an ongoing improvement approach, the carbon emissions of Brazil, Supor China and EMSA are no longer extrapolated.

LOADING OF TRANSPORT UNITS

To reduce CO_2 emissions from the transportation of products and components, the Group is continuing to improve the loading rate of transport units. It makes particular use of the **EffyPACK** process (for PACKaging system for supply chain EFFiciencY) and the PackSoft software that improves palletization. In 2019, it started to use a new TMS (Transport Management System) software package to optimize the container loading plans. This system makes it possible to fill the same container with products corresponding to different suppliers, references and orders. This provides greater flexibility to better adjust to the order levels of trading subsidiaries while ensuring the container is as full as possible.

The Group is also endeavoring to reduce the **empty space inside packaging** as much as possible. Transporting less empty space means emitting less CO_2 while cutting costs. Since 2017, this parameter has been part of the product design/development process and the teams concerned (R&D, Marketing, Quality, etc.) have been trained in this topic via e-learning. In 2018, the eco-logistics unit developed a tool for estimating the economic (avoided expenses in €) and ecological (avoided CO_2 kg) savings obtained by optimized product design aimed at minimizing empty space in the packaging. It tested it with multiple teams and showed that a minor change could have a major impact, even without modifying product design. Therefore, in the case of an office fan (project currently being studied), simply separating the head and base of the fan during packaging (by removing a screw that is then reinserted by the consumer) makes it easier to arrange the different product components. This results in a significant reduction in packaging volume and empty space, and a net increase in number of products per pallet. The approach continued in 2019.

	2019	2018	2017
Container loading rate	83.9%	84.1%	84.2%
Truck loading rate (intergroup shipments) *	63%	62.1%	65%

* *Intergroup shipments refer to shipments from plants to consolidation platforms (Rumilly P2 and Mions) or subsidiaries' warehouses, as well as to shipments between consolidation platforms and subsidiaries' warehouses.*

Containers departing from China have a loading rate of 83.6%. Containers departing from Europe have a loading rate of 87.1%. These performances are close to the optimum for maritime transport.

SELECTING AND ORGANIZING MODES OF TRANSPORT

The Group also fosters research into transportation solutions with a lower environmental impact. For long distances, primarily departing from China, the maritime route emits the lowest levels of CO_2 and is the least costly. Emissions have also been improved by the use of new high-performance container ships: in 15 years, they have cut CO_2 emissions per ton transported by half.

In other cases (pre- and post-shipments to/from ports, transport between the Group's plants and platforms or those of its subsidiaries), the Group prioritizes **non-road transport, i.e. transport by rail and river**. To improve oversight of this initiative, the Group uses a **tracking table to monitor** the percentage of non-road transport in Europe for pre- and post-shipment to/from ports. For each entity (plant, warehouse, commercial subsidiary, etc.), changes in this percentage have a two-fold impact in terms of cost and CO_2 emissions. In 2019, the percentage of non-road transport in Europe (EMEA) was 36%. In Germany, for instance, the review, in 2016, of the transportation of containers from the port of Hamburg to the Duisburg platform resulted in all the traffic being switched from road to rail: instead of arriving in Hamburg then being transported to Duisburg by road (330 km), containers now arrive in Rotterdam and travel by rail to the platform (120 km). Results: 98% fewer CO_2 emissions, at a lower cost (-41%). A similar process was completed in the UK. In France, Groupe SEB has had the MedLink Port label since 2015. This distinction is given to the biggest users of the river route (the Rhône) departing from the port of Fos (Groupe SEB is in the top 3).

In the event of an urgent supply of components, the Group prefers insofar as possible trains rather than planes, in particular between China and Europe. Rail times are half the time required for maritime freight (3 weeks on average compared with 6 for ships and 2 for planes), which is often sufficient. In terms of carbon footprint and financially, it is much more favorable than planes (-94% CO_2 emissions). In 2019, the Pont-Evêque site put in place a procedure for such distant urgent supplies by rail. The result was a 430 tons reduction in greenhouse gas emissions in one year.

TERTIARY SITES AND IT

REDUCING THE CARBON FOOTPRINT OF IT EQUIPMENT

Groupe SEB is implementing an eco-responsible IT policy based on the 72 Green IT best practices benchmark drafted by the collaborative platform Opquast (Open Quality Standards). Its activities in this regard strive to make progress in several areas:

Eco-friendly printing policy

In 2018, the Group completely renewed all its multi-functional printers in Europe (740 printers in 2019). The new generation of printers have improved environmental performance, particularly in terms of energy use (optimized standby mode). Moreover, the program to reduce the number of printers in service and make the shared use of multi-functional machines more widespread is gradually being extended internationally. It helps reduce the amount of printing, which fell 18.5% in two years (2017-2019), the equivalent of 150 trees saved. Efforts to promote eco-responsible printing are growing in the subsidiaries: in Mexico, for example, the awareness raised in 2019 made it possible to reduce the number of pages printed by 40%.

Processing of end-of-life equipment

In France, computers and telephones at the end of their useful lives have been given, since 2012, to the company Dataserv, which calls on companies working in the protected sector to dismantle the products. In eight years, more than 11,400 devices have been managed in this way. The Group also donates some equipment to associations or schools that request it. The practice is governed by a procedure that was formalized in 2018 and rolled out to all the entities worldwide. It specifies the technical and administrative rules to follow (formatting, data erasure, licenses, etc.) and aims to ensure that the beneficiaries match the Group's values.

Computer servers that emit less greenhouse gas

The Group's IT infrastructure rationalization project, launched in 2016, has resulted in its applications being hosted in two data centers operated by Equinix, in the Paris region. These two sites are committed to an energy efficiency approach, as attested by their ISO 50001 certification. They are 100% powered by renewable energy from hydroelectric power stations.

New ways of communicating as alternatives to travel

The growing use of the instant communication software Skype had a non-negligible effect on reducing travel: in 2019, it meant that over 11,000 meetings could be held on average each month, plus around 500,000 one-to-one connections. The videoconferencing system, for its part, recorded an average of 148 video conferences a month (average length: 2 hours 40 minutes).

At the end of 2018, the Group carried out a self-assessment of 72 good practices from the Opquast benchmark, to measure how far it had traveled since the previous assessment (2013) and identify areas for improvement. In five years, the Group had increased the number of good practices implemented from 39% to 69.5%. Of the areas needing improvement, several involve staff awareness, in particular in terms of best practice in printing and the use of search engines.

PROMOTING EVERYDAY ECO-FRIENDLY ACTIONS

All over the world, the Group encourages its staff to adopt more eco-friendly behavior and all sites, including the plants and logistics platforms, take initiatives to promote eco-friendly actions. For example, the elimination of water bottles and disposable plastic cups is quickly spreading through the Group. Depending on the site, it is accompanied by the handing out of reusable water-bottles or mugs (EMSA mugs have been successful) while we are seeing the widespread installation of water fountains. In some cases, the initiative comes from the employees themselves: for example, the Kitchenware team in Rumilly (France) has come up with several internal challenges to reduce day-to-day waste.

The many awareness raising actions carried out during sustainable development week (see page 113) also help to promote eco-friendly actions.

3.11. Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the Group management report

For the year ended December 31, 2019

This is a free translation into English of the independent third party's report issued in French 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 standards applicable in France.

To the Shareholders,

In our capacity as independent third party, accredited by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), included in the management report pursuant to the requirements of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the Sustainable Development Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and with ISAE 3000 [(1)]:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 2251021 III, as well as information regarding compliance with human rights and anticorruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks "Fight against Corruption" and "Human Rights violation", our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities [(2)];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[2] and covers between 21 and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) Assurance engagements other than audits or reviews of historical financial information.

(2) China Shaoxing; Supor China Wuhuan; Seb Do Brasil Itatiaia; Seb Do Brasil Recife-Jaboatão; Calor Pont-Evêque (France); Groupe Seb Moulinex Mayenne (France).

MEANS AND RESOURCES

Our work was carried out by a team of 5 people between October 2019 and March 2020 and took a total of 6 weeks.

We conducted around forty interviews with the people responsible for preparing the Statement, representing in particular the Sustainable Development Department, the Human Resources Department, the Training Department, the Health and Safety Department, the Environmental Department and the Supply Chain Department.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, March 30, 2020,

Independent third party

French original signed by

MAZARS

Edwige REY	Thierry COLIN
CSR Partner	*Partner*

APPENDIX 1: INFORMATION CONSIDERED AS THE MOST IMPORTANT

Qualitative information (actions and results) relating to the main risks:

- Health and safety conditions at work (prevention actions);
- Organization of the company to take into account environmental issues and the fight against climate change;
- Philanthropic actions (financial and product donations);
- Promotion of Human Rights;
- Fight against corruption.

Quantitative information including key performance indicators:

- Total workforce as of December 31, 2019;
- Lost Time Injury Rate;
- E-Learning Code of Ethics Training Deployment Rate;
- Percent of sites with an overall compliance score greater than 80%;
- Emissions de gaz à effet de serre par produit fini fabriqué (scopes 1 and 2);
- Greenhouse gas emissions by finished products manufactured;
- Electricity consumption;
- Natural gas consumption;
- Production of waste.

4 Commentary on the financial year

4.1. 2019 Highlights

GENERAL ENVIRONMENT

In 2019, the macroeconomic and geopolitical environment remained uncertain, largely due to trade tensions between China and the United States and diplomatic tensions (Iran – United States, Japan – South Korea).

In Europe, consumer and business confidence levels struggled to remain stable over the entire year. Uncertainties specific to certain countries (Brexit in the United Kingdom, marked deterioration in the economic context in Germany, and strikes in France) also somewhat affected demand within the region, particularly at the end of the year.

In the United States, the rapid expansion of online business shook up physical distribution, particularly brick-and-mortar retail. While certain players successfully completed their transformation by integrating an online activity in their model through click&mortar, optimizing their store fleet or their product portfolios, other are still in trouble. The consequences for those companies include tighter inventory management, massive inventory reductions, store closings and financial difficulties that can result in bankruptcy.

In China, trade tensions with the United States negatively impacted economic indicators in 2019, although these indicators still remain at high levels. Chinese/US tensions also dropped slightly at year-end with the announcement of a phase 1 trade agreement between the two parties. Domestic demand remained at a good level, and the Small Domestic Equipment market is still boosted by growing urbanization and the gains in purchasing power of a middle class that is still expanding. In Japan, growth remained modest and 2019 was marked by tensions with South Korea, the increase in the VAT from 8% to 10% in October, and the announcement of a budget recovery plan at year-end.

Finally, the other emerging countries has continued to to display a certain volatility and contrasting situations. In Russia, 2019 was notably marked by a VAT hike early in the year and a more accommodating monetary policy in order to counter the faster than projected slowdown in inflation. In Turkey, despite encouraging signs, investments remained low. Inflation remains high and a new cut in the key rate was announced by the Central Bank in December. The situation in Brazil remains mixed. While inflation remained low, the key rates were cut once again in December to historically low levels. The end of the year was, however, marked by encouraging results on the jobs front, and by the approval of the implementation of pension reform, which is expected to be followed by other structural reforms in 2020.

Finally, 2019 was also the year of a large number of social protest movements, particularly in South America (Colombia and Chile), Asia (Hong Kong, Lebanon) and in France (pension reform).

CURRENCIES

It should be remembered that the US dollar and the Chinese yuan are currencies for which the Group is “short,” i.e., the weight of its purchases denominated in these currencies is greater than that of its sales. In 2019, the US dollar appreciated an average of around 5% against the euro. By comparison with the euro, the yuan appreciated slightly in 2019 by around 1% on average.

In addition, because of its presence in around 150 countries, the Group is exposed to a large number of other currencies, all of them “long” (in which the Group has sales greater than its costs). Movements for these currencies have been relatively mixed, between the depreciation of some (Argentine peso -64%, Turkish pound -12%, Colombian peso -5%) and the appreciation of others (Egyptian pound +11%, Japanese yen +6%, Mexican peso +5%).

In response to constant exchange rate volatility, for several years the Group has hedged certain currencies to limit sudden effects on its performance or to smooth out its impact over time. At the same time, it implements an agile pricing policy, passing on higher prices to compensate for the adverse effects of weakened currencies on local profitability.

In 2019, exchange rate fluctuations had a total positive impact of €71 million on the Group’s revenue (compared with an impact of -€211 million in 2018) and -€5 million on the Operating Result from Activity (-€45 million in 2018).

RAW MATERIALS AND TRANSPORT

The Group is exposed to fluctuations in the price of certain raw materials, including metals such as aluminum, nickel (used in stainless steel) and copper. It is also exposed to changes in the plastics used in the manufacture of small electrical appliances, and the paper and cardboard for packaging. These exposures are direct (for in-house production), or indirect if the manufacturing of the product is outsourced to subcontractors. In order to spread over time the effects of sometimes abrupt fluctuations in metal prices, the Group partially hedges its requirements (aluminium, nickel, copper and some plastic material related ingredients) which protects it in the event of a sharp rise in prices, but which results in some inertia in the event of decline.

In 2019, aluminum prices decreased by around 15% (i.e. an average price of USD 1,795 per ton, compared with USD 2,110 in 2018). Likewise, the price of copper fell by around 8% in 2019, an average price of USD 6,005 per ton compared with $6,525 in 2018. Nickel continued to be volatile: after a decrease of around 11% in the first half, the price soared over the second half of the year (+25%), primarily because of the announcement of the advancement of the Indonesian embargo against exports of unrefined ore (in 2020, versus 2022 as initially projected). Over 2019, the price of nickel ultimately rose by around 6%, representing an average price of USD 13,945 compared with USD 13,120 one year earlier.

The average price per barrel of oil reached USD 64 in 2019, a decline of about 10% from the 2018 average. Over 2019, oil prices rose around 11% as compared to December 2018, closing the year at USD 66, the result of a year marked by persistent tensions in the Gulf and questions around OPEC. In contrast, plastic prices moved down from mid-2019.

In shipping, the cost of sea freight increased only moderately over 2019. As the price of fuel remained stable between 2018 and 2019, and shortages of drivers in certain regions were reabsorbed, the cost of road transport also remained stable.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Annual General Meeting of SEB S.A. on 22 May 2019:

- elected a new independent director, Jean-Pierre Duprieu;
- elected Thierry Lescure, a member of GÉNÉRACTION, as a director;
- elected GÉNÉRACTION as a director, represented by Caroline Chevalley;
- elected Aude de Vassart, a member of VENELLE INVESTISSEMENT, as a director;
- re-elected William Gairard.

Cédric Lescure and Hubert Fèvre, whose terms of office expired at the Annual General Meeting on 22 May 2019, were not reappointed.

In addition, on 27 June 2019, the Groupe SEB European Works Council appointed a second employee director, Nora Bey, pursuant to Article 16 of the bylaws.

As a result, as at 30 June 2019, the Board of Directors had 17 members:

- the Chairman;
- 8 directors representing the Founder Group:
  - 4 directors from VENELLE INVESTISSEMENT,
  - 2 directors from GÉNÉRACTION, and
  - 2 directors from FÉDÉRACTIVE.
- 5 independent directors;
- 2 directors representing employees; and
- 1 director representing employee shareholders.

APPOINTMENT OF A NEW SENIOR EXECUTIVE VICE-PRESIDENT

On 3 September 2019, Groupe SEB appointed Nathalie Lomon to the position of Senior Executive Vice-president of the Group, Finance, who also joins the Group Executive Committee and Management Board.

Since 2010, Nathalie Lomon has held the position of Group Chief Financial Officer and member of the Executive Committee at Ingenico. She has also been a director of COFACE since 2017.

Nathalie Lomon succeeds Vincent Léonard who, after more than six years in the Group, wanted to take a new direction in his career, using his professional experience in the service of social and solidarity activities.

WILBUR CURTIS

On 8 January 2019, the Group announced the acquisition of 100% of the activities of Wilbur Curtis, the no. 2 manufacturer of professional filter coffee machines in the United States. The transaction, subject to customary regulatory clearances, was finalized on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and markets equipment for the preparation of hot and cold beverages, mainly filter coffee and cappuccino machines.

Its sustained investments, especially in innovation, have allowed it to offer one of the most sophisticated and high-quality ranges on the market. Sales, which have been growing steadily, exceeded USD 90 million and are mostly US based.

The main customers are coffee roasters, various coffee shop chains, convenience stores, fast food chains, hotels and restaurants. Wilbur Curtis builds long-term relationships with its customers and has an experienced sales force that gives it coverage throughout the US. Its high-performance manufacturing facility employs 300 people in Montebello (California).

Already present in professional coffee with Schaerer and WMF full-automatic espresso coffee machines, Groupe SEB confirms its determination to continue expanding in this high-potential sector. Wilbur Curtis, a filter coffee specialist in the United States, brings the Group a very valuable strategic fit for its product offer, price ranges, and customer portfolio.

The Group is targeting leadership status in professional coffee in the United States.

FAMILY CONCERT REAFFIRMS ITS LONG-TERM SUPPORT TO SEB

Family shareholders totaling over 260 people (¾ of the capital held by the Founder Group), grouped with their entities, VENELLE INVESTISSEMENT and their partners and GÉNÉRACTION[1] and its members and the HPP holding company, signed a new shareholders' agreement replacing the various existing agreements, in order to strengthen their ties and the stability of SEB's capital.

This agreement was communicated to the AMF, which published it in accordance with regulations on 7 March 2019[2].

Along with other family shareholders, the parties signing this agreement thereby continue their declared concert initiative, confirming their ambition to implement a shared sustainable management policy as regards SEB, for the purpose of ensuring continuity in their controlling position.

FÉDÉRACTIVE its associates and its members, who are not parties to the agreement, have decided to discontinue participation in the aforementioned concerted voting block. However, FÉDÉRACTIVE, its partners and members, who terminated the FÉDÉRACTIVE shareholders' agreement entered into on 9 July 2008[3], have stated that they are continuing action in concert by maintaining their commitment to implement a common long-term management policy for SEB[2].

As a result, the family concert holds 32.27% of the capital and 40.15% of SEB's voting rights following the signature of the Shareholders' Agreement on 27 February 2019[4].

NEW EMPLOYEE SHARE OWNERSHIP PLAN

Following a very good 2018, the Group wanted to recognize the commitment and significant year contribution of its teams to speeding up its transformation (incorporation of new brands, international expansion, digitalization of operations) and to literally give employees a stake in its strategic plans.

Therefore, on 27 May 2019, Groupe SEB announced the launch of a new employee share ownership plan. This allowed employees to subscribe to a reserved capital increase on preferential terms.

The program covered over 30 countries in which the Group operates and involved 20,000 employees.

The program, entitled "Horizon 2019," saw a 22% take-up rate and an average employee investment of €4,400.

As a result of this program, the Group's employee shareholding rose from 2.74% of the share capital to 3.04%.

(1) Association of family shareholders created in May 2017.
(2) Opinion of the Autorité des Marchés Financiers no. 219C0415 of 7 March 2019.
(3) Opinion of the Autorité des Marchés Financiers no. 208C1659 of 11 September 2008.
(4) On the basis of the capital and theoretical voting rights in the Extraordinary General Meeting following the signing of the Agreement on 27 February 2019.

ACQUISITION OF KRAMPOUZ

On 7 October 2019, Groupe SEB announced that it had finalized the acquisition of KRAMPOUZ SAS.

KRAMPOUZ is a French company that specializes in the design, manufacture and marketing of crepe pans, waffle irons, griddles and grills for professionals and individuals.

KRAMPOUZ is an iconic Breton brand. Based in Pluguffan, the company relies on a competitive industrial site and has nearly 90 employees.

The company earns annual revenue of approximately €18 million. It is present and distributed on five continents.

KRAMPOUZ completes both the professional offer and the Group's premium Consumer product line and now benefits from the Group's extensive distribution network, in France and internationally, which it enhances with the DIY and gardening stores in which it is sold.

PLAN TO STRENGTHEN THE COMPETITIVENESS OF WMF

Two and a half years into WMF's integration, outstanding progress has been achieved in the Professional Coffee Machine business (PCM), over-delivering against initial ambitions and with highly promising growth prospects. Conversely, the Consumer business has been underperforming despite further investments and its return to sustainable profitability levels needs to be accelerated.

This is why WMF lauched in July 2019 a program, a program aimed at improving the company's competitiveness and overall performance. This program is based on:

- continued acceleration of the growth in the PCM business through increased R&D investments, the launch of new products, an expansion of production capacity, as well as logistical investments in Geislingen, in Germany;
- a corrective action plan for the Consumer business:
  - resuming growth: initiatives have already been launched in Germany, leveraging the excellent brand image of WMF. The growth will be driven by faster international development and larger investments in innovation in order to optimize the product portfolio,
  - a relaunch of industrial competitiveness: as the production of stainless steel cookware is loss-making, it is planned to transfer it to other industrial sites of Groupe SEB in Europe by the end of 2020, to improve competitiveness significantly,
  - consolidation of logistics operations in Germany in the Dornstadt warehouse.
- the implementation of more efficient processes and an in-depth organizational review, leading to a reduction in general expenses.

The reorganization may impact up to 400 out of globally 6,200 jobs. WMF will offer a wide range of options to employees: voluntary departure programs, early retirement and the access to newly created positions stemming from the expansion of its coffee machine production in Geislingen and the increased warehousing capacity in nearby Dornstadt.

DEVELOPMENT IN INDONESIA

On 13 June 2019, Groupe SEB formed a joint venture with MultiFortuna, its historical distributor in Indonesia, which will be located in Java.

This goal of this project, the first direct establishment of Groupe SEB in Indonesia, is to strengthen the Group's presence in this country and give a strong impetus to sales through this new commercial company.

The new entity, PT Groupe SEB Indonesia MSD, 67% controlled by Groupe SEB and 33% by the owner of MultiFortuna, will be operational by the end of the year, and will market the Group's must-have products under the Tefal brand (rice cookers, cookware, blenders etc.)

Indonesia has the largest population in Southeast Asia and is the leading economic power in the region. Its middle class is expected to grow substantially in the coming year to represent nearly 50% of the population, which represents strong growth potential for the Group.

FINANCING

In the context of its stock buyback program, approved by the Ordinary and Extraordinary General Meeting

(15th Resolution) of 22 May 2019, SEB S.A. executed a transaction of 19,000 options on its own shares (tunnel). This transaction was made to partially cover the plan to award performance shares to its employees expiring in 2022 approved by the 22nd Resolution of this same Meeting.

AWARDS FOR GROUPE SEB

THE GROUP RANKS IN THE TOP 1% OF COMPANIES MOST RESPECTFUL OF HUMAN RIGHTS

To mark the 70th anniversary of the Declaration of Human Rights, the non-financial ratings agency Vigeo-Eiris published a study on “Businesses and Human Rights: the risks of negligence”, which analyzes the commitment of companies around the world to respect basic Human Rights.

Groupe SEB stands out and is ranked among the top 1% of companies with the best performance in respect for union rights, respect for privacy and the right of ownership, the fight against child labor, and non-discrimination.

On average, companies earned a grade of 33/100 for their commitments to Human Rights in their operations and their supply chains. With a significantly higher score of 74/100, the Group once again proves its tangible commitments to Human Rights.

In 2018, the Group was already at the top of the Vigeo-Eiris European rankings for its environmental, societal and governance performance.

JANUS OF INDUSTRY FOR STEAM’UP

After the “Coup de Cœur du Jury” award at the Foire de Paris in April 2019, the success of Steam’up continues. This Made in France steam cooker retains the flavors and nutrients of the ingredients with its breakthrough, patented inverted steam cooking technology.

In late July, Steam’up received the 2019 JANUS de l’Industrie for its integrated design. This label of excellence, recognized by design professionals, award Companies and Communities that make a permanent commitment to a progress approach in the service of the “Person, Industry, and the City” and gives value to the brand-product coupling with the media and consumers.

THE SUPOR SCHOOLS PROJECT IN CHINA RECOGNIZED

This year Groupe SEB was recognized by the Paris Île-de-France chapter of the International Chamber of Commerce for its philanthropic project for primary schools in China.

Since 2006, Supor has set up the “Supor Schools” program with the goal of allowing disadvantaged children from remote areas in central-eastern China to obtain a quality education. Supor thus financed the construction of 26 primary schools (four of which under construction), as well as the related equipment, including libraries and cafeterias, and the training of local teachers to provide schooling to nearly 20,000 children.

GROUPE SEB RECOGNIZED FOR ITS COLLABORATIVE WORK ON INCLUSIVE DESIGN

Awarded for the third consecutive year by Cegos and the MINES ParisTech school, the sustainable development – CSR awards provide an opportunity to recognize outstanding companies that have proven their commitment to social and environmental responsibility through inspiring and value-adding projects. Our design teams, which work with associations like Handicap International and APF France Handicap to test products and make them accessible to the wider public, were this year awarded the prize for their work on the inclusiveness of our products. Aside from permanent disability, each one of us, at some stage of our lives, can find our physical capabilities limited: injury, illness, old age, etc. It is thus important that Group products be designed so that everyone can use them, whatever their personal needs as a result of age or physical condition.

GROUPE SEB RECEIVES THE FAMILY SAGA PRIZE

During the 15th edition of the BFM Awards, Groupe SEB received the family sage prize.

This ceremony recognizes, in 10 categories, those who work every day to develop the attractiveness of France.

When accepting the award, Thierry de La Tour d’Artaise, the current Chairman and CEO of the Group and Jacques Gairard, Group Chairman and CEO from 1990 to 2000, talked about the history of the enterprise, its strategy of growth and long-term innovation as well as its longstanding values.

GROUPE SEB ONCE AGAIN EARNS THE “HAPPY TRAINEES” LABEL

On 9 October, Groupe SEB earned the “Happy Trainees” label for the 6th consecutive year in a row.

The “Happy Trainees” label is recognition for the Group’s commitment to welcome and train interns and work-study trainees.

Over 8 out of 10 judged their experience with the Group to be an important step in their career, and highlighted the trust they were given, the learning, and the solid progress that resulted.

The Young Talents policy remains a priority for the Group, which intends to consolidate its image with students and develop its pool of young talented employees.

4.2. Commentary on consolidated sales

DETAIL OF REVENUE BY REGION - FULL YEAR 2019

Revenue (*in € million*)	2018	2019	Change 2019/2018	
			As reported	Like-for-like *
EMEA	**3,223**	**3,339**	**+3.6%**	**+3.3%**
Western Europe	2,430	2,442	+0.5%	+0.3%
Other countries	793	897	+13.1%	+12.4%
AMERICAS	**887**	**915**	**+3.2%**	**+2.1%**
North America	547	589	+7.8%	+2.9%
South America	340	326	-4.3%	+0.7%
ASIA	**2,067**	**2,301**	**+11.3%**	**+9.4%**
China	1,554	1,762	+13.3%	+12.2%
Other countries	513	539	+5.1%	+1.2%
TOTAL CONSUMER	**6,177**	**6,555**	**+6.1%**	**+5.2%**
Professional business	635	799	+25.9%	+12.1%
GROUPE SEB	**6,812**	**7,354**	**+8.0%**	**+5.8%**

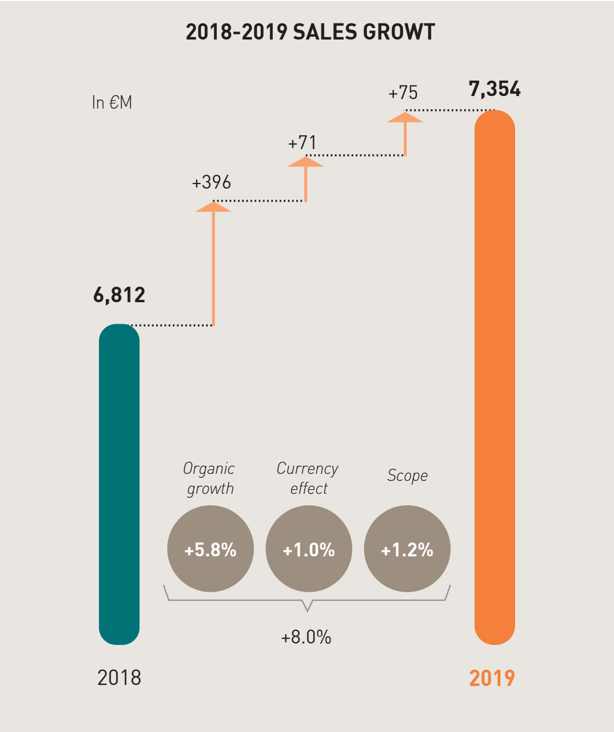
** Like-for-like: at constant exchange rates and scope.*
Rounded figures in € millions.
% calculated in non-rounded figures.

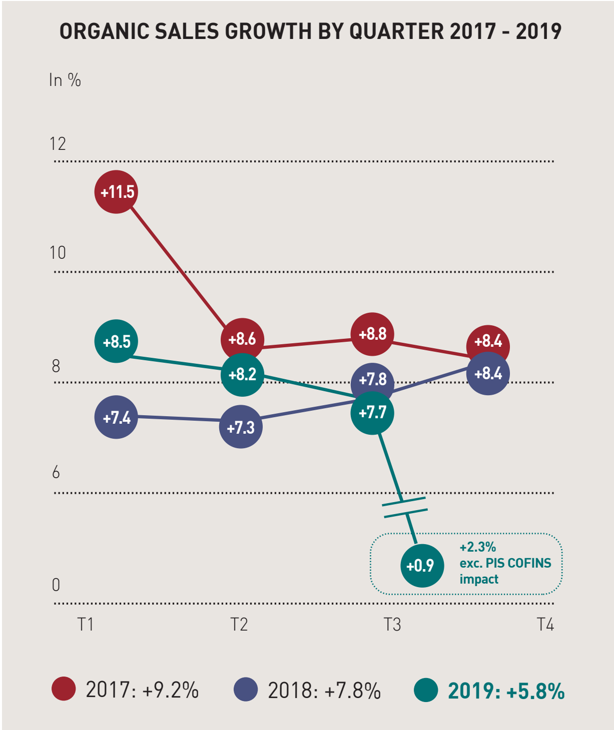
DETAIL OF REVENUE BY REGION – FOURTH QUARTER

Revenue(*in € million*)	Q4 2018	Q4 2019	Change 2019/2018	
			As reported	Like-for-like *
EMEA	**1,171**	**1,159**	**-1.0%**	**-1.1%**
Western Europe	894	856	-4.2%	-4.8%
Other countries	277	303	+9.5%	+10.7%
AMERICAS	**314**	**285**	**-9.5%**	**-9.8%**
North America	190	190	-0.5%	-3.8%
South America	124	95	-23.4%	-19.0%
ASIA	**523**	**586**	**+12.0%**	**+9.9%**
China	362	423	+16.8%	+15.4%
Other countries	161	163	+1.1%	-2.6%
TOTAL CONSUMER	**2,008**	**2,030**	**+1.1%**	**+0.4%**
Professional Business	176	210	+18.8%	+6.3%
GROUPE SEB	**2,184**	**2,240**	**+2.5%**	**+0.9%**

** Like-for-like: at constant exchange rates and scope.*
Rounded figures in € millions.
% calculated on non-rounded figures.

Groupe SEB recorded sales of €7,354 million in 2019, up 8.0%, including organic growth of 5.8%, a currency effect of +1.0% (or +€71 million) and a scope effect of +1.2% (€75 million), reflecting the consolidation of Wilbur Curtis on 11 months and Krampouz on 3 months.





This solid business momentum arises from:

- **consumer sales growing firmly, up 5.2% like-for-like**, nurtured by all geographic areas and all product lines;
- **professional activity which continued its fast development, up 12.1% like-for-like**, despite demanding 2018 comparatives.

This strong performance has been achieved in an overall complicated and volatile environment.

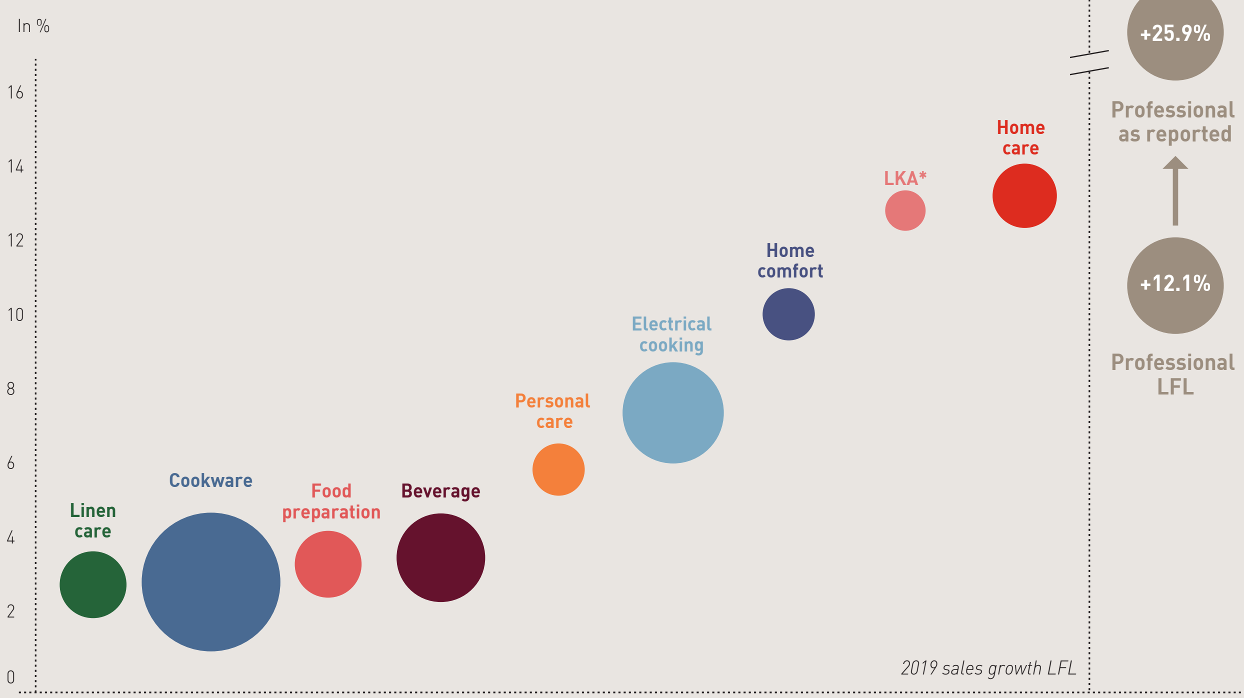
Representing the **6th consecutive year of organic growth above 5%**, it reflects the relevance of the Group's strategy.

Fourth-quarter sales totaled €2,240 million, up 2.5%. Organic growth, of +0.9%, would reach +2.3% when adjusted for the positive non-recurring events[1] in Brazil over the last 3 months of 2018. Sales momentum continued in Eurasia, in China (organic growth exceeding 15%) and in Professional Coffee. However, business at the end of the year finally proved less firm than anticipated in Western Europe, especially in Germany and France.

(1) Recognition of tax receivables in revenue.

PRODUCT SALES PERFORMANCES

ORGANIC GROWTH BY PRODUCT LINE



*LKA = Large Kitchen Appliances

Consumer sales amounted to €6,555 million, up 5.2% on a like-for-like basis.

All product lines contributed to the growth.

Accounting for around 30% of Consumer revenue, **cookware** encompasses several product categories, from pressure cookers to thermal mugs, including frying pans and saucepans – made from a range of materials, coated and non-coated, with fixed or detachable handles, woks, food storage containers, kitchen utensils or bakeware. The category is characterized by the solid resilience of the core business, year after year, in response to equipment or replacement needs, depending on the markets. The phasing of the customer loyalty programs organized by retailers can, however, result in a certain volatility – quarterly, half-yearly, even annually – in our sales, particularly at the level of one country (Netherlands in 2019).

This was the case in 2019, when the Group recorded organic growth in revenue with, however, a much more favorable sequencing in the first half, driven by several large-scale loyalty programs greater than in 2018, than in the second half. The growth was supported by a number of countries, beginning with China (strong performance of woks and Supor sets, continued rapid growth in thermal mugs and flasks, as well as storage containers). The activity was also trending very well in France, Belgium, Central Europe and Russia, Turkey, Japan, United States, Mexico, Colombia, and others where, despite a tougher competitive and promotional environment, our Tefal/T-fal, Lagostina, All-Clad and even Imusa brands continued to dominate as favorites.

In 2019, the Group recorded a solid performance in **kitchen electrics** on the back of the three main categories that make up this business segment.

In electrical cooking, with an already strong performance history in 2018, the momentum of the business was confirmed, supported by a solid basic trend for homemade food. The big winners for 2019 included electric pressure cookers and multi-cookers (including the Cookeo line), grills, including Optigrill, which continues its international roll-out, as well as the Cake Factory cake appliance which, after a successful digital launch in 2018, doubled its sales. With continued growth in sales of rice cookers and the launch of innovative products such as electric ovens, Supor contributed to the dynamic performance of the category and continued to grow in its domestic market. On the other hand, the business was more complicated in fryers, despite solid progress in “oil-free” models in Latin America.

In the **beverage preparation segment**, sales improved. In non-partnership coffee, all our categories contributed in the revenue growth: continued growth in espresso machines, notably with double-digit growth in automatic grinder models, a slight increase in filter coffee makers, thanks to the success of new brunch lines and the very strong reception for a traditional coffee machine in Turkey. For single-serve machines, the growth in Dolce Gusto multi-beverage machines did not offset the drop in our Nespresso sales, which were negatively impacted by the takeover of marketing in the stores – where the marketing activity was intense on new products (Vertuo). In kettles, the solid growth of the business was carried by China and Japan with the launch of the “health tea pot”.

In **food preparation**, blenders are the flagship family, which in 2019 stamped its momentum on the sales of the entire category worldwide, including in China, where multi-function premium products (juicers, high-speed blenders etc.), are gradually replacing traditional blenders and soy milk makers. Sales of mixers were down, particularly in Brazil, where this market remained heavily promotional and competitive. In cooking food processors, business slowed in the second half under the effect of growing competitive pressure, particularly in France, Spain and Italy. In contrast, sales of hand blenders continued to rise, driven notably by the successful launch of the Quickchef model in France and Germany.

Home and personal care is the category that recorded the strongest growth rate, driven primarily by home maintenance and comfort.

In **linen care**, sales rose slightly LFL, in a slowed global ironing market, which reflects both the new trends (more casual clothing) and changes in textiles (wrinkle-free fabrics). While the downturn was marked for irons, the business in steam generators demonstrated a certain resiliency, and the new categories (handheld or standing garment steamers, and combination appliances like IXEO) saw accelerated growth in their sales in a number of countries, with key strengthening of the Group’s competitive positions around the world.

In a very heterogeneous **home care** market, in which the vacuum cleaner segment fell against strong growth for versatile and robot vacuums, the Group posted double-digit sales growth in 2019. This performance is particularly remarkable because it is in line with demanding historical data. It was carried by versatile vacuum cleaners, sales of which double in 2019, primarily thanks to the Air Force and X-Pert, which continued to roll out internationally, particularly in Europe (Western and Central). Moreover, sales of robot vacuums rose sharply in Spain, but also in Eastern Europe (Russia) where they were launched at the end of the year.

The **home comfort** business recorded double-digit growth LFL. Fans remained the main driver of this growth: after an exceptional performance in the second quarter, related primarily to the very favorable weather in Europe (heat wave in June) and Brazil (hot summer in 2019), growth in the segment continued over the second half.

In the **personal care** segment, the business recorded solid organic growth. While haircare appliances represent the majority of the revenue of this segment, the increase in sales was generally driven by the Steampod professional straightener, designed in partnership with L’Oréal, which confirmed its commercial success, particularly in France and Spain. Performances in men’s care were also good, carried by product innovations like Forever Sharp beard trimmer from Rowenta.

With growth of 12.1% LFL, the Group’s professional business recorded a new very dynamic year, despite a strong history (+14% in 2018). It should be noted that, in addition to this robust organic growth, the professional business in 2019 includes the contribution of Wilbur Curtis (€71 million), an American company specializing in professional filter coffee makers, which has been consolidated since 8 February 2019. Its consolidation results in a growth in reported sales of 25.9% over the year.

In professional coffee machines (PCM), the year 2019 was marked by a specific sequencing in the business, contrary to that of 2018. In effect, and for information, in 2018 deliveries of major contracts signed with fast-food chains, coffee shops and convenience stores in the United States and Asia were concentrated in the second half. The performance of these contracts continued through June 2019. As a result, sales of WMF-Schaerer coffee machines were up significantly in the first half of 2019, on a standard 2018 basis, and grew more moderately in the second half, compared with a strong 2018 history. Despite the non-recurrence of these major deals, the fourth quarter growth of +7.8% reflects the growth of the core business over the end of the year.

At the same time, the integration of Wilbur Curtis continued and became an operational reality. Thus, 2019 was the year the Group established an organization dedicated to the PCM business, Seb Professional, in order to optimize its development strategy in the North American market.

GEOGRAPHICAL PERFORMANCE – CONSUMER BUSINESS

Sales (*in € million*)	2018	2019	Change 2019/2018		Q4 2019
			As reported	Like-for-like *	Like-for-like *
EMEA	**3,223**	**3,339**	**+3.6%**	**+3.3%**	**-1.1%**
Western Europe	2,430	2,442	+0.5%	+0.3%	-4.8%
Other countries	793	897	+13.1%	+12.4%	+10.7%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

WESTERN EUROPE

The Group recorded in 2019 a slight increase in its revenue, stepping-up sales growth in ecommerce, achieving good performances in its

Home & Cook retail network and developing WMF's activity. However, business at the end of the year trended materially down, with disparate situations across countries.

In France, annual sales were stable following a fourth quarter which proved more complicated than expected, despite low 2018 comparatives. In a tense market impacted by the December strikes, business activity was negatively affected by orders or restocking purchases that were postponed by some retailers. The difficulties were focused on SDA – despite the continued success of versatile vacuum cleaners, automatic espresso coffee machines, garment steamers, and Cake Factory – while our cookware sales benefitted from very solid momentum in the fourth quarter, nurtured notably by a loyalty program.

In Germany, 2019 revenue was down, penalized by the adjustment of Groupe SEB Deutschland's business practices to the Group's principles. That said, in a tense market, business remained stable thanks to cookware, Optigrill, Cook4me…

In other European countries, the three last months showed contrasted performances: sharp drop in the Netherlands on high comparatives (LP in 2018), despite the strong rise in revenue of vacuum cleaners and automatic espresso machines; flat in Spain, notwithstanding buoyant sales in coffee partnerships and personal care; growth in the United Kingdom as well as in Italy, where the momentum was mainly fueled by linen care and Optigrill. Robust growth in Belgium, thanks to a loyalty program featuring Lagostina cookware.

4

OTHER EMEA COUNTRIES

Groupe SEB achieved a very good year in the region, with organic sales growth of 12.4% (+10.7% in the fourth quarter), driven by almost all countries. Capitalizing on the sharp ramp-up in demand, the Group pursued its vigorous development policy, combining solid product dynamic (new launches, extension of the range), strong partnerships with large key accounts, increased presence in e-commerce as well as the development of Group Retail and WMF. Our progress materialized into further market share gains in Eurasia.

While all product lines contributed to business momentum, the main growth drivers were innovations and flagship products, including versatile vacuum cleaners (Air Force Flex) and robots, Optigrill, automatic espresso coffee machines (including the Evidence model), garment steamers and IXEO range, and Ingenio cookware.

Russia was the most powerful growth engine in the region, fueled by all product categories, leading to strengthened leadership position in small electrical appliances. Simultaneously, dynamic remained outstanding in Central Europe, notably in Poland as well as in Ukraine, where the Group became the leading player in SDA.

In Turkey, in what remains a highly volatile environment, we have been maintaining overall our market positions, primarily by leveraging our successes in cookware (Titanium, Ingenio). Nevertheless, undemanding 2018 comparatives allowed us to post double-digit organic growth in the fourth quarter.

Finally, in the Middle-East, the Group restored growth in Saudi-Arabia after two very tough years and has made further inroads in Egypt.

Sales (*in € million*)	2018	2019	Change 2019/2018		Q4 2019
			As reported	Like-for-like *	Like-for-like *
AMERICAS	**887**	**915**	**+3.2%**	**+2.1%**	**-9.8%**
North America	547	589	+7.8%	+2.9%	-3.8%
South America	340	326	-4.3%	+0.7%	-19.0%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

NORTH AMERICA

Rising 2019 sales were bolstered by an overall favorable monetary environment for the three currencies in the region since the beginning of the year. Following decline in fourth quarter sales (down 3.8% LFL), yearly organic growth stands at 2.9% with contrasting situations across the three countries of the area.

In the United States, in a still tough retail environment, business has been almost flat over the year, while down in the fourth quarter, like-for-like. The upswing in revenue in linen care was mainly driven by the enlarged distribution of Rowenta products, initiated in the third quarter.

Yet it failed to offset the drop in cookware sales at year-end. However, over the year, in a difficult market, the Group posted satisfactory performances, strengthening its competitive positions in both cookware and linen care. Mention should be made that the signing of an initial trade agreement with China has partly alleviated the increases in customs tariffs implemented since September for cookware and small electrical appliances.

In Canada, as in the United States, the retail and consumption context remained tense throughout the year. Nevertheless, sales have been bolstered by the continuation of a specific deal initiated in the third quarter.

In Mexico, the Group posted record sales in the fourth quarter, nurtured by the core business as well as a loyalty program (cookware and utensils) with one of our key accounts.

SOUTH AMERICA

As a reminder, the presentation of changes in sales in the region is impacted by the recognition of tax receivables in Brazil, amounting to €32 million in fourth-quarter 2018 and €8 million in third-quarter 2019. Excluding these non-recurring items, organic sales growth in South America would come out at 8.7% in the fourth quarter and 8.3% for the full-year. On a reported basis, sales in the area remain negatively impacted by the continued depreciation of the Brazilian real and the Colombian and Argentinian pesos.

In Brazil, excluding the above-mentioned positive effect, the Group achieved organic growth of almost 5% in the fourth quarter and over 10% year-on-year. Over the three last months, business dynamic was driven by cookware (with a good performance for pressure cookers in particular), and by some electrical appliance families, including oil-less fryers, grills, Dolce Gusto, washing machines, and fans.

In Colombia, the Group ended the year with solid momentum, fueled notably by cookware – thanks to strong marketing activation in points of sales – , fans and the continued roll-out of oil-less fryers.

Sales (*in € million*)	2018	2019	Change 2019/2018 As reported	Change 2019/2018 Like-for-like *	Q4 2019 Like-for-like *
ASIA	**2,067**	**2,301**	**+11.3%**	**+9.4%**	**+9.9%**
China	1,554	1,762	+13.3%	+12.2%	+15.4%
Other countries	513	539	+5.1%	+1.2%	-2.6%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

CHINA

2019 was characterized by a more moderate Chinese economic growth and the trade war with the United States. In a context of slower consumption, Supor maintained solid sales momentum against demanding comparatives: on a like-for-like basis, sales rose 12.2% in full-year 2019 and 15.4% in the fourth quarter. Last quarter's dynamic can be attributed to sustained core business and sell-in ahead of the Chinese New Year (25 January 2020). It helped Supor to continue to outperform the market and reinforce its competitive positions across the vast majority of product lines.

This was the case in cookware and kitchen accessories, where growth remained firm, primarily driven by woks (new models) saucepans and isothermal mugs (further range extension and enlarged product offering to attract new consumer targets).

This was also the case in small electrical appliances, where Supor continued to gain market shares overall. The acceleration in growth in the fourth quarter was fueled by electrical cooking, with rice cookers, high-speed blenders, health pot kettles, grills, and baking pans proving particularly buoyant. In new product categories, ongoing brisk momentum stemmed mainly from garment steamers, vacuum cleaners and air purifiers. In large kitchen appliances, vigorous business activity was underpinned by very rapid revenue development in water purifiers.

OTHER ASIAN COUNTRIES

In Asia excluding China, full-year revenue was slightly up like-for-like, yet following a decline in sales in the fourth quarter (down 2.6%, organically).

The Group posted a good year in Japan, with sales in yen progressing solidly. However, as expected, business activity in the fourth quarter slowed due to advance purchases prior to the increase in VAT on October 1. Excluding this effect, performance continued to be driven by flagship products (including cookware, kettles, and garment steamers) and by the continued development of the proprietary store network. At end-2019, following the opening of two new TFal stores, the Group had a total of 39 stores in the country.

In South Korea, revenue decreased in 2019 owing to a tough consumer environment, marked by the trade dispute with Japan. The Group nevertheless succeeded in stabilizing sales in the fourth quarter on the back of firm business in cookware, vacuum cleaners, and garment steamers, mainly via e-commerce.

In the other Asian countries, the situation was contrasted: restored growth in Australia was confirmed, although business was heavily penalized by fires in December; ongoing buoyant momentum in Thailand; stepped-up development in Malaysia; mixed performances in Singapore and Hong Kong, and marked sales decrease in Vietnam...

4.3. Commentary on the consolidated results

INCOME STATEMENT

OPERATING RESULT FROM ACTIVITY (ORFA)

The Group posted Operating Result from Activity (ORfA) totaling **€740 million** in 2019. **In five years, the Group has doubled its reported ORfA.** With **growth of 6.5%** compared with 2018 ORfA, it includes a slightly negative currency effect (-€5 million vs. -€45 million in 2018), a scope effect (Wilbur Curtis and Krampouz, +€9 million) and a method effect (IFRS 16, +€9 million).

The organic growth in 2019 Operating Result from Activity stands at 4.7% and can be explained as follows:

- a volume effect of **+€141 million**, reflecting favorable business trends, both in Consumer and Professional activity;
- a **+€8 million** price-mix effect, which factors in continued upselling driven by new products, lower price increases due to moderate currency effects and higher promotional pressure;
- a limited increase (**+€5 million)** in the cost of sales thanks to reduced raw material costs in 2019 and continued productivity gains;
- a **+€37 million** increase in investments in growth drivers (innovation, operational marketing and advertising), representing 10% of revenue;
- a controlled increase in sales, marketing and administrative expenses: **€31 million**, in line with revenue growth of the business and mainly reflecting investments in Group's retail network as well as in salesforce for Professional Coffee.

Furthermore, ORfA 2018-2019 bridge, as well as sales bridge, has been adversely impacted by two specific events: (i) a -€20 million impact stemming from Groupe SEB Deutschland (related to trade conditions that derogated from the Group's principles) and (ii) a -€24 million impact linked to PIS-COFINS in Brazil (recognition of a tax receivable on previous fiscal years for €32 million in 2018 and €8 million in 2019).

OPERATING PROFIT AND NET PROFIT

Groupe SEB reported Operating profit of **€621 million** in 2019, versus €625 million in 2018. The total includes a discretionary and statutory profit-sharing expense of **€35 million**, versus €34 million in 2018, and the Group's contribution to the 2019 employee share ownership plan for €2 million. It also comprises other operating income and expense of **-€82 million** (-€36 million in 2018) including notably:

- restructuring provisions in WMF's Consumer business, for approximately €40 million, covering mainly industrial asset impairments (closure of cookware site in Geislingen) and estimated labor costs (voluntary redundancy plans);
- accounting adjustments related to business practices at Groupe SEB Deutschland that derogated from the Group's principles. Amounting to nearly €20 million, these adjustments refer to 2018 financial year.

Net financial expense came out at **-€61 million** in 2019 (versus -€32 million in 2018), including recognition of an IFRS 16-related expense for €15m. As a reminder, in 2018, net financial expense also included a €13 million income related to the fair value adjustment of the optional part of the ORNAE bond (neutral effect in 2019) and the recognition of positive interest income on the tax receivable in Brazil for €21 million (€3 million this year).

Profit attributable to owners of the parent ended at **€380 million,** versus €419 million in 2018, factoring in a higher level of non-recurring expenses. This comes after a tax charge of €131 million, corresponding to an effective tax rate for the 2019 financial year of 23.5%, and after minority interests of €49 million (€43 million in 2018) for which the increase reflects Supor's performances in China.

BALANCE SHEET

At December 31, 2019, consolidated equity totaled **€2,628 million**, up €321 million on end-2018.

At end-2019, net debt amounted to **€1,997 million,** from €1,578 million a year earlier, increasing by €419 million, primarily due to the IFRS 16 impact, for €334 million. Excluding this impact, the increase in debt of around €85 million is attributable to acquisitions made in the financial year (Wilbur Curtis and Krampouz) and a dividend payout of €137 million. Free cash flow remained robust, ending at €367 million in 2019, including in particular an increase in Capex as well as financial and tax expenses during the financial year. At end-2019, the working capital requirement (WCR) stood at €1,215 million, representing 16.5% of sales, in line with the solid performance delivered in 2018. Despite frequently tougher market conditions, the Group has continued its efforts to best manage inventories and trade receivables.

The Group's year-end debt to equity ratio was **76%** (63% excl. IFRS 16) compared against 68% at end-2018 and the net debt/adjusted EBITDA ratio came out at **2.1x**, including an impact of the IFRS 16 implementation in 2019 of 0.2 x. Excluding IFRS 16 impact and acquisitions, the ratio at December 31, 2019, would stand at **1.6x**.

CAPITAL EXPENDITURES

Capital expenditures amounted to €266 million, compared with €213 million in 2018; they were, as announced, higher than in previous years, representing approximately 3.6% of consolidated revenue.

Investments in 2019 were primarily for projects in France (transfer of the St-Jean-de-Bournay plastics plant to the Pont-Evêque site, construction of the Research center on the SEB CAMPUS), and in China (expansion of the Shaoxing site - Small appliances - construction of production sites for the LKA* business - near the Shaoxing site - and for WMF - in Yuhuan).

As in previous years, molds and tooling for new products, production equipment (e.g. injection molding machines, new assembly lines) and the renovation of certain buildings represented substantial investments for the Group. This is in addition to expenditures on production-related computer software, capitalized development costs and the refurbishing of the Group's proprietary stores.

4.4. Commentary on SEB S.A.'s results

PRESENTATION OF SEB S.A.'S RESULTS

SEB S.A., the parent company of Groupe SEB, is a holding company. It therefore defines and implements the Group's development strategy. It holds financial interests that give it direct and indirect control over Group companies. SEB S.A. also manages the Group's cash, implements the financing policy and centralizes the management of the market risks to which the subsidiaries and the Group are exposed.

The financial statements of SEB S.A. at 31 December 2019 are characterized by the following amounts and transactions:

Operating income and expenses resulted in expense of €19.8 million in 2019, compared with an expense of €18.8 million in 2018.

Net financial income was stable at €102.2 million in 2019, compared with €101.2 million in 2018. This net financial income mainly comprises:

- dividends received in the amount of €122.5 million, which decreased over the year, versus €148.9 million in 2018;
- unfavorable currency effects in 2019 of €25.0 million, compared with a loss of €22.8 million in 2018;
- and allocations to provisions, net of impairment of equity investments, of €15.8 million, including €21.6 million for the period, compared with €36.2 million in 2018.

Profit from ordinary activities before tax was €82.4 million in 2019, versus €82.5 million in 2018. An extraordinary net gain of €19.1 million was recorded, versus an expense of €12.8 million in 2018.

As SEB S.A. is the lead company of the tax consolidation group, it posted a tax income of €29.2 million in 2019 (compared to €29.9 million in 2018), corresponding primarily to the tax savings related to the deduction of the losses of the loss-making subsidiaries from the total group's tax result of €18.5 million in 2019.

SEB S.A.'s net profit for 2019 was €130.4 million, compared with €99.6 million for fiscal 2018.

At 31 December 2019, total assets amounted to €4,720.8 million, compared with €4,680.4 million at the end of 2018, representing an increase of €40.3 million.

Non-current assets amounted to €4,420.0 million, up €115.1 million over 31 December 2018. They were primarily composed of equity investments for a net amount of €1,587.8 million, compared with €1,609.0 million in 2018, and long- and medium-term loans granted for €2,829.1 million, versus €2,693.4 million in 2018.

In terms of liabilities, the company's equity stood at €1,255.7 million at 31 December 2019, compared with €1,220.2 million in 2018. SEB S.A.'s total borrowings and financial debt amounted to €3,207.8 million at 31 December 2019, compared with €3,193.2 million in 2018.

* *Large kitchen appliance*

ACQUISITIONS OF EQUITY INVESTMENTS

SEB S.A. acquired control of Krampouz through its subsidiary SEB Internationale.

DIVIDENDS PAID OUT IN THE LAST THREE FISCAL YEARS

	Dividends	Share premium
2017	85,347,160	3,236,360
2018	99,677,218	3,727,112
2019	106,554,007	4,072.106

BREAKDOWN OF TRADE PAYABLES BY DUE DATE

	Article D. 441 I.-1: Invoices received and not settled at the closing date of the fiscal year period that are in arrears					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more
(A) Late payment tranches						
Number of invoices concerned						26
Total amount of invoices concerned incl. VAT		(0.1)			-	(0.1)
Percentage of total amount of purchases incl. VAT for the year	0%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to debts and receivables that are disputed or not reported						
Number of invoices excluded						17
Total amount of invoices excluded						0
(C) Payment deadlines for references used (contractual or statutory deadline – Article L. 441-6 or Article L. 443-1 of the French commercial code)						
Payment deadlines used to calculate late payments	Legal deadlines: for French suppliers, payment deadlines range from 15 days to 60 days; for foreign suppliers, payment deadlines are scheduled from 30 to 60 days. Contractual deadlines: The payment deadlines comply with the legal deadlines.					

SUMPTUARY EXPENSES AND NON-TAX DEDUCTIBLE EXPENSES

Pursuant to the provisions of Article 223 quater of the French Tax Code, it is specified that the financial statements for the previous fiscal year contain sumptuary expenses of €17,702.35 corresponding to the depreciation of passenger vehicles. This expense is not deductible from the tax result under Article 39-4 of the French General Tax Code.

4.5. Outlook

(Elements subsequent to the February 25, 2020 board of directors' meeting)

2020 opens with a context of unprecedented uncertainties due to the spread of the Covid-19 epidemic throughout the world and in particular in the main markets of the Group.

The epidemic has spread rapidly to the Group's main markets in the last few weeks. The situation has deteriorated sharply in Western Europe and, more recently, in the Americas. At this stage, Central Europe, Russia and Turkey have been less affected. The extension of containment measures and the closing of most physical stores were refl ected in a downturn in non-food consumption and a substantial contraction in the Group's Consumer business in March in the impacted regions. While more resilient, online sales have failed to offset this drop.

In Asia excluding China, situations vary from one country to the other, but are overall better oriented with a gradual emergence from the crisis in South Korea as well as a pick-up in demand whereas consumption in Japan has been relatively fi rm despite store closure measures.

Simultaneously, China seems to start getting out of the crisis. Following a c.3-week shutdown, manufacturing restarted and our plants are back to full-capacity output, excluding the Wuhan site which has restarted and for which a return to normal production level is expected in April. As regards demand, the Chinese end-market shows signs of progressive improvement, primarily stemming from e-commerce, while the traffic in stores remains modest at date.

The Professional business is also impacted, owing to the closing of numerous restaurant chains, leading to the discontinuation of some deliveries and the postponement of some contracts.

Against this critical backdrop, the trajectory of organic sales growth and of increase in Operating Result from Activity excluding COVID-19 mentioned earlier is no longer relevant. Given the scale and complexity of this unprecedented health crisis and considerable uncertainty over the crisis exit, the Group is unable as yet to precisely quantify the impacts for the full year, but revenue and Operating Result from Activity will be signifi cantly down in 2020.

In the shorter term, the Group estimates that the loss in sales (Consumer and Professional) should amount to around €270m in the first quarter, including:

- €180m, resulting mainly from China (including the highly negative impact of COVID-19 and demanding comparatives from the Chinese New Year in early 2019), considerably lower than the estimate announced at end-February (€250m);
- €90m owing mainly to Europe and the Americas, particularly in March.

Given the current spread of the epidemic, the Group is expecting a substantially larger loss in revenue in the second quarter.

The Group is adapting to the situation and short-term imperatives by implementing cost savings measures, adjusting its capital expenditure and strictly controlling its cash flow, notably its working capital requirement. The fi nancing structure is healthy and well-balanced in terms of instruments and maturities and free of fi nancial covenants. Moreover, the Group has a syndicated credit facility amounting to €960m which is undrawn at date.

For the sake of solidarity and responsibility towards all stakeholders, and to preserve the Group's resources, the Board of Directors decided today to reduce by a third versus dividend paid in 2019 the amount of the dividend to be paid to shareholders in 2020 in respect of fi scal year 2019. As such, the dividend which will be proposed at the Annual General Meeting of May 19 will be €1.43 per share.

Corporate executive offi cers will reduce their compensation paid in 2020 according to the recommendation issued by AFEP* on March 29, 2020 (25% reduction, pro rata to the duration of applied short-time working measures) and the Board of directors decided to reduce director fees to be paid in 2020 in the same proportion.

4.6. Post-balance sheet events

INVESTIGATION OF THE TURKISH COMPETITION AUTHORITY

The Turkish Competition Authority opened an inquiry on 7 January 2020 at the headquarters of GS Istanbul, of one distributor, in several stores, of a wholesaler and of one competitor. This inquiry is looking into facts relating to three practices (resale prices imposed, refusal of sale, prohibited use of confidential information).

The notification of complaints should be received by the end of February 2020. The maximum risk is a fine ranging from 5 thousandths to 3 percent of the revenues of Groupe SEB Istanbul for the year 2019. Given the uncertain outcome of the proceedings, no provision was funded in the financial statements at 31 December 2019. On 25 February 2020, the date the Board of Directors closed the accounts, no other significant event had occurred.

5 Consolidated Financial Statements

5.1. Financial statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

(in € millions)	31/12/2019	31/12/2018	31/12/2017
Revenue (Note 3)	7,353.9	6,812.2	6,484.6
Operating expenses (Note 4)	(6,614.1)	(6,117.4)	(5,824.0)
OPERATING RESULT FROM ACTIVITY	**739.8**	**694.8**	**660.6**
Statutory and discretionary employee profit-sharing (Note 5)	(37.2)	(33.6)	(37.6)
RECURRING OPERATING PROFIT	**702.6**	**661.2**	**623.1**
Other operating income and expense (Note 6)	(82.1)	(35.6)	(43.6)
OPERATING PROFIT (LOSS)	**620.5**	**625.6**	**579.5**
Finance costs (Note 7)	(41.1)	(32.8)	(34.9)
Other financial income and expense (Note 7)	(19.6)	0.9	(36.7)
Share of profits of associates			
PROFIT BEFORE TAX	**559.8**	**593.7**	**507.9**
Income tax (Note 8)	(131.5)	(131.2)	(99.3)
PROFIT FOR THE PERIOD	**428.3**	**462.5**	**408.6**
Non-controlling interests (Note 20)	(48.6)	(43.5)	(33.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**379.7**	**419.0**	**375.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*			
Basic earnings per share (Note 9)	7.63	8.44	7.56
Diluted earnings per share (Note 9)	7.58	8.38	7.50

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	31/12/2019	31/12/2018	31/12/2017
Profit before minority interests	428.3	462.5	408.6
Exchange differences on translating foreign operations	27.9	(18.7)	(147.9)
Gains (losses) on cash flow hedges	(13.1)	8.1	(21.1)
Actuarial gains and losses on defined benefit plans, net of tax [(a)(b)]	(27.3)	(0.7)	14.0
Change in fair value of financial assets [(a)]	6.5	13.3	
Other comprehensive income	(6.0)	2.0	(155.0)
COMPREHENSIVE INCOME	**422.3**	**464.5**	**253.6**
Non-controlling interests	(51.3)	(42.9)	(24.2)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**371.0**	**421.6**	**229.4**

(a) Items that will not be reclassified to profit or loss.
(b) The pre-tax effect of this restatement is shown in Note 22.4 Change in other comprehensive income (loss).

CONSOLIDATED BALANCE SHEET

Year ended 31 December

ASSETS *(in € millions)*	31/12/2019	31/12/2018	31/12/2017
Goodwill (Note 10)	1,611.3	1,484.9	1,467.5
Other intangible assets (Note 10)	1,261.9	1,183.2	1,170.6
Property plant and equipment (Note 11)	1,248.0	839.5	820.5
Investments in associates (Note 13)			
Other investments (Note 13)	100.4	51.0	33.8
Other non-current financial assets (Note 13)	38.6	16.9	15.4
Deferred taxes (Note 8)	96.3	79.2	62.9
Other non-current assets (Note 17)	58.0	57.1	10.6
Long-term derivative instruments – assets (Note 25)	3.4	2.5	3.4
NON-CURRENT ASSETS	**4,417.9**	**3,714.3**	**3,584.7**
Inventories (Note 15)	1,189.1	1,180.5	1,112.1
Trade receivables (Note 16)	1,159.7	1,087.2	1,015.8
Other receivables (Note 17)	175.1	144.7	100.0
Current tax assets	57.4	36.3	73.5
Short-term derivative instruments – assets (Note 25)	20.5	40.1	45.6
Other financial investments (Note 24)	10.2	260.7	216.8
Cash and cash equivalents (Note 18)	785.5	612.7	538.7
CURRENT ASSETS	**3,397.5**	**3,362.2**	**3,102.5**
TOTAL ASSETS	**7,815.4**	**7,076.5**	**6,687.2**

LIABILITIES *(in € millions)*	31/12/2019	31/12/2018	31/12/2017
Share capital (Note 19)	50.3	50.2	50.2
Reserves and retained earnings (Note 19)	2,395.1	2,130.2	1,806.6
Treasury stock (Note 19)	(52.8)	(82.4)	(67.3)
Equity attributable to owners of the parent	2,392.6	2,098.0	1,789.5
Non-controlling interests (Note 20)	234.9	208.6	174.8
CONSOLIDATED SHAREHOLDERS' EQUITY	**2,627.5**	**2,306.6**	**1,964.3**
Deferred taxes (Note 8)	222.3	235.8	216.7
Long-term provisions (Note 21)	339.5	334.1	354.0
Long-term borrowings (Note 24)	2,301.8	1,857.9	2,067.3
Other non-current liabilities (Note 23)	55.2	45.8	47.3
Long-term derivative instruments – liabilities (Note 25)	17.1	7.9	20.7
NON-CURRENT LIABILITIES	**2,935.9**	**2,481.5**	**2,706.0**
Short-term provisions (Note 21)	107.8	73.9	90.0
Trade payables (Note 23)	1,044.8	1,029.9	905.8
Other current liabilities (Note 23)	527.6	519.3	351.7
Current tax liabilities	74.1	52.6	51.7
Short-term derivative instruments – liabilities (Note 25)	27.1	25.7	39.5
Short-term borrowings (Note 24)	470.6	587.0	578.2
CURRENT LIABILITIES	**2,252.0**	**2,288.4**	**2,016.9**
TOTAL LIABILITIES	**7,815.4**	**7,076.5**	**6,687.2**

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December

(in € millions)	31/12/2019	31/12/2018	31/12/2017
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**379.7**	**419.0**	**375.0**
Depreciation, amortization and impairment losses	278.1	179.0	177.9
Change in provisions	(3.5)	(29.2)	(11.4)
Unrealized gains and losses on financial instruments	13.2	(7.7)	(0.4)
Income and expenses related to stock options and bonus shares	35.3	29.4	17.7
Gains and losses on disposals of assets	1.3	0.7	1.8
Other [c]	(17.5)		0.1
Non-controlling interests	48.6	43.5	33.6
Current and deferred taxes	131.5	139.2	98.2
Finance costs	41.3	32.5	34.3
CASH FLOW [a][d]	**908.0**	**806.4**	**726.9**
Change in inventories and work in progress	19.8	(73.9)	(109.9)
Change in trade receivables	(51.5)	72.6	(12.0)
Change in trade payables	(18.8)	74.7	38.6
Change in other receivables and payables	7.8	(21.8)	(40.8)
Income tax paid	(145.9)	(105.8)	(116.9)
Net interest paid	(37.3)	(28.4)	(29.1)
NET CASH FROM OPERATING ACTIVITIES	**682.1**	**723.8**	**456.8**
Proceeds from disposals of assets	32.4	11.1	13.7
Purchases of property, plant and equipment	(218.2)	(175.8)	(165.0)
Purchases of software and other intangible assets	(48.1)	(37.7)	(27.4)
Purchases of financial assets	248.8	(60.0)	(30.7)
Acquisitions of subsidiaries, net of cash acquired	(292.5)	(19.4)	(8.1)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	**(277.6)**	**(281.8)**	**(217.4)**
Increase in borrowings [b][d]	599.3	557.2	515.5
Decrease in borrowings [b][d]	(715.4)	(758.7)	(487.9)
Issue of share capital	15.7		
Transactions between owners	0.2		(27.5)
Change in treasury stock	1.9	(35.0)	(27.2)
Dividends paid, including to non-controlling interests	(137.3)	(126.6)	(101.1)
NET CASH USED BY FINANCING ACTIVITIES	**(235.6)**	**(363.1)**	**(128.3)**
Effect of changes in foreign exchange rates	3.8	(4.9)	13.0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**172.7**	**74.0**	**124.2**
Cash and cash equivalents at beginning of period	612.7	538.7	414.5
Cash and cash equivalents at end of period	785.5	612.7	538.7

(a) Before net finance costs and income taxes paid.
(b) As from 2018, because of the change in the statutory consolidation tool, the increase and decrease in borrowings is presented differently.
For the comparative periods of 31/12/2017 the data have not been restated. The amounts therefore correspond to the previous presentation of the cash flow statement.
(c) reclassification in profit or loss of €17.5 million in foreign currency translation adjustments upon deconsolidation of Grain Harvest.
(d) the application of IFRS 16 had a €95.7 million positive impact on cash flow. This sum corresponds to lease payments over the period, which are now deemed to be repayments of the IFRS 16 debt.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital	Share premiums	Reserves and retained earnings	Translation differences	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Consolidated shareholders' equity
AT 31 DECEMBER 2016	**50.2**	**88.1**	**1,435.1**	**154.5**	**(56.6)**	**1,671.0**	**165.2**	**1,836.2**
Profit for the period			375.0			375.0	33.6	408.6
Other comprehensive income			(7.1)	(138.5)		(145.6)	(9.4)	(155.0)
COMPREHENSIVE INCOME			**367.9**	**(138.5)**		**229.4**	**24.2**	**253.6**
Dividends paid			(88.6)			(88.6)	(12.4)	(101.0)
Issue of share capital								
Changes in treasury stock					(10.6)	(10.6)		(10.6)
Gains (losses) on sales of treasury stock, after tax			(12.9)			(12.9)		(12.9)
Exercise of stock options			17.7			17.7		17.7
Other movements			(16.5)			(16.5)	(2.1)	(18.6)
AT 31 DECEMBER 2017	**50.2**	**88.1**	**1,702.6**	**16.0**	**(67.2)**	**1,789.4**	**174.9**	**1,964.3**
Profit for the period			419.0			419.0	43.5	462.5
Other comprehensive income			20.7	(18.1)		2.6	(0.6)	2.0
COMPREHENSIVE INCOME			**439.7**	**(18.1)**		**421.6**	**42.9**	**464.5**
Dividends paid			(103.3)			(103.3)	(23.3)	(126.6)
Issue of share capital								
Changes in treasury stock					(15.2)	(15.2)		(15.2)
Gains (losses) on sales of treasury stock, after tax			(19.4)			(19.4)		(19.4)
Exercise of stock options			27.6			27.6	1.8	29.4
Other movements [(a)]			(35.1)	32.4		(2.7)	12.3	9.6
AT 31 DECEMBER 2018	**50.2**	**88.1**	**2011.8**	**30.3**	**(82.4)**	**2,098.0**	**208.6**	**2306.6**
Profit for the period			379.7			379.7	48.6	428.3
Other comprehensive income			(33.9)	25.2		(8.7)	2.7	(6.0)
COMPREHENSIVE INCOME	**0.0**	**0.0**	**345.8**	**25.2**	**0.0**	**371.0**	**51.3**	**422.3**
Dividends paid			(110.6)			(110.6)	(26.7)	(137.3)
Issue of share capital	0.1	15.6				**15.7**		**15.7**
Reduction of share capital								
Changes in treasury stock					29.7	29.7		29.7
Gains (losses) on sales of treasury stock, after tax			(26.8)			(26.8)		(26.8)
Exercise of stock options			34.3			34.3	1.1	35.4
Other movements [(b)]			(18.7)			(18.7)	0.6	(18.1)
AT 31 DECEMBER 2019 (NOTE 19)	**50.3**	**103.7**	**2,235.8**	**55.5**	**(52.7)**	**2,392.6**	**234.9**	**2,627.5**
DIVIDENDS PROPOSED FOR 2019			**(118.3)**			**(118.3)**		**(118.3)**
BALANCE AFTER APPROPRIATION AT 31 DECEMBER 2019	**50.3**	**103.7**	**2,117.5**	**55.5**	**(52.7)**	**2,274.3**	**234.9**	**2,509.2**

(a) Reclassification of €32 million carried out following the change in the statutory consolidation tool.
(b) reclassification in profit or loss of €17.5 million in foreign currency translation adjustments upon deconsolidation of the Grain Harvest holding company.

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5.2. Notes to the Consolidated Financial Statements

FIGURES AT 31 DECEMBER *(IN € MILLIONS)*

SEB S.A. and its subsidiaries (together "Groupe SEB" or "the Group") are a world reference in the design, manufacture and marketing of cookware and Small Domestic Equipment: pressure cookers, irons and steam generators, kettles, coffee machines, deep fryers, toasters and food processors. The Group is also world leader of the professional automatic coffee machine market.

SEB S.A.'s registered office is at Chemin du Moulin Carron, 69130 Écully, France and it is listed on the Euronext-Paris Eurolist market (ISIN code: FR0000121709).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements were authorized for publication by the Board of Directors on 25 February 2020.

As a company listed in a European Union member state and pursuant to regulation (EC) no. 1606/2002 of 19 July 2002, the Group's published Consolidated Financial Statements for FY 2019 and the comparative financial statements for FYs 2018 and 2017 were prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2019.

These guidelines can be downloaded from the European Commission's website http://ec.europa.eu/internal_market/accounting/ias_en.htm. This includes the standards published by the IASB (International Accounting Standards Board), namely the IFRS, IAS (International Accounting Standards) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the former Standard Interpretations Committee (SIC).

Mandatory new standards, amendments and interpretations

IFRS 16 "Leases" was first applied as of 1 January 2019. The work done in connection with the first-time application of this standard allowed us to highlight:

- the absence of complex leases and pretty uniform types of leases within the Group primarily regarding the leasing of offices, stores, warehouses, vehicles and a number of industrial assets;
- relatively short leases except for a number of stores;
- fixed lease payments in virtually all cases.

The Group decided to apply the simplified retrospective method. Discount rates have been determined based on the remaining term of existing leases as at 1 January 2019. The estimated amount of the liabilities and the right-of-use assets concerned as at 1 January 2019 is very close to that of the operating lease commitment presented in Note 12 to the 2018 annual financial statements. The difference (less than 1.5%) compared to the commitment presented at end-2018 is mainly due to variable rents excluded from the debt calculation basis. The main impacts of this new standard are presented in Note 12 of this document.

The Group also adopted the following standards, amendments and interpretations applicable as of 1 January 2019. Their date of application matches that of the IASB.

- Annual improvements to IFRS (2015-2017 cycle) applicable as of 1 January 2019: these amendments mainly covered a clarification regarding the treatment of transactions in which control or joint control of the "joint operation" is obtained; transactions at the intersection of IFRS 3 and IFRS 11; the tax consequences of dividend distributions under IAS 12; the application of IAS 23 in the case of available-for-sale assets;
- Amendment to IAS 19 "Employee Benefits" providing clarification on the treatment of plan amendments, curtailments or settlements;
- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures" making it possible to clarify the application of IFRS 9 to investments not accounted for under the equity method.
- IFRC 23 on "accounting for uncertain tax positions".

These new standards and amendments had no material impact on the Group's financial statements.

New early-adopted standards and interpretations

The Group elected to apply early in 2019 the amendment to IFRS 9, IAS 39 and IFRS 7 published by the IASB in September 2019 as part of the reference rate reform. This amendment allows the Group to ignore uncertainty regarding future reference rate movements when measuring the effectiveness of hedge relationships and/or assessing the highly probable nature of the hedged risk, thereby making it possible to secure existing or future hedge relationships until these uncertainties have been lifted.

Documented interest rate derivatives hedging liabilities indexed to a reference rate are discussed in Note 26.2.2. The Group is currently analyzing the impact of future changes to reference indices.

The Group did not early-adopt any other standards, amendments or interpretations in 2019 that are mandatory as from 1 January 2020 or that are applicable despite not having been adopted by the European Union as they do not contradict any existing standards.

Note 1.1. Basis and scope of consolidation

Material companies that are exclusively controlled by SEB S.A. either directly or indirectly are fully consolidated.

The profits of subsidiaries acquired or disposed of during the year are recognized in the consolidated income statement from the acquisition date or up to the disposal date.

Where necessary, the financial statements of subsidiaries are restated to comply with Group accounting policies.

Material companies over which SEB S.A. exercises significant influence, directly or indirectly, are accounted for by the equity method.

Certain companies fulfilling all of the above criteria are not consolidated because they are not material to the Group:

- revenue of less than €15 million;
- total assets of less than €15 million;
- total debt of less than €5 million.

The list of consolidated companies is presented in Note 32.

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

Note 1.2. Translation of foreign financial statements and currency transactions

1.2.1. Translation of the financial statements of foreign operations

The financial statements of foreign entities are prepared in their functional currency, corresponding to the currency of the primary economic environment in which the entity operates. The functional currency of most foreign entities is their local currency.

The Group's functional and reporting currency is the euro.

The financial statements of the Group's subsidiaries are translated into euros by the closing rate method, as follows:

- assets and liabilities in a functional currency other than the euro are translated at the closing rate at the balance sheet date and income statement items are translated at the weighted average rate for the year;
- the resulting exchange differences are recognized as a separate component of equity, under "Translation adjustments".

The financial statements of subsidiaries whose functional currency is not the local accounting currency are initially translated into the functional currency using the historical rate method, as follows:

- non-monetary assets and liabilities: non-current assets, inventories and securities and the corresponding movements recorded in the income statement are translated at the historical exchange rate;
- monetary assets and liabilities: cash, short and long-term loans and borrowings, operating receivables and payables are translated at the closing rate at the balance sheet date;
- income statement items are translated at the weighted average exchange rate for the year, apart from depreciation, amortization and impairment losses on non-monetary items;
- the resulting exchange differences are recognized in the income statement for the year.

These financial statements in the functional currency are then translated into euros using the closing rate method.

In accordance with the option available to first-time adopters under IFRS 1, Groupe SEB elected to reset to zero at 1 January 2004 the cumulative translation differences arising on consolidation of foreign entities.

1.2.2. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the euro are initially recognized at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in currencies other than the euro are translated at the closing exchange rate. The resulting exchange gains and losses are recognized in the income statement except where they are recognized directly under other comprehensive income or refer to eligible cash flow hedges or hedges of a net investment in a foreign entity.

Non-monetary foreign currency assets and liabilities carried at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate on the date on which this fair value was measured.

Where a profit or a loss on a non-monetary item is recognized under other comprehensive income, any exchange component of this profit or loss is recognized directly under other comprehensive income. In contrast, where a profit or a loss on a non-monetary item is recognized directly in the income statement, any exchange component of this profit or loss is recognized in the income statement.

The Group's exposure to certain currency risks is hedged using forward contracts and options (see below for the accounting methods applicable to hedging positions).

Note 1.3. Use of estimates

The preparation of Consolidated Financial Statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the reported amounts of assets and liabilities – such as accumulated depreciation, amortization and impairment losses – and contingent assets and liabilities on the date of the Consolidated Financial Statements, as well as on income and expenses for the year.

These estimates are made on a going concern basis and reflect amounts and assumptions that management considers relevant and reasonable given the Group's operating environment and past experience. Forecasting and producing medium-term plans are rendered difficult by the current economic environment. The Consolidated Financial Statements for the period were prepared on the basis of financial parameters for the market available at the end of the period. The value of certain assets, such as goodwill and trademarks, is estimated at the year-end based on the long-term economic outlook and management's best estimates, taking into account the reduced visibility of future cash flows.

The assumptions used – which mainly concern impairment tests on non-current assets – and the sensitivity of reported amounts to changes in these assumptions.

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 (Note 22.1), deferred taxes (Note 1.4.11), property, plant and equipment (Note 1.4.4), intangible assets (Notes 1.4.1 and 11), investments in associates and other investments, impairment of current assets (Notes 1.4.6 and 1.4.7), short and long-term provisions (Notes 1.4.12 and 1.4.13), certain financial instruments (Note 1.4.5 – Derivative instruments) and share-based payments (Note 1.4.12 – Share-based payments).

Note 1.4. Accounting policies and valuation methods

The financial statements of Group companies are prepared in accordance with local generally accepted accounting principles. They are restated to comply with Group accounting policies.

The notes to the Financial Statements include analyses of assets and liabilities by maturity where disclosure of this information is required.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

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

- its intention to complete the development project;
- that it is probable that the expected future economic benefits attributable to the intangible asset will flow to the Group;
- its ability to reliably measure the cost of the intangible asset.

Development costs that do not fulfill the above criteria are expensed during the year in which they are incurred.

In Groupe SEB's Consolidated Financial Statements, qualifying development costs incurred after the advance design phase and before the manufacturing phase are recognized as intangible assets.

Development costs are amortized on a straight-line basis over three to five years, corresponding to the same useful life as that applied to specific tooling.

B) OTHER INTANGIBLE ASSETS

Software licenses and internal software development costs are recognized as intangible assets when it is probable that they will generate future economic benefits. They are amortized by the straight-line method over useful lives ranging from three to five years. Other software licenses and software development costs are expensed as incurred.

Patents, licenses and trademarks with a finite useful life are amortized over the shorter of the period of legal protection and their expected useful life, not to exceed 15 years.

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

In business combinations, order books and customer relationships are recorded as recurring transactions with existing customers at the date of acquisition.

C) GOODWILL

Goodwill arising from consolidated companies a balance sheet asset under "Goodwill".

It is measured as the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired in a business combination over the consideration transferred. The consideration transferred is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred by the acquirer to the former owner on the acquisition date, plus any contingent consideration. In the case of an acquisition carried out in stages, the difference between the carrying amount of the previously held interest and its acquisition-date fair value is recorded directly in the income statement on the acquisition date under "Other operating income and expenses".

For each business combination, any non-controlling interest in the acquired company may be measured either at fair value on the acquisition date (full goodwill method) or at the non-controlling interest's proportionate share of the acquired company's identifiable net assets (partial goodwill method).

The fair values provisionally attributed to identifiable assets and liabilities, non-controlling interests measured at fair value and the various components of the consideration transferred may be adjusted by the acquirer for a period of twelve months after the acquisition date. After that period, any adjustments are recognized prospectively in profit or loss with no adjustment to goodwill.

Goodwill is not amortized but is tested for impairment at least once a year. For impairment testing purposes, goodwill is classified by cash generating units, which correspond to uniform groups jointly generating identifiable cash flows.

The method used to test cash generating units for impairment is described in Note 1.4.3.

When impairment is noted, the difference between the carrying amount of the asset and its recoverable amount is recognized in other operating expenses. Impairment losses on goodwill are not reversible.

Badwill (negative goodwill) is recognized directly in the income statement under "Other operating income and expenses" in the year acquired and is attributed in full to the acquirer.

1.4.2. Property, plant and equipment

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

Maintenance and repair costs are expensed as incurred.

The useful lives are as follows:

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

Each asset component with a useful life that is different from that of the asset to which it belongs is depreciated separately. Useful lives are reviewed at regular intervals and the effect of any adjustments are recognized prospectively.

No items of property, plant or equipment have been revalued.

1.4.3. Leases

Under IFRS 16 "Leases", all leases (except where exempted by the standard) result in the recognition on the balance sheet of an asset (representing the right to use the leased asset during the lease) and a liability (in respect of lease payment obligations).

On the date on which the lease takes effect, the use right is measured at cost including the initial amount of the liability, the advance payments made to the lessor and the initial direct costs incurred in concluding the lease. This may also include an estimate of the costs of restoring the leased asset as per the lease.

When the lease comes into effect, the lease payment liability represents the present value of lease payments under the lease. This discounting of lease payments must be done at the interest rate implicit in the lease or, as the case may be, the lessee's marginal borrowing rate.

The lease payments factored into the calculation of the liability include fixed lease payments (including lease payments considered fixed in substance), variable lease payments based on a rate or index (using the rate or index on the date on which the lease takes effect), residual value guarantees, the exercise price of purchase options, penalties for cancellation or non-renewal of leases. The term of the lease is the non-cancelable period over which the group is entitled to use the asset as well as periods covered by lease renewal options, which are reasonably certain to be exercised and periods covered by cancellation options that the group does not intend to exercise.

Upon first-time application of this standard, an analysis of existing leases found:

- the absence of complex leases and pretty uniform types of leases within the Group primarily regarding the leasing of offices, stores, warehouses, vehicles and a number of industrial assets;
- relatively short leases except for a number of stores;
- fixed lease payments in virtually all cases.

As of 1 January 2019, the Group applied IFRS 16 for the first time using the simplified retrospective method. The discount rates used to determine the value of the lease liabilities have been determined based on the remaining term of existing leases as at 1 January 2019.

1.4.4. Impairment of non-current assets

In accordance with IAS 36 – Impairment of Assets, the net carrying amount of property, plant and equipment and intangible assets is tested at the appearance of impairment and reviewed at each closing. Assets with an indefinite useful life – corresponding in the case of the Group to goodwill and trademarks – are tested for impairment at least once a year.

Assets with a finite life are tested whenever events or circumstances indicate that their carrying amount may not be recovered.

Impairment tests are performed at the level of each Cash-Generating Unit (CGU). A CGU is defined as an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of these units is determined by reference to net discounted future cash flows. An impairment loss is recognized for any excess in an asset's carrying amount over its recoverable amount. Recoverable amount corresponds to the higher of the asset's fair value less costs to sell and its value in use, calculated using the discounted cash flows method. The impairment loss thus determined is first allocated against goodwill and then pro-rata to the other assets based on their carrying amounts.

The capitalized amount of development projects in progress is also tested for impairment.

Impairment losses on CGUs and on assets with an indefinite useful life is recorded in "Other operating income and expenses".

Following the acquisition of the WMF Group at the end of 2016 and taking into account its impact on the Group's general organization, the CGUs have been redefined.

In fact, Groupe SEB has identified three distinct categories of CGU:

- a "Professional" CGU comprising intangible assets and industrial assets (mainly tools, machinery and buildings) related to professional activities (coffee shops and hotels) to which a portion of the goodwill calculated at the time of the WMF acquisition has been allocated;
- a "Consumer EMEA" CGU, covering activities relating to cookware and electrical cooking in the EMEA area. This new CGU includes intangible assets and industrial assets (mainly tools, machinery and buildings) related to its consumer activities in the EMEA region, to which a portion of the goodwill calculated at the time of the WMF acquisition has been allocated. This grouping is in line with the synergies identified in the EMEA region when WMF was acquired;
- independent CGUs for marketing subsidiaries that may be grouped together in the event of pooled resources and for Group entities outside the EMEA region having closely-related industrial and commercial activities.

Impairment losses recognized for non-financial assets other than goodwill are reviewed at each annual and interim period end and adjusted as necessary.

1.4.5. Financial instruments

Financial instruments are accounted for in accordance with IFRS 9 – Financial Instruments.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are recognized at the fair value of the consideration given or received. Transaction costs directly attributable to the acquisition or issue of the financial asset or liability are included in the initial measurement of all financial assets and liabilities. Acquisition costs include direct external transaction costs.

A) FINANCIAL ASSETS

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables, debt securities and other cash equivalents classified as current assets.

The classification of financial assets into each of the categories defined by IFRS 9 (amortized cost, fair value through other comprehensive income, fair value through profit or loss) is dependent on the management systems put in place by the Group and their contractual cash flow characteristics.

Equity instruments held

These assets are measured at fair value through profit or loss or for those not held for trading designated at fair value through other comprehensive income (cannot be reclassified to profit or loss). This classification is irrevocable.

These assets are presented on the "investments in non-consolidated companies" line in the balance sheet.

Recognized at amortized cost

These assets include loans and receivables and held-to-maturity investments.

Held-to-maturity investments are financial assets with a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are measured at amortized cost, determined by the effective interest method.

B) FINANCIAL LIABILITIES

Financial liabilities comprise borrowings and other financing, including bank overdrafts, and operating liabilities.

Borrowings and other financial liabilities are measured at amortized cost, determined by the effective interest method.

Any financial liabilities hedged by interest rate swaps are hedged against future cash flows. Changes in the fair value of the swap are recorded in the balance sheet, with the effective portion recognized in equity.

C) DERIVATIVE INSTRUMENTS

Market risks (interest rate, currency and commodity price risks) are hedged, generally through the use of derivative instruments.

In accordance with IFRS 9 and IAS 32, derivative instruments are measured at fair value.

The accounting treatment of changes in fair value depends on the future use of the derivative and the resulting accounting classification.

Derivative instruments designated as the hedging instrument in a hedging relationship may be classified as either fair value or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment that is attributable to a particular risk and could affect profit;
- a cash flow hedge is a hedge of the exposure to variability in the value of future cash flows relating to existing or future assets or liabilities.

The gain or loss arising from remeasurement at fair value of derivative instruments designated as fair value hedges is recognized in profit, offsetting all or part of the gain or loss recognized on the hedged item.

In the case of cash flow hedges, the effective portion of the gain or loss arising from remeasurement of the derivative instrument at fair value is recognized in equity and the ineffective portion is recognized in profit. The cumulative gains and losses on cash flow hedges recognized in equity are reclassified into profit when the hedged item affects profit.

Hedge accounting is applied when:

- the hedging relationship is formally designated and documented at the inception of the hedge;
- the hedge is expected to be highly effective and is determined actually to have been highly effective throughout the financial reporting periods for which it was designated.

At the inception of each hedge, the hedging relationship is formally documented by the Group, specifying in particular its risk management objective and strategy for undertaking the hedge. The Group also documents how it will assess the hedging instrument's effectiveness throughout its useful life in offsetting exposure to changes in fair value or cash flows attributable to the hedged risk.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in profit.

The amendments to IFRS 9 on hedge accounting are mainly intended to harmonize the accounting rules for business risk management. The main amendment primarily concerns the method of accounting for the time value of currency and interest rate options. Time value adjustments recognized during the life of the option are now recorded in other comprehensive income.

1.4.6. Inventories

Raw materials and goods purchased for resale are measured at purchase cost, using the weighted average cost method.

Work-in-progress and finished products are measured at cost, including raw materials and labor and a portion of direct and indirect production costs.

In accordance with IAS 2, inventories are measured at the lower of cost, determined as explained above, and net realizable value.

Net realizable 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.

1.4.7. Trade receivables

Trade receivables are measured at their nominal amount, which is equivalent to their fair value in view of their short-term maturity. These receivables are impaired, on the basis of the credit losses expected at maturity in accordance with the asset impairment model introduced by IFRS 9.

1.4.8. 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 analyzed 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.

1.4.9. Net debt

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents and derivative instruments related to Group financing. It also includes the debt created as a result of the application of IFRS 16 – Leases as well as potential short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

1.4.10. Treasury stock

Treasury stock is deducted from equity at cost. Any gains or losses arising from the purchase, sale, issue or cancellation of treasury stock are recognized directly in equity without affecting profit.

1.4.11. Income tax

Income tax expense reported in the income statement corresponds to current tax for the period and changes in deferred taxes.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized, using the liability method, for temporary differences between the carrying amounts of assets and liabilities and their tax base. They are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Temporary differences include:

a) taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; and

b) deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets are recognized for deductible temporary differences and tax loss carryforwards to the extent that it is highly probable that future taxable profits will be available in the foreseeable future against which they can be utilized.

Deferred tax assets previously unrecognized at the date of a business combination or during the 12-month purchase price allocation period are subsequently recognized as an adjustment to profit or loss provided they meet the recognition criteria.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

1.4.12. Employee benefits

A) PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

In some countries, the Group is required to pay length-of-service awards to employees on retirement or pension benefits under formal pension plans. The Group also pays contributions to government-sponsored pension plans in its various host countries. The accounting treatment of these pension and other post-employment benefit plans depends on the type of plan, as follows:

Defined contribution plans

Contributions to these plans are recognized as an expense for the period to which they relate.

Defined benefit plans

In accordance with IAS 19, as amended – Employee Benefits, obligations are calculated annually by independent actuaries using the projected Unit credit method based on final salaries. This method sees each period of service as giving rise to an additional Unit of benefit entitlement and measures each Unit separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to calculate the obligation include staff turnover rates, mortality rates, the discount rate and the retirement age.

The assumptions vary according to local laws and regulations in the host countries concerned.

A provision is recorded in the balance sheet for any unfunded obligations, corresponding to defined benefit obligations not covered by plan assets.

Current service cost, corresponding to the increase in the present value of the defined benefit obligation resulting from employee service in the current period, and the effect of plan amendments and reductions, are recognized in the Operating Result from Activity.

Actuarial gains and losses, resulting from changes in actuarial assumptions and experience adjustments (i.e. the effects of the differences between the previous actuarial assumptions and what has actually occurred) are recognized in "Other comprehensive income".

Interest income or interest expense calculated on the defined benefit obligation net of the value of plan assets by applying the discount rate used to determine the defined benefit obligation is recognized in "Other financial income and expenses".

The difference between the actual return on plan assets and the interest income calculated by applying the discount rate is recorded in other comprehensive income.

For plans that have a surplus – corresponding to the excess of plan assets over the defined benefit obligation – the Group applies the limit provided for in IAS 19, as amended in determining any asset recognized in the balance sheet.

B) OTHER LONG-TERM BENEFITS

Certain subsidiaries pay jubilees to employees who have completed a certain number of years' service or offer employees "time savings accounts". The cost of these long-term benefits is calculated on an actuarial basis and recognized in profit over the service lives of the employees concerned. Actuarial gains and losses are recognized immediately in profit during the period in which they are generated, as their deferral is not allowed under IFRS.

Pension and other post-employment benefit costs are classified as operating expenses, except for the interest cost, which is included in other financial income and expenses in accordance with the alternative treatment allowed under IAS 19.

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 19, which was early-adopted on 1 January 2012, unrecognized actuarial gains and losses on defined benefit obligations at 31 December 2009 and past service costs were recognized in equity in the opening balance sheet starting 1 January 2010.

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognized in accordance with IFRS 2 – Share-Based Payment. Stock options represent a benefit for the grantee and, accordingly, are treated as part of the Group's compensation costs. Option grants are not cash-settled, and the benefit is therefore recognized as an expense over the vesting period by adjusting equity for an amount corresponding to the fair value of the underlying equity instruments As the stock options granted to employees of Group subsidiaries are only exercisable for SEB S.A. shares, they are deemed to be equity-settled share-based payments.

The fair value of stock options at the grant date is determined using the Black & Scholes option pricing model. This model takes into account the option exercise price and period, market data at the grant date (risk-free interest rate, share price, volatility, expected dividends) and grantee behavior assumptions (average holding period of the options). The fair value of performance shares corresponds to the share price on the grant date less a discount covering the lock-up feature and the value of future dividends that will not be received during the vesting period.

The compensation cost recorded for each plan is determined by multiplying the fair value per option or performance share by the estimated future number of shares to be delivered. The estimated number of shares is adjusted at each balance sheet date, as necessary, based on a revised estimate of the probability of non-market-based performance criteria being met, leading to an adjustment of the compensation cost.

The compensation cost is recognized in employee benefits expense on a straight-line basis over the option or performance share vesting period by adjusting equity. When a grantee leaves the Group before the end of the vesting period, resulting in the rights to the options or performance shares being forfeited, the cumulative compensation cost is canceled by recording an equivalent amount in income. Conversely, if a grantee leaves the Group earlier than originally expected, while maintaining his or her rights to the stock options held, amortization of the cost of his or her options or performance shares is accelerated.

D) EMPLOYEE SHARE OWNERSHIP PLANS

When employee rights issues are carried out, if the shares are offered at a discount to market price, the difference between the offer price and the market price is recorded as an expense. The expense is measured on the date the rights are granted, corresponding to the point at which both the Group and the employees understand the characteristics and terms of the offer.

It takes into account matching employer contributions to the plan and any discount offered on the shares, less the deemed cost to the employee of the lock-up applicable to the shares.

It is recognized in full in the income statement in the year of the rights issue, provided the shares are not subject to any vesting condition, as in this case the shares are issued in exchange for employee services rendered in prior periods. The charge is recognized on the income statement, under "Discretionary and non-discretionary profit-sharing."

1.4.13. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation:

A) PROVISIONS FOR WARRANTY COSTS

The Group provides a warranty on its products. The estimated costs of the warranty are accrued at the time of sale, based on historical data.

This item also includes provisions for product recalls, which are set up when the recall is decided by Groupe SEB.

B) PROVISION FOR CLAIMS AND LITIGATION

As a general principle, all known claims and litigation involving the Group are reviewed by management at each period end. All necessary provisions have been recorded to cover the related risks, as estimated after obtaining advice from outside legal advisors.

C) RESTRUCTURING PROVISION

The Group is considered as having a constructive obligation when management has a detailed formal plan for the restructuring, or has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features and no inflow of economic benefits is expected that would offset the costs of the plan.

The amount of the related provision corresponds to forecast cash outflows under the plan.

In a business combination, a contingent liability will be recognized where there is a current obligation arising from past events and its fair value can be measured reliably.

1.4.14. Off-balance sheet commitments

For several years now, the Group's reporting system has included detailed reporting of off-balance sheet commitments to identify the nature and purpose. 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);
- operating leases (leases excluded from the scope of IFRS 16), firm orders and investments;
- other commitments.

1.4.15. Transactions between owners

Acquisitions or disposals of non-controlling interests that do not affect the Group's control of a subsidiary are treated as transactions between owners and accounted for in equity. The carrying amounts of the subsidiary's assets (including goodwill recognized upon obtaining control) and liabilities remain unchanged.

In the event of the disposal of non-controlling interests resulting in a loss of control of a subsidiary, a gain (loss) on disposal is recognized for the difference between the selling price, the fair value of the interest retained in the subsidiary and the carrying amount of all the assets (including goodwill) and liabilities as well as non-controlling interests in the subsidiary, following reclassification in profit or loss of the gains and losses recognized in other comprehensive income 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 from Contracts with Customers

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 recognized on the date of transfer of control over a good or service, generally when the customer receives a product.

"CONSUMER" BUSINESS

This business encompasses the sales and marketing of cookware and small electrical appliances. Revenue from this business is recognized upon transfer of control of the product and is assessed for an amount corresponding to the fair value of the consideration received or receivable as determined after deducting rebates and discounts.

Advertising expense contributions billed by customers and the cost of consumer promotions that do not fulfill the criteria for recognition as revenue are recognized as a deduction from revenue. The reported amount of revenue also includes miscellaneous revenues.

Freight and other costs billed to customers are treated as an integral part of revenue.

Accruals are booked for deferred rebates granted to customers on the basis of contractual or constructive commitments identified at the period-end.

"PROFESSIONAL" BUSINESS

This business encompasses the sales and marketing of professional automatic coffee machines and hotel equipment.

Revenue from the sales and marketing of machines is recognized upon transfer of control of the product and is assessed for an amount corresponding to the fair value of the consideration received or receivable as determined after deducting rebates and discounts.

Revenue from the sales and marketing of annual or multi-year maintenance contracts is recognized as the service is provided.

Freight and other costs billed to customers are treated as an integral part of revenue.

1.5.2. Operating Result from Activity and operating expenses

The Group's main performance indicator is the Operating Result from Activity (ORfA). Operating Result from Activity corresponds to sales less operating expenses. Operating expenses comprise the cost of sales, research and development costs, advertising costs and distribution and administrative expenses. ORfA does not include discretionary and non-discretionary profit-sharing or other non-recurring operating income and expense. These are defined in section 1.5.4.

1.5.3. Recurring Operating profit

Recurring Operating profit corresponds to Operating Result from Activity less statutory and discretionary employee profit sharing.

1.5.4. Operating profit

Operating profit is comprised of all the recurring and non-recurring income and expenses generated in the course of the Group's ordinary activities, including income and expenses resulting from one-off decisions or transactions that are unusual in terms of their amount. Other non-current items, reported under "Other operating income and expenses", mainly include the following (see Note 6 for details):

- costs of significant restructuring plans as well as non-recurring and significant costs related to the consolidation of new entities within the Group;
- Impairment losses on property, plant and equipment and intangible assets, including goodwill;
- costs related to business combinations (excluding the costs of issuing equity instruments or of new debt contracted for the purpose of the business combination) and remeasurement of any previously held investment on the date control was obtained;
- gains or losses recognized upon losing exclusive control of a subsidiary, including the remeasurement at fair value of any retained investment;
- gains and losses on unusual, abnormal and infrequent events (litigation, asset disposals, etc. involving unusually large amounts) and changes in provisions booked for these types of events.

1.5.5. Other income statement items

Accrued interest on interest-bearing instruments is recognized by the effective interest method based on the purchase price.

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

Finance costs are recognized in the income statement in the period in which they are incurred.

1.5.6. Earnings per share

Basic earnings per share correspond to profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the period, excluding treasury stock.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to take into account the dilutive effect of stock options and other consolidated equity instruments issued by the company.

NOTE 2. CHANGES IN SCOPE OF CONSOLIDATION

Note 2.1. Transactions in 2019

Wilbur Curtis

On 8 January 2019, Groupe SEB announced the acquisition of Wilbur Curtis outright, the number two in the US in professional filter coffee machines. With the deal being subject to the usual regulatory clearance, it was finalized on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and sells equipment for preparing hot and cold drinks, primarily filter coffee machines and cappuccino machines. Its sustained investments, especially in innovation, have allowed it to offer one of the most sophisticated and high-quality ranges on the market. Sales, which have been growing steadily, exceeded 90 million US dollars in 2018 and are mostly US-based. The main customers are coffee roasters, various coffee shop chains, convenience stores, fast food chains, hotels and restaurants. Wilbur Curtis builds long-term relationships with its customers and has an experienced sales force that gives it coverage throughout the US. Its high-performance manufacturing facility employs 300 people in Montebello (California).

After finalizing the purchase price allocation process, the final net fair value of the identifiable assets and liabilities at 8 February 2019 broke down as follows:

(in € millions)	08/02/2019
Non-current assets	87.9
Inventories	13.6
Trade receivables	10.2
Net debt	0
Trade payables	(2.4)
Other net liabilities	0.3
TOTAL NET ASSETS	**109.6**
PERCENTAGE INTEREST	**100%**
TOTAL NET ASSETS ACQUIRED	**109.6**
Non-controlling interests	
CASH OUTFLOW FOR BUSINESS ACQUISITION	**234**
Final goodwill	124.4

The following intangible assets were identified as a result of the work carried out by an independent expert to allocate the purchase price:

- a Brand, whose fair value has been estimated at €37.3 million;
- customer relationships with an estimated fair value of €17.5 million.

Krampouz

On 7 October 2019, Groupe SEB announced the acquisition of Krampouz. Specialized in the design, manufacture and marketing of crepe makers, waffle makers, planchas and grills, KRAMPOUZ rounds out both Groupe SEB's BtoB offering and the premium Consumer range. KRAMPOUZ now has access to the Group's extensive distribution network, in France and abroad, on top of the DIY and gardening chains where it sells.

Given the date on which control was obtained, work on allocating the purchase price has not yet been completed. The full purchase price is presented on the "Other investments" line at 31 December 2019.

Liquidation of Grain Harvest based in Hong Kong

As part of the liquidation of the intermediate holding company Grain Harvest (the company has been dormant since 2016), the reclassification in profit or loss of this company's foreign currency translation adjustments gave rise to the recognition of €17.5 million in financial income.

Some legal restructuring operations also continued, particularly in Switzerland and Austria, as part of the combining of the WMF and Groupe SEB consumer businesses. This restructuring had no impact on the Group's consolidated financial statements.

Note 2.2. Transactions in 2018 and 2017

2.2.1. Follow-up on significant transactions in 2018

Egypt

On 8 January 2018, Groupe SEB announced the signing with its long-standing partner in Egypt, the Zahran family, of an agreement to combine the small electrical appliances and cookware businesses to consolidate its industrial base in Egypt in order to serve the local and export markets.

Founded in 1967, the Zahran Group is the leading cookware manufacturer in Egypt. It has two manufacturing sites and 11 stores, and employs more than 700 people. Since 1973, it has produced and distributed cookware under the Tefal and Zahran brands in Egypt. In addition, in 2013, Groupe SEB had set up a joint venture with Zahran, "Groupe SEB Egypt", in which it has a 75% controlling interest, to manufacture and market small electrical appliances (e.g., vacuum cleaners, blenders, small food processors, etc.) mainly under the Moulinex and Tefal brands.

To further strengthen the existing partnership, Groupe SEB and the Zahran family had decided to set up a new entity, Groupe SEB Egypt Zahran, which is 55%-owned by Groupe SEB and 45% by Zahran.

By bringing together the small electrical appliances and cookware businesses, the company aims to:

- accelerate sales growth in Egypt and maximize the strong potential of this market;
- capitalize on the trusting relationship established over many years with the Zahran family;
- strengthen the Group's industrial base in the region to facilitate access to certain markets in Africa and the Middle East.

After finalizing the purchase price allocation entries, the final net fair value of the identifiable assets and liabilities at the time of the acquisition of control on 1 January 2018 broke down as follows:

(in € millions)	01/01/2018
Non-current assets	4.5
Inventories	2.9
Trade receivables	2.5
Net cash and cash equivalents	0.9
Trade payables	(0.7)
Other net assets	(1.1)
TOTAL NET ASSETS	**9.0**
PERCENTAGE INTEREST	**55%**
TOTAL NET ASSETS ACQUIRED	**5.0**
Non-controlling interests	**4.1**
OUTFLOW AND ALLOCATION OF SHARES IN THE JV	**25.3**
Goodwill	20.4

750G INTERNATIONAL

On 13 November 2018, Groupe SEB announced the acquisition of 750g International, digital media publisher and food services provider in Germany, Spain, Italy, Portugal, Brazil, USA and UK. This reaffirmed its desire to accelerate the roll-out of its brands in the culinary world, building on 750g International's expertise in 4 key areas:

- digital content distribution technologies;
- a collection of 90,000 receipts in 5 languages across 7 countries generating over 10 million visits per month;
- services, with in particular the printing of cookbooks or the creation of content on global digital platforms;
- a community of 10 million Facebook fans, 450,000 members and 5,000 bloggers.

This acquisition will allow it to create convergence with the products, websites and applications developed by the Group. There is a twin objective: enhance our digital ecosystem and increase the appeal of our brands globally.

Given its non-material nature, the stake in this company has been recognized since 31 December 2018 under "other investments" in the consolidated balance sheet. This company was renamed in 2019 and now operates under the name Groupe SEB Media.

2.2.2. Other transactions in 2017

BHS TABLETOP AG

In the first half of the year, WMF sold its 24.9% stake in BHS Tabletop AG. This company was accounted for using the equity method in the financial statements at 31 December 2016. Because of the immaterial nature of the remaining interest in Bauscher Hepp Inc., which was also accounted for using the equity method at 31 December 2016, it was deconsolidated during the first half of 2017.

ETHERA

On 31 May 2017, Groupe SEB acquired control of Ethera by exercising the convertible bonds it held in the company. Prior to this transaction, Ethera was owned by SEB Alliance, an investment company of Groupe SEB. Ethera develops and markets high-performance solutions for indoor air quality diagnosis, monitoring and treatment. The goodwill generated by this takeover amounts to approximately €1.4 million. After buying out some non-controlling interests, the Group now owns 95.4% of this company.

SWIZZZ PROZZZ

On 1 June 2017, Groupe SEB finalized the acquisition of Swizzz Prozzz, a Swiss company specializing in small manual food choppers equipped with high-performance multi-blade systems. Because of the immaterial nature of this acquisition, the investment in this company was provisionally presented as of 31 December 2017 under "Other investments" in the consolidated balance sheet. The goodwill generated by this acquisition amounts to €8 million, allocated to the new EMEA Consumer CGU.

LEGAL RESTRUCTURING

Legal restructuring measures initiated in Scandinavian countries in 2016 were finalized during the first half of 2017. These operations had no impact on the Consolidated Financial Statements.

In addition, as part of the merger of the consumer activities of WMF and Groupe SEB, certain legal restructuring measures were initiated in the second half of 2017. This restructuring had no impact on the Group's consolidated financial statements.

NOTE 3. SEGMENT INFORMATION

In accordance with IFRS 8 – Operating segments, financial information is presented by geographical segment, which is the basis of the internal information reviewed and used by the chief operating decision makers, i.e. the members of the Executive Committee.

In 2017, data for the WMF Group was presented separately. Since 1 January 2018, these are distributed within each segment to which they belong.

Note 3.1. Geographical segment information (by location of assets)

	"Consumer" business					
(in € millions)	EMEA	AMERICAS	ASIA	"Professional" business	Intra-Group transactions	Total
31/12/2019						
Revenue						
Inter-segment revenue	3,308.2	866.2	2,288.5	798.5		7,261.4
External revenue	267.7	0.2	1,516.5		(1,691.9)	92.5
TOTAL REVENUE						**7,353.9**
Profit (loss)						
Operating Result from Activity	141.6	64.4	420.9	121.1	(8.2)	739.8
Operating profit	27.4	66.5	417.4	117.4	(8.2)	620.5
Finance costs and other financial income and expenses						(60.7)
Profit (loss) attributable to associates						
Income tax						(131.5)
PROFIT FOR THE PERIOD						**428.3**
Consolidated balance sheet						
Segment assets	3,580.7	867.4	1,583.6	971.1	(299.7)	6,703.1
Financial assets						958.7
Tax assets						153.6
TOTAL ASSETS						**7,815.4**
Segment liabilities	(1,045.4)	(201.9)	(855.4)	(202.8)	230.6	(2,074.9)
Borrowings						(2,816.6)
Tax liabilities						(296.4)
Equity						(2,627.5)
TOTAL EQUITY AND LIABILITIES						**(7,815.4)**
Other information						
Capital expenditure and purchases of intangible assets*	467.5	47.5	160.1	21.7		696.8
Depreciation and amortization expense*	(155.3)	(22.4)	(55.3)	(31.5)		(264.5)
Impairment losses	(14.4)					(14.4)

* *Including IFRS 16.*

"Inter-segment revenue" corresponds to sales to external customers located within the geographical segment.

"External revenue" corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

Intra-group transactions are carried out on an arm's length basis, under terms and conditions that are similar to those that would be offered to third parties.

(in € millions)	"Consumer" business EMEA	Americas	Asia	"Professional" business	Intra-Group transactions	Total
31/12/2018						
Revenue						
Inter-segment revenue	3,198.3	862.0	2,058.5	634.6		6,753.4
External revenue	323.6	0.3	1,231.8		(1,496.9)	58.8
TOTAL REVENUE						**6,812.2**
Profit (loss)						
Operating Result from Activity	206.7	72.8	313.4	98.2	3.7	694.8
Operating profit	151.0	60.9	313.3	96.6	3.7	625.5
Net financial expense						(31.8)
Profit (loss) attributable to associates						
Income tax						(131.2)
PROFIT FOR THE PERIOD						**462.5**
Consolidated balance sheet						
Segment assets	3,294.1	823.1	1,457.7	695.5	(293.3)	5,977.1
Financial assets						983.9
Tax assets						115.5
TOTAL ASSETS						**7,076.5**
Segment liabilities	(994.3)	(224.0)	(819.9)	(187.9)	223.1	(2,003.0)
Borrowings						(2,478.5)
Tax liabilities						(288.4)
Equity						(2,306.6)
TOTAL EQUITY AND LIABILITIES						**(7,076.5)**
Other information						
Capital expenditure and purchases of intangible assets	120.0	15.7	47.1	30.7		213.5
Depreciation and amortization expense	(98.2)	(15.1)	(34.5)	(20.9)		(168.7)
Impairment losses	(12.3)					(12.3)

(in € millions)	EMEA	Americas	Asia	WMF	Intra-Group transactions	Total
31/12/2017						
Revenue						
Inter-segment revenue	2,685.0	921.8	1,700.9	1,147.7		6,455.4
External revenue	214.6	1.4	1,143.4		(1,330.2)	29.2
TOTAL REVENUE	**2,899.6**	**923.2**	**2,844.3**	**1,147.7**	**(1,330.2)**	**6,484.6**
Profit (loss)						
Operating Result from Activity	190.9	65.8	331.1	77.6	(4.8)	660.6
Operating profit	137.3	48.9	330.8	67.4	(4.9)	579.5
Net financial expense						(71.8)
Profit (loss) attributable to associates						
Income tax						(99.2)
PROFIT (LOSS) FOR THE PERIOD						**408.6**
Consolidated balance sheet						
Segment assets	1,799.2	822.3	1,212.2	2,168.7	(305.3)	5,697.1
Financial assets						853.6
Tax assets						136.5
TOTAL ASSETS						**6,687.2**
Segment liabilities	(333.3)	(231.7)	(471.5)	(971.0)	258.8	(1,748.7)
Borrowings						(2,705.7)
Tax liabilities						(268.4)
Equity						(1,964.4)
TOTAL EQUITY AND LIABILITIES						**(6,687.2)**
Other information						
Capital expenditure and purchases of intangible assets	93.0	17.1	42.5	39.7		192.3
Depreciation and amortization expense	(78.2)	(17.7)	(31.5)	(41.3)		(168.7)
Impairment losses	(5.6)	(2.9)		(0.7)		(9.2)

In 2017, data for the WMF Group was presented separately. As from 1 January 2018, these are distributed within each segment to which they belong.

Note 3.2. Revenue by geographical location of the customer and business sector

(in € millions)	2019	2018	2017 *
Western European countries	2,442.2	2,429.9	2,424.5
Other countries	897.2	793.4	745.9
TOTAL EMEA	**3,339.4**	**3,223.3**	**3,170.3**
North America	589.2	546.7	578.6
South America	325.6	340.1	367.4
TOTAL AMERICAS	**914.8**	**886.8**	**945.9**
China	1,761.8	1,554.4	1,286.2
Other countries	539.2	513.1	519.6
TOTAL ASIA	**2,301.0**	**2,067.5**	**1,805.8**
TOTAL CONSUMER	**6,555.2**	**6,177.6**	**5,922.0**
TOTAL PROFESSIONAL	**798.7**	**634.6**	**562.6**
TOTAL	**7,353.9**	**6,812.2**	**6,484.7**

* *2017 data has been restated to include WMF.*

(in € millions)	2019	2018	2017
Cookware	2,296.0	2,196.1	2,231.2
Small electrical appliances	4,259.2	3,981.5	3,690.8
Professional coffee machines and hotels	798.7	634.6	562.6
TOTAL	**7,353.9**	**6,812.2**	**6,484.7**

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NOTE 4. OPERATING EXPENSES

(in € millions)	2019	2018 *	2017 *
Purchased raw materials and goods	(3,619.9)	(3,265.5)	(3,069.1)
Labor costs	(316.2)	(314.7)	(322.8)
Freight costs	(166.8)	(148.2)	(150.3)
Other production costs	(419.1)	(393.6)	(324.6)
COST OF SALES SUB-TOTAL	**(4,522.0)**	**(4,122.0)**	**(3,866.8)**
Research and development costs	(137.4)	(131.9)	(128.9)
Advertising	(114.9)	(123.5)	(134.4)
Distribution and administrative expenses	(1,839.8)	(1,740.0)	(1,693.9)
OPERATING EXPENSES	**(6,614.1)**	**(6,117.4)**	**(5,824.0)**

* *There were reclassifications within 2017 and 2018 operating expenses following the split of the WMF package by entities.*

NOTE 5. EMPLOYEE BENEFITS EXPENSES

(in € millions)	2019 *	2018	2017
Wages and salaries (excluding temporary staff costs)	(1,007.9)	(951.3)	(921.1)
Payroll taxes	(219.7)	(181.3)	(185.8)
Pension and other post-employment benefit plan costs	(63.1)	(70.4)	(56.9)
Service cost under defined benefit plans	(11.6)	(12.9)	(15.7)
Discretionary and non-discretionary profit-sharing	(37.2)	(33.6)	(37.6)
TOTAL EMPLOYEE BENEFITS EXPENSES	**(1,339.6)**	**(1,249.5)**	**(1,217.1)**

* *Excluding Krampouz.*

Breakdown by geographical segment 2019	EMEA *	Americas	Asia	Total
Employee benefits expense (excluding temporary staff costs)	(940.6)	(134.2)	(264.8)	(1,339.6)
Average number of employees *(in units)*	16,089	2,925	14,923	33,937

* *Excluding Krampouz.*

Breakdown by geographical segment 2018	EMEA	Americas	Asia	Total
Employee benefits expense (excluding temporary staff costs)	(896.0)	(105.3)	(248.2)	(1,249.5)
Average number of employees *(in units)*	15,365	2,712	14,291	32,368

Breakdown by geographical segment 2017	EMEA	Americas	Asia	Total
Employee benefits expense (excluding temporary staff costs)	(905.9)	(101.2)	(210.0)	(1,217.1)
Average number of employees *(in units)*	14,364	2,892	14,252	31,508

Employees by category *(%)*	2019	2018	2017
Labor costs	44.0	47.0	48.0
Employees	42.0	40.0	40.0
Managers	14.0	13.0	12.0
TOTAL	**100.0**	**100.0**	**100.0**

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

(in € millions)	2019	2018	2017
Restructuring costs	(32.8)	(15.8)	(30.6)
Impairment losses	(14.6)	(9.7)	(6.1)
Gains and losses on asset disposals and other	(34.7)	(10.1)	(6.9)
OTHER OPERATING INCOME AND EXPENSES	**(82.1)**	**(35.6)**	**(43.6)**

Note 6.1. Restructuring costs

2019

Restructuring costs in 2019 amounted to €32.8 million, primarily including:

- the WMF restructuring plan announced in July 2019 and intended to increase its competitiveness by €29 million;
- the ongoing optimization plan of the WMF Retail business;
- restructuring costs in the United States, Italy, China which, on an individual basis, are not material.

In 2018 and 2017, the restructuring costs mainly stemmed from:

- the industrial and commercial restructuring of the Brazilian subsidiary, including the gradual transfer of small electrical appliances and cookware production lines to a new plant in Itatiaia, Rio de Janeiro for €8.6 million in 2018 and €15 million in 2017, respectively;
- the cost of integrating WMF with in particular a plan to optimize the WMF Retail business in 2018 for €1.3 million and expenses in 2017 related to the mergers of the WMF Consumer activities with those of Groupe SEB's historical entities for approximately €8 million;
- expenses related to the transfer of operations from Saint Jean de Bournay to the Pont-Évêque site in 2018 for €2.4 million;
- expenses related to the transfer of Strategic Marketing and Research activities from Selongey to Écully for approximately €4.7 million in 2017.

Note 6.2. Impairment losses

In application of the principle described in Note 1.4.4, certain manufacturing CGUs were tested for impairment by comparing the carrying amount of the assets of each CGU with their value in use. The main tests and CGUs are discussed in Note 10 "Intangible assets."

Our activities in India had been challenged by a major reform of the "GST" (VAT) and a demonetization law that had a major impact on consumption during 2017. At end-2017, the Group had factored this impact into the business plan used as a basis for the impairment test, which led it to recognize a partial goodwill impairment of €5.4 million. These disruptions having persisted, the assumptions in the business plan had to be further updated at the end of 2018 and led the Group to recognize a further impairment loss of €9.7 million. Given the ongoing difficulties in this country, in 2019 the Group decided to fully write down the remaining goodwill connected with its operations in India. The resulting expense in 2019 was €6.6 million.

As part of the WMF restructuring plan, and in particular the restructuring of its cookware business, a €7.9 million impairment loss on the industrial assets was recognized in the 2019 financial statements.

Note 6.3. Gains and losses on asset disposals and other

2019

In 2019, this item included in particular:

- accounting adjustments recognized in financial statements of Groupe SEB Deutschland for prior financial years (mainly 2018) for approximately €20 million (see Note 29.1) as well as around €2 million in costs for internal investigations;
- the cost of the departure of several members of the Group Executive Committee (around €8 million);
- the portion of expenses not covered by our insurer related to the fire that occurred in June 2018 at one of our logistics operators in China for €1.3 million (see Note 29.1);
- the cost of acquiring the "cookware" business of our Egyptian partner, the acquisition of Wilbur Curtis and the acquisition of Krampouz for a total of €6 million;
- multiple disputes which, on an individual basis, are not material, offset by the reversal of a contingent liability recognized upon acquisition of WMF for €3.5 million (see Note 29.2).

2018

In 2018, this item mainly included expenses relating to the integration of WMF into Group processes and tools for approximately €4 million, the costs associated with the departure of the Chief Operating Officer and various expenses that are not material in their own right.

2017

In 2017, the Group incurred residual expenses relating to the WMF acquisition, along with expenses relating to the integration of WMF into its processes and tools for approximately €4 million.

NOTE 7. FINANCIAL RESULT

(in € millions)	**2019**	2018	2017
FINANCE COSTS *	**(41.1)**	**(32.8)**	**(34.9)**
Interest cost on long-term employee benefit obligations	(4.9)	(3.9)	(3.5)
Exchange gains and losses and financial instruments	(24.6)	(18.5)	(13.7)
Other	9.9	23.3	(19.5)
OTHER FINANCIAL INCOME AND EXPENSES	**(19.6)**	**0.9**	**(36.7)**

* *Including a financial expense of €14.8 million connected with the application of IFRS 16.*

The interest costs on long-term employee benefits represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies and their related hedging transactions are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses". Gains and losses on intra-Group borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses."

The "other" item includes the change in the fair value of the ORNAE option portion net of the effects of its partial hedging, namely an expense of €0.6 million versus income of €12.5 million in 2018 and an expense of €9.3 million in 2017. This item also includes interest on arrears relating to the PIS COFINS tax receivable recognized in Brazil (Note 29.1.1. Significant events) for €3.4 million in 2019 and €20 million in 2018. Moreover, the deconsolidation of the Grain Harvest holding company resulted in the recognition of €17.5 million in financial income as a result of the reclassification in profit or loss of this company's foreign currency translation adjustments.

NOTE 8. INCOME TAX

Note 8.1. Income tax expense

(in € millions)	**2019**	2018	2017
Current tax assets and liabilities	147.1	134.4	120.4
Deferred tax assets and liabilities	(15.6)	(3.2)	(21.1)
INCOME TAXES	**131.5**	**131.2**	**99.3**

Current income tax expense corresponds to taxes paid or payable in the short term on profit for the year, based on local tax rates and tax laws in the Group's host countries.

Group companies in France, Italy and the United States have elected for group relief. The agreements guarantee neutrality for each of the companies included in the scope and generate no significant tax savings apart from the immediate offset of the deficits on profits.

Note 8.2. Analysis of income tax expense

The difference between the effective tax rate of 23.5% (22.1% in 2018 and 19.5% in 2017) and the statutory French tax rate of 34.43% in 2019 (including additional contribution) breaks down as follows:

(in %)	2019	2018	2017
STATUTORY FRENCH TAX RATE	**34.4**	**34.4**	**34.4**
Effect of differences in tax rates [(a)]	(15.4)	(15.9)	(18.4)
Unrecognized and relieved tax loss carryforwards	4.1	2.0	5.3
Prior period tax loss carryforwards recognized and utilized during the period [(b)]	(0.6)	(2.9)	(3.2)
Other [(c)]	1.0	4.5	1.4
EFFECTIVE TAX RATE	**23.5**	**22.1**	**19.5**

(a) *The "Effect of differences in tax rates" line is affected by the large share of profits made in China. In 2017, the tax reform in the US had also resulted in a sharp fall in the deferred tax liabilities in this country (3.3%).*

(b) *The change in this item was mainly due to the partial recognition of our tax loss carryforwards in Germany in 2018 and 2017.*

(c) *The "Other" line in particular includes withholding tax (1.1%) and the non-deductibility of the impairment of the goodwill of Maharaja (0.3%). In 2018, the "Other" line primarily included withholding tax (1.8%), the non-deductibility of the impairment of the goodwill of Maharaja (0.6%), the impairment of temporary differences in Brazil (1%) and the non-deductibility of the change in fair value of the ORNAE option portion (-0.7%). In 2017, this line primarily included the refunding of the dividend tax for 2011 to 2017 (1.9%), withholding tax (1.3%), tax risks that are not individually material (0.6%), the non-deductibility of the impairment of the goodwill of Maharaja (0.4%) and the non-deductibility of the change in fair value of the ORNAE option portion (0.8%).*

Profit (loss) before tax amounted to €559.8 million versus €593.7 million in 2018 and €507.9 million in 2017.

Note 8.3. Deferred tax assets and liabilities on the balance sheet

(in € millions)	2019	2018	2017
Intangible assets (brands)	(296.8)	(297.3)	(302.6)
Capitalized research and development costs	(9.9)	(7.3)	(6.6)
Property, plant and equipment	(39.3)	(36.1)	(38.8)
Net tax loss carryforwards	43.5	31.2	28.6
Provisions for pensions and other employee-related liabilities	61.6	60.0	64.1
Elimination of intra-Group gains	32.2	31.7	32.5
IFRS16	1.5		
Other temporary differences	81.2	61.2	69.0
TOTAL DEFERRED TAX ASSETS (LIABILITIES)	**(126.0)**	**(156.6)**	**(153.8)**
Of which:			
Deferred tax assets	96.3	79.2	62.9
Deferred tax liabilities	(222.3)	(235.8)	(216.7)

"Other employee-related liabilities" mainly relates to deferred tax on legal profit sharing.

Deferred tax liabilities on "other temporary differences" are principally comprised of deferred taxes on the non-deductible portion of provisions.

The change in net deferred tax liabilities on the balance sheet is explained as follows:

(in € millions)	
NET DEFERRED TAXES AT 31/12/2017	**(153.8)**
Deferred taxes for the period recognized in profit or loss	3.2
Effect of deferred taxes recognized in equity	(3.8)
Effect of changes in foreign exchange rates	(1.6)
Effect of changes in the scope of consolidation	(1.0)
Other	0.4
NET DEFERRED TAXES AT 31/12/2018	**(156.6)**
Deferred taxes for the period recognized in profit or loss	15.6
Effect of deferred taxes recognized in equity	15.0
Effect of changes in foreign exchange rates	0.7
Effect of changes in the scope of consolidation	(0.4)
Other	(0.3)
NET DEFERRED TAXES AT 31/12/2019	**(126.0)**

Deferred taxes recognized in consolidated equity principally derive from deferred tax liabilities related to actuarial gains and losses on pension liabilities, derivative instruments and gains or losses on treasury shares.

Note 8.4. Other information

At 31 December 2019, the Group had a number of unrecognized deductible temporary differences and tax loss carryforwards. These amounts are listed per category as well as per expiry date in the table below:

At 31/12/2019 *(in € millions)*	Deductible temporary differences	Tax losses	Total
2020	0.5	2.0	2.5
2021	0.1	1.1	1.2
2022	2.5	0.7	3.2
2023		1.0	1.0
2024 and beyond	0.1	7.1	7.2
Unlimited	7.6	91.8	99.4
TOTAL	**10.8**	**103.7**	**114.5**

Unrecognized tax loss carryforwards rose from €75.8 million in 2018 to €103.7 million in 2019. The item mainly concerns Germany (€30.8 million in 2019, €12.7 million in 2018 and €20.4 million in 2017), Brazil (€43.3 million in 2019, €42.2 million in 2018 and €45.7 million in 2017) and India (€5.9 million in 2019, €4.7 million in 2018 and €3.9 million in 2017).

NOTE 9. EARNINGS PER SHARE

(in € millions)	2019	2018	2017
Numerator			
Profit attributable to owners of the parent	379.7	419.0	375.0
After tax effect of dilutive potential shares			
Profit used to calculate diluted earnings per share	379.7	419.0	375.0
Denominator			
Weighted average number of ordinary shares used to calculate basic earnings per share	49,778,922	49,661,283	49,596,964
Effect of dilutive potential shares	319,773	341,958	407,581
Weighted average number of ordinary shares used to calculate diluted earnings per share	50,098,695	50,003,241	50,004,546
Basic earnings per share *(in €)*	**7.63**	**8.44**	**7.56**
Diluted earnings per share *(in €)*	**7.58**	**8.38**	**7.50**

The dilutive impact may relate to the various existing stock option and performance share plans (see Note 19.2).

NOTE 10. INTANGIBLE ASSETS

In accordance with IAS 38, intangible assets with an indefinite useful life – corresponding to trademarks and goodwill – are no longer amortized but are tested for impairment at each year end. The impairment testing method is described in Note 1.4.

Intangible assets with a finite useful life are amortized by the straight-line method over their estimated useful life. Amortization expenses are included in "Operating Result from Activity".

The Group also holds certain trademarks – such as the Tefal international trademark and the SEB and Calor regional trademarks – which are not recognized in the balance sheet.

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2019 *(in € millions)*	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	40.7	1,021.7	1,553.8	114.4	26.2	142.0	2,898.8
Acquisitions/additions				10.8	12.5	24.8	48.1
Disposals	(0.8)			(5.2)	(2.5)	(0.4)	(8.9)
Other movements *		37.3	124.4	8.3	0.6	15.9	186.5
Foreign currency translation adjustments	1.3	3.9	9.5	0.1	0.1	0.8	15.7
AT 31 DECEMBER	**41.2**	**1,062.9**	**1,687.7**	**128.4**	**36.9**	**183.1**	**3,140.2**
Depreciation and impairment losses							
At 1 January	26.4	10.0	68.9	74.3	13.0	38.1	230.7
Foreign currency translation adjustments	0.9	0.1	0.8	0.1		0.3	2.2
Increases	3.9		6.7	15.2	4.7	10.6	41.1
Impairment losses							
Depreciation and impairment written off on disposals	(0.8)			(5.2)	(2.5)	(0.2)	(7.0)
Other movements *				1.7	0.1	(0.1)	
AT 31 DECEMBER	**30.4**	**10.1**	**76.4**	**86.1**	**15.3**	**48.7**	**267.0**
Carrying amount at 1 January	14.3	1,011.7	1,484.9	40.1	13.2	103.9	2,668.1
CARRYING AMOUNT AT 31 DECEMBER	**10.8**	**1,052.8**	**1,611.3**	**42.3**	**21.6**	**134.4**	**2,873.2**

* *Including changes in scope of consolidation.*

2018 (in € millions)	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	37.9	1,018.2	1,524.4	107.5	24.9	122.1	2,835.0
Acquisitions/additions	0.1			10.8	5.4	21.4	37.7
Disposals				(5.8)	(2.9)	(1.7)	(10.4)
Other movements (a)	3.4	1.8	28.3	3.2	(1.0)	0.1	35.8
Foreign currency translation adjustments	(0.7)	1.7	1.1	(1.3)	(0.2)	0.1	0.7
AT 31 DECEMBER	**40.7**	**1,021.7**	**1,553.8**	**114.4**	**26.2**	**142.0**	**2,898.8**
Depreciation and impairment losses							
At 1 January	19.5	9.8	56.9	68.7	11.6	30.5	197.0
Foreign currency translation adjustments	(0.3)	0.2	2.3	(1.0)	(0.1)	0.4	1.5
Increases	3.9			15.0	4.6	8.7	32.2
Impairment losses			9.7				9.7
Depreciation and impairment written off on disposals				(5.5)	(2.9)	(1.7)	(10.1)
Other movements *	3.3			(2.9)	(0.2)	0.2	0.4
AT 31 DECEMBER	**26.4**	**10.0**	**68.9**	**74.3**	**13.0**	**38.1**	**230.7**
Carrying amount at 1 January	18.4	1,008.4	1,467.5	38.8	13.3	91.7	2,638.1
CARRYING AMOUNT AT 31 DECEMBER	**14.3**	**1,011.7**	**1,484.9**	**40.1**	**13.2**	**103.9**	**2,668.1**

* *Including changes in scope of consolidation.*

2017 (in € millions)	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January [b]	48.1	1,042.2	1,573.6	94.5	30.1	116.0	2,904.5
Acquisitions/additions	0.1			9.4	3.6	14.3	27.4
Disposals	(8.6)			(3.8)	(7.7)	(0.4)	(20.5)
Other movements [a]	0.1	10.7	(3.9)	11.0	(0.7)	(2.9)	14.3
Foreign currency translation adjustments	(1.9)	(34.6)	(45.3)	(3.5)	(0.4)	(4.9)	(90.6)
AT 31 DECEMBER	**37.9**	**1,018.2**	**1,524.4**	**107.5**	**24.9**	**122.1**	**2,835.1**
Depreciation and impairment losses							
At 1 January [b]	26.0	11.2	58.6	57.5	14.6	20.5	188.2
Foreign currency translation adjustments	(1.1)	(1.4)	(7.2)	(2.7)	(0.2)	(1.9)	(14.5)
Increases	3.4			15.3	5.0	12.3	35.9
Impairment losses			5.5				5.5
Depreciation and impairment written off on disposals	(8.6)			(3.8)	(7.7)	(0.3)	(20.4)
Other movements [a]	(0.2)			2.4	(0.1)		2.3
AT 31 DECEMBER	**19.5**	**9.8**	**56.9**	**68.7**	**11.6**	**30.5**	**197.0**
Carrying amount at 1 January	22.1	1,031.0	1,515.0	37.0	15.6	95.5	2,716.2
CARRYING AMOUNT AT 31 DECEMBER	**18.4**	**1,008.4**	**1,467.5**	**38.8**	**13.3**	**91.7**	**2,638.1**

(a) *Including changes in scope of consolidation.*
(b) *after finalization of the WMF purchase price allocation entries.*

Trademarks and goodwill were tested for impairment according to the method described in Note 1.4.4. by comparing their carrying amount to their value in use, with the exception of the trademarks mentioned below, which were valued using the relief from royalty method.

The discount rates used were based on a weighted average cost of capital that factors in market borrowing rates, gearing ratio, beta and country risk using Damodaran methodology. The mature country risk premium used for 2019 was 5.96%. Specific equity risk premiums ranging from 0% to 5.0% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

The impairment tests in 2019 were broadly based on a 2020 budget that largely assumed a continuation of the trends seen in 2019 for these CGUs.

The "Professional" CGU as defined in Note 1.4.4

The test of this CGU, which included trademarks for €350.4 million and goodwill for €837.4 million (including in particular intangible assets arising from the allocation of the WMF and Wilbur Curtis purchase price), was carried out by comparing the carrying amount with its value in use. The value in use is defined as the sum of the discounted cash flows according to the acquisition business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.76%; and
- and a long-term growth rate of 2% in line with forecasts for the sector.

This test did not indicate any impairment risk for the assets allocated to this CGU. A one-point change in the discount rate or long-term growth rate, or significant changes in the assumptions in the business plan regarding revenue and profitability, would not affect the valuation of this CGU.

The "Consumer EMEA" CGU as defined in Note 1.4.4

The test of this CGU, which included trademarks for €359.0 million and goodwill for €400.7 million (of which €311 million in trademarks and €240 million in goodwill from the allocation of the WMF purchase price), was carried out by comparing the carrying amount with its value in use. The value in use is defined as the sum of discounted cash flows based on a five-year business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.76%; and
- a long-term growth rate of 2% in line with forecasts for the household goods sector.

This test did not indicate any impairment risk for the assets allocated to this CGU. A one-point change in the discount rate or long-term growth rate, or significant changes in the assumptions in the business plan regarding revenue and profitability, would not affect the valuation of this CGU.

Other CGUs tested separately

ALL-CLAD

The All-Clad CGU (including trademarks for €128.8 million and goodwill for €49.8 million at 31 December 2019) was tested for impairment by comparing the carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a five-year business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.11% (versus 6.76% in 2018 and 6.82% in 2017); and
- a long-term growth rate of 3%, in line with forecasts for the high-end household goods sector, and similar to the rate used since the acquisition.

This test gave rise to no additional impairment of goodwill in 2019. All-Clad's economic performance in 2019 was in line with forecasts.

The sensitivity of the test to changes, taken in isolation, in the assumptions used to calculate the value in use of the All-Clad CGU at the end of 2019 is as follows:

- the use of a 12.11% discount rate (i.e. +5 points) would not affect the valuation of this CGU;
- a one-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognized;
- the use of an unchanged Operating Result from Activity over the course of the business plan would not give rise to any additional impairment loss;
- as regards the sales trends for 2020-2024, Group management currently considers the most probable scenario to be average annual growth of 3%. A revision of sales forecasts to flat over the entire period would result in no additional goodwill impairment loss.

IMUSA

The Imusa CGU (including trademarks for €14.4 million and goodwill for €22.6 million at 31 December 2019) was tested for impairment by comparing its carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a five-year business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 13.01% (versus 12.66% in 2018 and 12.75% in 2017); and
- and a long-term growth rate of 3% in line with forecasts for the sector.

The test did not lead to any impairment loss being recognized.

The sensitivity of test results to changes in the individual assumptions used at end-2019 to determine the value in use of the Imusa CGU assets is as follows:

- the use of a 18.01% discount rate (i.e. +5 points) would not affect the valuation of this CGU;
- a one-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognized;
- the use of an unchanged Operating Result from Activity over the course of the business plan would not give rise to any additional impairment loss;
- as regards the sales trends for 2020-2024, Group management currently considers the most probable scenario to be average annual growth of 5.5%. A revision of sales forecasts to flat over the entire period would result in no goodwill impairment loss.

SUPOR

At 31 December 2019, the Supor CGU (including the trademark for €129.6 million and goodwill for €368.7 million) was compared to its market value. ZJ Supor is listed on the Shenzhen stock market and the share has enough liquidity to make this a good basis for comparison. At 31 December 2019, Supor shares were trading at CNY 76.78. The carrying amount at the same date was CNY 23.85 per share.

MAIN BRANDS TESTED USING THE RELIEF FROM ROYALTY METHOD OR RELATED TO CGUS CONSIDERED AS NON-MATERIAL

The following brands have been assigned to the new Consumer EMEA CGU:

- Lagostina for €30.4 million;
- OBH Nordica for €12.1 million;
- EMSA for €10.7 million;
- Zahran for €2.1 million;

The Arno brand (€24.6 million) was specifically tested using the relief from royalty method which consists of discounting the royalty revenues that would be derived from licensing the trademarks.

In addition, the Maharaja Whiteline, Rowenta, Krups, Moulinex, Panex, Clock, Rochedo, Penedo, Imusa USA, Umco, MiroWearEver and AsiaVina brands were recognized in the Consolidated Financial Statements for a total of €68.8 million.

The main assumptions used in the 2019 tests were as follows:

- royalty rate: 2.0% to 5.5% (unchanged from 2018 and 2017);
- discount rate after tax: from 5.99% (Rowenta) to 18.0% (Arno) (range between 5.12% and 18.41% in 2018);
- long-term growth rate: 1% to 3% (unchanged from 2018 and 2017).

The Group ran sensitivity analyses on the values in use of all these assets under different cash flow scenarios for 2020-2024. It also tested the sensitivity of these values in use to different assumptions on discount rate (1% increase) and growth to perpetuity (1% decrease). The decreases in value in use under each of these simulations taken on their own would not result in the impairment of the trademarks in the balance sheet. Furthermore, the margin of these tests is significant apart from the impairment tests for the Brazilian cookware trademarks. They were partially written down in 2015. The remaining amounts are not material at Group level.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

2019 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	62.7	678.1	1,263.0	412.5	87.4	2,503.7
Acquisitions/additions [(a)]	6.7	400.0	82.7	69.2	93.9	652.5
Disposals	(0.5)	(37.0)	(42.0)	(13.9)	(6.8)	(100.2)
Other movements [(b)]	14.9	18.3	24.9	7.3	(60.8)	4.6
Foreign currency translation adjustments	0.3	1.7	3.5	2.1	0.4	8.0
AT 31 DECEMBER	**84.1**	**1,061.1**	**1,332.1**	**477.2**	**114.1**	**3,068.6**
Depreciation and impairment losses						
At 1 January	7.6	356.4	1,000.9	299.3		1,664.2
Foreign currency translation adjustments		0.6	2.7	1.4		4.7
Additions	0.9	98.4	83.1	47.8		230.2
Impairment losses		2.3	5.0	0.5		7.8
Depreciation and impairment written off on disposals	(0.2)	(17.4)	(37.5)	(12.3)		(67.4)
Other movements [(b)]	(0.1)	(8.0)	(7.0)	(3.8)		(18.9)
AT 31 DECEMBER	**8.2**	**432.3**	**1,047.2**	**332.9**		**1,820.6**
Carrying amount at 1 January	55.1	321.7	262.1	113.2	87.4	839.5
CARRYING AMOUNT AT 31 DECEMBER	**75.9**	**628.8**	**284.9**	**144.3**	**114.1**	**1,248.0**

(a) Including €362 million in connection with the first-time application of IFRS 16 (see Note 12 Leases).
(b) Including changes in scope of consolidation.

2018 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	65.6	669.9	1,219.0	397.6	68.5	2,420.6
Acquisitions/additions	0.4	11.0	56.4	34.7	74.3	176.8
Disposals	(2.2)	(13.3)	(40.0)	(24.4)	(2.3)	(82.2)
Other movements *	0.2	15.2	30.1	5.0	(52.3)	(1.8)
Foreign currency translation adjustments	(1.3)	(4.7)	(2.5)	(0.4)	(0.8)	(9.7)
AT 31 DECEMBER	**62.7**	**678.1**	**1,263.0**	**412.5**	**87.4**	**2,503.7**
Depreciation and impairment losses						
At 1 January	7.2	339.0	959.4	294.6		1,600.2
Foreign currency translation adjustments		(0.6)	(0.9)	(0.1)		(1.6)
Additions	0.3	26.0	77.5	32.7		136.5
Impairment losses			2.5	0.1		2.6
Depreciation and impairment written off on disposals		(9.3)	(40.3)	(22.9)		(72.5)
Other movements *	0.1	1.3	2.7	(5.1)		(1.0)
AT 31 DECEMBER	**7.6**	**356.4**	**1,000.9**	**299.3**		**1,664.2**
Carrying amount at 1 January	58.5	330.9	259.6	103.0	68.5	820.5
CARRYING AMOUNT AT 31 DECEMBER	**55.1**	**321.7**	**262.1**	**113.2**	**87.4**	**839.5**

* *Including changes in scope of consolidation.*

2017 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January [b]	67.7	664.5	1,174.8	390.0	70.4	2,367.4
Acquisitions/additions	1.7	17.0	58.8	29.4	58.0	165.0
Disposals	(1.2)	(16.9)	(43.8)	(26.0)	(0.5)	(88.4)
Other movements [a]	0.1	26.6	64.4	12.3	(57.1)	46.3
Foreign currency translation adjustments	(2.6)	(21.3)	(35.2)	(8.2)	(2.3)	(69.7)
AT 31 DECEMBER	**65.6**	**669.9**	**1,219.1**	**397.6**	**68.5**	**2,420.7**
Depreciation and impairment losses						
At 1 January [b]	7.4	315.6	920.9	286.8		1,530.6
Foreign currency translation adjustments	(0.1)	(6.9)	(25.8)	(5.8)		(38.6)
Increases	0.3	26.5	74.8	33.9		135.4
Impairment losses			1.8			1.8
Depreciation and impairment written off on disposals	(0.4)	(11.8)	(42.2)	(24.3)		(78.8)
Other movements [a]		15.6	29.9	4.1		49.7
AT 31 DECEMBER	**7.2**	**339.0**	**959.3**	**294.7**		**1,600.2**
Carrying amount at 1 January	60.2	348.9	254.0	103.3	70.4	836.8
CARRYING AMOUNT AT 31 DECEMBER	**58.5**	**330.9**	**259.7**	**102.9**	**68.5**	**820.5**

(a) Including changes in scope of consolidation.
(b) After finalization of the WMF purchase price allocation entries.

Most of the Group's operations are on 42 major industrial sites. They are distributed as follows:

Region	Country	Plant	Main products
France	France	Rumilly	Cookware, informal meal equipment
		Marigny	Informal meal equipment
		Tournus	Cookware
		Selongey	Pressure cookers
		Pont-Évêque	Irons, steam generators, epilators
		Is-sur-Tille	Deep fryers, ovens
		Saint Jean de Bournay	Plastic components
		Lourdes	Meat grinders and small food preparation equipment
		Mayenne	Food processors, blenders, fully-automated espresso machines
		Saint-Lô	Electronic components
		Vernon	Vacuum cleaners
		Pluguffan	Crepe makers, waffle makers, grills and planchas
Western European market	Germany	Erbach	Steam irons
		Emsdetten	Kitchenware
		Geislingen an der Steige	Cookware; professional coffee machines
		Diez	Cookware
		Riedlingen	Cookware
		Hayingen	Cutlery
	Switzerland	Zuchwill	Professional coffee machines
	Italy	Omegna	Cookware
	Czech Republic	Domazlice	Catering utensils, components
North America	United States	Canonsburg	Cookware
		Montebello	Professional coffee machines
South America	Brazil	Recife	Fans, washing machines, blenders
		Itatiaia (Rio de Janeiro)	Blenders, washing machines, fans and Cookware
	Colombia	Cajica	Blenders, fans
		Rionegro	Plastic goods, cookware
Asia	China	Shanghai	Steam irons, steam cookers
		Yuhuan	Cookware
		Wuhan	Cookware
		Hangzhou	Rice cookers
		Shaoxing	Kettles, electric pressure cookers, induction hotplates, deep fryers, breadmaking machines, coffee machines, soy milk makers
		TaiCang	Kitchenware
		Heshan	Cutlery
	India	Baddi	Food processors, blenders, fans
		Bangalore	Professional coffee machines
	Vietnam	Vinh Loc	Fans
		Binh Duong-Asia Fans	Components (motors)
		Ho Chi Minh-Supor	Cookware
		Binh Duong-EMSA	Garden products
Other countries	Russia	Saint-Petersburg	Cookware
	Egypt	Borg el Arab	Blenders, small food preparation equipment, irons, Cookware

The Group owns all of its plants, except for the one in Shanghai (China).

Logistics warehouses and commercial and office buildings are generally leased, except for the Group's headquarters building in Écully.

All leases are with unrelated lessors and reflect normal market terms.

NOTE 12. LEASES

As of 1 January 2019, the Group applied IFRS 16 for the first time using the simplified retrospective method. The Group did not use any simplification methods except regarding the creation of fleets of passenger vehicles and computer hardware. These simplifications did not have any material impacts.

Moreover, the final decision by the IFRS IC on 16 December 2019 on lease terms should not have a material impact on the Group's financial statements. In fact, most leases have renewal options but few include tacit renewal clauses.

Discount rates have been determined based on the remaining term of existing leases as at 1 January 2019. The estimated amount of the liabilities and the right-of-use assets concerned as of 1 January 2019 was €362.2 million. This amount is very close to that of the operating lease commitment which was presented in Note 12 to the 2018 annual consolidated financial statements. The difference (less than 1.5%) compared to the commitment presented at end-2018 is mainly due to the variable portion of leases and some short-term contracts.

As of 31 December 2019, the average term of leases falling within the scope of IFRS 16 is 3.5 years. The average marginal borrowing rate as of 31 December 2019 was 4%.

The remaining lease expense related to the variable portion of contracts and other exemptions as of 31 December 2019 amounted to €40 million.

CHANGE IN LEASE LIABILITIES OVER THE PERIOD

(in € millions)	1 January 2019	New leases and lease amendments	Repayment	Financial expenses	Termination and cancellation of leases	Foreign currency translation adjustments	31/12/2019
Lease liabilities	362.2	50.0	(95.7)	14.8		2.4	333.7

The short-term portion of the lease liabilities amounts to €71.5 million.

CHANGE IN RIGHT-OF-USE OVER THE PERIOD

(in € millions)	1 January 2019	New leases and lease amendments	Depreciation and amortization expense	Termination and cancellation of leases	Foreign currency translation adjustments	31/12/2019
Land	3.7		(0.5)		0.4	3.5
Buildings	323.2	37.5	(68.7)		1.5	293.5
Other property, plant and equipment	35.3	12.5	(17.6)		1.6	31.8
TOTAL	**362.2**	**50.0**	**(86.8)**		**3.4**	**328.8**

These amounts are included in Note 11 "Property, plant and equipment".

TYPE OF LEASED ASSETS

(in € millions)	31/12/2019
Stores	157.2
Offices	79.9
Warehouses	40.4
Vehicles	16.0
Industrial equipment	11.2
Other	24.1
TOTAL	**328.8**

The remaining lease expense following application of IFRS 16 breaks down as follows:

(in € millions)	Prior to application of IFRS 16	IFRS 16 adjustment	Remaining lease expense	Breakdown of remaining lease expense: Short-term lease payments	Lease payments for low-value assets	Variable portion of lease payments
Lease expense	(135.7)	95.7	(40.0)	(12.0)	(5.0)	(23.0)

Off-balance sheet commitments relating to remaining lease expense:

(in € millions)	Due within one year	Due in one to five years	Due beyond five years	Total commitments
Short-term lease payments	6.5	-	-	6.5
Lease payments for low-value assets	3.2	6.4	0.2	9.8
Variable portion of lease payments	19.5	7.3	0.5	27.3
TOTAL COMMITMENTS	**29.2**	**13.7**	**0.7**	**43.6**

NOTE 13. INVESTMENTS IN OTHER FINANCIAL ASSETS

Note 13.1. Investments

13.1.1. Investments in associates

The Group has not had any investments in associates since 2017.

13.1.2. Other investments

The "investments" item stood at €100.4 million at 31 December 2019 compared with €51 million at 31 December 2018 and €33.8 million at 31 December 2017. This largely consists of non-controlling interests in several entities and investments in non-consolidated entities due to their non-material size in the Group. This item also includes securities and current accounts relating to the acquisition of Krampouz at end-September 2019, the allocation of the purchase price of which is ongoing.

In 2017, this item included the securities of the SwizzzProzzz entities that have since been merged into Groupe SEB Schweiz GmbH.

In accordance with IFRS 9, these non-current financial assets for which the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal. The change in fair value of these investments amounted to €6.4 million in 2019 compared with €13.3 million in 2018.

Note 13.2. Other non-current financial assets

These assets are mainly comprised of endorsements and guarantees, chiefly for property leases.

NOTE 14. PRODUCT DEVELOPMENT COSTS

(in € millions)	2019	2018	2017
RESEARCH AND DEVELOPMENT GROSS EXPENDITURE	**(156.4)**	**(143.6)**	**(138.5)**
Research tax credit	6.5	6.9	6.1
RESEARCH AND DEVELOPMENT NET EXPENDITURE	**(149.9)**	**(136.7)**	**(132.4)**
as a % of revenue	2.0%	2.0%	2.0%
CAPITALIZED DEVELOPMENT COSTS	**12.5**	**4.9**	**3.5**
as a % of R&D expenditure	8.3%	3.6%	2.7%
RESEARCH AND DEVELOPMENT COSTS RECOGNIZED DIRECTLY IN THE INCOME STATEMENT (NOTE 4)	**(137.4)**	**(131.9)**	**(128.9)**
AMORTIZATION FOR THE PERIOD RECOGNIZED IN COST OF SALES	**(4.7)**	**(4.6)**	**(5.0)**
TOTAL COST RECOGNIZED IN THE INCOME STATEMENT	**(142.1)**	**(136.5)**	**(133.9)**
as a % of revenue	1.9%	2.0%	2.1%

In 2019, research and development expenditure totaled €149.9 million (compared with €136.7 million in 2018 and €132.4 million in 2017).

Capitalized development costs amounted to €12.5 million (versus €4.9 million in 2018 and €3.5 million in 2017).

Overall, research and development costs recognized in the income statement came to €142.1 million (€136.5 million in 2018 and €133.9 million in 2017).

NOTE 15. INVENTORIES

	2019			2018			2017		
(in € millions)	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	308.3	(23.2)	285.1	280.7	(18.5)	262.2	257.7	(18.3)	239.4
Work in progress	20.2	(1.5)	18.7	22.9	(2.1)	20.8	22.7	(2.4)	20.3
Finished products and goods purchased for resale	916.9	(31.6)	885.3	927.8	(30.3)	897.5	886.7	(34.4)	852.3
TOTAL	**1,245.4**	**(56.3)**	**1,189.1**	**1,231.4**	**(50.9)**	**1,180.5**	**1,167.1**	**(55.1)**	**1,112.0**

NOTE 16. TRADE RECEIVABLES

(in € millions)	2019	2018	2017
Trade receivables (including discounted bills)	1,182.2	1,119.7	1,032.4
Provision for doubtful debt	(22.5)	(32.5)	(16.6)
TOTAL	**1,159.7**	**1,087.2**	**1,015.8**

The fair value of trade receivables is equivalent to their carrying amount, in view of their short maturities.

At 31 December 2019, the Group sold trade receivables to Société Générale and signed up to reverse factoring programs of some of these customers for a total of €120 million (compared with €115 million at 31 December 2018). As the sale of receivables was without recourse, the receivables were deconsolidated.

A receivables aging analysis is presented in Note 26.4.

NOTE 17. OTHER RECEIVABLES AND NON-CURRENT ASSETS

(in € millions)	2019	2018	2017
OTHER NON-CURRENT ASSETS	**58.0**	**57.1**	**10.6**
Current prepaid expenses	12.7	11.1	8.7
Advances paid	53.7	31.1	
Prepaid and recoverable taxes and other receivables *	108.7	102.5	91.3
OTHER CURRENT RECEIVABLES	**175.1**	**144.7**	**100.0**

* *Including VAT claims amounting to €86.4 million at 31 December 2019 (€69.7 million at 31 December 2018 and €78.8 million at 31 December 2017).*

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At the period end, other receivables broke down as follows:

(in € millions)	Short term	Long term	Total
Prepaid expenses	12.7	0.1	12.8
Advances paid *	53.7		53.7
Prepaid and recoverable taxes and other receivables	108.7	57.9	166.5
TOTAL	**175.1**	**58.0**	**233.0**

* *Including €50.0 million from Supor.*

The increase in non-current tax receivables is directly linked with the recognition of the PIS COFINS receivable in Brazil (Note 29.1.1 Significant events).

At 31 December 2018, the Group had sold its Research Tax Credit and Tax Credit for Competitiveness and Employment receivables for a total of €23.5 million.

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NOTE 18. CASH AND CASH EQUIVALENTS

(in € millions)	2019	2018	2017
Cash at bank	632.1	574.6	439.8
Investment securities	153.4	38.1	98.9
TOTAL	**785.5**	**612.7**	**538.7**

Cash equivalents are mainly composed of very short-term investments, such as SICAV money market funds, whose market value corresponds to their carrying amount at the balance sheet date.

NOTE 19. EQUITY

Note 19.1. Share capital

At 31 December 2019, the share capital broke down into 50,307,064 shares with a par value of €1 compared with 50,169,049 shares with a par value of €1 at 31 December 2018 and 2017.

Some shares enjoy double voting rights (Article 35 of the bylaws) and a supplementary dividend (Article 46 of the bylaws). Shares acquire double voting rights when they are fully paid-up and have been registered in the name of the same owner for at least five years. The supplementary dividend of 10% of the unit value of the reference dividend is granted to holders of shares registered without interruption for 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 that may not exceed 0.5% of the share capital.

After deducting treasury shares, the weighted average number of shares outstanding in 2019 was 49,778,922 (49,661,283 in 2018 and 49,596,964 in 2017).

At 31 December 2019, the Family voting block owned 32.14% of the capital with these shares representing 40.41% of the theoretical voting rights at Extraordinary Shareholders' Meetings.

Note 19.2. Share-based payments

19.2.1. Stock options

Information about stock option plans at 31 December 2019 is provided below:

EXERCISE OF STOCK OPTIONS

At 31/12/2019	Date			Number of options				
Type	of grant *	of exercise	of expiry	granted	exercised	canceled	Outstanding	Exercise price *(in €)*
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	359,287	17,621	32,017	54.12
TOTAL				**408,925**	**359,287**	**17,621**	**32,017**	

* *The grant date corresponds to the date of the Board Meeting when the option grants were decided.*

In accordance with IFRS 2 – Share-Based Payment, stock options are measured at the grant date. The valuation method used is the Black & Scholes option pricing model. The initial valuation is not adjusted for any subsequent changes in value after the grant date.

The value is recorded in employee benefits expense on a straight-line basis over the option vesting period offset in consolidated equity.

19.2.2. Performance shares

In 2016, 2017, 2018 and 2019, the Board of Directors granted performance shares to certain employees and executive officers.

Performance shares granted under the plans are subject to vesting periods of three years (2016, 2017, 2018 and 2019 plans). In addition, the final vesting of performance shares is subject to the achievement of objectives identical to those used to calculate the variable compensation of the Group's senior managers and executives, based on revenue and Operating Result from Activity. After this vesting period, the performance shares will remain locked for a further two-year period. The 2017, 2018 and 2019 plans do not provide anymore for any lock-up period.

At 31/12/2019	Date			Number of shares				
Type	of grant (a)	of vesting	of end of lock-up	granted	vested	canceled	Outstanding	Price on the grant date (b)
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	163,385	5,220		96.63
Performance shares	11/05/2017	11/05/2020	11/05/2020	193,450		7,020	186,430	151.60
Performance shares	16/05/2018	16/05/2021	16/05/2021	185,330		5,930	179,400	160.90
Performance shares	22/05/2019	22/05/2022	22/05/2022	226,700			226,700	155.90
TOTAL				**774,085**	**163,385**	**18,170**	**592,530**	

(a) *The grant date corresponds to the date of the Board Meeting when the rights were granted.*
(b) *Share price on the date of the Board Meeting.*

For the 2016 plan, the fair value of performance share plans includes a discount to reflect the impact of the restriction on the sale of the shares represented by the lock-up. The measurement method used to determine this discount is based on a strategy that consists of selling the shares at the end of the lock-up period and immediately purchasing an equivalent number of shares free of any restrictions, with the purchase financed by debt repayable at the end of the lock-up using the proceeds from the forward sale and dividends received during the lock-up period.

As the shares granted for the 2017, 2018 and 2019 plans have no lock-up clause, the fair value only takes into account the absence of dividends during the vesting period.

The main assumptions used to determine the fair value of performance shares were as follows:

Assumptions	2019 plan	2018 plan	2017 plan	2016 plan
Share price on the grant date *(in €)*	155.9	160.9	151.6	96.63
Risk-free interest rate (5-year rate)	0.00%	1.28%	1.63%	-0.16%
Average interest rate on a 5-year general purpose loan				6.13%
Dividend yield	2.45%	2.25%	1.92%	1.96%
Discount for the lock-up *(as a % of the price on the vesting date)*	0.00%	0.00%	0.00%	15.30%
INITIAL VALUE *(IN € MILLIONS)*	**34.8**	**30.2**	**28.6**	**14.0**
EXPENSE FOR 2019 *(in € millions)*	**7.2**	**10.6**	**8.4**	**1.4**

19.2.3. Employee share ownership plan

Groupe SEB offers its employees the possibility of becoming shareholders through the issue of reserved shares. This program, entitled "Horizon 2019", allowed employees from around 30 countries in which the Group operates to subscribe for company shares, via an FCPE (company investment fund) or directly – depending on the legislation in force in the various countries. The program would cover a maximum of 501,690 new shares with a par value of €1 each.

The purchase price was set at €123.04, i.e. 20% below the average SEB share price over the 20 trading sessions prior to opening of the subscription period by employees. Moreover, a matching payment, the level of which varies depending on the subscriber country and the number of shares, is made in existing Group shares. Shares acquired are locked in for at least five year, except where there are legal exemptions.

The share capital increase resulting from this plan is of 138,015 new shares with a par value of €1 each.

The IFRS 2 expense measuring the benefit offered to employees is measured with reference to the fair value of a discount offered on non-transferable shares. Like what is done for performance share plans, to measure the non-transferability discount, the Group uses a measurement method based on a strategy that consists of selling the shares at the end of the lock-up period and immediately purchasing an equivalent number of shares free of any restrictions, with the purchase financed by debt repayable at the end of the lock-up using the proceeds from the forward sale and dividends received during the lock-up period.

Given that there are no vesting conditions, the full expense is recognized in the financial year of the subscription on the "Discretionary and non-discretionary profit-sharing" line in the income statement.

The main assumptions used to determine the fair value of employee share ownership plan were as follows:

Assumptions	2019 plan
Reference price (in €)	153.79
Plan maturity	5 years
Risk-free interest rate (5-year rate)	-0.31%
Average interest rate on a 5-year general purpose loan	3.50%
Dividend yield	2.58%
Discount for the lock-up *(as a % of the reference price)*	15.60%
Expense for 2019 *(in € millions)*	**2.1**

Note 19.3. Reserves and retained earnings (before appropriation of profit)

Retained earnings include reserves shown on the balance sheet of SEB S.A. (of which €1,182.5 million was available for distribution at 31 December 2019, compared with €1,147.2 million at 31 December 2018 and €1,151 million at 31 December 2017), and SEB S.A.'s share of the retained earnings of consolidated subsidiaries subsequent to their acquisition or incorporation.

SEB S.A.'s share of the retained earnings of foreign subsidiaries is considered to be permanently invested. Any withholding taxes or additional taxes on distributed income are only recognized when distribution of these amounts is planned or considered probable.

Note 19.4. Treasury shares

The Group buys back shares for the following purposes:

- for cancellation in order to reduce the company's share capital;
- for allocation to employees, senior managers or senior executives of the company or of related companies upon exercise of stock options or vesting of performance shares;
- for delivery on redemption, conversion, exchange or exercise of share equivalents.

Share buybacks are carried out based on market opportunities and only when the Group has sufficient cash to fund the transactions.

In 2019, the Group bought back 280,577 shares at a weighted average price of €144.43 and sold 494,022 shares at an average price of €85.91. The €26.8 million after tax loss on the sales was recognized directly in equity without affecting profit (loss) for the period.

At 31 December 2019, the Group held 362,443 treasury shares at an average price of €145.69 per share.

Movements in treasury shares were as follows:

(in number of shares)	Transactions in 2019	Transactions in 2018	Transactions in 2017
Shares held in treasury at 1 January	575,888	534,706	622,110
Purchases			
Buyback plan		258,109	228,914
Liquidity contract	280,577	459,651	313,440
Sales			
Disposals	(278,719)	(447,771)	(314,817)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(215,303)	(228,807)	(314,941)
Shares canceled during the period			
SHARES HELD IN TREASURY AT 31 DECEMBER	**362,443**	**575,888**	**534,706**

Groupe SEB set up collars on treasury shares in July 2019 to cover its performance share and employee share ownership plans.

During the second semester 2019, 187200 call options were acquired for a total amount of €3.6 million. These call options have been qualified as equity instruments. At the same time, 187200 put options were sold for a similar amount. These put options have been qualified as derivative instruments and are part of the group net debt. As of 31 December 2019, the change in fair value of these put options did not impact significantly the financial result of the Group.

NOTE 20. NON-CONTROLLING INTERESTS

Changes in non-controlling interests are as follows:

(in € millions)	2019	2018	2017
AT 1 JANUARY	**208.6**	**175**	**165.2**
Non-controlling interests in profit	48.6	43.5	33.6
Dividends paid	(26.7)	(23.3)	(12.4)
Exercise of stock options	1.1	1.7	
Non-controlling interests in shares issues by subsidiaries	0.4		
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	0.2	12.3	(2.0)
Foreign currency translation adjustments	2.7	(0.6)	(9.4)
TOTAL AT 31 DECEMBER	**234.9**	**208.6**	**175.0**

€10 million of the changes in the scope of consolidation in 2018 was due to the combination of the small electrical appliances and cookware businesses in Egypt, with the Group having reduced its interest in its Egyptian operations from 75% to 55% (Note 2.1.1).

Since 31 December 2008, non-controlling interests have primarily concerned the non-controlling interests of the ZJ Supor Group. The share of non-controlling interests therefore mainly changed in line with changes in the ZJ Supor Group's reserves (particularly profit and translation adjustments), purchases, sales or any other voluntary adjustments to SEB's stake in ZJ Supor. At 31 December 2019, Groupe SEB held 81.19% of Supor's shares.

The ZJ Supor Group is made up of various subsidiaries, whose name, line of business, location and percentage of interest are shown in Note 32 herein. The 2018 dividends paid to non-controlling interests in 2019 were €25.8 million. The 2019 profit (loss) of this sub-group taken by itself was €200.6 million on revenue of €2,424.5 million. The impact of the sub-group on the consolidated statement of comprehensive income consists solely of foreign currency translation adjustments.

Summary 2019 balance sheet of the Supor sub-group *(in € millions)*

ASSETS		LIABILITIES	
Non-current assets	730	Shareholders' equity	1,332
Inventories	272		
Trade receivables	295	Long-term provisions	4
		Debt IFRS 16	24
Other receivables	65	Trade payables	329
Cash and cash equivalents	526	Other current liabilities	199
TOTAL	**1,888**	**TOTAL**	**1,888**

Summary 2019 cash flow statement of the Supor sub-group *(in € millions)*

Net cash from operating activities	253
Net cash used by investing activities	(64)
Net cash used by financing activities	(143)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS GROSS	**46**

Financing activities during the period mainly concerned the payment of dividends to the Group and non-controlling interests.

Since this group is located in China, the cash it generates is subject to the foreign exchange controls in effect in that country.

NOTE 21. OTHER PROVISIONS

Provisions are classified as short-term or long-term according to whether the obligation is expected to be settled within or beyond one year.

	2019		2018		2017	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations (Note 22)	283.3	25.3	274.8	16.1	279.6	14.3
Product warranties (21.1)	9.2	37.0	8.0	32.0	8.3	33.2
Claims and litigation and other contingencies (21.2)	43.7	17.3	46.4	22.5	60.7	31.0
Restructuring provisions (21.3)	3.3	28.3	4.9	3.3	5.4	11.5
TOTAL	**339.5**	**107,9**	**334.1**	**73.9**	**354.0**	**90.0**

Provision movements (other than provisions for pensions and other post-employment benefits) over the year are as follows:

(in € millions)	01/01/2019	Increases	Reversals	Utilizations	Other movements *	31/12/2019
Product warranties (21.1)	40.0	13.2	(0.9)	(12.1)	6.0	46.2
Claims and litigation and other contingencies (21.2)	69.0	9.7	(7.5)	(9.1)	(1.1)	61.0
Restructuring provisions (21.3)	8.1	28.6	(0.2)	(5.3)	0.4	31.6
TOTAL	**117.1**	**51.5**	**(8.6)**	**(26.5)**	**5.3**	**138.8**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2018	Increases	Reversals	Utilizations	Other movements *	31/12/2018
Product warranties (21.1)	41.5	13.3	(0.9)	(11.9)	(2.0)	40.0
Claims and litigation and other contingencies (21.2)	91.7	8.0	(19.1)	(8.9)	(2.7)	69.0
Restructuring provisions (21.3)	16.9	9.0	(2.6)	(14.5)	(0.7)	8.1
TOTAL	**150.1**	**30.3**	**(22.6)**	**(35.3)**	**(5.4)**	**117.1**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2017	Increases	Reversals	Utilizations	Other movements *	31/12/2017
Product warranties (21.1)	43.4	16.6	(0.9)	(16.4)	(1.2)	41.5
Claims and litigation and other contingencies (21.2)	104.5	15.0	(2.8)	(19.9)	(5.1)	91.7
Restructuring provisions (21.3)	22.7	18.1	(1.1)	(21.0)	(1.8)	16.9
TOTAL	**170.6**	**49.7**	**(4.8)**	**(57.3)**	**(8.1)**	**150.1**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

Note 21.1. Product warranties

Provisions are recorded for the estimated cost of repairing or replacing products sold under warranty to customers and consumers. The warranty, which is either legal or contractual, generally covers a period of one or two years. Provisions for product recalls are recorded as soon as the recall is decided.

Note 21.2. Claims and litigation and other contingencies

Certain subsidiaries are involved in claims and litigation with third parties. The corresponding provisions have been determined in accordance with the principle described in Note 1.4.

At 31 December, this item included:

(in € millions)	2019	2018	2017
Supplier claims and litigation	1.8	2.5	2.4
Local government claims, litigation and contingencies	6.4	8.5	20.0
Commercial claims, litigation and contingencies			1.1
Employee claims, litigation and contingencies	4.9	3.9	12.1
Sales returns			
Other claims, litigation and contingencies	47.9	54.1	56.1
TOTAL	**61.0**	**69.0**	**91.7**

Except for the litigation described in Note 29.1.2., and contingent liabilities included in Note 29.2, “Other claims, litigations and contingencies” the provisions constituted are individually immaterial.

In 2018, contingent liabilities recognized in connection with the acquisitions of Supor and WMF gave rise to the release of surplus provisions for a total of €11 million. These liabilities were related to tax and social risks.

In 2019, a contingent liability arising from the acquisition of WMF gave rise to a €3.5 million release of surplus provisions.

Note 21.3. Restructuring provision

Restructuring provisions break down as follows:

(in € millions)	2019	2018	2017
Severance costs	30.5	7.4	15.9
Site closure costs	1.1	0.7	1.0
TOTAL	**31.6**	**8.1**	**16.9**

The current portion of the restructuring provision amounted to €28.3 million and mainly related to the WMF restructuring plan announced in July 2019 and designed to enhance its competitiveness.

NOTE 22. EMPLOYEE BENEFITS

Note 22.1. Assumptions

Provisions for pension and other post-employment benefit obligations, determined as explained in Note 1.4, mainly concern France and Germany. The obligations are determined by qualified actuaries using a certain number of assumptions. These assumptions are revised once a year.

Discount rates are determined based on the yields of investment grade corporate bonds with maturities that match the remaining life of the benefit obligations at the measurement date.

Assumptions	France 2019	Germany 2019
Economic assumptions		
Rate of salary increases	between 1.50% and 4.00%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	0.15% and 0.75%	-0.10% and 0.75%
Average remaining service life of participating employees	15.6	15.7
Demographic assumptions		
Retirement age	62 to 65 years *	65 years
Staff turnover	0% to 13.7%	0% to 7.5%
Mortality tables	INSEE TD/TV 2013-2015	HEUBECK RT 2018 G

* *Depending on employee age and category (management or other).*

Assumptions	France 2018	Germany 2018
Economic assumptions		
Rate of salary increases	between 2.50% and 4.00%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	1.15% and 1.60%	1.60%
Average remaining service life of participating employees	15.3	14.6
Demographic assumptions		
Retirement age	62 to 65 years *	65 years
Staff turnover	0% to 13.7%	0% to 7.5%
Mortality tables	INSEE TD/TV 2012-2014	HEUBECK RT 2018 G

* *Depending on employee age and category (management or other).*

Assumptions	France 2017	Germany 2017
Economic assumptions		
Rate of salary increases	between 2.50% and 4.00%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	0.90% and 1.50%	1.5% and 2%
Average remaining service life of participating employees	14.7	variable
Demographic assumptions		
Retirement age	60 to 65 years *	65 years
Staff turnover	0% to 13.3%	0% to 7.5%
Mortality tables	INSEE TD/TV 2012-2014	HEUBECK RT 2005 G

* *Depending on employee age and category (management or other).*

Note 22.2. Analysis of the pension and other post-employment benefit obligations

The total obligation breaks down as follows:

	2019			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	144.4	223.6	75.7	443.7
Present value of plan assets	(68.8)	(7.4)	(58.9)	(135.1)
DEFICIT	**75.6**	**216.2**	**16.8**	**308.6**
Recognized liability	75.6	216.2	16.8	308.6
Recognized asset				
NET	**75.6**	**216.2**	**16.8**	**308.6**

	2018			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	132.1	204.9	67.8	404.8
Present value of plan assets	(63.9)	(6.4)	(43.5)	(113.8)
DEFICIT	**68.2**	**198.5**	**24.3**	**291.0**
Recognized liability	68.2	198.5	24.3	291.0
Recognized asset				
NET	**68.2**	**198.5**	**24.3**	**291.0**

	2017				
(in € millions)	France	Germany	WMF	Other countries	Total
Projected benefit obligation based on final salaries	137.7	84.8	134.8	17.2	374.5
Present value of plan assets	(70.3)	(5.0)		(5.3)	(80.6)
DEFICIT	**67.4**	**79.8**	**134.8**	**11.9**	**293.9**
Recognized liability	67.4	79.8	134.8	11,9	293.9
Recognized asset					
NET	**67.4**	**79.8**	**134.8**	**11,9**	**293.9**

Obligations for the payment of jubilees were €9.1 million at 31 December 2019 (€8.4 million at 31 December 2018 and €8.3 million at 31 December 2017).

Note 22.3. Recognized costs

The cost recognized in the income statement for pension and other post-employment benefit plans breaks down as follows:

	2019			
(in € millions)	France	Germany	Other countries	Total
Service cost	5.9	5.7	4.4	16.0
Interest cost	1.6	3.1	0.8	5.5
Expected return on plan assets	(0.7)	(0.1)	(0.4)	(1.2)
Other	(1.5)	0.1	(2.6)	(4.0)
COST FOR THE PERIOD	**5.3**	**8.8**	**2.2**	**16.3**

	2018			
(in € millions)	France	Germany	Other countries	Total
Service cost	7.6	4.0	3.8	15.4
Interest cost	1.7	3.0	0.7	5.4
Expected return on plan assets	(0.8)	(0.1)	(0.4)	(1.3)
Other	(0.6)	2.3	0.1	1.8
COST FOR THE PERIOD	**7.9**	**9.2**	**4.2**	**21.3**

	2017				
(in € millions)	France	Germany	WMF	Other countries	Total
Service cost	8.3	0.7	8.6	1.6	19.2
Interest cost	1.2	0.9	1.7	0.5	4.3
Expected return on plan assets	(0.5)			(0.1)	(0.6)
Other	(1.1)			0.1	(1.0)
COST FOR THE PERIOD	**7.9**	**1.6**	**10.3**	**2.1**	**21.9**

Note 22.4. Change in gains and losses recorded in other comprehensive income

	2019			
(in € millions)	France	Germany	Other countries	Total
At 1 January	(45.6)	(25.0)	(5.5)	(76.1)
Actuarial gains and losses	(10.1)	(23.2)	(8.5)	(41.8)
Return on plan assets greater/(less than) expected return	4.1		0.3	4.4
Other		0.2	0.3	0.5
AMOUNT AT 31 DECEMBER	**(51.6)**	**(48.0)**	**(13.4)**	**(113.0)**

Actuarial gains and losses for the period were mainly due to changes in the discount rate.

	2018			
(in € millions)	France	Germany	Other countries	Total
At 1 January *	(48.1)	(26.5)	(2.8)	(77.4)
Actuarial gains and losses	3.5	1.5	(2.9)	2.1
Return on plan assets greater/(less than) expected return	(1.0)		(0.2)	(1.2)
Other			0.4	0.4
AMOUNT AT 31 DECEMBER	**(45.6)**	**(25.0)**	**(5.5)**	**(76.1)**

* *Reclassification after the split of the WMF package by entities.*

	2017				
(in € millions)	France	Germany	WMF	Other countries	Total
At 1 January	(61.5)	(32.4)		(4.4)	(98.3)
Actuarial gains and losses	9.1	4.8	2.9	(0.4)	16.4
Return on plan assets greater/(less than) expected return	4.3	0.1			4.4
Other			(0.1)	0.2	0.1
AMOUNT AT 31 DECEMBER	**(48.1)**	**(27.5)**	**2.8**	**(4.6)**	**(77.4)**

Note 22.5. Movements in provisions

Movements in provisions break down as follows:

(in € millions)	2019	2018	2017
Net at 1 January	291.0	293.9	326.0
Cost for the period	16.3	21.3	21.9
Contributions paid	(34.5)	(23.0)	(34.8)
Actuarial gains and losses and other changes	35.8	(1.2)	(19.2)
NET AMOUNT AT 31 DECEMBER	**308.6**	**291.0**	**293.9**

Note 22.6. Movements in pension and other post-employment benefit obligations

Movements in pension and other post-employment benefit obligations 2019

	2019			
(in € millions)	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2019	**132.1**	**204.9**	**67.8**	**404.8**
Service cost	5.9	5.7	4.4	16.0
Interest cost	1.6	3.1	0.8	5.5
Benefits paid	(3.8)	(13.5)	(3.2)	(20.5)
Plan amendments			(2.0)	(2.0)
Actuarial gains and losses	10.5	23.3	8.7	42.5
Curtailments/Settlements	(1.9)			(1.9)
Other		0.1	(0.8)	(0.7)
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2019	**144.4**	**223.6**	**75.7**	**443.7**

Movements in pension and other post-employment benefit obligations 2018

(in € millions)	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2018 [(a)(b)]	**138.0**	**210.8**	**61.5**	**410.3**
Service cost	7.6	4.0	3.8	15.4
Interest cost	1.7	3.0	0.7	5.4
Benefits paid	(11.0)	(14.1)	(2.0)	(27.1)
Plan amendments				
Actuarial gains and losses	(3.8)	0.2	3.0	(0.6)
Curtailments/Settlements	(0.5)			(0.5)
Other	0.1	1.0	0.8	1.9
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2018	**132.1**	**204.9**	**67.8**	**404.8**

(a) Reclassification following deobfuscation of the WMF package.
(b) Following breakdown of the obligation and funds invested in Switzerland for €36 million.

Movements in pension and other post-employment benefit obligations 2017

(in € millions)	France	Germany	WMF	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2017	**144.1**	**89.5**	**140.7**	**16.8**	**391.1**
Service cost	8.3	0.7	8.6	1.6	19.2
Interest cost	1.2	0.9	1.7	0.5	4.3
Benefits paid	(5.8)	(4.4)	(12.8)	(1.4)	(24.4)
Plan amendments					
Actuarial gains and losses	(9.4)	(4.8)	(2.9)	0.4	(16.7)
Curtailments/Settlements	(0.7)				(0.7)
Other		2.9	(0.5)	(0.7)	1.7
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2017	**137.7**	**84.8**	**134.8**	**17.2**	**374.5**

Note 22.7. Analysis of plan assets

Change in plan assets in 2019

	2019			
(in € millions)	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2019	**63.9**	**6.4**	**43.5**	**113.8**
Expected return on plan assets	0.8	0.1	0.4	1.3
Contributions paid		1.0	15.1	16.1
Benefits paid		(0.1)	(2.0)	(2.1)
Actuarial gains and losses and other	4.1		1.9	6.0
PLAN ASSETS AT 31 DECEMBER 2019	**68.8**	**7.4**	**58.9**	**135.1**

Change in plan assets in 2018

(in € millions)	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2018 *	**70.3**	**5.0**	**40.7**	**116.0**
Expected return on plan assets	0.8	0.1	0.3	1.2
Contributions paid		0.4	2.6	3.0
Benefits paid	(6.1)	(0.1)	(1.0)	(7.2)
Actuarial gains and losses and other	(1.1)	1.0	0.9	0.8
PLAN ASSETS AT 31 DECEMBER 2018	**63.9**	**6.4**	**43.5**	**113.8**

* *Following breakdown of the obligation and funds invested in Switzerland for €36 million.*

Change in plan assets in 2017

(in € millions)	France	Germany	WMF	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2017	**55.5**	**4.6**		**5.0**	**65.1**
Expected return on plan assets	0.5			0.1	0.6
Contributions paid	10.0	0.4		0.6	11.0
Benefits paid		(0.1)		(0.4)	(0.5)
Actuarial gains and losses and other	4.3	0.1			4.4
PLAN ASSETS AT 31 DECEMBER 2017	**70.3**	**5.0**		**5.3**	**80.6**

Plan assets in France are managed by two insurance companies and are invested as follows:

- 46% of the general portfolio of these insurance companies is 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 11% in bond funds;
- the balance in equity funds.

The return on these funds was +10.98% in 2019.

The actual return on plan assets for 2019 should be in line with the expected rate, and actuarial gains and losses generated in 2020 are not expected to be material.

The only contributions to these plans are paid by the employer. Plan members make no contributions.

Note 22.8. Other information

22.8.1. Cash outflows expected in future periods

Expected cash outflows *(in € millions)*	France	Germany	Other	Total
In less than 1 year	12.1	12.5	0.8	25.4
1 to 5 years	63.5	203.7	16.0	283.2
TOTAL 5 YEARS	**75.6**	**216.2**	**16.8**	**308.6**

22.8.2. Expected contributions to plans in the following year

No material contribution is currently planned.

22.8.3. Sensitivity analysis

A 0.25% reduction in the discount rate would increase the projected benefit obligation by around €11.7 million and a 0.25% increase in the discount rate would reduce the obligation by approximately €11.6 million. The impact on 2019 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. TRADE PAYABLES AND OTHER LIABILITIES

(in € millions)	2019	2018	2017
TRADE PAYABLES	**1,044.8**	**1,029.9**	**905.8**
Accrued taxes and employee benefits expenses	370.9	338.7	346.4
Due to trade payables of non-current assets	17.9	17.8	15.9
Advances received *	142.7	148.0	
Other liabilities	51.3	60.6	36.7
OTHER LIABILITIES	**582.8**	**565.1**	**399.0**

* *Including €140.7 million from Supor.*

Had they been presented separately, advances received for the 2017 financial year would have amounted to €154.3 million.

At the end of the period, trade payables and other liabilities broke down as follows by maturity:

	Current	Non-current	Total
TRADE PAYABLES	**1,044.8**		**1,044.8**
Accrued taxes and employee benefits expenses	321.7	49.2	370.9
Due to trade payables of non-current assets	17.9		17.9
Advances received	142.7		142.7
Other liabilities	45.3	6.0	51.3
OTHER LIABILITIES	**527.6**	**55.2**	**582.8**

Non-current accrued taxes and employee benefits expense corresponds mainly to employee time savings accounts in France.

NOTE 24. BORROWINGS

Note 24.1. Total borrowings

(in € millions)	2019	2018	2017
Bonds	1,150.7	1,148.5	1,146.2
Bank borrowings	5.8	4.2	
IFRS 16 debt	262.2	2.7	3.7
Negotiable European Medium Term Note (NEU MTN)	212.9	30.0	
Other debts (including private placements)	656.3	657.0	900.2
Non discretionary profit-sharing	13.9	15.5	17.1
LONG-TERM BORROWINGS	**2,301.8**	**1,857.9**	**2,067.3**
Bonds			
Bank borrowings	12.7	17.5	84.6
IFRS 16 debt	71.5		
Negotiable European Medium Term Note (NEU MTN) and Negotiable EUropean Commercial Paper (NEU CP)	347.0	300.0	447.0
Current portion of long-term borrowings	39.4	269.5	46.6
SHORT-TERM BORROWINGS	**470.6**	**587.0**	**578.2**
TOTAL BORROWINGS	**2,772.4**	**2,444.9**	**2,645.5**

At 31 December 2019, Group debt was composed of short-term and long-term borrowings. The Group has diversified its financing sources, and borrowings now comprise:

- €625 million in private placement notes (Schuldschein instruments);
- a €500 million bond debt due in 2022;
- a €500 million bond debt due in 2024;
- a €150 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in 2021;
- €317 million in Negotiable European Commercial Paper (NEU CP) (outstanding from a €1 billion program with an A2 short-term rating from Standard & Poor's).
- €241,5 million in Negotiable European Medium Term Note (NEU MTN) (outstanding from a €500 million program).

At 31 December 2019, the weighted average interest rate on long-term bank borrowings (falling due in over a year) was 1.68%.

Characteristics of borrowings (nominal amounts)

At 31 December 2019 *(in € millions)*	Issuing currency	Term	Outstanding balance	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years	Original interest rate
Schuldschein	EUR	2021	130.0		130.0		Variable [(a)]
Schuldschein	EUR	2021	146.5		146.5		Fixed
Schuldschein	EUR	2023	102.5		102.5		Variable [(a)]
Schuldschein	EUR	2023	180.0		180.0		Fixed
Schuldschein	EUR	2024	18.0		18.0		Variable [(a)]
Schuldschein	EUR	2026	48.0			48.0	Fixed
ORNAE [(b)]	EUR	2021	150.0		150.0		Fixed
Bond 1	EUR	2022	500.0		500.0		Fixed
Bond 2	EUR	2024	500.0		500.0		Fixed
Negotiable European Commercial Paper (NEU CP)	EUR	2020	317.0	317.0			Fixed
Negotiable European Medium Term Note (NEU MTN)	EUR		100.0		20.0	80.0	Fixed
Negotiable European Medium Term Note (NEU MTN)	EUR		141.5	30.0	111.5		Variable
Other bank borrowings (including overdrafts)			87.2	48.0	38.1	1.1	Variable
IFRS 16 debt			333.7	71.5	194.9	67.3	
Non-discretionary profit-sharing	EUR		18.0	4.1	13.9		
TOTAL			**2,772.4**	**470.6**	**2,105.4**	**196.4**	

(a) Partly hedged by floating rate for fixed rate swaps.
(b) Excluding the ORNAE option portion.

Loan maturities (undiscounted nominal amounts, including accrued interest)

At 31 December 2019 *in € millions)*	Issuing currency	Term	Expected cash outflows	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years
Schuldschein	EUR	2021	132.6	1.3	131.3	
Schuldschein	EUR	2021	149.8	1.6	148.2	
Schuldschein	EUR	2023	107.7	1.3	106.4	
Schuldschein	EUR	2023	191.6	2.9	188.7	
Schuldschein	EUR	2024	18.9	0.2	18.7	
Schuldschein	EUR	2026	55.6	1.1	4.4	50.1
ORNAE	EUR	2021	150.0		150.0	
Bond 1	EUR	2022	535.6	11.9	523.7	
Bond 2	EUR	2024	537.5	7.5	530.0	
Negotiable European Commercial Paper (NEU CP)	EUR	2020	317.0	317.0		
Negotiable European Medium Term Note (NEU MTN)	EUR		253.8	32.2	138.6	83.0
TOTAL			**2,450.1**	**377.0**	**1,940.0**	**133.1**

Confirmed credit facilities

The Group also has unused, confirmed credit facilities that break down as follows by maturity:

At 31 December 2019 *(in € millions)*	Confirmed credit facilities 2019 *
2020	1,010
2021	1,010
2022	50
2023	
2024	

* *Outstanding amounts of confirmed lines of credit at year-end, of which:*
- *a syndicated credit facility for €960.0 million, expiring in July 2021;*
- *a bilateral loan for €50.0 million, maturing in 2022.*

None of these credit lines include any acceleration clauses.

Note 24.2. Net debt

(in € millions)	2019	2018	2017
Long-term borrowings	2,301.8	1,857.9	2,067.3
Short-term borrowings	470.6	587.0	578.2
TOTAL BORROWINGS	**2,772.4**	**2,444.9**	**2,645.5**
Net cash and cash equivalents *	(785.5)	(612.7)	(538.7)
Other current financial investments *	(7.7)	(258.0)	(213.1)
Derivative instruments (net)	18.1	3.3	10.8
NET DEBT	**1,997.3**	**1,577.5**	**1,904.6**

* *Including €530 million in China, versus €488 million at 31 December 2018 and €393 million at 31 December 2017.*

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents and derivative instruments related to Group financing. It also includes short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months. Since 1 January 2019, net debt also includes the debt resulting from the application of IFRS 16 Leases.

At 31 December 2019, none of these borrowings were subject to early repayment clauses based on covenants.

Changes in liabilities included in Group financing activities

(in € millions)	2019
Gross debt at 1 January	**2,444.9**
Net derivative instruments at 1 January	**3.3**
New borrowings during the period	836.8
Repayments during the period	(844.0)
Change resulting from the application of IFRS16 (Note 12)	333.7
Change in fair value	11.2
Changes resulting from the acquisition or loss of control of subsidiaries	
Currency translation adjustment	4.6
Gross debt at 31 December	**2,772.4**
Net derivative instruments at 31 December	**18.1**

NOTE 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 25.1. Financial instruments

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), debt securities and other cash equivalents classified as current assets. The fair value of trade and other receivables 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 receivables due beyond one year. They were classified before the first application of IFRS 9 in assets available for sale and amounted to €24.3 million at 31 December 2017. In accordance with IFRS 9, these non-current financial assets for which the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal.

Financial liabilities include borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period end for similar facilities and the average spread obtained by the Group for its own issues.

	2019		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments *	49.5	49.5		49.5			
Other non-current financial assets	19.4	19.4			19.4		
Other non-current assets	2.5	2.5			2.5		
Trade receivables	1,159.7	1,159.7			1,159.7		
Other current receivables, excl. prepaid expenses	70.4	70.4			70.4		
Derivative instruments	23.9	23.9					23.9
Other financial assets	10.2	10.2	10.2				
Cash and cash equivalents	785.5	785.5	785.5				
TOTAL FINANCIAL ASSETS	**2,121.1**	**2,121.1**	**795.7**	**49.5**	**1,252.0**		**23.9**
LIABILITIES							
Long-term borrowings	2,301.8	2,362.5				2,362.5	
Other non-current liabilities	2.0	2.0				2.0	
Trade payables	1,044.8	1,044.8				1,044.8	
Other current liabilities	187.4	187.4				187.4	
Derivative instruments	44.2	44.2					44.2
Short-term borrowings	470.6	470.6				470.6	
TOTAL FINANCIAL LIABILITIES	**4,050.8**	**4,111.5**				**4,067.3**	**44.2**

* *of which non-reclassifiable Fair Value through OCI: see Statements of Comprehensive Income.*

(in € millions)	2018 Carrying amount	Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments *	47.6	47.6		47.6			
Other non-current financial assets	16.9	16.9			16.9		
Other non-current assets	1.8	1.8			1.8		
Trade receivables	1,087.2	1,087.2			1,087.2		
Other current receivables, excl. prepaid expenses	58.4	58.4			58.4		
Derivative instruments	42.6	42.6					42.6
Other financial assets	258.0	258.0	258.0				
Cash and cash equivalents	612.7	612.7	612.7				
TOTAL FINANCIAL ASSETS	**2,125.2**	**2,125.2**	**870.7**	**47.6**	**1,164.3**		**42.6**
LIABILITIES							
Long-term borrowings	1,857.9	1,898.4				1,898.4	
Other non-current liabilities	2.0	2.0				2.0	
Trade payables	1,029.9	1,029.9				1,029.9	
Other current liabilities	196.4	196.4				196.4	
Derivative instruments	33.6	33.6					33.6
Short-term borrowings	587.0	588.1				588.1	
TOTAL FINANCIAL LIABILITIES	**3,706.8**	**3,748.4**				**3,714.8**	**33.6**

* *of which non-reclassifiable Fair Value through OCI: see Statements of Comprehensive Income.*

(in € millions)	2017 Carrying amount	Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments	24.3	24.3		24.3			
Other non-current financial assets	15.3	15.3			15.3		
Other non-current assets	1.7	1.7			1.7		
Trade receivables	1,015.8	1,015.8			1,015.8		
Other current receivables, excl. prepaid expenses	8.5	8.5			8.5		
Derivative instruments	49.1	49.1					49.1
Other financial assets	213.1	213.1	213.1				
Cash and cash equivalents	538.7	538.7	538.7				
TOTAL FINANCIAL ASSETS	**1,866.5**	**1,866.5**	**751.8**	**24.3**	**1,041.3**		**49.1**
LIABILITIES							
Long-term borrowings	2,067.3	2,134.1				2,134.1	
Other non-current liabilities	2.3	2.3				2.3	
Trade payables	905.8	905.8				905.8	
Other current liabilities	50.3	50.3				50.3	
Derivative instruments	60.2	60.2					60.2
Short-term borrowings	578.2	578.2				578.2	
TOTAL FINANCIAL LIABILITIES	**3,664.2**	**3,730.9**				**3,670.7**	**60.2**

Note 25.2. Derivative instruments

The fair value of derivative instruments is as follows:

(in € millions)	2019				2018			
	Assets		Liabilities		Assets		Liabilities	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FAIR VALUE HEDGES								
Forward sales of foreign currencies	37.4	0.5	149.3	(3.4)	75.6	1.9	123.2	(2.5)
Forward purchases of foreign currencies	154.5	1.9	130.8	(1.4)	206.9	4.2	98.0	(1.0)
Optional hedging strategic purchases	49.0	1.3	3.1		56.5	1.8		
Optional hedging strategic sales			23.2	(0.6)	11.6	0.1	19.8	(0.5)
Revaluation of intra-Group transactions		3.2		(2.2)		1.5		(2.4)
TOTAL		**6.9**		**(7.6)**		**9.5**		**(6.4)**
TRADING								
AUD	12.0	0.2	25.1	(0.4)	13.9	0.1		
ARS					0.6		7.0	(0.3)
BRL	5.1	0.6	126.0	(2.4)	10.4		100.6	(0.2)
CAD	30.5	0.3	13.8	(0.5)	14.7	0.1		
CLP			14.3	(0.3)	12.7	0.2		
GBP	2.0		18.5		2.6		13.8	(0.1)
JPY	47.0	0.2			0.6		33.1	
MXN	20.0	0.1	0.2		15.4			
RUB	0.6		32.1		26.6	1.5		
SEK	19.0						16.3	(0.2)
THB	2.2		27.3	(0.2)	1.6		22.9	(0.1)
TRY	21.8	0.7	7.1	(0.2)			27.7	(0.4)
UAH			11.4	(0.3)				
USD	72.0		165.0	(0.5)	44.2	0.1	154.7	(0.4)
Other currencies	10.0		29.1	(0.1)	12.1		19.4	
TOTAL		**2.1**		**(4.9)**		**2.0**		**(1.7)**
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies	411.3	6.7	540.4	(7.6)	510.8	10.1	395.2	(4.8)
Option hedges (foreign currencies)	199.4	5.9	265.8	(6.1)	418.6	18.8	259.2	(9.1)
Floating/fixed rate swaps			393.5	(4.5)			185.5	(1.9)
Cross Currency Swap		(0.2)	208.0	(2.4)				
Raw materials derivatives (aluminum, nickel, copper and plastic)	11.9	0.8	40.2	(1.0)	6.8		81.5	(4.9)
TOTAL		**13.2**		**(21.6)**		**28.9**		**(20.7)**
HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION								
Hedges of a net investment in a foreign operation	1.4	0.4	235.2	(0.7)	27.4	0.9		
TOTAL		**0.4**		**(0.7)**		**0.9**		
ORNAE								
Redemption option				(5.5)				(4.8)
Call on ORNAE		1.4				1.3		
TOTAL		**1.4**		**(5.5)**		**1.3**		**(4.8)**
TREASURY SHARES								
Put on Treasury Shares				(3.8)				
TOTAL				**(3.8)**				
TOTAL DERIVATIVE INSTRUMENTS		**24.0**		**(44.1)**		**42.6**		**(33.6)**
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNIZED IN PROFIT OR LOSS)				**(20.1)**		**9.0**		

The instruments expiring beyond one year are primarily cash flow hedges. They also include the value of the option embedded in the convertible bond (ORNAE – optional reimbursement in cash and/or existing shares) as well as a cross currency swap and a put on treasury shares.

At 31 December 2019, the fair value of these instruments breaks down as follows:

At 31 December 2019 *(in € millions)*	In less than 1 year	1 to 5 years	In more than 5 years	Total
Cross Currency Swap		(2.6)		(2.6)
Forward purchases and sales of foreign currencies	(0.3)	(0.6)		(0.9)
Zero-premium collars (currencies)	0.1	(0.3)		(0.2)
Floating/fixed rate swaps		(4.5)		(4.5)
Raw materials derivatives (aluminum, nickel, copper and plastic)	(0.2)			(0.2)
ORNAE		(4.1)		(4.1)
Put on Treasury Shares		(3.8)		(3.8)
TOTAL	**(0.4)**	**(15.9)**		**(16.3)**

The fair value of derivative instruments is determined by the discounted future cash flows method using forward exchange rates, market interest rates, and aluminum, copper, nickel and plastics prices at 31 December 2019.

Note 25.3. Information on financial assets and liabilities recognized at fair value

In accordance with the amended IFRS 7, fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy breaks down into three levels as follows:

- level 1: instrument quoted in active markets;
- level 2: valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

	December 31, 2019			
(in € millions)	Total	Level 1	Level 2	Level 3
ASSETS				
Other investments	49.5		49.5	
Derivative instruments	23.9		23.9	
Other financial assets	10.2	10.2		
Cash and cash equivalents	785.5	785.5		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**869.1**	**795.7**	**73.4**	
LIABILITIES				
Derivative instruments	44.2		44.2	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**44.2**		**44.2**	

The portfolio of derivative financial instruments used by the Group to manage its risks mainly includes forward currency sales and purchases, options strategies, interest rate swaps, currency swaps and raw materials swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

NOTE 26. FINANCIAL RISK MANAGEMENT

Note 26.1. Risk management

Risks are managed centrally by the Group Corporate Finance, Treasury and Tax department.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Hedging transactions are managed centrally. They are carried out in specific cases by Group subsidiaries when required by local regulations but these transactions remain under the control of the Group Finance, Treasury and Tax department.

Note 26.2. Financial market risks

26.2.1. Currency risks

The majority of the Group's sales are billed in currencies other than the euro, mainly the US dollar, Chinese yuan, Russian ruble, Brazilian real, Japanese yen and Korean won. 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 or Chinese yuan are bought from Asian suppliers by a Group subsidiary, SEB Asia, whose functional currency is also the US dollar.

The main sources of transactional currency risks therefore arise from:

- intra-group billings between Group companies when the bill or purchase products or services in a currency other than their functional currency;
- purchases of industrial components and finished products from external suppliers by the manufacturing subsidiaries, that are billed in a currency other than their functional currency (for example, components purchased by the Group's production plants that are billed in US dollars or Chinese yuan).

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. Transactional foreign exchange positions open on the balance sheet are hedged partially through firm or optional instruments.

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 INTRA-GROUP AND EXTERNAL CUSTOMER COMMERCIAL TRANSACTIONS

The Group's net exposure to notional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies).

In 2019 *(in € millions)*	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Intra-Group positions	(116)	(107)	30	11	15	7	8	3	81
Ex-Group positions	(17)	(65)							
NET POSITION BEFORE HEDGING	**(133)**	**(172)**	**30**	**11**	**15**	**7**	**8**	**3**	**81**
Forward purchases of foreign currencies	99	135		2	10	6	14	9	10
Forward sales of foreign currencies	(25)		(26)	(10)	(23)	(3)	(8)	(9)	(83)
Optional hedging strategic purchases	24	28							
Optional hedging strategic sales						(9)	(12)	(2)	
NET POSITION AFTER HEDGING	**(35)**	**(9)**	**4**	**3**	**2**	**1**	**2**	**1**	**8**

In 2018 *(in € millions)*	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Intra-Group positions	(109)	(128)	13	14	19	7	8	5	91
Ex-Group positions		(47)							
NET POSITION BEFORE HEDGING	**(109)**	**(175)**	**13**	**14**	**19**	**7**	**8**	**5**	**91**
Forward purchases of foreign currencies	66	187		15			9	9	19
Forward sales of foreign currencies	(2)	(29)	(12)	(13)	(15)	(6)	(6)	(15)	(101)
Optional hedging strategic purchases	34	23							
Optional hedging strategic sales	(5)			(11)		(4)	(9)	(2)	
NET POSITION AFTER HEDGING	**(16)**	**6**	**1**	**5**	**4**	**(3)**	**2**	**(3)**	**9**

In 2017 *(in € millions)*	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Intra-Group positions	(131)	(132)	28	14	14	9	9	8	78
Ex-Group positions									
NET POSITION BEFORE HEDGING	**(131)**	**(132)**	**28**	**14**	**14**	**9**	**9**	**8**	**78**
Forward purchases of foreign currencies	121	144						3	1
Forward sales of foreign currencies	(12)	(7)	(23)	(11)	(12)	(3)	(14)	(10)	(72)
Call option purchases	7								
Put option purchases						(4)	(1)	(3)	
NET POSITION AFTER HEDGING	**(15)**	**5**	**5**	**3**	**2**	**2**	**(6)**	**(2)**	**7**

At 31 December 2019, the euro was trading at USD 1.1234, RUB 69.9563, CNY 7.82347 and JPY 121.94.

At 31 December 2019, the sensitivity analysis of the position after hedging was as follows:

(in € millions)	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Hypothetical currency appreciation	10%	10%	10%	10%	10%	10%	10%	10%	10%
IMPACT ON PROFIT	**(3.9)**	**(1.0)**	**0.4**	**0.3**	**0.2**	**0.1**	**0.2**	**0.1**	**0.6**

CURRENCY RISKS ON FINANCING

SEB S.A. is the main provider of financing for its subsidiaries. Current account advances are made in the subsidiaries' functional currency. As SEB S.A. raises long-term financing in euros, it is exposed to currency risks on these current account advances and long-term loans. This exposure is hedged by borrowing or lending in the subsidiary's functional currency using currency swaps. Currency risks on financing are therefore systematically hedged from the moment there are competitive derivative instruments available on the market.

The Group does not, however, apply hedge accounting to these transactions.

In 2019 *(in € millions)*	USD	Other
Total assets	414	356
Total liabilities	(406)	(18)
NET POSITION BEFORE HEDGING	**8**	**338**
Derivative financial instruments	(43)	(338)
NET POSITION AFTER HEDGING	**(35)**	

In 2018 *(in € millions)*	USD	Other
Total assets	278	332
Total liabilities	(365)	(28)
NET POSITION BEFORE HEDGING	**(87)**	**304**
Derivative financial instruments	67	(306)
NET POSITION AFTER HEDGING	**(20)**	(2)

In 2017 *(in € millions)*	USD	Other
Total assets	210	269
Total liabilities	(273)	(69)
NET POSITION BEFORE HEDGING	**(63)**	**200**
Derivative financial instruments	50	(207)
NET POSITION AFTER HEDGING	**(13)**	(7)

The appreciation or depreciation of these currencies, assuming all other variables remained the same, would have an impact on profit.

At 31 December 2019, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	USD	Other
Hypothetical currency appreciation	10%	10%
IMPACT ON PROFIT	**(3.9)**	**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.

At 31 December 2019, the nominal amount of hedges classified as NIH and fair values recognized in equity are:

In 2019 *(in € millions)*	COP	EGP	CNY	TOTAL
Nominal amount of hedges classified as NIH	16.4	1.4	218.8	236.6
Fair value in equity	(0.3)	0.3	(0.3)	(0.3)

26.2.2. Interest rate risk

Group policy consists of hedging interest rate risks based on trends in market interest rates and changes in the Group's overall debt structure.

The following table analyses financial assets and liabilities at the end of December 2019, based on interest rate reset dates:

	Overnight to 1 year		1 to 5 years		More than 5 years	
In 2019 *(in € millions)*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Total assets	793.2					
Total liabilities	(78.0)	(392.6)	(400.1)	(1,705.3)	(1.1)	(195.3)
NET NOMINAL VALUE BEFORE HEDGING	**715.2**	**(392.6)**	**(400.1)**	**(1,705.3)**	**(1.1)**	**(195.3)**

Floating/fixed interest rate swaps were arranged to hedge interest payable by January 2024.

The Group is mainly hedged on the monetary interest rate, Euribor 6-month.

In 2019 *(in € millions)*	Due within one year	1 to 5 years	More than 5 years
Floating/fixed rate swaps	52.0	341.5	
Cross Currency Swap		208.0	

Assuming total borrowings remain constant at 31 December 2019 levels throughout the year and with the same currency breakdown, an immediate 1% rise in interest rates would add an estimated €2.1 million to financial expenses and would have no material impact on net debt.

The change in the impact on equity of the interest rate swap at 31 December 2019 was as follows:

(in € millions)	31/12/2019
FAIR VALUE AT 1 JANUARY	**(1.9)**
Change in fair value	(3.0)
Amount recognized in income statement	
FAIR VALUE AT 31 DECEMBER	**(4.9)**

26.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminum, copper, nickel and plastics used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for China) and hedges them on a conservative basis, covering about 80% of its estimated purchases for the next twelve months.

At 31 December 2019, the following tonnages were hedged: 25,810 tons of aluminum, 459 tons of copper, 297 tons of nickel, 2,700 tons of propylene and 564 tons of styrene.

The Group uses swaps to set the prices of these commodities. These hedges of raw material purchases are qualified as cash flow hedges under IFRS 9 when the criteria listed in Note 1.4.4 are met.

At 31 December 2019, the commodity derivative instruments showed an unrealized loss of €0.3 million. In 2018, there was an unrealized loss of €4.9 million. And in 2017, there was an unrealized gain of €4.1 million.

Derivative instruments expiring in 2019 generated a loss of €4.0 million (gain of €1.4 million in 2018 and a gain of €4.1 million in 2017).

SENSITIVITY ANALYSIS

On the portfolio of raw materials, a 10% increase in raw material prices at 31 December 2019 would have had a €5 million positive impact on equity. A 10% fall would have an equivalent negative effect, assuming all other variables remained constant.

Excluding derivatives, a 10% increase or decrease in raw material prices versus their average prices in 2019 would have had a €18.4 million positive or negative impact on the Operating Result from Activity.

26.2.4. Equity risk and treasury stock

It is not Group policy to hold significant portfolios of equities or equity funds.

The Group does, however, hold a portfolio of treasury stock. It thus established:

- a liquidity contract set up in order to ensure that there is a sufficiently liquid market for its shares and to stabilize the share price;
- the share buyback program, mainly for allocation on exercise of employee stocks options and of performance shares awarded to employees.

Treasury stock is deducted directly from equity. Gains and losses from sales of treasury shares are also recognized in consolidated equity.

Based on the closing SEB share price on 31 December 2019 (€133.8), the market value of shares held in treasury at that date stood at €48.5 million. A 10% increase or decrease in the SEB share price would therefore have led to a €4.8 million change in the market value of treasury stock.

ZJ Supor, which is now 81.19%-owned by Groupe SEB, is listed on the Shenzhen Stock Exchange. At 31 December 2019, the share price was CNY 76.78, valuing Groupe SEB's investment at €6,542.9 million. Changes in the Supor share price have no impact on Groupe SEB's Consolidated Financial Statements, as ZJ Supor is fully consolidated.

Note 26.3. Liquidity risk

To manage the liquidity risk that may arise due to financial liabilities reaching maturity or needing to be settled early, the Group implements a financing strategy based on:

- maintaining cash, cash equivalents and other financial investments at a certain level at all times (€793.2 million at 31 December 2019);

and additional liquid resources including:

- a €1 billion Negotiable European Commercial Paper (NEU CP) program. At 31 December 2019, €317 million had been drawn down;
- a €500 million Negotiable European Medium Term Note (NEU MTN) program. At 31 December 2019, €241,5 million had been drawn down;
- credit facilities:
  - a €960 million syndicated credit facility expiring in 2021,
  - a €50 million bilateral credit facility expiring in 2022,
  - several Schuldschein credit lines totaling €625 million maturing in 2021, 2023, 2024 and 2026,
  - a €500 million bond debt due in 2022,
  - a €500 million bond debt due in 2024,
  - a €150 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in 2021.

Cash and cash equivalents and debt are described in Note 18 and Note 24, respectively.

Note 26.4. Credit risk

At the period end, trade receivables broke down as follows based on their age:

		Past due			
(in € millions)	Current	0-90 days	91-180 days	Over 181 days	Total
Net trade receivables	907.4	195.1	15.6	41.6	1,159.7

To avoid default risks, Groupe SEB sets individual credit limits that are regularly updated based on the customer's financial position and payment history.

Groupe SEB's main customers are well-known international retailers, and for the year ended 31 December 2019, no single customer accounted for more than 5% of sales.

Groupe SEB has covered the customer credit risk by means of credit insurance with COFACE and EULER HERMES. At 31 December 2019, most of the Group's subsidiaries were covered by insurance on trade receivables that would apply in the event of non-recovery.

NOTE 27. ENVIRONMENTAL EXPENDITURE

Environmental expenditure and capital expenditure amounted to €12.1 million in 2019 (€11 million in 2018 and 2017).

These amounts include routine environmental management system costs, covering areas such as water and waste management. They do not include taxes on packaging or the cost of disposing of waste electrical and electronic equipment.

The main costs are presented below, including the breakdown between amounts recognized as expenses and as capital expenditure.

	2019			2018			2017		
(in € millions)	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total
Ambient air quality	0.6	1.8	2.4	0.5	1.8	2.3	0.5	0.4	0.9
Waste water management and water saving systems	2.2	1.2	3.4	2.1	0.8	3.0	2.2	0.6	2.8
Waste management	3.2		3.2	2.6		2.6	2.3		2.3
Soil protection and decontamination	0.6	1.1	1.7	0.8	0.2	1.0	2.9	0.3	3.2
Other environmental protection measures	1.2	0.2	1.4	1.5	0.6	2.1	1.3	0.5	1.8
TOTAL	**7.8**	**4.3**	**12.1**	**7.6**	**3.4**	**11.0**	**9.2**	**1.8**	**11.0**

At 31 December 2017, the total provisions for environmental risk amounted to €1.4 million and mainly related to depollution costs at the “Plant 3” site in Brazil.

Since 31 December 2018, there is no longer any provision for significant environmental risks.

NOTE 28. OFF-BALANCE SHEET COMMITMENTS

Note 28.1. Specific commitments

Specific commitments are discussed in the following notes:

- Note 22: Employee benefits;
- Note 24: Borrowings;
- Note 25: Fair value of financial instruments.

Note 28.2. Commitments arising in the ordinary course of business

Commitments related to operating activities

(in € millions)	2019	2018	2017
Firm orders for property, plant and equipment	50.5	42.5	34.2
Guarantees and bonds given			0.1
Commitments under non-cancelable operating leases *	43.6	367.6	353.3
Miscellaneous financial commitments	16.8	14.0	18.7
TOTAL COMMITMENTS GIVEN	**110.9**	**424.1**	**406.3**
Guarantees received for trade receivables under credit insurance policies	719.3	734.2	805.7
Miscellaneous financial commitments	0.5		
TOTAL COMMITMENTS RECEIVED	**719.8**	**734.2**	**805.7**

* *Following first-time application of IFRS 16 in 2019.*

NOTE 29. SIGNIFICANT EVENTS, LITIGATION AND CONTINGENT LIABILITIES

Note 29.1. Significant events and litigation

29.1.1. Significant events

BRAZIL

On 15 March 2017, the Brazilian Federal Supreme Court found the inclusion of the ICMS in the PIS and COFINS tax bases to be unconstitutional. Our SEB do Brasil manufacturing subsidiary had brought a case on this matter in 2009 and received a favorable verdict on 6 September 2018 in a final judgment confirming the position of the Supreme Court and thereby opening the door to the refunding of the additional tax paid by SEB do Brasil since 2004. As a result, a €32 million tax receivable was recognized in 2018 under "Revenue" for the period in Brazil. Aside from this revenue, interest on arrears of circa €20 million has been recognized.

In July 2019, the Brazilian courts also handed down a final judgment in favor of SEB Comercial, opening the door to the refunding of the additional tax paid since 2013. As a result, an €8 million tax receivable was recognized under "Revenue" for the period in Brazil. Aside from this revenue, interest on arrears of circa €3 million was recognized.

Following a referral by the FRB (Federal Revenue of Brazil), the Supreme Court must provide clarification on the calculation basis for the PIS and COFINS taxes, with a decision expected on 1 April 2020.

Moreover, in 2018 the Group had faced the bankruptcy of a major distributor in this country. Based on information obtained in 2019, the Group reviewed its risk analysis and decided to reduce the level of impairment of its receivable vis-à-vis this distributor.

GERMANY

In 2019, the Group identified commercial practices at Groupe SEB Deutschland that weren't in line with Group principles. Internal investigations led the Group to recognize accounting adjustments pertaining to prior financial years (2018 primarily) of around €20 million. (see Note 6. 3).

CAPITAL INCREASE RESERVED FOR EMPLOYEES

The Group has implemented an employee share ownership plan whereby its employees can subscribe to a capital increase on preferential terms. This global initiative, entitled "Horizon 2019," covered around 30 countries where the Group operates and involved some 20,000 employees.

The share capital increase carried out on 23 July 2019 with respect to this plan was for 138,015 new shares, i.e. 0.3% of the share capital.

29.1.2. Litigation

A) INVESTIGATION BY THE FRENCH COMPETITION AUTHORITY

The French Competition Authority conducted an inquiry into the pricing and listing practices of several domestic appliance manufacturers, including Groupe SEB France and Groupe SEB Retailing, with regard to certain online retailers.

Given the uncertain outcome of the proceedings, no provision was funded in the financial statements at 31 December 2019.

B) CUSTOMS DISPUTE IN TURKEY

On 1 February 2016, Groupe SEB Istanbul, the Group's Turkish subsidiary, received notification from the Customs Authorities stating that, according to their interpretation, our imports are liable for an additional tax which has, to date, not been settled. The notification received covered the period from 1 January 2013 to 28 September 2015 and involved a tax adjustment of €4.5 million and penalties of €13.5 million. The Group has challenged the full amount of this tax adjustment, while at the same time signing up to an amnesty offered by the Turkish government that limits the exposure to around €6 million. The remaining balance stood at €2.3 million at 31 December 2017. The full amount having been paid in 2018, this provision is now zero.

C) FIRE ON THE PREMISES OF A LOGISTICS OPERATOR IN CHINA

On 28 June 2018, a fire broke out on the premises of a logistics operator in Hangzhou, destroying an inventory of finished products of an approximate value of €12 million. Our insurer's indemnity payment was received during the first half of 2019. The share of expenses remaining to be paid by us amounted to €1.3 million.

In the past 12 months, other than the proceedings reflected in the financial statements and described in the accompanying notes, there have been no other government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past significant effects on the Group and/or its financial position or profitability.

Note 29.2. Contingent liabilities

Provisions were funded for risks and contingent liabilities estimated at €48 million in connection with the WMF acquisition which covered litigation, tax, environmental and regulatory risks. The amount at end-2018 was €39.7 million following the conclusion of tax inspections.

In 2019, there was a further reversal of €3.5 million for a dispute that is now over. (See Note 6.3)

No other contingent liabilities have been identified to date.

NOTE 30. RELATED PARTY TRANSACTIONS

Note 30.1. Transactions with associates and non-consolidated companies

The Consolidated Financial Statements include transactions carried out in the normal course of business with associates and non-consolidated companies.

All of these transactions are carried out on arm's length terms.

(in € millions)	2019	2018	2017
Revenue			
Other income			
Purchases and expenses	2.5	1.8	2.0
Other non-current financial assets			
Trade receivables			
Trade payables	0.1	0.4	1.1

In 2019, Groupe SEB paid €0.2 million to Robart for studies and research (unchanged on 2018) and €2.3 million to 1000 Mercis for services (€1.6 million in 2018).

Financial guarantees given by the Group to banks in connection with the external financing of subsidiaries stood at €34.5 million at 31 December 2019 (versus €21.2 million at 31 December 2018 and €25.3 million at 31 December 2017).

Note 30.2. Directors' and officers' compensation and benefits

The directors and members of the Group Executive Committee are the current members listed in the corporate governance section of the Annual Report along with the members of the Group Executive Committee who retired in 2019 or left the Group during the period.

The following table provides an analysis of the compensation and benefits paid to the members of the Board of Directors and the Executive Committee:

(in € millions)	2019	2018	2017
SHORT-TERM BENEFITS			
Fixed remuneration	5.5	4.7	4.1
Variable remuneration	4.5	4.4	3.9
Remuneration allocated to directors	0.5	0.5	0.5
OTHER BENEFITS			
Post-employment benefits		2.6	3.1
Share-based payments (stock options)	11.0	9.5	7.3
TOTAL	**21.5**	**21.7**	**18.9**

Changes in remuneration and other benefits are directly related to changes to the Group Executive Committee in 2019.

Pension commitments

The executive officers are members of the group supplementary pension plan including Groupe SEB's French senior managers (members of the Executive Committee).

For senior managers in office on 3 July 2019, the provisions of Order no. 2019-697 of 3 July 2019 on supplementary work pension plans forced the Group to freeze and close this plan as of 31 December 2019.

This plan complements the statutory schemes and is composed as follows:

- a deferred defined-benefit plan, under which beneficiaries are subject to seniority and continued employment conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the annual target remuneration for the past three years;
- a supplementary defined-benefit plan, subject to seniority and continued employment conditions, with the potential benefits accruing per year of service being 0.8% of the reference compensation calculated on the average of the annual target compensation over the preceding three years and capped at 20 years' service, i.e. a maximum of 16% of the reference compensation.

To be eligible for the defined benefit plans, Groupe SEB senior managers had to have been on the Groupe SEB Executive Committee for at least eight years and finish their career at the Group.

A new plan will be put in place, in line with the PACTE Act and Order no. 2019-697 for this same group once the terms and conditions of application of the provisions are known (Ministerial Circular of the SD3C Social Security Department being prepared)

With respect to the former plan, Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the contributions are made on a regular basis.

For the new plan to be put in place in 2020 (vested rights plan), Groupe SEB intends to contract out the entire obligation by means of matching payments to a fund into which the annual payments will be made.

The various conditions of the retirement plan imply that, at the statutory retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory plans) of 30.49% of his reference remuneration. This equates to a replacement ratio of 22.71% of his reference remuneration (excluding statutory schemes).

These items will be calculated for the new Chief Operating Officer, Stanislas de Gramont who took up office on 3 December 2018 when the new scheme is in place.

No expense was recognized for the benefit granted to Thierry de La Tour d'Artaise in the Consolidated Financial Statements at 31 December 2019.

No expense was recognized for the benefit granted to Stanislas de Gramont in the Consolidated Financial Statements at 31 December 2019.

Severance allowance and non-compete payments

FOR MR THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of termination of his corporate mandate.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term as executive officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at two years' remuneration (calculated on the average remuneration earned during the last two full financial years), will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:

- if the average rate is below 50%, no severance allowance is paid;
- if the average rate is between 50% and 100%, the severance allowance will be between 75% and 100%, based on a straight-line calculation;
- if the average rate exceeds 100%, the severance allowance will be 100%.

The Board of Directors retains the right to reduce such severance allowance, by a maximum of one-half, if there was a Net loss in the previous full financial year, without such benefits falling below the fixed salary plus bonuses for the previous full financial year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of severance allowances.

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

Entitlement to stock options in the event of termination:

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

FOR STANISLAS DE GRAMONT

Stanislas de Gramont will be entitled to an indemnity in case of his dismissal from corporate office.

The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Stanislas de Gramont received in his capacity as Chief Operating Officer.

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

- if he is dismissed after two years from his appointment as executive officer, the severance allowance will be adjusted based on actual performance with respect to targets, in said capacity, for the period following his appointment and limited to the four final years of service (should the term of office exceed 4 years);
- if the average rate is below 50%: no severance allowance is paid;
- if the average rate is between 50% and 100%: the severance allowance is between 75% and 100%, based on a straight-line calculation;
- if the average percentage achieved is above 100%: 100% of the benefit is paid.

By way of exception from the foregoing in the event of dismissal during the first 24 months of the corporate office, the severance allowance will be adjusted based on actual performance in relation to targets and on the amount of time spent in the company.

It will gradually increase based on tiers defined according to the length of service: between 6 and 12 months, then from 12 to 24 months, with a cap set at 24 months' remuneration.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause.

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

In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration (paid or outstanding depending on the circumstances) over his last 12 months of service within the Group.

The Board of Directors can release Stanislas de Gramont from the non-compete clause.

This corporate office agreement dated 12 December 2018 including the non-compete clause, along with the terms of severance detailed above was approved at the Annual General Meeting of 22 May 2019, in accordance with the regulated agreements procedure and the so-called "ex-ante Say-on-Pay" procedures.

Continuation of the employment contract

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012 and 19 May 2016, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Stanislas de Gramont, appointed Chief Operating Officer on 3 December 2018, on 23 October 2018 the Board of Directors decided to solely hire him as an executive officer (no employment contract applies).

Details of the remuneration policy and the components of the remuneration of these two people were approved at the Annual General Meeting of 22 May 2019, in accordance with the so-called "ex-ante Say-on-Pay" procedure and will appear in Note 2.5 Remuneration Policy. They are not covered in this note.

NOTE 31. SUBSEQUENT EVENTS

Investigation by the Turkish competition authority

On 7 January 2020, the Turkish competition authority opened an investigation at the headquarters of GS Istanbul, a distributor, various warehouses, a wholesaler and a competitor. This investigation is into three practices (fixed resale price, refusal to supply, prohibited use of confidential information). The statement of grievances should be received at end-February 2020.

Possible fines range from five thousandths to three percent of Groupe SEB Istanbul sales in 2019. Given the uncertain outcome of the proceedings, no provision was funded in the financial statements at 31 December 2019.

At the date these financial statements were approved by the Board of Directors, 25 February 2020, no other material event had occurred.

NOTE 32. LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2019 (% OF GROUP OWNERSHIP)

Note 32.1. Fully consolidated companies

Company	Core business [b]	Headquarters	Registration no.	% voting rights	% interest
EMEA					
EUROPE					
SEB S.A. [a]	Parent company	France	300,349,636		
Calor S.A.S. [a]	*	France	956,512,495	100	100
S.A.S. SEB [a]	*	France	302,412,226	100	100
Tefal S.A.S. [a]	*	France	301,520,920	100	100
Rowenta France S.A.S. [a]	*	France	301,859,880	100	100
Groupe SEB Moulinex S.A.S. [a]	*	France	407,982,214	100	100
SIS S.A.S. [a]	***	France	399,014,216	100	100
SEB Développement S.A.S. [a]	***	France	016,950,842	100	100
Groupe SEB France S.A.S. [a]	**	France	440,410,637	100	100
Groupe SEB Retailing S.A.S. [a]	**	France	440,410,884	100	100
SEB Internationale S.A.S. [a]	*Holding company*	France	301,189,718	100	100
Groupe SEB Export S.A.S. [a]	**	France	421,266,271	100	100
SEB Alliance S.A.S. [a]	*Holding company*	France	440,410,918	100	100
Immobilière Groupe SEB S.A.S. [a]	***	France	799,230,388	100	100
Financière Billig S.A.S.	*Holding company*	France	811,798,941	100	99.84
Krampouz S.A.S.	*	France	387,558,315	100	100
Ethera S.A. [a]	***	France	520,944,182	95.4	95.4
Rowenta Werke GmbH [c]	*	Germany		100	100
Groupe SEB Deutschland GmbH [c]	**	Germany		100	100
EMSA GmbH [c]	*	Germany		100	100
Groupe SEB Osterreich GmbH	**	Austria		100	100
Groupe SEB Belgium S.A. NV	**	Belgium		100	100
Groupe SEB Denmark AS	**	Denmark		100	100
Groupe SEB Iberica S.A.	**	Spain		99.93	99.93
Groupe SEB Finland OY	**	Finland		100	100
Groupe SEB UK Ltd.	**	United Kingdom		100	100
Tefal UK Ltd.	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 Norway AS	**	Norway		100	100
Groupe SEB Nederland BV	**	Netherlands		100	100
Rowenta Invest BV	*Holding company*	Netherlands		100	100
SEB Portugal Electrodomesticos Ltda.	**	Portugal		100	100
Tefal – OBH Nordica Group AB	***	Sweden		100	100
Groupe SEB Schweiz GmbH	**	Switzerland		100	100
SEB Professional France SARL [a]	**	France	421,742,586	100	100
WMF France Consumer Goods SARL [a]	**	France	309,434,017	100	100
Schaerer France S.A.R.L.	**	France	537,799,777	100	100
Finedening TopCo GmbH	*Holding company*	Germany		100	100
WMF Group GmbH	*	Germany		100	100
Silit-Werke Beteiligungsgesellschaft GmbH	***	Germany		100	100
Silit Haushaltswaren GmbH	***	Germany		100	100
Silit-Werke GmbH & Co. KG	*	Germany		100	100
ProHeq GmbH	*	Germany		100	100
Boehringer Gastro Profi GmbH	**	Germany		100	100
W. F. Kaiser u. Co. GmbH	*	Germany		100	100
ProLOG – Brand Logistics GmbH & Co.KG	***	Germany		100	100

Company	Core business [(b)]	Headquarters	Registration no.	% voting rights	% interest
ProLOG – Logistics Services GmbH & Co. KG	***	Germany		100	100
ProLOG Temp GmbH	***	Germany		100	100
WMF Consumer-Electric GmbH	**	Germany		100	100
ProMONT Montage GmbH	*	Germany		100	100
Schaerer Deutschland GmbH	**	Germany		100	100
WMF Immobilienverwaltungs GmbH	***	Germany		100	100
WMF in Österreich Ges.m.b.H.	**	Austria		100	100
SEB Professional Belux	**	Belgium		100	100
SEB Professional Iberia S.A.	**	Spain		100	100
SEB Professional United Kingdom Ltd.	**	United Kingdom		100	100
SEB Professional Nederland B.V.	**	Netherlands		100	100
Schaerer Netherlands BV	**	Netherlands		100	100
Schaerer AG	*	Switzerland		100	100
EURASIA					
Groupe SEB Bulgaria EOOD	**	Bulgaria		100	100
Groupe SEB MKU & P D.O.O.	**	Croatia		100	100
Groupe SEB for Trade and Consultancy	*Holding company*	Egypt		100	100
Groupe SEB for Importation	**	Egypt		66.3	55
Groupe SEB Egypt for Household Appliances	**	Egypt		55	55
Groupe SEB Central Europe Ltd.	**	Hungary		100	100
Groupe SEB India PVT Ltd.	*	India		100	100
Groupe SEB Baltic OU	**	Latvia		100	100
Groupe SEB Polska ZP Z.O.O.	**	Poland		100	100
Groupe SEB CR s.r.o	**	Czech Republic		100	100
Groupe SEB Romania S.R.L.	**	Romania		100	100
Groupe SEB Vostok ZAO	*	Russia		100	100
Groupe SEB Slovensko s.r.o	**	Slovakia		100	100
Groupe SEB d.o.o.	**	Slovenia		100	100
Groupe SEB Istanbul EV A.S.	**	Turkey		100	100
Groupe SEB Ukraine	**	Ukraine		100	100
WMF Bulgaria EOOD	**	Bulgaria		100	100
Coffee Day Schaerer Technologies p.l.	*	India		51	51
ProHeq (CZ) s.r.o.	*	Czech Republic		100	100
AMERICAS					
NORTH AMERICA					
Groupe SEB Canada Inc.	**	Canada		100	100
Groupe SEB USA	**	United States		100	100
All-Clad Metal-Crafters LLC	*	United States		100	100
Groupe SEB Holdings Inc.	*Holding company*	United States		100	100
Imusa USA Corp.	**	United States		100	100
Wilbur Curtis Co., Inc.	*	United States		100	100
CEI RE Acquisition LLC	***	United States		100	100
Groupe SEB Mexico S.A. de CV	**	Mexico		100	100
Groupe SEB Servicios S.A. de CV	***	Mexico		100	100
SEB Professional North America	**	United States		100	100
SOUTH AMERICA					
Groupe SEB Argentina S.A.	**	Argentina		100	100
SEB Do Brasil Produtos Domesticos Ltda.	*	Brazil		100	100
SEB Comercial de Produtos Domesticos Ltda.	**	Brazil		100	100
Lojas SEB de Produtos Domesticos Ltda.	**	Brazil		100	100
SEB Brazil Real Estate	***	Brazil		100	0
SEB Serviços LTDA	***	Brazil		100	100
Groupe SEB Chile Ltda.	**	Chile		100	100
Groupe SEB Andean S.A.	*	Colombia		100	99.5
Groupe SEB Venezuela S.A.	**	Venezuela		100	100
Corporación GSV 2015, C.A.	***	Venezuela		100	100

Company	Core business (b)	Headquarters	Registration no.	% voting rights	% interest
ASIA					
CHINE					
Zhejiang Supor Co.Ltd	*Holding company*	China		81.2	81.2
Zhejiang Shaoxing Supor Domestic Electrical Appliances	*	China		100	81.2
Wuhan Supor Co.Ltd	*	China		100	81.2
Wuhan Supor Pressure Cooker Co.Ltd	*Holding company*	China		100	81.2
Wuhan Supor Cookware Co.Ltd	***	China		100	81.2
Wuhan Supor Recycling Co.Ltd	***	China		100	81.2
Yuhuan Supor Cookware Sales Co.Ltd	***	China		100	81.2
Zhejiang Supor Plastic & Rubber Co.Ltd	*	China		100	81.2
Zhejiang Supor Electrical Appliance Manufacturing Co.Ltd	*	China		100	81.2
Hangzhou Omegna Commercial Trade Co.Ltd	**	China		100	81.2
Shanghai Supor Cookware Marketing Co.Ltd	**	China		100	81.2
SSEAC Co. Ltd	*	China		100	81.2
EMSA Taicang Co. Ltd.	**	China		100	100
Zhejiang WMF Housewares Co., Ltd	*	China		100	81.2
Zhejiang Shaoxing Supor Housewares Co., Ltd	**	China		100	81.2
Zhejiang Supor Large Kitchen Appliance Manufacturing Co., Ltd.	**	China		100	81.2
Shanghai WMF Enterprise Development Co.Ltd	*	China		100	81.2
Groupe SEB Innovation Center Co.Ltd	***	China		100	100
WMF Shanghai Co.Ltd	***	China		100	100
SEB Professional (Shanghai) Co. Ltd	**	China		100	100
WMF (He Shan) Manufacturing Co. Ltd	*	China		100	100
Groupe SEB (Shenzen) Co. Ltd.	***	China		100	100
ASIA-PACIFIC					
Groupe SEB Australia PTY Ltd.	**	Australia		100	100
Groupe SEB Korea Co. Ltd.	**	South Korea		100	100
SEB Asia Ltd	**/***	Hong Kong		100	100
Groupe SEB Japan Co. Ltd.	**	Japan		100	100
Groupe SEB Malaysia SND. BHD	**	Malaysia		100	100
Groupe SEB Singapore PTE Ltd.	**	Singapore		100	100
South East Asia Domestic Appliances PTE, Ltd	***	Singapore		100	90.4
Groupe SEB Thailand Ltd.	**	Thailand		100	100
PT Groupe SEB Indonesia MSD	*	Indonesia		100	60.3
Vietnam Fan Joint Stock Company	*	Vietnam		100	100
Vietnam Supor	*	Vietnam		100	81.2
EMSA Vietnam Co. Ltd.	*	Vietnam		100	100
AFS Vietnam Management Co. Ltd.	***	Vietnam		100	90.4
WMF (Hong Kong) Manufacturing Co. Ltd.	Holding company	Hong Kong		100	100
WMF Group Hong Kong Ltd.	***	Hong Kong		100	100
SEB Professional Japan Corporation K.K.	**	Japan		100	100

(a) Companies within the tax consolidation group in France.
(b) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*
(c) These entities claimed the exemption according to § 264 para.3 HGB (German Commercial Code). This Corporate Financial Report is the liberating Financial Statement.

Note 32.2. Associates

Company	Core business [a]	Headquarters	Registration no.	% interest
	None			

Note 32.3. Non-consolidated companies where Groupe SEB has a % interest of at least 20%

Company	Core business [a]	Headquarters	Registration no.	% interest
Tefal India Household Appliances PVT Ltd.	Dormant	India		100
Groupe SEB Pars (not material in relation to the Group as a whole)	**	Iran		72
Wuhan ANZAI Cookware Co. Ltd. (not material in relation to the Group as a whole)	*	China		30
Gastromedia Sp.z.o.o.	***	Poland		20
Bauscher Hepp Inc.	Holding company	United States		49
Invenido GmbH	***	Germany		30
Groupe SEB Media SAS	***	France	539,534,792	100
Feeligreen S.A.	*	France	538,799,370	71.1
Billig Management S.A.S.	***	France	811,851,716	100
WMF Gastronomie Service GmbH	***	Germany		100
4iTECH 4.0 S.A.S.	*	France	829,128,420	22.7

(a) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

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NOTE 33. FEES PAID TO STATUTORY AUDITORS

The breakdown of fees paid to statutory auditors and members of their networks is as follows:

	PricewaterhouseCoopers Audit				Mazars			
	Amount (excluding tax)		In%		Amount (excluding tax)		In%	
(in € thousands)	2019	2018	2019	2018	2019	2018	2019	2018
AUDIT								
Statutory auditor, certification, review of individual and consolidated financial statements								
SEB S.A., issuer coordination and consolidation	218	221			251	207		
Fully integrated subsidiaries	1,671	1,408			2,009	1,705		
SUB-TOTAL	**1,889**	**1,629**	**85%**	**74%**	**2,260**	**1,912**	**90%**	**93%**
Other services performed by the networks for fully integrated subsidiaries								
SEB S.A., issuer coordination and consolidation	12	2			62	76		
Fully integrated subsidiaries	331	558			200	71		
SUB-TOTAL	**343**	**560**	**15%**	**26%**	**262**	**147**	**10%**	**7%**
TOTAL	**2,232**	**2,189**	**100%**	**100%**	**2,522**	**2,059**	**100%**	**100%**

5.3. Statutory Auditors' report on the consolidated financial statements

(For the year ended December 31, 2019)

SEB SA

112, chemin du Moulin Carron
69130 Ecully
France

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and is provided solely for the convenience of English-speaking readers. This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of SEB SA ("the Group") for the year ended December 31, 2019. These consolidated financial statements have been approved by the board of directors on February 25, 2020 based on information available at that date regarding the evolving context of Covid-19 sanitary crisis / pandemic.

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 December 31, 2019 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.

The audit opinion expressed above is consistent with our report to the Audit and Compliance Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014 or the French Code of Ethics (*Code de Déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- for PricewaterhouseCoopers Audit: report on operation involving share capital, services other than certification of accounts required by law (report on regulated agreements, completion letter…);
- for Mazars: due diligence, report on operation involving share capital, certification of the accounting information of entities, services other than certification of accounts required by law (report on regulated agreements, completion letter…).

EMPHASIS OF MATTER

We draw attention to the matter described in the section "Mandatory new standards, amendments and interpretations" of the Note 1 "Summary of significant accounting policies" and to the Note 12 "Leases" to the consolidated financial statements which raise how lease agreements are impacted when processed in accordance with IFRS 16 standards for the first time. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the context described above, and in forming in our opinion thereon and we do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF THE RECOVERABLE AMOUNT OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES

(Notes 1.4.1 b, 1.4 c, 1.4.4 and 10)

Description of risk

As part of its business development, SEB has carried out targeted external growth transactions and thus recognized several goodwill amounts, representing the difference between the acquisition price and the net fair value of identifiable assets acquired and liabilities assumed, on the acquisition date. Group assets also comprise several trademarks.

As at December 31, 2019, trademarks with indefinite useful lives and goodwill amount to € 1,052.8 million and €1,611.3 million (representing 34% of the total consolidated balance sheet), respectively.

These non-current assets are subject to impairment tests each year, or whenever there is any indication that the carrying amount of the assets might not be recoverable. For the purpose of these tests, goodwill and trademarks are grouped into cash-generating units (CGUs) as described in Note 1.4.4 to the consolidated financial statements.

An impairment loss must be recognized if the recoverable value of these assets is less than their carrying amount.

Recoverable amount corresponds to the higher of an asset's fair value less costs to sell and the value in use of the CGU. The value of the CGUs is determined on the basis of net discounted future cash flows, with the exception of trademarks, which are valued using the relief from royalty method. The results of the impairment test are therefore sensitive to the assumptions used, especially those used to determine the discount rate applied to projections of future cash flows, the method for grouping together CGUs, and future changes in revenues in terms of volume and value.

We deemed the measurement of the recoverable value of these non-current assets to be a key audit matter due to the materiality of the trademarks and goodwill recorded in SEB's consolidated balance sheet and the high degree of judgment required from management to determine the assumptions to be used to perform the impairment tests.

How our audit addressed this risk

Our work involved:

- assessing compliance of the methodology applied by SEB with current accounting standards, particularly in relation to the approach used by management to define the CGUs;
- verifying the reasonableness of the key assumptions used by management for discounting the net future cash flows of the CGUs (including the discount rate and the long-term growth rate) by checking them against comparable companies and external market data, taking into account the economic and financial climate specific to each CGU;
- assessing, through interviews with SEB's management control team, the consistency of future cash flow projections for the CGUs and future royalties on trademarks in relation to past performance and our knowledge of the business;
- performing our own calculations to ascertain the sensitivity of the value of the various assets calculated by management to changes in the main assumptions used.

We also assessed the appropriateness of the disclosures provided in Note 10 to the consolidated financial statements.

MEASUREMENT AND RECOGNITION OF PROVISIONS FOR DEFERRED REBATES

(Note 1.5.1 to the consolidated financial statements)

Description of risk

SEB's consolidated revenues are recognized after deduction of rebates and discounts, as well as advertising expense contributions billed by customers and the cost of consumer promotions, referred to as "deferred rebates".

Management assesses the amount of provisions for deferred rebates granted to customers and offset against customer receivables based on the contractual or constructive commitments of SEB Group entities identified at period-end.

Given the complex and diverse nature of existing agreements with retailers in various countries with different legislations, there is a risk that the provision may be incorrectly estimated.

In light of this complexity, we deemed the measurement of provisions for deferred rebates to be a key audit matter.

How our audit addressed this risk

Our work primarily involved:

- obtaining an understanding of the internal control procedures implemented by management in relation to the recognition of revenue and the estimation of rebates, and testing the effectiveness of key controls relating to these procedures;
- analyzing the differences between the amounts set aside for provisions in the previous reporting period and amounts actually paid during the period, with a view to assessing the reliability of the measurement of deferred rebates;
- testing, on a sample basis, the calculation of provisions for deferred rebates at periodend based on the contract terms (revenue, rebate percentage).

SPECIFIC VERIFICATION

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors approved on February 25,2020. With regards to Covid-19 pandemic related events occurred and information known, since the date the financial statements were approved, management has confirmed that this will be subject to a specific communication at the Annual General Meeting called to decide on these financial statements.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French commercial code (*Code de Commerce*) is included in the Group's information given in the management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed statutory auditors of SEB SA by the annual general meeting held on June 15, 1985 for PricewaterhouseCoopers Audit and on May 12, 2015 for Mazars.

As at December 31, 2019, PricewaterhouseCoopers Audit and Mazars were in the thirty-fifth year and the fifth year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is expected to liquidate the company or to cease operations.

The Audit and Compliance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de Commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT AND COMPLIANCE COMMITTEE

We submit a report to the Audit and Compliance Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Compliance Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Compliance Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France, such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Compliance Committee the risks that may reasonably be thought to bear on our independence and the related safeguard.

Lyon and Courbevoie, April 2, 2020,

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Elisabeth L'Hermite	Thierry Colin

5.4. History of significant consolidated items and ratios

5.4.1. HISTORY OF SIGNIFICANT CONSOLIDATED ITEMS

(in € millions)	2019 [g] [h] [i]	2018	2017	2016 [f]	2015	2014	2013	2012	2011 [f]	2010 [f]
RESULTS										
Sales in France	780	775	804	779	739	700	666	689	705	712
Sales outside France	6,571	6,037	5,681	4,221	4,031	3,553	3,495	3,371	3,258	2,940
Total sales	7,354	6,812	6,485	5,000	4,770	4,253	4,161	4,060	3,963	3,652
Operating Result from Activity	740	695	661	505	428	368	410	415	455	438
Operating profit	620	626	580	426	371	314	364	368	402	349
Profit attributable to owners of the parent	380	420	375	259	206	170	200	194	236	220
Depreciation, amortization and impairment losses	278	179	178	123	146	123	112	109	115	117
Employee benefits expense [b]	1,373	1,286	1,250	831	802	753	737	698	665	627
Discretionary and non-discretionary profit sharing and bonuses and matching contributions to employee savings plans	37	34	38	37	31	33	37	48	44	50
EBITDA [c]	803	805	765	550	508	434	475	475	516	468
Adjusted EBITDA [e]	967	829	808	591	533	455	485	474	511	488
BALANCE SHEET (AT 31 DECEMBER)										
Shareholders' equity after appropriation	2,553	2,196	1,861	1,747	1,829	1,650	1,460	1,395	1,279	1,487
Net debt	1,997	1,578	1,905	2,019	316	453	416	556	673	131
Non-current assets	4,260	3,576	3,508	3,583	1,654	1,593	1,413	1,434	1,453	1,249
Capital expenditure	701	215	192	181	153	201	127	128	131	140
Inventories and work-in-progress	1,189	1,181	1,112	1,067	821	823	731	681	702	635
Trade receivables net of advances received	1,017	939	1,016	1,053	886	768	740	836	828	733
Trade payables net of advances made	991	999	906	915	695	637	525	508	516	494
Net cash from operating activities	682	724	457	576	376	271	298	313	242	256
Number of employees at 31 December *(in units)*	34,263	33,974	32,319	32,871	26,024	25,759	24,682	24,758	24,927	23,058
SHARES *(IN €)* [a]										
Total number of shares outstanding *(in thousands)*	50,307	50,169	50,169	50,169	50,169	50,169	50,169	50,169	49,952	49,952
Weighted average number of shares after treasury stock *(in thousands)*	49,778	49,661	49,597	49,749	49,037	48,694	48,344	47,718	47,886	47,414
Adjusted diluted earnings per share	7.58	8.38	7.50	5.15	4.14	3.45	4.08	4.01	4.81	4.54
Net income	1.43	2.14	2.00	1.72	1.54	1.44	1.39	1.32	1.25	1.17
Yield per share *(in %)* [d]	1.08	1.90	1.29	1.34	1.63	2.34	2.12	2.37	2.15	1.51
Price range:										
High	166.80	175.90	169.90	136.00	97.45	68.99	69.50	67.85	82.15	82.78
Low	107.00	105.60	115.70	79.90	58.01	56.85	51.50	46.70	52.00	39.15
Price at 31 December	132.40	112.80	154.45	128.75	94.60	61.57	65.70	55.71	58.12	77.73
Stock market capitalization *(in € millions)*	6,660.7	5,659.1	7,748.6	6,459.3	4,746.0	3,088.9	3,296.1	2,794.9	2,903.2	3,882.8
Average daily trading volume (number of shares)	53,796	56,108	53,452	60,252	79,811	56,210	75,245	90,232	143,151	107,282

(a) Figures were restated following the three-for-one share split.
(b) Excluding discretionary and non-discretionary profit sharing and matching contributions to employee savings plans, including temporary staff costs. Since the Group's transition to IFRS in 2004, the reported amounts have also included the service cost of pension and other post-employment benefits.
(c) Earnings before interest, taxes, depreciation and amortization (including amortization and impairment of goodwill and trademarks, and depreciation and amortization expense reported under "Other operating income and expenses").
(d) Dividend for the year expressed as a percentage of the closing share price at the year-end.
(e) Recurring Operating profit (loss) before interest, taxes, depreciation and amortization.
(f) The balance sheets and income statements for 2010, 2011 and 2016 were restated in subsequent years. The restatements were not material.
(g) Following first-time application of IFRS 16.
(h) Without Krampouz.
(i) Following the decision of the Board of directors on April 8, 2020 to reduce the dividend from €2.26 to €1.43.

5.4.2. HISTORY OF CONSOLIDATED RATIOS

(in %)	2019 [(d)]	2018	2017	2016	2015	2014	2013	2012	2011 [(b)]	2010 [(b)]
PROFITABILITY RATIOS										
Return on equity before appropriation of previous year's profit	16.46	21.36	20.43	13.55	11.94	11.09	13.66	14.47	15.27	18.04
Net profit/Sales	5.16	6.16	5.78	5.17	4.32	4.00	4.80	4.78	5.96	6.03
FINANCIAL RATIOS										
Net debt/shareholders' equity before appropriation [(c)]	76.02	68.39	96.96	109.98	16.57	26.27	27.14	38.04	50.14	8.48
Financial costs, net/Revenue	0.83	0.47	1.11	1.16	1.00	1.15	1.32	1.54	0.68	0.44
Net debt/Adjusted EBITDA (in value) [(c)]	2.07	1.90	2.36	3.42	0.59	1.00	0.86	1.17	1.32	0.27
INVESTMENT RATIOS [(a)]										
Investments/Sales	9.53	3.15	2.97	3.63	3.23	4.73	3.05	3.14	3.55	3.86

(a) Capital expenditure on property, plant and equipment, software and development costs.
(b) Restated for the effects of early application of IAS 19R.
(c) According to the definition of net debt, Note 1.4.8.
(d) Following first-time application of IFRS 16.

6 Company financial statements

6.1. Financial statements

INCOME STATEMENT AT 31 DECEMBER

(in € millions)	Notes	2019	2018
Other income		2.8	0.8
Operating income		2.8	0.8
Other purchases and external charges		**8.1**	**10.2**
Taxes other than on income		4.2	3.4
Wages and salaries		6.0	2.5
Payroll taxes		1.7	1.0
Depreciation and amortization expense		1.8	1.8
Other expenses		0.8	0.7
Operating expenses		22.6	19.5
OPERATING PROFIT (LOSS)		**(19.8)**	**(18.8)**
Financial income		**285.3**	**337.6**
Financial expenses		**183.1**	**236.3**
NET FINANCIAL EXPENSE	**3**	**102.2**	**101.2**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES		**82.4**	**82.5**
Non-recurring income		**98.9**	**56.5**
Non-recurring expenses		**79.8**	**69.3**
EXCEPTIONAL PROFIT (LOSS)	**4**	**19.1**	**(12.8)**
Income tax (income)	5	(28.9)	(29.9)
PROFIT FOR THE PERIOD		**130.4**	**99.6**

BALANCE SHEET OF SEB S.A. AT 31 DECEMBER

ASSETS *(in € millions)*	Notes	2019 Gross	2019 Depreciation/ Amortization	2019 Net	2018 Net
Patents, licenses and other rights		0.2	0.1	0.1	0.1
Financial investments		1,842.7	254.9	1,587.8	1,609.0
Loans to subsidiaries and affiliates		2,829.5	0.5	2,829.1	2,693.4
Other non-current assets		3.0		3.0	2.5
TOTAL NON-CURRENT ASSETS	**6**	**4,675.4**	**255.4**	**4,420.0**	**4,305.0**
Accounts receivable		5.3	-	5.3	6.5
Other receivables	7	82.1	-	82.1	55.1
Investment securities	8	50.1	-	50.1	80.4
Cash		155.5	-	155.5	225.5
Prepaid expenses		0.1	-	0.1	0.1
TOTAL CURRENT ASSETS		**293.2**	**-**	**293.2**	**367.6**
Deferred financing costs	12	4.4	-	4.4	6.2
Conversion losses		3.2	-	3.2	1.6
TOTAL ASSETS		**4,976.2**	**255.4**	**4,720.8**	**4,680.4**

LIABILITIES (before appropriation of profit) *(in € millions)*	Notes	2019	2018
Share capital		50.3	50.2
Additional paid-in capital		114.9	99.3
Revaluation reserve		16.9	16.9
Legal reserve		5.2	5.2
Regulatory reserves		0.8	0.8
Revenue reserves		7.9	7.9
Retained earnings		929.3	940.4
Profit (loss) for the period		130.4	99.6
TOTAL EQUITY	**9**	**1,255.7**	**1,220.2**
Provisions for contingencies		84.7	48.2
Provisions for charges		134.2	184.7
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**10**	**218.8**	**232.9**
Bank borrowings	11	1,796.2	2,026.8
Other borrowings	11	1,411.7	1,166.4
Trade payables		1.7	1.9
Accrued taxes and employee benefits expenses		4.5	3.7
Other liabilities		29.7	23.4
TOTAL LIABILITIES		**3,243.7**	**3,222.3**
Conversion gains		2.6	5.0
TOTAL LIABILITIES		**4,720.8**	**4,680.4**

6.2. Notes to the SEB S.A. financial statements

SIGNIFICANT EVENTS OF THE YEAR

FAMILY CONCERT REAFFIRMS ITS LONG-TERM SUPPORT TO SEB

Family shareholders encompassing over 260 people within their entities, VENELLE INVESTISSEMENT and its associates and GÉNÉRACTION and its members and the HPP holding company, signed a new shareholders' agreement replacing the various existing agreements, in order to strengthen their ties and the stability of SEB SA.

This agreement was communicated to the AMF, which published it in accordance with regulations on 7 March 2019.

Along with other family shareholders, the parties signing this agreement thereby continue their declared concerted voting block, confirming their ambition to have a common long-term management policy for SEB SA to ensure their continued control.

FÉDÉRACTIVE its associates and its members, who are not parties to the agreement, have decided to discontinue participation in the aforementioned concerted voting block. However, FÉDÉRACTIVE, its associates and members, which terminated the FÉDÉRACTIVE shareholders' agreement entered into on 9 July 2008, have stated that they are continuing their concerted voting block together by maintaining their commitment to have a common long-term management policy for SEB.

As a result, the family voting block holds 32.27% of the share capital and 40.15% of SEB SA's voting rights following the signature of the Shareholders' Agreement on 27 February 2019.

CHANGES TO THE BOARD OF DIRECTORS

The Annual General Meeting of SEB S.A. of 22 May 2019 voted to:

- appoint a new independent director, Jean-Pierre Duprieu;
- appoint Thierry Lescure, a director from GÉNÉRACTION;
- appoint GÉNÉRACTION as director, represented by Caroline Chevalley;
- appoint Aude de Vassart, a director from VENELLE INVESTISSEMENT;
- reappoint William Gairard.

Cédric Lescure and Hubert Fèvre, whose terms of office expired at the Annual General Meeting on 22 May 2019, were not reappointed. In addition, on 27 June 2019, the Groupe SEB European Works Council appointed a second employee director, Nora Bey, pursuant to Article 16 of the bylaws.

APPOINTMENT OF A NEW SENIOR EXECUTIVE VICE-PRESIDENT

On 3 September 2019, Groupe SEB appointed Nathalie Lomon as Group Senior Executive VP, Chief Financial Officer. She also joined the Group Executive Committee and the Group Management Board.

Nathalie Lomon was Group Chief Financial Officer and a member of the Executive Committee of Ingenico since 2010. She has also been a director of COFACE since 2017.

Nathalie takes the baton from Vincent Léonard who, after more than six years with the Group, wanted to take his career in a new direction, leveraging his professional experience to serve philanthropic activities.

NEW EMPLOYEE SHARE OWNERSHIP PLAN

On 27 May 2019, the company established a new employee share ownership plan whereby Group employees can subscribe to a SEB SA share capital increase on preferential terms. This global initiative covered more than 30 countries and involved some 20,000 employees.

The program, entitled "Horizon 2019," thus saw a 22% take-up rate and an average employee investment of €4,440. The share capital increase resulted in the issue of 138,015 new company shares at a unit price of €123.04. Additional paid-in capital of €15,565,495 was recognized as a result.

Following the increase, the new share capital of SEB SA was €50,307,064 compared with €50,169,049 as of 31 December 2018.

FINANCING

Acquisition of call options

As part of its share buyback program, approved by the Combined Annual General Meeting of 22 May 2019, SEB S.A. entered into a further transaction for 187,500 treasury share options (tunnel). This transaction is intended to partly cover the performance share award plan for employees maturing in 2022 approved by Resolution 22 of the same Meeting.

Seeing that this plan involves a maximum of 234,000 shares, SEB S.A. may enter into other such transactions up to the overall amount of the plan should it wish to increase the level of coverage.

NEU MTN Program

During the financial year, the company placed new NEU MTN programs totaling €211.5 million, bringing the total outstanding amount to €241.5 million.

This issue took place under a €500 million program.

This instrument, which was first launched in 2018, allows the company to diversify its sources of financing.

SUBSIDIARIES

Wilbur Curtis

On 8 January 2019, SEB SA announced the acquisition by its subsidiary of 100% of the activities of Wilbur Curtis, the no. 2 manufacturer of professional filter coffee machines in the United States. The transaction, subject to customary regulatory clearances, was finalized on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and markets equipment for the preparation of hot and cold beverages, mainly filter coffee and cappuccino machines.

Its sustained investments, especially in innovation, have allowed it to offer one of the most sophisticated and high-quality ranges on the market. Sales, which have been growing steadily, exceeded USD 90 million and are mostly US based.

The main customers are coffee roasters, various coffee shop chains, convenience stores, fast food chains, hotels and restaurants. Wilbur Curtis builds long-term relationships with its customers and has an experienced sales force that gives it coverage throughout the US. Its high-performance manufacturing facility employs 300 people in Montebello (California).

Krampouz

On 7 October 2019, SEB SA announced that its subsidiary had completed the acquisition of KRAMPOUZ SAS.

KRAMPOUZ is a French company specialized in the design, manufacture and marketing of crepe makers, waffle makers, planchas and grills for the BtoB and consumer markets.

KRAMPOUZ is an iconic Breton brand. Based in Pluguffan, the company has a competitive plant and close to 90 employees.

The company generates around €18 million in annual revenue. It operates and distributes across all five continents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1.1. Principles

General accounting conventions were applied, in line with the principle of prudence and in compliance with the general rules on the preparation and presentation of annual financial statements set out in French law and France's Chart of Accounts (Plan Comptable Général) governed by regulation 2014-03 issued by the French Accounting Standards Authority (Autorité des Normes Comptables, "ANC") on 5 June 2014.

Note 1.2. Shares in subsidiaries and affiliates

The gross amount of shares in subsidiaries and affiliates on the balance sheet is the sum of the purchase price (after statutory revaluation if necessary) plus additional charges.

If the net asset value is inferior to the net book value, a provision for impairment is observed, equal to the amount of the difference.

The net asset value is estimated based on the share of the net asset, which can be, if necessary, reevaluated according to the financial prospects that include business models and economic environments of every subsidiary.

Note 1. 3. Treasury shares

Treasury shares are classified as follows:

- all treasury shares bought back for allocation under existing or future stock option or performance share plans are classified as "Investment securities";
- all other movements – mainly treasury shares held under a liquidity agreement – are classified as "Other non-current assets".

At year-end, an impairment loss is recognized in connection with the liquidity agreement whenever the average purchase price of treasury shares held in the portfolio is higher than the average share price for the last month of the year.

Note 1.4. Cash and cash equivalents and financial instruments

The company manages cash and cash equivalents and currency risk on behalf of the Group.

- SEB S.A. takes care of the Group's long-term and short-term financing needs. With respect to the financing of subsidiaries, SEB S.A. has set up an automatic daily bank balance reporting system for some subsidiaries, while for others cash requirements or surpluses are transferred manually. Short-term loans or borrowings between Group companies and SEB S.A. pay interest at the spot base rate for the currencies concerned, plus or minus an intermediation margin.
- For subsidiaries in receipt of medium or long-term financing, in particular SEB Internationale, WMF GmbH, the Colombian and Brazilian subsidiaries, GS Holdings, and Immobilière Groupe SEB, the rate applied is a fixed rate or the 3-month currency rate plus an intermediation margin.

- SEB S.A. raises capital on the financial market and/or from financial institutions in euros. SEB S.A. buys and sells currency swaps enabling it to convert its euro financing into its subsidiaries' local currency. Exposure to currency risks on the financing of non-euro subsidiaries is hedged in this way. A provision may be set aside to cover the unhedged portion of the risk.
- To cover the ORNAE bond redemption premium, the company purchased calls, which are documented as hedges. The premium paid on the calls purchased is recognized in the balance sheet and amortized in profit or loss over the term of the hedge. The result of the hedge will be recognized at maturity if the option is exercised, symmetrically to the hedged risk.
- The company puts competitiveness and transactional hedges in place to cover its subsidiaries' exposure to currency risks. The hedged transactions are recorded for the guaranteed price by SEB S.A. for the operating subsidiaries and in their own currency for market subsidiaries.

Clarification of ANC regulation no. 2015-05:

- currency swaps linked to current accounts, intercompany loans/borrowings, and foreign currency bank accounts are revalued on the balance sheet to offset the revaluation at the closing rate of these items. The premium/discount is taken to profit or loss over the term of the hedge;
- the competitiveness and transactional hedges taken out with banking counterparties are backed in accounting terms by foreign exchange hedges granted to Group subsidiaries. In the event of a significant difference between the rates realized with the banking counterparties and the rates granted to the subsidiaries, any gains or losses realized by SEB S.A. will be passed on to the subsidiaries that initiated the hedging requests;
- currency translation adjustments on hedges and hedged items are classified in the income statement under Net financial expense. The company does not engage in optimization transactions that entail additional risks for the business;
- financial income and expenses relating to interest rate swaps are recognized in the income statement symmetrically to the income and expenses generated by the hedged item;
- the company centrally manages raw materials price increase risks by entering into raw materials derivative contracts on behalf of Group subsidiaries. Realized gains and losses on derivatives entered into with bank counterparties are written back to the subsidiaries that initiated the hedging requests;
- the fair value of the instruments and information on the volume and nature of the instruments (type of income/underlyings) and the amount of deferred realized gains and losses on the balance sheet are disclosed in Note 16.

Note 1.5. Conversion and measurement of cash and short-term bank loans and current accounts in foreign currency

Cash and short-term bank loans denominated in foreign currency at the period-end are converted into local currency at the exchange rate on the last business day of the period, and foreign exchange translation adjustments are recognized in profit for the period under "Foreign Exchange gains" or "Foreign Exchange losses".

Note 1.6. Provisions for contingencies and charges

The company funds a provision for contingencies for expected losses on stock options and performance shares under performance share plans granted to all Group employees.

The company also records provisions on the balance sheet for the tax savings resulting from the implementation of tax group, relating to the utilization of losses incurred by certain subsidiaries, which may have to be transferred back to them if and when they leave the consolidation group.

Note 1.7. Income tax

Since 2015, SEB S.A. has signed a tax group agreement with all its subsidiaries benefiting from the tax group system, setting the rules for the tax group. The contract specifies that the tax group will take effect retroactively from 1 January 2013 and, pursuant to the provisions of Article 223 A et seq. of the French General Tax Code, will be tacitly renewed for additional five-year periods.

The agreement also provides that subsidiary companies which are members of the tax group should be placed in a situation during consolidation comparable to the situation that they would have been in if the Group did not exist.

With regard to the calculation of tax liability, each subsidiary "shall pay the parent company, by way of contribution to the Group's income tax, irrespective of the actual amount of said tax, a sum equal to the tax that it would have paid on earnings and/or net long-term capital gains for the financial year had it been taxed separately, minus all the tax deductions to which the subsidiary would have been entitled in the absence of consolidation, including its tax loss carryforwards."

The agreement also states that at the "end of a loss-making financial year, the subsidiary shall not be entitled to make any claim on the parent company on this basis, even if the parent company establishes a claim against the French Treasury by opting to carry back the total loss".

Concerning tax credits, the subsidiaries' liability to the parent company shall be reduced:

- for tax credits that cannot be carried forward and cannot be refunded. If the subsidiary is loss-making, these claims shall be offset by the parent company against the income tax owed by the Group;
- for all tax credits that cannot be carried forward but can be refunded. The fraction of the claim in excess of the income tax owing by the subsidiary shall be repaid to the subsidiary by the parent company.

Lastly, if the subsidiary leaves the tax group, the agreement provides that compensation shall be paid insofar as it can be determined, by mutual agreement, that the subsidiary has paid too much tax as a result of its membership of the Group.

NOTE 2. INCOME AND EXPENSES CONCERNING RELATED PARTIES

(in € millions)	2019	2018
OPERATING PROFIT (LOSS)		
Royalties	2.6	0.6
Trademark registration fees	(0.2)	(0.2)
Management fees	(4.5)	(4.7)
NET FINANCIAL EXPENSE		
Investment income	122.5	148.9
Interest income on receivables	61.9	48.5
Interest and financial expenses	(6.6)	(4.4)
Foreign exchange gains (losses)	(37.9)	(18.7)
NON-RECURRING PROFIT (LOSS)		
Expense transfers	40.9	11.8

NOTE 3. NET FINANCIAL EXPENSE

(in € millions)	2019	2018
Dividends	122.5	148.9
Interest income	62.8	50.0
Interest and financial expenses	(42.2)	(37.7)
Net increase in/reversal of impairment on financial items	(15.8)	(36.2)
Other financial income and expenses	(25.0)	(23.8)
TOTAL	**102.2**	**101.2**

A total of €122.5 million in dividends was received during the financial year, primarily from these subsidiaries: SEB Internationale (€50 million), Groupe SEB France (€30.5 million) and Tefal (€23.4 million).

Moreover, the valuation of the portfolio of subsidiaries led the company to fund additional provisions for the impairment of financial items for a net amount of €21.6 million, as indicated in Note 6.

Other financial income and expenses mainly consisted of foreign exchange gains of €25.0 million during the financial year, as against €23.8 million in 2018.

NOTE 4. EXCEPTIONAL PROFIT

(in € millions)	2019	2018
Gains/(losses) on sales of treasury shares	(27.7)	(19.8)
Reversal (increase) in provision for losses on treasury shares	(35.5)	(5.7)
Non-recurring expense transfers	40.9	11.8
Other non-recurring income and expenses	(6.8)	(2.4)
Reversal (increase) in provision for tax group expenses	48.2	3.3
TOTAL	**19.1**	**(12.8)**

During the financial year, sales of 494,022 treasury shares (including 278,719 under the liquidity agreement and 215,303 under stock option and performance share programs) generated a total net loss of €27.7 million, compared with €19.8 million in 2018.

The provisions for unrealized losses represented a net increase of €35.5 million for the financial year, compared with a net expense of €5.7 million.

This year, transfers of non-recurring expenses primarily included the rebilling to subsidiaries of losses realized during the financial year on the exercise of stock options for €16.3 million (compared with €10.5 million in 2018) and the provision of accrued income for unrealized losses for €22.0 million (compared with €1.3 million in 2018).

Moreover, during the financial year the company substantially reversed the provision for tax expenses refunded under the tax group scheme by €49.2 million, in line with the estimates policy detailed in Note 10.

NOTE 5. INCOME TAX

Note 5.1. Analysis of income tax

Income tax for the financial year ended 31 December 2019 breaks down as follows:

(in € millions)	Before tax	Tax	Profit (loss)
Profit (loss) from ordinary activities	82.4	(4.0)	78.4
Non-recurring profit (loss)	19.1	16.1	35.2
Tax loss carryforwards generated/(used)		(12.1)	(12.1)
Tax group		29.8	29.8
Other income (expense)		(0.9)	(0.9)
TOTAL	**101.5**	**28.9**	**130.4**

Note 5.2. Tax group

The tax group recorded a profit for the 2019 financial year.

The €29.8 million in tax savings was recognized in the company's financial statements as current tax income, breaking down as follows:

- income of €18.5 million for tax losses by consolidated subsidiaries used in the financial year;
- income of €5.2 million connected with tax credits not allocated by loss-making subsidiaries;
- income of €2.4 million in definitively acquired tax savings for the year;
- a tax saving resulting from the application of the specific tax group rules for determining the individual profit (loss): €3.1 million.

In addition, under the tax agreement signed with member companies, the tax savings made by the Group thanks to losses at companies in the tax group are retained by the parent company.

From now on, a provision will no longer be recorded in the financial statements of SEB S.A. to cover the tax loss carryforwards generated by members of the tax group other than SEB S.A. Only reversals of provisions are recorded when tax loss carryforwards are used. To this end, the company recognized a €0.4 million reversal of tax expenses refunded (compared with €3.3 million for the previous financial year).

Note 5.3. Deferred tax assets and liabilities

At 31 December 2019, the company had a liability of €0.8 million (€1.5 million at 31 December 2018), corresponding to unrealized exchange gains deductible in the year following their recognition.

NOTE 6. NON-CURRENT ASSETS

Note 6.1. Movements by nature

(in € millions)	2018	Increase	Decrease	2019
Patents, licenses and other rights	0.2	0.0	0.0	0.2
Investments	1,842.7	0.0	0.0	1,842.7
Loans to subsidiaries and affiliates	2,700.4	570.9	441.8	2,829.5
Other non-current financial assets	2.5	0.6	0.1	3.0
TOTAL GROSS VALUE	**4,545.7**	**571.5**	**441.9**	**4,675.4**
Patents, licenses and other rights	(0.1)	0.0	0.0	(0.1)
Provisions for investments	(233.7)	(23.1)	(2.0)	(254.8)
Loans to subsidiaries and affiliates	(6.9)	(0.5)	(6.9)	(0.5)
TOTAL PROVISIONS	**(240.7)**	**(23.6)**	**(8.9)**	**(255.4)**
TOTAL NET VALUE	**4,305.0**	**547.9**	**433.0**	**4,420.0**

Loans to subsidiaries and affiliates comprised advances by SEB S.A. to its subsidiaries in connection with the Group's financial policy (see Note 1.5).

During the financial year, the company provided further advances totaling €570.9 million, consisting of new long-term loans of €264.9 million, primarily to Wilbur Curtis (€210.4 million) and Groupe SEB Mexico (€11.8 million), and a €306.0 million increase in the current accounts of its subsidiaries – including WMF Group GmbH (€86.4 million), Groupe SEB Deutschland (€29.5 million) and Calor (€21.4 million).

Furthermore, the company was repaid total advances of €441.8 million, primarily for long-term loans of €271.4 million to WMF Group GmbH (€111.9 million) and SEB Internationale (€96.7 million). A total of €170.4 million in current account advances were also repaid, in particular by SEB Professional North America (€46.9 million) and Groupe SEB Slovensko (€20.1 million).

The valuation of the securities portfolio led the company to record an additional impairment loss of €23.1 million for the securities of its subsidiaries, including €13.0 million for Calor, €6.8 million for SEB S.A.S. and €2.5 million for Rowenta France. The company also recorded a reversal of €2.0 million in the provision for Groupe SEB Moulinex.

Other non-current financial assets includes treasury shares under the liquidity agreement. Over the financial year, 280,577 shares were bought back at an average price of €144.43 and 278,719 shares were sold at an average price of €144.01 per share. At 31 December 2019, SEB S.A. held a total of 362,443 treasury shares at an average price of €145.69, notably to cover current stock option plans.

Note 6.2. Maturities of loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates mainly comprise medium and long-term inter-company loans to subsidiaries totaling €1,904.3 million (€290.3 million of which are repayable within a year). The loans were primarily provided to SEB Internationale (€882.0 million) and WMF Group GmbH (€321.6 million). The remaining loans to subsidiaries and affiliates, totaling €925.2 million, comprise current accounts repayable within a year.

NOTE 7. MATURITIES OF OTHER LOANS

(in € millions)	2018	2019	Due by 31/12/2019 Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Tax receivables	11.0	22.4	3.4	13.9	5.1
Accruals of subsidiaries	29.1	45.2	15.2	30.0	
Financial instruments	15.0	14.5	9.8	4.7	
TOTAL OTHER RECEIVABLES	**55.1**	**82.1**	**28.4**	**48.6**	**5.1**

The financial instruments include premiums paid on its option hedging (including premiums for the ORNAE call of €1.4 million expiring in 2021 and the premium for the treasury share Collar of €3.6 million expiring in 2022).

NOTE 8. INVESTMENTS SECURITIES

(in € millions)	2019	2018
Treasury shares	50.2	80.4
TOTAL	**50.2**	**80.4**

NOTE 9. EQUITY

Share capital

As of 31 December 2019, the new share capital was €50,307,064 compared with €50,169,049 in 2018. This was made up of 50,307,064 fully paid-up shares, representing 77,840,331 "theoretical" voting rights and 77,477,888 effective voting rights (excluding treasury shares).

Changes in equity

EQUITY AT 31 DECEMBER 2018 BEFORE APPROPRIATION OF PROFIT	**1,220.2**
2018 dividend paid in 2019	(110.6)
Share capital increase – employee share ownership plan	15.7
Profit (loss) for the period	130.4
EQUITY AT 31 DECEMBER 2019	**1,255.7**

Potential share capital at 31 December 2019

On 17 November 2016, as part of the financing of the WMF acquisition, the company issued €150 million in ORNAE convertible bonds (bonds with optional reimbursement in cash and/or existing shares). In accordance with the provisions of the issue contract, were the conversion price to be hit, the only equity securities to be provided to holders of these ORNAE would be existing company shares.

NOTE 10. PROVISIONS FOR CONTINGENCIES AND CHARGES

(in € millions)	2018	Increases	Releases of surplus provisions	Utilizations	2019
Provisions for currency risks	1.6	3.2		1.6	3.2
Provisions for other contingencies	46.5	39.9		4.9	81.5
TOTAL PROVISIONS FOR CONTINGENCIES	**48.1**	**43.1**	**-**	**6.6**	**84.7**
Provisions for tax group	182.4		49.2	(1.0)	134.2
Provisions for other charges	2.4			2.4	-
TOTAL PROVISIONS FOR CHARGES	**184.8**	**-**	**49.2**	**1.4**	**134.2**
TOTAL	**232.9**	**43.1**	**49.2**	**8.0**	**218.8**

Changes in provisions for contingencies and charges for the financial year are as follows:

In accordance with the principles of ANC Regulation no. 2015-05, the company recognizes a provision for currency risks, on the basis of an aggregate net position determined per currency. This net provision totaled €3.2 million at end-2019 (compared with €1.6 million in 2018).

The provision for other contingencies represents the expected loss on performance share grants pertaining to Group option-holders. The provision stood at €81.5 million in 2019 compared with €46.5 in 2018, with the grounds for the increase discussed in Note 4.

Lastly, the company's financial statements continue to have a €134.2 million provision for tax refunds to the subsidiaries in the tax group.

In accordance with Note 4, during the financial year the company substantially reversed this by €49.2 million. In fact, management reassessed the risk and now considers that, in the event of a negotiation with its subsidiaries regarding an exit from the tax group, the tax saving to be considered would be the saving that the subsidiary could achieve in the future.

NOTE 11. MATURITIES OF BORROWINGS

(in € millions)	2018	2019	Due by 31/12/2019 Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bonds	1,005.6	1,005.6	5.6	1,000.0	
Other debts (including private placements)	1,014.0	777.4	2.4	727.0	48.0
Bank borrowings	6.3	12.7	12.7		
Bond issue / redemption premium	0.9	0.5	0.4	0.1	-
Bank borrowings	**2,026.8**	**1,796.2**	**21.1**	**1,727.1**	**48.0**
NEU CP	300.0	317.0	317.0		
NEU Medium Term Notes	30.0	241.5	30.0	131.5	80.0
Group borrowings	816.1	835.2	835.2		
Employee profit-sharing	20.3	18.0	4.1	13.9	
Other borrowings	**1,166.4**	**1,411.7**	**1,186.3**	**145.4**	**80.0**
TOTAL	**3,193.2**	**3,207.8**	**1,207.4**	**1,872.5**	**128.0**

The company's borrowings comprise short, medium and long-term financing.

The sources of financing are diversified with maturities mainly between 1 and 5 years. This portion breaks down as follows:

- a €500 million bond repayable in full in 2022;
- a €500 million bond repayable in full in 2024;
- "Schuldschein" private placements, €276.5 million of which is repayable in 2021, €282.5 million in 2023, €18 million in 2024 and €48 million in 2026;
- a €150.0 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in November 2021;
- a bond issue/redemption premium of €0.1 million;
- a €211.5 million issue of French NEU MTN (as part of a €500 million program);
- frozen non-discretionary profit-sharing accounts due in more than one year are as follows: €3.9 million due in 2021, €3.6 million due in 2022, €3.5 million due in 2023, and €2.8 million due in 2024.

Moreover, the company issued €317 million in French NEU commercial paper (drawn down from a €1 billion program with an A2 short-term rating from Standard & Poor's).

NOTE 12. DEFERRED CHARGES

(in € millions)	2019	2018
Financial expenses	4.4	6.2
TOTAL	**4.4**	**6.2**

Deferred charges mainly comprise expenses and fees, attributable to the following facilities:

- €1.9 million to the bonds (including €1.4 million over one year);
- €1.0 million to the Schuldshein investments (including €0.7 million over one year);
- €0.7 million in commitment fees on the €960 million Syndicated Credit Facility (including €0.2 million over one year);
- €0.6 million to the ORNAE (including €0.3 million over one year).

OTHER INFORMATION

NOTE 13. EMPLOYEES

The average number of employees was 2 (compared with an average of 1.83 in the previous financial year).

NOTE 14. RELATED PARTY TRANSACTIONS

Certain balance sheet items contain amounts concerning related party transactions, as follows:

	2019		2018	
(in € millions)	Related parties	Investment direct	Related parties	Investment direct
Non-current financial assets	1,594.1	1,235.4	1,403.0	1,297.4
Receivables	45.2	0.1	35.5	-
Payables	(483.3)	(362.9)	(606.0)	(222.6)
TOTAL	**1,156.0**	**872.6**	**832.5**	**1,074.8**

NOTE 15. STOCK OPTION AND PERFORMANCE SHARE PLANS

Information about stock option and performance share plans at 31 December 2019 is provided below:

At 31/12/2019	Date			Number of options				
Type	of grant[(a)]	of exercise	of expiry	granted	exercised *	canceled	outstanding	Exercise price *(in €)*
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	359,287	17,621	32,017	54.12
TOTAL *				**408,925**	**359,287**	**17,621**	**32,017**	
* *Of which movements in 2019.*					*42,591*	-		

At 31/12/2019	Date			Number of shares				Share price on the grant date[(b)]
Type	of grant[(a)]	of vesting	of end of lock-up	granted	vested	canceled	outstanding	
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	163,385	5,220	0	96.63
Performance shares	11/05/2017	11/05/2020	11/05/2020	193,450	0	7,020	186,430	151.60
Performance shares	16/05/2018	16/05/2021	16/05/2021	185,330	0	5,930	179,400	160.90
Performance shares	22/05/2019	22/05/2022	22/05/2022	226,700	0	0	226,700	155.90
TOTAL				**774,085**	**163,385**	**18,170**	**592,530**	

(a) *The grant date corresponds to the date on which the Board of Directors granted the rights.*
(b) *Share price on the date of the Board Meeting.*

As part of its share buyback program, approved by the Combined Annual General Meeting (Resolution 15) of 22 May 2019, SEB S.A. entered into a further transaction for 187,500 treasury share options (tunnel). This transaction is intended to partly cover the performance share award plan for employees maturing in 2022 approved by Resolution 22 of the same Meeting.

Seeing that this plan involves a maximum of 234,000 shares, SEB S.A. may enter into other such transactions up to the overall amount of the plan should it wish to increase the level of coverage.

NOTE 16. FINANCIAL COMMITMENTS

(in € millions)	31/12/2019 Notional amount	31/12/2019 Market value	31/12/2018 Notional amount	31/12/2018 Market value
VIS-A-VIS THE MARKET				
COMMITMENTS ON THE BALANCE SHEET				
FX hedges for competitiveness and transactional risk				
Forward sales of foreign currencies	186,7	-2,9	198,8	-0,6
Forward purchases of foreign currencies	-285,4	0,5	-304,9	3,3
Put option purchases	23,2	0,0	25,9	0,0
Sales of call options	23,2	-0,6	25,9	-0,5
Call option purchases	-52,1	1,3	-56,5	1,8
Sales of put options	-52,1	-0,0	-56,5	0,0
Financial FX hedges				
Currency swaps	122,0	-2,2	523,9	1,6
Put option purchases	36,6	0,3	-	-
Sales of call options	36,6	-0,7	-	-
Cross currency swaps	208,0	-2,2	-	-
Forward financial sales/purchases	85,7	-0,2	88,9	-0,3
ORNAE redemption options	NA	-5,5	NA	-4,8
Calls on ORNAE (bonds redeemable in cash and/or existing shares) (incl. premiums paid)	NA	1,4	NA	1,3
Puts on treasury shares (incl. premiums paid)	NA	-3,9		
OFF-BALANCE SHEET COMMITMENTS				
FX hedges for competitiveness				
Forward sales of foreign currencies	350,3	-3,4	303,3	-1,6
Forward purchases of foreign currencies	-601,4	2,7	-368,3	6,7
Put option purchases	107,9	1,2	185,6	2,6
Sales of call options	107,9	-2,5	185,6	-4,3
Call option purchases	-357,3	4,6	-511,2	15,7
Sales of put options	-357,3	-3,6	-511,2	-4,8
Financial FX hedges				
Financial forward sales	16,4	-0,3	235,2	-0,5
Financial forward purchases	-1,4	0,3	-220,3	0,2
Put option purchases	218,8	0,1	-	-
Sales of call options	218,8	-0,4	-	-
Other hedges				
Fixed-rate payer swaps	-393,5	-4,7	-185,5	-1,9
Cross currency swaps	208,0	-0,3	-	-
Raw materials derivatives	52,1	-0,2	88,3	-4,9

(in € millions)	31/12/2019 Notional amount	31/12/2019 Market value	31/12/2018 Notional amount	31/12/2018 Market value
WITH SUBSIDIARIES				
COMMITMENTS ON THE BALANCE SHEET				
Forward purchases of foreign currencies	214.8	0.2	237.7	(0.3)
Forward sales of foreign currencies	147.0	0.8	157.8	(0.6)
Forward financial sales/purchases	39.2	1.0	48.7	0.8
OFF-BALANCE SHEET COMMITMENTS				
Raw materials derivatives	(52.1)	(0.2)	(88.3)	(4.9)

The use and accounting treatment of financial instruments are discussed in Note 1.5. Notional amounts represent the notional amounts of the contracts. The market value of financial instruments represents the gain or loss that would have been recognized had the contracts been settled on the market at 31 December 2019. It is estimated based on the exchange rate and interest rate on 31 December 2019, or obtained from the counterparty banks with which the commitments have been entered into.

Commitment for the ORNAE bond issue

With respect to the ORNAE bond issue, it should be noted that, in the event of the exercise of the right to the allocation of shares, representing the delivery of existing shares, the company will not issue any new shares.

The Bonds will grant entitlement, under certain conditions, to the allocation of existing SEB shares at any time from 17 November 2016 to the twenty-eighth trading day (exclusive) preceding the date of maturity of the Bonds or, where applicable, the date of early redemption.

In the event of the exercise of the right to the allocation of shares, the Bond holders will receive an amount in cash and, where applicable, an amount payable in existing SEB shares. The company will also have the option to deliver only existing SEB shares or only cash.

The number of existing shares that may be delivered to the bond holders will in particular be determined by the Bond exchange ratio. Initially one share per Bond, this ratio was adjusted in 2019 to 1.002 shares per bond and may be adjusted again in certain common scenarios for such financial securities. The exchange ratio may in particular be adjusted up or down in the event of dividend payouts by the company between the issue date and the redemption date.

Commitment received by SEB S.A.

The company has unused confirmed credit facilities available under the following terms:

- syndicated credit facility of €960 million expiring in 2021;
- confirmed credit line of €50 million expiring in 2022.

NOTE 17. PENSION COMMITMENTS

Pension commitments

The executive officers are members of the group supplementary pension plan including Groupe SEB's French senior managers (members of the Executive Committee).

For senior managers in office on 3 July 2019, the provisions of Order no. 2019-697 of 3 July 2019 on supplementary work pension plans forced the Group to freeze and close this plan as of 31 December 2019.

This plan complements the statutory schemes and is composed as follows:

- a deferred defined-benefit plan, under which beneficiaries are subject to seniority and continued employment conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the annual target remuneration for the past three years;
- a supplementary defined-benefit plan, subject to seniority and continued employment conditions, with the potential benefits accruing per year of service being 0.8% of the reference compensation calculated on the average of the annual target compensation over the preceding three years and capped at 20 years' service, i.e. a maximum of 16% of the reference compensation.

To be eligible for the defined benefit plans, Groupe SEB senior managers had to have been on the Groupe SEB Executive Committee for at least eight years and finish their career at the Group.

A new plan will be put in place, in line with the PACTE Act and Order no. 2019-697 for this same group once the terms and conditions of application of the provisions are known (Ministerial Circular of the SD3C Social Security Department being prepared).

Groupe SEB intends to outsource the entire obligation through matching payments to a fund into which the pension contributions are made on a regular basis for the former plan.

For the new plan to be put in place in 2020 (vested rights plan), Groupe SEB intends to contract out the entire obligation by means of matching payments to a fund into which the annual payments will be made.

The various conditions of the retirement plan imply that, at the statutory retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory schemes) of 30.49% of his reference remuneration.

This equates to a replacement ratio of 22.71% of his reference remuneration (excluding statutory schemes).

These items will be calculated for the new Chief Operating Officer, Stanislas de Gramont who took up office on 3 December 2018 when the new scheme is in place.

Severance allowance and non-compete payments

For Mr Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of termination of his corporate mandate.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term as executive officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the severance allowance subject to performance conditions. The revised contract stipulates that the termination benefit, set at two years' remuneration (calculated on the average remuneration earned during the last two full financial years), will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:

- if the average rate is below 50%, no severance allowance is paid;
- if the average rate is between 50% and 100%, the severance allowance will be between 75% and 100%, based on a straight-line calculation;
- if the average rate exceeds 100%, the severance allowance will be 100%.

The Board of Directors retains the right to reduce such severance allowance, by a maximum of one-half, if there was a Net loss in the previous full financial year, without such benefits falling below the fixed salary plus bonuses for the previous full financial year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of severance allowances.

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

Entitlement to stock options in the event of termination:

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

For Stanislas de Gramont

Stanislas de Gramont will be entitled to an indemnity in case of his dismissal from corporate office.

The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Stanislas de Gramont received in his capacity as Chief Operating Officer.

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

- if he is dismissed after two years from his appointment as executive officer, the severance allowance will be adjusted based on actual performance with respect to targets, in said capacity, for the period following his appointment and limited to the four final years of service (should the term of office exceed 4 years);
- if the average rate is below 50%: no severance allowance is paid;
- if the average rate is between 50% and 100%: the severance allowance is between 75% and 100%, based on a straight-line calculation;
- if the average percentage achieved is above 100%: 100% of the benefit is paid.

By way of exception from the foregoing in the event of dismissal during the first 24 months of the corporate office, the severance allowance will be adjusted based on actual performance in relation to targets and on the amount of time spent in the company.

It will gradually increase based on tiers defined according to the length of service: between 6 and 12 months, then from 12 to 24 months, with a cap set at 24 months' remuneration.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause.

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

In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration (paid or outstanding depending on the circumstances) over his last 12 months of service within the Group.

The Board of Directors can release Stanislas de Gramont from the non-compete clause.

This corporate office agreement dated 12 December 2018 including the non-compete clause, along with the terms of severance detailed above was approved at the Annual General Meeting of 22 May 2019, in accordance with the regulated agreements procedure and the so-called ex-ante "Say-on-Pay" procedures.

Continuation of the employment contract

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012 and 19 May 2016, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Stanislas de Gramont, appointed Chief Operating Officer on 3 December 2018, on 23 October 2018 the Board of Directors decided to solely hire him as an executive officer (no employment contract applies).

Details of the remuneration policy and the components of the remuneration of these two people were approved at the Annual General Meeting of 22 May 2019, in accordance with the so-called "ex-ante Say-on-Pay" procedure and will appear in Note 2.5 Remuneration Policy. They are not covered in this note.

NOTE 18. POST-BALANCE SHEET EVENTS

None

NOTE 19. LIST OF SUBSIDIARIES AND AFFILIATES

Note 19.1. Detailed information concerning subsidiaries and affiliates

19.1.1. Subsidiaries (more than 50%-owned)

(in € millions)	Equity *	Percentage share of capital held	Aggregate carrying amount of shares in other subsidiaries and affiliates	Loans and advances granted and received by the company	Guarantees and bonds given	Dividends received by the company over the period
Calor S.A.S.	(10.8)	100%	39.0	67.2	-	
S.A.S. SEB	27.6	100%	113.0	11.8	-	
Tefal S.A.S.	37.2	100%	6.6	32.4	-	23.4
Rowenta France S.A.S.	4.8	100%	12.5	4.2	-	
Seb Développement S.A.S.	5.1	100%	18.0	0.0	-	1.3
Rowenta Invest BV	157.4	100%	211.8	0.0	-	
Seb Internationale S.A.S.	1,584.4	100%	949.4	1,002.1	-	50.0
Groupe SEB France	132.3	98%	73.9	0.0	-	30.5
Groupe SEB Export	30.8	100%	38.0	4.0	-	15.9
Groupe SEB Moulinex	21.6	100%	71.2	2.6	-	
Groupe SEB Retailing	1.9	100%	0.0	-	-	0.6
SEB Alliance	12.2	100%	30.0	15.8	-	
Immobilière Groupe SEB	3.2	100%	10.0	89.0	-	
Ethera	0.9	57%	0.0	1.9	0.0	

* *The equity of subsidiaries does not include net profit (loss) for the period, as the company financial statements were not finalized at the date of publication of this document.*

19.1.2. Affiliates (10% to 50%-owned)

(in € millions)	Equity	Percentage share of capital held	Aggregate carrying amount of shares in other subsidiaries and affiliates	Loans and advances granted by the company	Guarantees and bonds given	Dividends received by the company over the period
S.I.S.	3.5	46.81%	0.5	10.2	-	0.8

The company considers that disclosure of results of individual subsidiaries could be seriously prejudicial to its interests. Additional information analyzed by geographic segment is provided at consolidated level. Group consolidated revenue generated by direct and indirect subsidiaries and affiliates totaled €7,353.9 million, and profit attributable to owners of the parent came to €379.7 million.

Note 19.2. General information concerning other subsidiaries and affiliates

The carrying amount of securities of other subsidiaries and affiliates totals €0.2 million.

6.3. Five-year financial summary

(in € thousands)	2019	2018	2017	2016	2015
SHARE CAPITAL AT YEAR-END					
a) share capital	50,307	50,169	50,169	50,169	50,169
b) number of shares outstanding	50,307,064	50,169,049	50,169,049	50,169,049	50,169,049
c) number of convertible bonds outstanding	-	-	-	-	-
OPERATIONS AND PROFIT (LOSS) FOR THE PERIOD					
a) net revenue, excluding tax	-	-	-	-	-
b) profit before tax, depreciation, amortization and provisions	103,580	111,271	178,787	42,155	249,746
c) income taxes	(28,881)	(29,899)	(26,464)	(21,847)	(22,768)
d) profit after tax, depreciation, amortization and provisions	130,402	99,557	268,762	45,555	203,562
e) Dividend payout*	74,824	110,377	103,288	88,589	79,161
EARNINGS PER SHARE (IN UNITS)					
a) profit after tax but before depreciation, amortization and provisions	2.63	2.81	4.09	1.27	4.52
b) profit after tax, depreciation, amortization and provisions	2.59	1.98	5.4	0.91	4.06
c) Dividend per share*	1.43	2.14	2.00	1.72	1.54
EMPLOYEES					
a) number of employees	2.00	1.83	2.00	2.00	2.00
b) total payroll	5,961.4	2,495.4	3,600.7	3,127	3,344
c) Employee benefits paid (payroll taxes)	1,698.8	960.2	1,458.4	993.0	1,895

* *Amount of provisions funded.*

6.4. Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of SEB SA Company,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of SEB SA for the year ended December, 31 2019. These financial statements have been approved by the board of directors on February, 25th 2020 based on information available at that date regarding the evolving context of Covid-19's sanitary crisis.

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 December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de Déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:

- for PricewaterhouseCoopers Audit: report on operation involving share capital, services other than certification of accounts required by law (report on regulated agreements, completion letter…);
- for Mazars: due diligence, report on operation involving share capital, certification of the accounting information of entities, services other than certification of accounts required by law (report on regulated agreements, completion letter…).

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF EQUITY INTERESTS AND RELATED RECEIVABLES

(1.2 and 6.1 of the notes to the annual accounts)

IDENTIFIED RISK

As written in the 1.2 of the notes to the annual accounts, equity interests are booked at their purchase price (after the legal revaluation if necessary) including additional charges. At December 31, 2019, the equity interests and related receivables are booked for a net value of €4,416.9 million which stands at 94% of the assets.

At the closure, the equity interests are valued by the company at the inventory value. If this value is inferior to the net book value, a provision for impairment is observed, equals to the amount of the difference.

The inventory value is estimated based on the share of the net asset, which can be, if necessary, reevaluated according to the financial prospects that include business models and economic environments of every subsidiary.

Receivables from equity interests represent mainly overdrafts granted by SEB SA to its direct or indirect subsidiaries in accordance with the group financial policy.

In view of the significant amount and of the uncertainties inherent to the use of certain elements, especially judgments and hypotheses taken on by the management to determine some forecasts, we have considered that the valuation of equity interests and related receivables was a Key Audit Matter.

AUDIT PROCEDURES EMPLOYED TO HEDGE THIS RISK

In order to assess the reasonableness of the estimated value, based on the on the information which was given to us, our work consisted mainly in evaluating the relevance of the valuation method which was taken on by the management, and in verifying figures used, and, depending on the concerned equity interests:

For the valuations based on historical elements:

- Check that the equity was in accordance with the reviewed audited accounts, and that reevaluations made, if necessary, on this equity, were based upon a supporting documentation.

For the valuations based on estimate:

- Obtain the predictive cash flows and appreciate the consistency of the hypotheses with historical performances and economic environment, especially, the discounted method and the long-term growth rate.

For all these concerned assets:

- Check the mathematical correctness of the inventory values that were taken on by the company;
- Assess the recoverability of the receivables from the equity interests according to the analysis made on equity shares.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

NFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO SHAREHOLDERS

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 approved on February, 25 2020 and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

Regarding the events that occurred and elements that have been known since the date the financial statements were approved and in relation to the effects of Covid-19's crisis, management informed us that this would be subject to a specific communication addressed to the shareholders' meeting called to vote on said financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de Commerce*).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de Commerce*) relating to remunerations and benefits received or awarded 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 controlled companies that are included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de Commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of SEB SA by the annual general meeting held on May 12, 2015 for Mazars and on June 15, 1985 for PricewaterhouseCoopers Audit.

As at December, 31 2019, Mazars and PricewaterhouseCoopers Audit were in the 5th year and 35 year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de Commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Courbevoie, April 2, 2020,

French original signed by

PricewterhouseCoopers Audit
Elisabeth L'HERMITE

Mazars
Thierry COLIN

7 Information concerning the company and its share capital

7.1. Information concerning the company

CORPORATE NAME: SEB S.A.

Registered head office: Campus SEB – 112, Chemin du Moulin Carron 69130 Écully – France

Tel.: +33 (0) 472 18 18 18 Fax: +33 (0) 472 18 16 55

Business registration number: 300 349 636 RCS Lyon

Industrial classification (NACE) Code: 6420 Z

LEI Code: 969500WP61NBK098AC47

SEB share ISIN Code: FR0000121709

Form: limited company (société anonyme)

Financial year: 1 January to 31 December

Law: French

Duration: 99 years from 27 December 1973

CONSULTATION OF LEGAL DOCUMENTS

The Company's bylaws, minutes of Annual General Meetings and other company documents may be consulted at the company's registered office.

Company regulatory documents may be consulted on the Groupe SEB website: www.groupeseb.com

CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The purpose of the company in France and abroad covers:

- investment in any company involved in any form of business and, therefore, the acquisition or subscription of all types of shares, debentures, capital holdings and interests, all types of marketable securities, as well as the disposal of the said investments and marketable securities;
- all operations concerning the financing of its subsidiaries and other companies in which it owns or may acquire a holding;
- the acquisition and registration of patents or inventions and the granting of all forms of licenses for the use of these patents;
- the acquisition, construction and management of real estate and its disposal;
- all operations contributing to the development of the company and to the achievement of the purpose specified above.

ALLOCATION OF PROFITS (ARTICLE 46 OF THE BYLAWS)

Profits are allocated in accordance with legal requirements and regulations. Dividends are drawn, as a priority, from distributable profits.

The Annual General Meeting may offer shareholders a choice between payment of dividends in cash or in new shares whose price is set beforehand as provided for by law.

A supplementary dividend payment per share of 10% of the unit value of the reference dividend, which may be rounded down to the nearest even number of euro cents, will be paid in respect of shares registered without interruption by the same shareholder in the nominal register for at least two financial years preceding the dividend payment, and which are still registered on the ex-dividend date. For any one shareholder, this supplement is limited to a number of shares which may not exceed 0.5% of the share capital. This supplement may be altered or canceled by decision of an Extraordinary General Meeting which will then decide on any new terms and conditions.

The General Meeting may, in addition, decide to distribute sums drawn from the reserves at its disposal. In this case, the decision will expressly indicate the reserve items from which the drawings have been made.

ANNUAL GENERAL MEETINGS (ARTICLE 28 ET SEQ. OF THE BYLAWS)

Shareholders are notified of Annual General Meetings in accordance with legal requirements.

Each shareholder has the right to attend Annual General Meetings or to be represented, regardless of the number of shares that they hold, provided that said shares are fully paid up and registered in either their name or the name of the intermediary registered on the shareholder's behalf, by midnight, French time, on the second business day preceding the Annual General Meeting, either in registered share accounts held by the company, or in bearer share accounts held by the qualified intermediary.

DOUBLE VOTING RIGHTS (ARTICLE 35 OF THE BYLAWS)

Each member attending the Annual General Meeting is entitled to exercise one vote for every share they hold or represent. Double voting rights are allocated to any fully paid-up share providing that it has been held long enough in registered form in the name of the same shareholder. This registered holding period requirement set by the founders at two years when the company was established in 1973, was extended to five years at the Annual General Meeting of 15 June 1985. Entitlement to double voting rights expires if the shares concerned are converted to bearer form or if their ownership is transferred, except in cases where the transfer involves a change of name in the register subsequent to family inheritance or gift. In the event of a capital increase by incorporation of reserves, profit or issue premiums, double voting rights are granted, as from their issuance, to registered shares allocated free of charge to a shareholder as a result of the shares already held which benefit from said right.

LIMITATION OF VOTING RIGHTS

There is no statutory limitation on voting rights.

THRESHOLD CLAUSE (ARTICLE 8 OF THE BYLAWS)

There is an obligation to disclose any holding which exceeds the threshold, within the meaning of Articles L. 233-7 and L. 233-9 of the French Commercial Code, of 2.5% (or any multiple thereof) of the company's share capital or voting rights.

IDENTITY OF BEARER SHAREHOLDERS

The company may at any time, in accordance with the legal provisions and regulations in force, ask the Euroclear France securities settlement agency to provide:

- the personal name or company name, year of birth, address, and nationality of company shareholders;
- the number of shares held by each of them;
- where applicable, any restrictions to which these shares may be subject.

SEB S.A. makes such a request every year on 31 December.

SHARE CAPITAL AT 31 DECEMBER 2019

At 31 December 2019, the share capital stood at €50,307,064 and was made up of 50,307,064 fully paid-up shares, representing 77,840,331 total "theoretical" voting rights and 77,477,888 total "effective" voting rights (excluding treasury shares).

There are no stricter conditions than the law to modify shareholder rights.

FACTORS WHICH COULD AFFECT A TAKEOVER BID

Pursuant to Article L. 225-37-5 of the French Commercial Code, the factors which could affect a takeover bid are as follows:

CAPITAL STRUCTURE OF THE COMPANY

See following page: "Breakdown of share capital and voting rights at 31 December 2019".

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See paragraph: "Shareholder agreements – concerted voting blocks".

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The Annual General Meeting of 22 May 2019 authorized the Board of Directors to implement a share buyback program and to use financial delegations of authority to increase the share capital in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. Information on share capital

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2019

	Share capital				Voting rights					
	AGO		AGE		AGO			AGE		
31/12/2019	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
SHAREHOLDERS FROM FOUNDER GROUP										
VENELLE INVESTISSEMENT	17,898	0.04%	17,898	0.04%	35,796	0.05%	0.05%	35,796	0.05%	0.05%
Associates	9,048,267	17.99%	9,780,267	19.44%	18,060,397	23.31%	23.20%	19,524,397	25.20%	25.08%
SUB-TOTAL VENELLE	**9,066,165**	**18.02%**	**9,798,165**	**19.48%**	**18,096,193**	**23.36%**	**23.25%**	**19,560,193**	**25.25%**	**25.13%**
GÉNÉRACTION [(a)]	430	0.00%	430	0.00%	430	0.00%	0.00%	430	0.00%	0.00%
Members	5,455,726	10.84%	5,489,340	10.91%	10,255,943	13.24%	13.18%	10,323,171	13.32%	13.26%
SUB-TOTAL GENERACTION	**5,456,156**	**10.85%**	**5,489,770**	**10.91%**	**10,256,373**	**13.24%**	**13.18%**	**10,323,601**	**13.32%**	**13.26%**
SUB TOTAL OTHER CONCERTED VOTING BLOCK [b)]	**861,427**	**1.71%**	**881,629**	**1.75%**	**1,533,327**	**1.98%**	**1.97%**	**1,573,731**	**2.03%**	**2.02%**
CONCERTED VOTING BLOCK	**15,383,748**	**30.58%**	**16,169,564**	**32.14%**	**29,885,893**	**38.57%**	**38.39%**	**31,457,525**	**40.60%**	**40.41%**
FÉDÉRACTIVE	4,133,387	8.22%	3	0.00%	8,244,697	10.64%	10.59%	6	0.00%	0.00%
Associates	636,638	1.27%	4,716,206	9.37%	1,242,030	1.60%	1.60%	9,379,089	12.11%	12.05%
SUB-TOTAL FÉDÉRACTIVE	**4,770,025**	**9.48%**	**4,716,209**	**9.37%**	**9,486,727**	**12.24%**	**12.19%**	**9,379,095**	**12.11%**	**12.05%**
OTHER SHAREHOLDERS										
FSP	2,633,876	5.24%	2,633,876	5.24%	5,267,752	6.80%	6.77%	5,267,752	6.80%	6.77%
FFP Invest	2,521,522	5.01%	2,521,522	5.01%	5,043,044	6.51%	6.48%	5,043,044	6.51%	6.48%
Employees	1,445,093	2.87%	1,445,093	2.87%	2,219,524	2.86%	2.85%	2,219,524	2.86%	2.85%
Investors	20,358,435	40.47%	19,626,435	39.01%	21,728,750	28.05%	27.91%	20,264,750	26.16%	26.03%
Individuals	2,831,922	5.63%	2,831,922	5.63%	3,846,198	4.96%	4.94%	3,846,198	4.96%	4.94%
Treasury shares	362,443	0.72%	362,443	0.72%	362,443		0.47%	362,443		0.47%
TOTAL	**50,307,064**		**50,307,064**			**77,477,888**	**77,840,331**		**77,477,888**	**77,840,331**

(a) *GÉNÉRACTION is a shareholders' association under Swiss law that includes a number of SEB shareholders who are members of the Founding Group.*
(b) *The OTHER CONCERTED VOTING BLOCK category includes individual shareholders who are members of the Founding Group and are not affiliated with one of the three groups listed in this table.*

As a reminder, voting rights attached to stripped shares belong to the bare holder for decisions covered by the Extraordinary General Meeting ("EGM") and to the usufruct holder for those covered by the Ordinary General Meeting ("OGM").

Registered nominal shares held by the same person for at least five years give entitlement to double voting rights.

Apart from double voting rights, all shareholders have the same voting rights attached to their shares.

The total number of "effective" voting rights or voting rights that are "exercisable at the Annual General Meeting" total 77,477,888, not including non-voting shares, i.e. those held by SEB S.A. at 31 December 2019.

The total number of "theoretical" voting rights is 77,840,331 as of 31 December 2019. This number includes, under the terms of Article 223-11 of the AMF's General regulations, all shares with voting rights attached, as well as non-voting shares.

The term "Shareholders from Founder Group", used in the table above, refers to a group of natural persons who are either direct descendants of the LESCURE family or related to the family through marriage, and any legal entities that they control.

Some individuals who are partners of FÉDÉRACTIVE have temporarily granted the usufruct of their shares to the controlling holding company FÉDÉRACTIVE, which represents the equity interests of some members of the Founding Family.

Some individuals who are partners of FÉDÉRACTIVE or VENELLE INVESTISSEMENT have granted the usufruct of their shares to foundations. These shares are included under "Investors" at the OGM and under FÉDÉRACTIVE" Associates" or VENELLE" Associates" at the EGM.

LEGAL SHAREHOLDER THRESHOLD CROSSINGS

In a letter received on 11 December 2019, followed by a letter received on 17 December, Invesco Ltd. (Invesco Headquarters, Two Peachtree Pointe 1555 Peachtree, Suite 1800 Atlanta, Georgia, United States), acting on behalf of the funds it's managing, declared that it:

- rose above SEB S.A.'s 5% share capital threshold on 24 May 2019 by Invesco Ltd. acquiring OppenheimerFunds Inc. The company currently holds (on behalf of these funds) 2,856,925 SEB S.A. shares, representing as many voting rights, or 5.69% of the share capital and 3.70% of the company's voting rights;
- fell under SEB S.A.'s 5% share capital threshold on 10 October 2019 by selling SEB S.A. shares on the market, and held 2,477,452 SEB S.A. shares on behalf of these funds on this date, representing as many voting rights, or 4.92% of the share capital and 3.20% of the company's voting rights;
- rose above SEB S.A.'s 5% share capital threshold on 31 October 2019 by purchasing SEB S.A. shares on the market. The company currently holds (on behalf of these funds) 2,522,695 SEB S.A. shares, representing as many voting rights, or 5.01% of the share capital and 3.26% of the company's voting rights.

On 16 December 2019, Invesco Ltd. specified that they held 2,574,318 SEB S.A. shares on behalf of said funds, representing as many voting rights, or 5.12% of the share capital and 3.32% of the voting rights of the company.

Not including the shareholders mentioned in the tables and paragraph above, and to the best of the company's knowledge, there are no other shareholders that directly or indirectly hold more than 5% of the share capital or voting rights at 31 December 2019.

SHAREHOLDER AGREEMENTS – CONCERTED VOTING BLOCKS

On 27 February 2019, VENELLE INVESTISSEMENT, the associates of VENELLE INVESTISSEMENT, GÉNÉRACTION, the members of GÉNÉRACTION and the HPP holding company entered into a new shareholders' agreement (the "Agreement") in the presence of SEB, which replaced the various shareholder agreements previously signed (notably the Agreement of 19 November 2016) for the parties involved.

On this occasion, the family holding company VENELLE INVESTISSEMENT, GÉNÉRACTION, and their associates and members, confirmed their intention to implement a long-term management policy for Groupe SEB in writing to the AMF (French Financial Markets Authority) in order to ensure the longevity of their control, thus maintaining the concerted voting block formed by the members of the Founder Group in May 1989.

The Shareholders' Agreement, which has an initial term of four years and whose scope has been broadened compared to previous Agreements, aims to stabilize the SEB share capital by strengthening the ties between its signatories (more than 260 people, including the seventh generation of the Founder Group) and to ensure the long-term control of family shareholders over the Groupe SEB, in particular through a right of first offer and full tag-along rights.

The Agreement also aims to preserve the assets and interests of its signatories, strengthens the consultation process of its signatories, as well as improve the monitoring of their shareholdings through a timely and effective procedure.

The main provisions of the Shareholders' Agreement were notified to the AMF, which published a summary thereof, in accordance with applicable regulations.

Some of the Founder Group's shareholders who are signatories to the Agreement are also planning to create a core SEB shareholding and to embark together on a program to diversify their assets.

FÉDÉRACTIVE, its associates and members, who are not parties to the Agreement, have decided to discontinue participation in the aforementioned concerted voting block. However, FÉDÉRACTIVE, its associates and members, who terminated the FÉDÉRACTIVE shareholders' agreement entered into on 9 July 2008, have stated that they are continuing their concerted voting block together by maintaining their commitment to implement a common long-term management policy for SEB.

Following the agreement signed on 27 February 2019, shareholders from the Founder Group now comprise i) a voting block of VENELLE INVESTISSEMENT and its partners, GENERACTION and its members and other family shareholders and ii) a voting block of FÉDÉRACTIVE, its partners and members.

NUMBER OF REGISTERED SHAREHOLDERS AND BEARER SHAREHOLDERS

At 31 December 2019, 6,975 shareholders owned registered SEB shares and 22,276 shareholders held SEB bearer shares (request for information about the identity of bearer shareholders dated 31 December 2019).

PURE REGISTERED SEB S.A. SHARES USED AS COLLATERAL AT 31 DECEMBER 2019

During the year, 27 individual shareholders used pure registered SEB shares as collateral for loans for the benefit of their financial intermediaries. This concerned a total of 592,521 shares, or 1.18% of the share capital.

COLLECTIVE COMMITMENTS TO HOLD SHARES

COLLECTIVE COMMITMENTS TO HOLD SHARES

Agreements in force during 2019	2013	2014		2016		
	Dutreil	Dutreil	Jacob	Dutreil	Jacob	Jacob
Regime	Art 885 I bis of the French General Tax Code	Art 885 I bis of the French General Tax Code	Art 787 B of the French General Tax Code	Art 885 I bis of the French General Tax Code	Art 787 B of the French General Tax Code	Art 787 B of the French General Tax Code
Date of signing	12/12/2013	03/12/2014	03/12/2014	01/12/2016	01/12/2016	01/12/2016
Term of collective commitment	6 years	5 years	5 years	6 years	4 years	6 years
Expiry date of commitment	12/12/2019	03/12/2019	03/12/2019	01/12/2022	01/12/2020	01/12/2022
Renewal terms	1 year by tacit renewal	1 year by tacit renewal	None	1 year by tacit renewal	None	None
Shares pledged upon signing the agreement, as a percentage of the share capital	22.78	27.34	27.34	26.48	26.48	26.48
Shares pledged upon signing the agreement, as a percentage of the voting rights	29.06	36.15	36.15	36.43	36.43	36.43
Names of signatory executive officers	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise
Names of signatories holding at least 5% of the share capital and/or voting rights	FSP	FSP	FSP	-	-	-

Shareholders who signed the agreement decided not to renew the 2013 and 2014 agreements. They expired on 12/12/2019 and 03/12/2019 respectively.

7

CHANGES IN THE BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PREVIOUS YEARS

	Share Capital				Voting Rights					
	AGO		AGE		AGO			AGE		
31/12/2018	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,073,872	18.09%	9,805,872	19.55%	18,099,076	23.56%	23.39%	19,563,076	25.47%	25.28%
SUB-TOTAL VENELLE	**9,091,774**	**18.12%**	**9,823,774**	**19.58%**	**18,134,880**	**23.61%**	**23.44%**	**19,598,880**	**25.52%**	**25.33%**
SUB-TOTAL GÉNÉRACTION (a)	**5,477,628**	**10.92%**	**5,511,242**	**10.99%**	**9,982,522**	**13.00%**	**12.90%**	**10,049,750**	**13.08%**	**12.99%**
FÉDÉRACTIVE	4,257,996	8.49%	3	0.00%	8,514,253	11.09%	11.00%	6	0.00%	0.00%
Associates	477,608	0.95%	4,716,785	9.40%	923,468	1.20%	1.19%	9,400,083	12.24%	12.15%
SUB-TOTAL FÉDÉRACTIVE	**4,735,604**	**9.44%**	**4,716,788**	**9.40%**	**9,437,721**	**12.29%**	**12.20%**	**9,400,089**	**12.24%**	**12.15%**
SUB-TOTAL OTHER (b)	**813,321**	**1.62%**	**853,523**	**1.70%**	**1,334,443**	**1.74%**	**1.72%**	**1,414,847**	**1.84%**	**1.83%**
FOUNDER GROUP	**20,118,327**	**40.10%**	**20,905,327**	**41.67%**	**38,889,566**	**50.63%**	**50.26%**	**40,463,566**	**52.68%**	**52.29%**
FSP	2,633,876	5.25%	2,633,876	5.25%	5,267,752	6.86%	6.81%	5267752	6.86%	6.81%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.57%	6.52%	5043044	6.57%	6.52%
Employees	1,375,777	2.74%	1,376,911	2.74%	2,245,651	2.92%	2.90%	2247919	2.93%	2.90%
French investors	6,673,438	13.30%	5,886,503	11.73%	7,663,629	9.98%	9.90%	6,089,759	7.93%	7.87%
Foreign shareholders	13,824,066	27.55%	13,824,173	27.56%	14,347,441	18.68%	18.54%	14,347,656	18.68%	18.54%
Individual shareholders	2,446,156	4.88%	2,444,849	4.87%	3,350,281	4.36%	4.33%	3347668	4.36%	4.33%
Treasury shares	575,888	1.15%	575,888	1.15%	575,888		0.74%	575,888		0.74%
TOTAL	**50,169,049**		**50,169,049**			**76,807,364**	**77,383,252**		**76,807,364**	**77,383,252**

(a) GÉNÉRACTION is a shareholders' association under Swiss law that includes a number of SEB shareholders who are members of the Founding Group.
(b) The OTHER category includes individual shareholders who are members of the Founder Group and are not affiliated to one of the three groups listed in this table.

	Share Capital				Voting Rights					
	AGO		AGE		AGO			AGE		
31/12/2017	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,088,086	18.11%	9,820,086	19.57%	18,084,442	24.51%	24.34%	19,548,442	26.50%	26.31%
SUB-TOTAL VENELLE	**9,105,988**	**18.15%**	**9,837,988**	**19.61%**	**18,120,246**	**24.56%**	**24.38%**	**19,584,246**	**26.54%**	**26.35%**
FÉDÉRACTIVE	4,284,033	8.54%	3	0.00%	8,503,392	11.53%	11.44%	6	0.00%	0.00%
Associates	6,289,241	12.54%	10,628,271	21.18%	11,135,970	15.09%	14.99%	19,749,356	26.77%	26.58%
SUB-TOTAL FÉDÉRACTIVE	**10,573,274**	**21.08%**	**10,628,274**	**21.18%**	**19,639,362**	**26.62%**	**26.43%**	**19,749,362**	**26.77%**	**26.58%**
FOUNDER GROUP	**19,679,262**	**39.23%**	**20,466,262**	**40.79%**	**37,759,608**	**51.18%**	**50.81%**	**39,333,608**	**53.31%**	**52.93%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.57%	3.54%	2,633,876	3.57%	3.54%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.84%	6.79%	5,043,044	6.84%	6.79%
Employees	1,884,105	3.76%	1,884,105	3.76%	2,988,359	4.05%	4.02%	2,988,359	4.05%	4.02%
French investors	5,973,687	11.91%	5,186,752	10.34%	7,051,155	9.56%	9.49%	5,477,220	7.42%	7.37%
Foreign shareholders	14,645,072	29.19%	14,646,002	29.19%	15,103,528	20.47%	20.32%	15,105,387	20.47%	20.33%
Individual shareholders	2,296,819	4.58%	2,295,825	4.58%	3,198,526	4.34%	4.30%	3,196,602	4.33%	4.30%
Treasury shares	534,706	1.07%	534,706	1.07%	534,706		0.72%			0.72%
TOTAL	**50,169,049**		**50,169,049**			**73,778,096**	**74,312,802**		**73,778,096**	**74,312,802**

CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Year	Nature of the capital increase	Changes in number of shares	Par value *(in €)*	Issue premium *(in €)*	Subsequent capital amounts *(in €)*
2015	No change to share capital				50,169,049
2016	No change to share capital				50,169,049
2017	No change to share capital				50,169,049
2018	No change to share capital				50,169,049
2019	Employee share purchase plan	138,015	138,015	15 565 495	50,307,064

POTENTIAL SHARE CAPITAL AT 31 DECEMBER 2019

On 17 November 2016, as part of the financing of the WMF acquisition, the company issued €150 million in ORNAE bonds (bonds with optional reimbursement in cash and/or existing shares). In accordance with the provisions of the issue contract, were the conversion price to be hit, the only equity securities to be provided to holders of these ORNAE would be existing company shares. The conversion would thus not be dilutive for shareholders.

CHANGES IN THE SHARE CAPITAL AND VOTING RIGHTS BREAKDOWN OVER THE LAST THREE YEARS

In 2017:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended and was not renewed.

In 2018:

- in July, the voting rights attached to the shares held by FSP, amounting to 5.25% of the share capital, were doubled after being held in registered form for five years, which had a slight dilutive effect on the other shareholders' voting rights;
- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended and was not renewed;
- other changes in the share capital breakdown in 2019: See paragraph: "Shareholder agreements – concerted voting blocks".

In 2019:

- in July, SEB S.A. carried out a capital increase for 138,015 shares as part of an employee share purchase plan (Horizon 2019), which slightly diluted other shareholders' shares;
- during the year, Invesco Ltd., acting on behalf of funds they were managing, declared they had rose above or fell under the legal 5% share capital threshold. On 16 December 2019, Invesco Ltd. declared it held 2,574,318 SEB S.A. shares on behalf of the funds they managed, representing as many voting rights, or 5.12% of the share capital and 3.32% of the company's voting rights;
- in December, 314,000 voting rights attached to shares held by FCL Investissements were doubled after being held for five years in registered form. This strengthened the voting rights of GENERACTION, which the holding company is connected to;
- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended and was not renewed.

7.3. Financial authorizations

EXISTING AUTHORIZATIONS IN RELATION TO THE SHARE CAPITAL AND SHARE EQUIVALENTS

Type of operation	Resolution no.	Authorization date	End of authorization	Maximum authorized	Used at 31/12/2019
Treasury share purchases in 2019 for no more than €210 per share	15	22/05/2019	22/07/2020	5,030,706 shares €1,053,550,029	0 (buyback agreement) 280 477 shares (liquidity agreement)
Cancellation of treasury shares	16	22/02/2019	22/07/2020	5,030,706 shares	
Issuing of all shares or share equivalents with pre-emptive subscription rights [(a)]	17	22/02/2019	22/07/2020	Shares: 5 million aggregate par value Debt securities: €500 million	
Issuing of all shares or share equivalents without pre-emptive subscription rights [(a)]	18	22/02/2019	22/07/2020	Shares: 5 million aggregate par value Debt securities: €500 million	
[(a)] Blanket ceiling of two authorizations to issue shares or share equivalents	20	22/02/2019	22/07/2020	€10 million aggregate par value	
Capital increase by capitalization of reserves, profit or premiums or additional paid-in capital	21	22/02/2019	22/07/2020	€10 million aggregate par value	
Authorization to award performance shares to Group executive officers and employees	22	22/02/2019	22/07/2020	0.465% of the share capital 234,000 shares	226,700 shares
Share capital increase restricted to members of a Company or Group Savings Scheme	23	22/05/2019	22/07/2020	Par value of €501,690	138,015 shares with a par value of €138,015

AUTHORIZATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

The Annual General Meeting of 22 May 2019 authorized the Board of Directors to trade in the company's shares.

Under the authorizations granted to the Board of Directors at the 2018 and 2019 Annual General Meetings and pursuant to Article 225-209 of the French Commercial Code, the company:

- sold 42,591 shares upon exercise of stock options at an average price of €54.12;
- permanently vested 163,385 performance shares under the 2016 plan;
- used 9,327 shares as matching payment in the capital increase reserved for employees.

Moreover, in the course of performing the liquidity agreement, the company:

- acquired 280,577 shares at an average price of €144.43;
- sold 278,719 shares at an average price of €144.01.

Total transaction costs under the liquidity agreement amounted to €33,420 incl. tax (including the annual fee for the liquidity agreement, commissions and the Tax on Financial Transactions).

In addition, an amendment to the liquidity agreement was signed on 20 December 2019 with Natixis ODDO BHF in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, with Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) No 596/2014 and AMF ruling no. 2018-01 dated 2 July 2018 establishing liquidity agreements on equity instruments as an accepted market practice.

At 31 December 2019, the company held 362,443 treasury shares with a par value of €1, and a gross value of €47,987,453.20. These treasury shares represented 0.72% of the company's share capital, of which 342,783 under the buyback agreement and 19,660 under the liquidity agreement.

With the current authorization expiring in July 2020, the company will ask the Annual General Meeting of 19 May 2020 to grant a new authorization to allow the company to buy back treasury shares (Resolution 13) for a period of 14 months at a maximum purchase price of €210 per share excluding trading fees.

The authorization would cover a maximum of 10% of the share capital. The company could buy back its own shares with a view to:

- maintaining a liquid market for the company's shares through an investment service provider acting on a fully independent basis;
- allocating them to employees and executive officers;
- canceling them to increase return on equity and earnings per share or to offset the dilutive impact of any capital increases on existing shareholders;
- delivering or exchanging shares in connection with any future external growth transactions;
- allocating shares on the exercising of rights attached to securities.

In accordance with the law, these shares have been stripped of their voting rights.

7.4. Employee shareholding

STAFF MUTUAL INVESTMENT FUND AND DIRECT EMPLOYEE SHAREHOLDING

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, the management report mentioned in paragraph 2 that the Board of Directors presents to the Annual General Meeting is an annual summary of how the employee profit-sharing plan is performing as of the last day of the year and it shows what percentage of share capital belongs to employees of the company and to employees of related parties within the meaning of Article L. 225-180.

At 31 December 2019, employees held 1,053,319 shares, 805,008 of which were owned via an employee mutual investment fund and 248,311 were directly owned, representing 2.09% of the share capital and 2.29% of the voting rights.

With the addition of SEB shares held by employees outside the savings scheme, employees held a total of 2.87% of the share capital and 2.85% of the voting rights.

STATUTORY AND DISCRETIONARY EMPLOYEE PROFIT-SHARING

To attract and retain competent and motivated employees at all levels, Groupe SEB has always combined its dynamic remuneration and career management policies with an active policy of long-term employee shareholding and staff participation in profits, through:

- an exceptional Group profit-sharing agreement, which involves all employees of the French companies in shareholding and profit-sharing with significantly more attractive terms than legally required. Depending on the year, the exceptional share is between 0.5 and 2 times the legal amount of profit-sharing;
- a Group profit-sharing agreement, based on a statutory plan, but which is discretionary. This Group-level agreement allows a fair distribution of the sums from the bonus plan between the employees of the various French companies, regardless of their business sector and performance.

In 2019, charges recognized for profit-sharing and bonus plans amounted to €35.6 million.

Over the past five years, the sums assigned were as follows:

(in € millions)	2015	2016	2017	2018	2019
Sum allocated	31.4	36.7	37.6	33.6	35.6
Of which employer's social tax contribution	5.2	6.1	6.3	5.6	5.9

STOCK OPTION AND PERFORMANCE SHARE ALLOCATION POLICY

Groupe SEB operates two types of stock option or performance shares plans:

- periodically, an allocation of stock options to members of management, extended to the Group's various entities, according to their individual responsibilities, performance and potential;
- occasionally, a broader allocation aimed at rallying employees around a specific project.

Furthermore, all recipients of stock options and/or performance shares receive an internal directive put out each year for the following annual reporting period, defining the blackout periods in accordance with the recommendations of the AMF in terms of the company's accounting calendar, and particularly the announcement of earnings. The Stock Market Ethics Charter memo also reminds its recipients of the rules regarding the use of information deemed privileged by stock market regulations.

CHARACTERISTICS OF THE PERFORMANCE SHARES AWARDED

The Group started issuing performance shares in 2009.

The shares are awarded to recipients following a three-year vesting period, subject to performance and continued employment requirements. Beneficiaries of the 2015 and 2016 programs must hold the shares for an additional two years. Starting from the 2017 plan, the additional lock-up period has been lifted.

The performance-based criteria are related to the achievement of targets for Revenue and Operating Result from Activity over the vesting period.

CHARACTERISTICS OF STOCK OPTIONS AWARDED

The Group awarded stock options until 2012.

The exercise price is equal to the average of the last 20 stock market prices preceding the date of award by the Board. No discount is proposed on this average price.

The stock options last for eight years. They can only be exercised four years from their award date.

The stock options awarded to the Chief Executive Officer and to the other members of the Executive Committee are subject to performance-based criteria related to targets for Revenue and Operating Result from Activity. Some of these criteria are yearly, while others pertain to a four-year period.

HISTORY OF STOCK OPTION AWARDS FOR SHARE PURCHASE

At 31 December 2019	Purchase plan
Date of Meeting	10/05/2012
Number of options authorized by the General Meeting	415,000
Duration of the authorization	14 months
Date of Board of Directors' Meeting	15/06/2012
Number of options granted	408,925
of which to the Management Committee	175,500
of which to executive officers	54,000
of which to employee recipients of the largest number of options	49,400
Number of initial recipients	186
Stock option exercise start date	15/06/2016
Expiration date	15/06/2020
PURCHASE PRICE *(in €)*	**54.12**
Average of last 20 prices prior to Board Meeting *(in €)*	54.11
Number of options exercised	359,287
Number of options canceled	17,621
BALANCE OF STOCK OPTIONS NOT YET EXERCISED	**32,017**

PERFORMANCE SHARES AWARDED TO STAFF

At 31 December 2019

Date of Meeting	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Number of shares authorized by the General Meeting	171,075	196,000	196,000	234,000
Duration of the authorization	14 months	14 months	14 months	14 months
Date of Board of Directors' Meeting	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Number of shares granted:	168,605	193,450	185,330	226,700
of which to executive officers	27,000	27,000	27,000	29,000
of which to the Management Committee/Group Executive Committee (excluding executive officers)	47,250	47,250	38,750	48,500
of which 10 largest amounts awarded to employees (excluding executive officers/ Executive Committee/Management Committee)	16,200	22,650	19,450	16,700
Number of initial recipients:	199	245	249	473
of which to executive officers	2	2	2	2
of which to the Management Committee/Group Executive Committee (excluding executive officers)	7	7	6	10
of which 10 largest amounts awarded to employees (excluding executive officers/ Executive Committee/Management Committee)	10	11	10	10
Award date	19/05/2016	11/05/2017	16/05/2018	22/05/2019
Vesting date	19/05/2019	11/05/2020	16/05/2021	22/05/2022
Expiry of lock-up period	19/05/2021	11/05/2020	16/05/2021	22/05/2022
Number of shares canceled	5,220	7020	5,930	0
Number of shares vested	163,385	0	0	0
BALANCE OF SHARES YET TO BE VESTED	**0**	**186,430**	**179,400**	**226,700**

Stock options granted in 2019

OPTIONS GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of options allocated	Weighted average price	Plan in question
Not applicable	N/A	N/A

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY THE TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS AND WHO EXERCISED THE MOST OPTIONS

Date of the plan	15/06/2012
Type of stock options	Purchase
Price of option	€54.12
Quantity of options exercised	31,570

Performance shares granted in 2019

PERFORMANCE SHARES GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of shares granted	53,000

Performance shares vested in 2019

PERFORMANCE SHARES VESTED BY THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER VESTED IS THE HIGHEST

Date of the plan	19/05/2016
Quantity	60,650

7.5. Stock market and dividend information

STOCK MARKET

The company's shares are listed on Paris Euronext, compartment A, under ISIN Code FR0000121709. They are included in the Euronext 3722 Durable Household Products index.

STOCK MARKET INFORMATION OVER THREE YEARS

	2019	2018	2017
Stock market capitalization at 31 December *(in € m)*	6,661	5,659	7,749
Highest price mid-session	€166.80	€175.90	€169.900
Lowest price mid-session	€107.00	€105.60	€115.700
Closing price on the last trading day	€132.40	€112.80	€154.450
Average of the last 30 prices for the year	€136.94	€116.92	€154.185
Average of the closing prices for the year	€144.13	€149.66	€145.896
Average daily trading volume (number of shares)	53,796	56,108	53,452

TRANSACTIONS IN 2019 ON NYSE EURONEXT

	Highest price mid-session *(in €)*	Lowest price mid-session *(in €)*	Number of shares traded	Capital traded *(in € thousands)*
			Daily averages	
2019	**166.8**	**107.0**	**53,796**	**7,748**
January	140.6	107	56,660	7,109
February	151.4	132.2	49,013	6,795
March	154.4	140.5	50,128	7,480
April	165.8	151.9	65,856	10,609
May	164.5	144.1	48,878	7,556
June	159.2	144.5	45,591	6,982
July	166.8	144.1	52,508	8,246
August	145.3	130.5	65,451	8,988
September	149.9	135.4	56,461	8,034
October	141.3	130.2	51,018	6,911
November	143.5	136	48,776	6,792
December	143.5	132.4	55,164	7,529

DIVIDENDS – DIVIDEND SUPPLEMENT

It is SEB S.A.'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 2020 to long-term shareholders in respect of shares registered in the same shareholder's name since at least 31 December 2017 and still held on the ex-dividend date of 22 May 2020. No single shareholder will be entitled to the dividend supplement on any shares in excess of 0.5% of the company's share capital.

The term of dividend limitation is five years, as from the payment date. After this time, unclaimed dividends are paid over to the State.

Payment years	Number of remunerated shares	Ordinary dividend per share *(in €)*
2015 for the 2014 financial year		
Dividend	49,237,120	1.44
Dividend supplement	18,902,996	0.144
2016 for the 2015 financial year		
Dividend	49,283,700	1.54
Dividend supplement	19,067,423	0.154
2017 for the 2016 financial year		
Dividend	49,619,442	1.72
Dividend supplement	18,816,050	0.172
2018 for the 2017 financial year		
Dividend	49,838,609	2.00
Dividend supplement	18,636,560	0.200
2019 for the 2018 financial year		
Dividend	49,791 592	2.14
Dividend supplement	19,028 534	0.214

Based on the 2019 results, a net dividend of €1.43 per share will be proposed at the Annual General Meeting of 19 May 2020.

The ex-dividend date will be 22 May 2020 and the dividend will be paid on 26 May 2020.

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8 Annual General Meeting

8.1. Agenda for the Combined Annual General Meeting of 19 May 2020

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY ANNUAL GENERAL MEETING

1. Approval of the separate financial statements for the year ended 31 December 2019.
2. Approval of the consolidated financial statements for the year ended 31 December 2019.
3. Allocation of the result for the year ended 31 December 2019 and setting of the dividend.
4. Reappointment of Thierry de La Tour d'Artaise as a director.
5. Reappointment of FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP) as a director.
6. Reappointment of VENELLE INVESTISSEMENT as a director.
7. Reappointment of Jérôme Lescure as a director.
8. Approval of the renewal of commitments entered into between the company and the Chairman and CEO as a result of their reappointment in accordance with resolution 4.
9. Approval of the remuneration policy for all executive officers.
10. Approval of all components of remuneration referred to in Article L. 225-37-3 of the French Commercial Code concerning all executive officers for the 2019 financial year.
11. Approval of fixed, variable and exceptional components of the total remuneration and benefits of all kinds, paid or allocated for the 2019 financial year to the Chairman and CEO.
12. Approval of fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the 2019 financial year to the Chief Operating Officer.
13. Authorization to be granted to the Board of Directors for the company to buy back its own shares.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY ANNUAL GENERAL MEETING

14. Authorization to be granted to the Board of Directors enabling the company to cancel its own shares.
15. Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or share equivalents and/or debt securities, with pre-emption rights.
16. Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights in the course of a public offering.
17. Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights as part of an offering governed by Article L. 411-2 of the French Monetary and Financial Code.
18. Blanket ceiling on financial authorizations.
19. Delegation of authority to be granted to the Board of Directors to increase the share capital by capitalizing retained earnings, profit, premiums or other items that may be capitalized.
20. Authorization to be granted to the Board of Directors to grant performance shares.
21. Authorization to be granted to the Board of Directors to carry out share capital increases restricted to members of a Company or Group Savings Scheme and/or sales of reserved shares with waiving of pre-emption rights.
22. Amendment of Article 46 of the bylaws: increase of 10%, in the event of the distribution of free shares, for shares registered in a registered account for at least two years.
23. Compliance with the law of Article 16 of the bylaws concerning the calculation of gender balance within the Board of Directors.
24. Compliance with the law of Article 16 of the bylaws concerning the appointment of directors representing employee shareholders.
25. Compliance with the law of Article 24 of the bylaws relating to the remuneration of directors.
26. Compliance with the law of Articles 33, 39 and 41 of the bylaws on remote voting, the quorum and majority of Ordinary and Extraordinary Annual General Meetings.
27. Powers to carry out formalities.

8.2. Draft resolutions and Board of Directors' report to the Combined Annual General Meeting of 19 May 2020

This Chapter presents the Board of Directors' report on the draft resolutions as well as the full text of the resolutions, finalized by the Board of Directors in its April 8, 2020 meeting, that will be submitted to the Combined Annual General Meeting of SEB S.A. to be held on 19 May 2020, behind closed doors, without the physical presence of shareholders.

The company invites its shareholders to regularly consult the company's website "http://www.groupeseb.com/fr" to keep up to date of the latest news and definitive procedures relating to the 2020 Combined General Meeting of SEB S.A.

The agenda and the draft text of the resolutions of the Combined General Meeting of SEB S.A. of May 19, 2020, as published in the notice of meeting published in the Bulletin des Annonces Légales Obligatoires on Wednesday, March 25, 2020, had been taken by decision of the Board of Directors on February 25, 2020. Given the current context related to COVID-19, as mentioned in the notice of meeting, the company's Board of Directors, in its meeting on Wednesday April 8, 2020 has decided to hold the Combined General Meeting of May 19, 2020, behind closed doors, without the physical presence of shareholders. In addition, the Board of Directors has also decided to amend resolution N°. 3 on the allocation of the profit for the year ended on December 31, 2019 and the fixation of the dividend and to proceed with the deletion of the resolution relating to the increase in the overall compensation allocated to members of the Board of Directors (former resolution N°. 8 of the published meeting notice). For the sake of solidarity and responsibility towards all stakeholders, and to preserve the Group's resources, the Board of Directors decided in its April 8, 2020 meeting to reduce by a third versus dividend paid in 2019 the amount of the dividend to be paid to shareholders in 2020 in respect of fiscal year 2019. In addition, corporate executive officers will reduce their compensation paid in 2020 according to the recommendation issued by AFEP* on March 29, 2020 (25% reduction, pro rata to the duration of applied short-time working measures) and the Board of directors decided to reduce directors fees to be paid in 2020 in the same proportion.

The agenda and the draft text of the resolutions, finalized by by the Board of Directors in its April 8, 2020 meeting, that will be submitted to the SEB S.A. Combined General Meeting of May 19, 2020 are set out below.

ORDINARY RESOLUTIONS

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED), ALLOCATION OF THE RESULT FOR 2019 AND SETTING OF THE DIVIDEND

Board of Directors' report

By voting on resolutions **1** and **2**, the Board of Directors invites the shareholders to approve:

- the separate financial statements for the financial year ended 31 December 2019, which show a net profit of €130,402,297, compared with €99,556,997 for 2018;
- the consolidated financial statements for the financial year ended 31 December 2019, which show a net profit attributable to owners of the parent of €379,716,101, compared with €419,047,985 for 2018.

Details of these financial statements appear in the 2019 Annual Financial Report, the main elements of which are contained in the meeting notice relating to the Annual General Meeting of 19 May 2020.

The aim of resolution **3** is to invite the shareholders to allocate the net result for 2019 and to set the dividend amount as follows:

- a net ordinary dividend of €1.43 per share having a nominal value of €1, an a decrease of 33.33% compared with the dividend for the 2018 financial year;
- a supplementary dividend of 10% or €0.143 per share having a nominal value of €1.

The supplementary dividend will be paid on shares registered prior to 31 December 2017 and continuing to be registered in the name of the same holder until the ex-dividend date of 22 May 2020. These shares represent 68.33% of the outstanding total. No single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the company's share capital.

The ex-dividend date will be 22 May 2020. The dividend will be paid as from 26 May 2020.

The dividend and the supplementary dividend qualify for the exemption referred to in Article 158-3.2 of the French General Tax Code.

* *AFEP : Association Française des Entreprises Privées.*

Resolution 1: Approval of the separate financial statements for the year ended 31 December 2019

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors and of the statutory auditors on the company's operations and results for the financial year ended 31 December 2019, approves the financial statements as presented, which show net profit of €130,402,297.

Resolution 2: Approval of the consolidated financial statements for the year ended 31 December 2019

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2019, which show net profit attributable to owners of the parent of €379,716,101.

Resolution 3: Allocation of the result for the year ended 31 December 2019 and setting of the dividend

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, on the proposal of the Board of Directors, resolves to appropriate the net profit for the 2019 financial year of €130,402,297 as follows:

Net profit	€130,402,297
Retained earnings brought forward from prior year	€929,343,381
Dividends on treasury shares credited to retained earnings	€218,916
Profit available for distribution	€1,059,964,593
Dividend	€71,720,186
Dividend supplement	€3,104,023
Retained earnings	€985,140,384

The amount distributed to shareholders represents a dividend of €1.43 per share having a nominal value of €1.

The ex-dividend date will be 22 May 2020 and the dividend will be paid as from 26 May 2020.

Furthermore, as provided for in Article 46 of the Company's bylaws, a supplementary dividend of 10% of the dividend, amounting to €0.143 per share having a nominal value of €1, will be paid on shares registered in the name of the same holder throughout the period between 31 December 2017 and the ex-dividend date, 22 May 2020.

However, no single shareholder will be entitled to the dividend supplement on any shares in excess of 0.5% of the company's capital.

The dividends distributed will qualify for the 40% exemption for natural persons who are tax residents of France, as per Article 158.3-2° of the French General Tax Code.

The Annual General Meeting acknowledges that dividends distributed for the last three years were as follows:

Financial year	Dividend per share	Premium per share	Dividend qualifying for 40% exemption		Dividend not qualifying for 40% exemption
			Dividend	Premium	
2016	1.72	0.172	1.72	0.172	-
2017	2.00	0.200	2.00	0.200	-
2018	2.14	0.214	2.14	0.214	-

RESOLUTIONS 4 TO 7: REAPPOINTMENT OF DIRECTORS

Board of Directors' report

We hereby inform you that your Board of Directors has taken note that the terms of office of four directors expire at the end of your Annual General Meeting.

The Board of Directors, on the recommendation of the Governance and Remuneration Committee, has resolved to submit for your approval the reappointment of Thierry de La Tour d'Artaise **(resolution 4)**, FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP) **(resolution 5)**, VENELLE INVESTISSEMENT **(resolution 6)** and Jérôme Lescure **(resolution 7)**.

Please note that information on directors whose reappointment is proposed can be found in Chapter 2 "Corporate Governance" of the 2019 Universal Registration Document.

The Board, through these reappointment proposals, intends to pursue the expansion policy that the company has developed in recent years, while preserving the factors of balance, diversity and complementarity in the profiles that comprise it.

At its meeting of 17 December 2019, your Board of Directors considered that Thierry de La Tour d'Artaise, Fonds Stratégique de Participations (FSP), VENELLE INVESTISSEMENT and Jérôme Lescure were able to take on the tasks incumbent upon all directors and to make an effective contribution to the work of the Board of Directors.

Resolution 4: Reappointment of Thierry de La Tour d'Artaise as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, reappoints Thierry de La Tour d'Artaise as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the financial year ended 31 December 2023.

Resolution 5: Reappointment of FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP) as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, reappoints Fonds Stratégique de Participations (FSP) as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the financial year ended 31 December 2023.

Resolution 6: Reappointment of VENELLE INVESTISSEMENT as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, reappoints VENELLE INVESTISSEMENT as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the financial year ended 31 December 2023.

Resolution 7: Reappointment of Jérôme Lescure as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, reappoints Jérôme Lescure as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the financial year ended 31 December 2023.

RESOLUTION8: APPROVAL OF THE RENEWAL OF COMMITMENTS ENTERED INTO BETWEEN THE COMPANY AND THE CHAIRMAN AND CEO AS A RESULT OF THEIR REAPPOINTMENT

Board of Directors' report

Pursuant to Article L. 225-38 of the French Commercial Code, the purpose of resolution **8** is to re-submit for your approval the long-standing commitments entered into between the company and Thierry de La Tour d'Artaise, Chairman and CEO, subject to the approval of Resolution 4 and subject to the condition precedent of the reappointment, by the Board of Directors following this Annual General Meeting, of his corporate mandate as Chairman and CEO. These commitments, set out in the statutory auditors' special report, relate to a severance allowance, compensation in the event of a breach of his employment contract subject to performance conditions, procedures for retaining his stock options, a supplementary collective pension plan and individual life insurance.

These commitments, described in Chapter 2.5 of the Universal Registration Document 2019, have been approved and reviewed in due time and on a regular basis since 2004 by the Board of Directors and have been successively subject to your approval at the time of their conclusion and, where appropriate, their amendment or renewal.

At this time, the Board of Directors, at its meeting of 25 February 2020 authorized the renewal of the aforementioned commitments on the grounds that they are made in the interest of the Company. This authorization reflects the renewed trust of the Board of Directors in Thierry de La Tour d'Artaise to continue to successfully lead the development of the Group.

Resolution 8: approval of the reappointment of commitments entered into between the company and the Chairman and CEO as a result of their reappointment

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the statutory auditors' special report relating to regulated agreements as well as the Board of Directors' report, approves the commitments set out therein for the benefit of Thierry de La Tour d'Artaise, Chairman and CEO, a severance allowance, compensation in the event of a breach of his employment contract subject to performance conditions, procedures for retaining his stock options, the benefit of a supplementary collective pension plan and individual life insurance. This resolution is adopted subject to the adoption of resolution 4 and under the condition precedent of renewal, by the Board Meeting that will follow this Annual General Meeting, of the corporate mandate as Chairman and CEO of Thierry de la Tour d'Artaise.

RESOLUTION 9: APPROVAL OF THE REMUNERATION POLICY FOR ALL EXECUTIVE OFFICERS

Board of Directors' report

Pursuant to Article L. 225-37-2 II of the French Commercial Code, the purpose of resolution **9** is to submit for your approval the remuneration policy for executive officers. This policy is consistent with the company's corporate interests, contributes to its long-term future and is part of its overall strategy. It describes all the components of fixed and variable remuneration and explains the decision-making process for its determination, revision and implementation.

These principles and criteria are adopted by your Board of Directors on the recommendation of the Governance and Remuneration Committee. All of these items are presented to you in detail in the corporate governance report and more specifically in Chapter 2.5 of the Universal Registration Document 2019.

Resolution 9: Approval of the remuneration policy for all executive officers

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the corporate governance report referred to in Article L. 225-37 of the French Commercial Code describing the elements of the policy for the remuneration of executive officers, approves, pursuant to Article L. 225-37-2 II of the French Commercial Code, the policy for the remuneration of all executive officers as presented in Chapter 2.5 of the Universal Registration Document 2019.

RESOLUTION 10: APPROVAL OF ALL COMPONENTS OF REMUNERATION REFERRED TO IN ARTICLE L. 225-37-3 OF THE FRENCH COMMERCIAL CODE CONCERNING ALL EXECUTIVE OFFICERS FOR THE 2019 FINANCIAL YEAR

Board of Directors' report

Pursuant to Article L. 225-100 II of the French Commercial Code, as amended by Order no. 2019-1234 of 27 November 2019, the Ordinary General Meeting votes on a draft resolution dealing with information relating to the remuneration of the executive officers mentioned in part I of Article L. 225-37-3. These items appear in the Corporate governance report and more specifically in Chapter 2.5 of the 2019 Universal Registration Document.

Resolution 10: Approval of all components of remuneration referred to in Article L. 225-37-3 of the French Commercial Code concerning all executive officers for the 2019 financial year

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 225-100 II of the French Commercial Code, the information referred to in Article L. 225-37-3 I of the French Commercial Code presented therein, as it appears in Chapter 2.5 of the Universal Registration Document 2019.

For the sake of solidarity and responsibility towards all stakeholders,and to preserve the Group's resources, corporate executive officers will reduce their compensation paid in 2020 according to the recommendation issued by AFEP* on March 29, 2020 (25% reduction, pro rata to the duration of applied short-time working measures) and the Board of directors decided to reduce director fees to be paid in 2020 in the same proportion.

RESOLUTIONS 11 AND 12: APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED FOR THE 2019 FINANCIAL YEAR TO THE CHAIRMAN AND CEO AND TO THE CHIEF OPERATING OFFICER

Board of Directors' report

Pursuant to Article L. 225-100 III of the French Commercial Code, as amended by Order no. 2019-1234 of 27 November 2019, the fixed, variable and exceptional components of the total remuneration and benefits of all kinds, paid during the previous financial year or allocated for the same financial year to the Chairman and CEO and to the Chief Operating Officer should be approved by the Annual General Meeting.

Details of the various remuneration components are provided in the 2019 Universal Registration Document, Chapter 2 "Corporate governance", "Say on Pay – Remuneration components paid or allocated in respect of the financial year ended 31/12/2019" sections.

Resolution 11: Approval of fixed, variable and exceptional components of the total remuneration and benefits of all kinds, paid or allocated for the 2019 financial year to the Chairman and CEO

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during the 2019 financial year or allocated for the same financial year to the Chairman and CEO as set out in Chapter 2.5 of the Universal Registration Document 2019.

Resolution 12: Approval of fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the 2019 financial year to the Chief Operating Officer

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during the 2019 financial year or allocated for the same financial year to the Chief Operating Officer as set out in Chapter 2.5 of the Universal Registration Document 2019.

* *AFEP : Association Française des Entreprises Privées.*

RESOLUTION 13: AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS FOR THE COMPANY TO BUY BACK ITS OWN SHARES

Board of Directors' report

The Annual General Meeting of 22 May 2019 authorized the Board of Directors to trade in the company's shares. In 2019, the company sold 42,591 shares when purchase options were exercised at the average price of €54.12, 163,385 free performance shares of the 2016 plan were definitively allocated and 9,327 shares were used under the employer matching contribution of the Horizon 2019 employee share ownership plan. In addition, a total of 280,577 shares were purchased at an average price of €144.43 and 278,719 shares sold at an average price of €144.01 under the liquidity contract.

At 31 December 2019, the company held 362,443 treasury shares with a par value of €1 and a gross value of €47,987,453.20. These treasury shares represent 0.72% of the company's share capital, including 342,783 under the buyback agreement and 19,660 under the liquidity contract.

These transactions are also described in Chapter 7 of the Universal Registration Document, "Information on the company and its share capital".

Since the existing authorization is due to expire in July 2020, Resolution **13** invites the shareholders to again authorize the Board of Directors, for a period of 14 months, to trade in the company's shares at a maximum price of €210 per share, excluding trading fees.

The authorization would cover a maximum of 10% of the share capital. The company could buy back its own shares with a view to:

- maintaining a liquid market for the company's shares through an investment service provider acting on a fully independent basis;
- allocating shares to eligible employees and executive officers of the company;
- canceling shares in order to increase return on equity and earnings per share or to offset the dilutive impact of any capital increases on existing shareholders' interests;
- delivering or exchanging shares in connection with any future external growth transactions;
- allocating shares on the exercising of rights attached to share equivalents.

In accordance with the law, these shares have been stripped of their voting rights.

Resolution 13: Authorization to be granted to the Board of Directors for the company to buy back its own shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors:

- resolves to terminate the share buyback program authorized by the Combined Annual General Meeting of 22 May 2019;
- resolves to adopt the program described below, and accordingly:
  - to authorize the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to buy back shares of the company representing up to 10% of the share capital, subject to the limits set down by law,
  - that the shares may be bought back for the following purposes:

i) to maintain a liquid market for SEB's shares through an independent investment service provider under a liquidity contract that complies with the AMAFI Code of Ethics recognized by the Financial Market Authority,

ii) for allocation to eligible employees and executive officers of the company or the Group in the form of performance shares governed by Articles L. 225-197-1 et seq. of the French Commercial Code, or in payment of statutory employee profit-shares, or in connection with an employee stock ownership or stock saving plan,

iii) for cancellation, in order to increase return on equity and earnings per share and/or to offset the dilutive impact of any capital increase on existing shareholders' interests, provided that such cancellation is authorized by the Extraordinary Annual General Meeting,

iv) for delivery or exchange in connection with any future external growth transactions, up to a limit of 5% of the capital,

v) for allocation on the exercising of rights attached to share equivalents that are convertible, exercisable, redeemable or exchangeable for the assignment of company shares, in accordance with the applicable stock market regulations;

  - that shares may not be bought back under this authorization for more than €210 per share, excluding trading fees,
  - that the Board of Directors may adjust the above price, in the case of any change in the share's par value, by capitalizing reserves, any stock-split or reverse stock-split, any return of capital or capital reduction, any distribution of reserves or assets, or any other corporate action, to take into account the effect thereof on the share price. In this case, the price will be adjusted based on the ratio between the number of shares outstanding before and after the corporate action,
  - that the total amount invested in the share buyback program may not exceed €1,056,448,344,

- that the shares may be bought back by any appropriate method and accordingly that all or part of the program may be implemented on the market or through block purchases – and, if appropriate, through over-the-counter sales – or by means of public buyback or exchange offers, or through the use of options and derivative instruments. The buybacks may be carried out at any time at the Board's discretion, subject to compliance with the applicable securities regulations. The shares purchased under this authorization may be kept, sold or transferred by any method, including through block sales, at any time including while a public tender offer is in progress,
- to give full powers to the Board of Directors, including the power of delegation, to:

i) carry out the transactions and set the related terms and conditions,

ii) place all orders on or off the stock market,

iii) adjust the maximum purchase price of the shares to take into account the effect on the share price of any of the corporate actions referred to above,

iv) enter into any and all agreements for the keeping of a register of share purchases and sales or for any other purpose,

v) fulfill any and all reporting obligations with the Autorité des Marchés Financiers and any other bodies,

vi) carry out any and all formalities;

- that this authorization is given for a period expiring at the end of the Ordinary Annual General Meeting to be called to approve the financial statements for the financial year ended 31 December 2020, or 14 months, whichever is shorter.

EXTRAORDINARY RESOLUTIONS

RESOLUTION 14: AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS ENABLING THE COMPANY TO CANCEL ITS OWN SHARES

Board of Directors' report

The Annual General Meeting of 22 May 2019 authorized the Board of Directors to cancel some or all of the shares acquired under the share buyback program, provided the number of shares canceled in any 24-month period does not exceed 10% of the share capital.

As the existing authorization is due to expire in July 2020, Resolution **14** invites the shareholders to once again authorize the Board of Directors to cancel some or all of its shares, under the same terms and conditions.

This authorization would be given for a period of 14 months from the date of the Annual General Meeting.

Resolution 14: Authorization to be granted to the Board of Directors enabling the company to cancel its own shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' report:

- authorizes the Board of Directors to cancel, on one or more occasions at its discretion, some or all of the shares currently held or that may be held in the future by the company following share buybacks carried out pursuant to Article L. 225-209 of the French Commercial Code, provided the number of shares canceled in any 24-month period does not exceed 10% of the total shares outstanding. The difference between the purchase price of the canceled shares and their par value will be deducted from additional paid-in capital and retained earnings, with an amount corresponding to 10% of the share capital reduction being deducted from the legal reserve;
- authorizes the Board of Directors to place on record the capital reduction(s), amend the bylaws to reflect the new capital and carry out any and all formalities, make all declarations to any organizations and generally undertake whatever is necessary;
- authorizes 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 authorization is used;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTIONS 15, 16, 17 AND 18: DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO ISSUE SHARE EQUIVALENTS WITH OR WAIVING PRE-EMPTION RIGHTS IN THE COURSE OF PUBLIC OR RESTRICTED PLACEMENTS; AGGREGATE LIMIT OF TRANSACTIONS UNDER THESE DELEGATIONS SET AT A PAR VALUE OF €10 MILLION, REPRESENTING AROUND 20% OF THE SHARE CAPITAL AT 31 DECEMBER 2019

Board of Directors' report

We ask that shareholders give the Board of Directors the necessary powers to issue share equivalents that give immediate or future access to equity in the company or any company in which it directly or indirectly owns more than half of the share capital, in order to give the freedom to raise the funds the Group needs to grow, as it sees fit and as market opportunities allow.

Shareholders will be asked, by voting on Resolution **15**, to give the Board of Directors the power to decide to carry out one or more share capital increases, while maintaining pre-emption rights. The maximum par value of share capital increases that may be carried out under this delegation would be set at €5 million, or approximately 10% of the share capital at 31 December 2019.

In order to readily take any opportunities that may arise, we would ask shareholders to pass Resolutions **16** and **17** and thereby delegate authority to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, in the course of public or restricted placements. Pre-emption rights shall be waived for these issues, although the Board of Directors may grant shareholders a preferential right to subscribe for such issues, for the period and in the manner of its choosing.

In accordance with the legal provisions, the issue price is at least equal to the weighted average of the prices of the last three trading sessions preceding the start of the public offer within the meaning of regulation (EU) no. 2017/1129 of 14 June 2017, potentially reduced by a maximum discount of 10%.

Given the potentially dilutive effect of using these delegations for the shareholders, we would point out that the Board of Directors may only use them if the decision is approved by a qualified majority of 14 of the 17 directors. The maximum par value of the share capital increases that may be made under these delegations would be set at €5 million, or approximately 10% of the share capital. In addition, the nominal value of debt securities that may be issued may not exceed €1000 million. All of these delegations of authority would thus be valid for a period of 14 months.

If and when the authorizations are used, the Board of Directors will prepare an additional report describing the final terms of the issue, including the basis for setting the issue price, the impact of the issue on the situation of existing shareholders and the estimated impact on the share price, as required by law.

In its previous delegations, the Annual General Meeting of 22 May 2019 had given the Board of Directors the power to increase the share capital within the same limits as those stated above. These authorizations, given for 14 months, were not used.

Lastly, in Resolution **18**, we invite shareholders to set at €10 million the maximum par value of the share capital increases that may be carried out by the Board of Directors pursuant to the delegations granted in Resolutions 15, 16 and 17.

Resolution 15: Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or share equivalents and/or debt securities, with pre-emption rights

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-132, L. 225-133, L. 225-134 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue, on one or more occasions, company shares and securities giving immediate or future access, by any means, to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that issues of preference shares or securities convertible by any means, immediately or in the future, into preference shares are expressly excluded from this delegation of authority;

- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the amount of share capital increases that may be carried out, immediately and/or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- moreover resolves that the nominal value of debt securities issued pursuant to this delegation may not exceed €1,000 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders will, in the manner provided for by law, have pre-emption rights to subscribe pro-rata to their existing interest in the company's capital. In addition, the Board of Directors may grant shareholders a pre-emption right to subscribe any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emption right shall also be exercisable pro-rata to the existing interest in the company's capital of the shareholders concerned.

If the issue is not taken up in full by shareholders exercising their pre-emption rights as described above, the Board of Directors may take one or other of the following courses of action, in the order of its choice:

- limit the amount of the issue to the subscriptions received, provided at least three-quarters of the issue is taken up;
- freely allocate some or all of the unsubscribed securities;
- offer some or all of the unsubscribed securities to the public;
- resolves that subscription warrants for the company's shares may be offered for subscription on the above basis, or allocated among holders of existing shares without consideration;
- establishes that this authorization may automatically entail the waiver in favor of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means, by shareholders, of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- resolves that the amount to be received by the company for each share issued immediately or in the future under this delegation shall not represent less than the par value of the shares, after taking account in the case of the issue of stand-alone warrants or other primary securities of the issue price of said warrants or securities;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the option to further delegate in the manner provided for by law and regulations, to in particular increase the share capital and determine the securities to be issued, determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back on the open market, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, to determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital. In the case of any issue of debt securities, the Board of Directors shall have full powers, including the right to delegate such powers under the conditions set by law and regulations, to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the company;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

Resolution 16: **Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights in the course of a public offering**

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue by way of a public offering, on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;

- resolves that the amount of share capital increases that may be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- resolves that the nominal value of debt securities issued pursuant to this delegation may not exceed €1,000 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities issued under this resolution, but that the Board of Directors may grant shareholders a preferential right to subscribe for some or all of the issue, for a period and on terms to be decided in accordance with applicable laws and regulations. Said priority right shall not be transferable but the Board of Directors may allow shareholders to subscribe the issue and any securities not taken up by other shareholders pro-rata to their existing shareholdings;
- resolves that if any issue of the aforementioned securities is not taken up in full by existing shareholders and the public, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up, or freely allocate some or all of the unsubscribed securities;
- establishes that this authorization may automatically entail the waiver in favor of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means, by shareholders, of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- establishes that public offerings of shares and/or securities decided under this delegation of authority may be combined, as part of a single issue or multiple issues of shares and/or of securities, with offerings falling within the scope of Article L. 411-2 II of the French Monetary and Financial Code decided pursuant to the delegation of authority in resolution 17 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the option to further delegate in the manner provided for by law and regulations, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital.

  The Board of Directors shall be fully empowered, with the option to further delegate in the manner provided for by law and regulations, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

Resolution 17: Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights as part of an offering governed by Article L. 411-2 of the French Monetary and Financial Code

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue by way of an offering falling within the scope of Article L. 411-2 of the French Monetary and Financial Code, on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;

- resolves that the amount of share capital increases that shall be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the nominal value of debt securities issued pursuant to this delegation may not exceed €1,000 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities to be issued pursuant to this resolution;
- resolves that if any issue of the aforementioned securities is not taken up in full, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up, or freely allocate some or all of the unsubscribed securities;
- establishes that this authorization may automatically entail the waiver in favor of holders of securities giving future access to equity in the company that may be issued through conversion, exchange, exercise of a warrant or any other means, by shareholders, of their pre-emption right to subscribe for the shares issued on the basis of those securities;
- establishes that the offerings that fall within the scope of Article L. 411-2 of the French Monetary and Financial Code decided under this resolution may be combined, as part of a single issue or multiple issues of shares and/or of securities, with public offerings decided pursuant to the delegation of authority in Resolution 16 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the option to further delegate in the manner provided for by the legal and regulatory provisions, and by the applicable contractual stipulations if these exist, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital.

  The Board of Directors shall be fully empowered, with the option to further delegate in the manner provided for by law and regulations, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

Resolution 18: **Blanket ceiling on financial authorizations**

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors, resolves to set at €10 million the maximum par value of immediate and/or future share capital increases that may be carried out pursuant to the authorizations in Resolutions 15, 16 and 17, not including the par value of any additional shares to be issued to protect the rights of existing holders of share equivalents, in accordance with laws, regulations and, as the case may be, contractual provisions.

Consequently, the value of each issue carried out under any of the abovementioned resolutions will be deducted from this ceiling.

RESOLUTION 19: DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY CAPITALIZING RETAINED EARNINGS, PROFIT, PREMIUMS OR OTHER ITEMS THAT MAY BE CAPITALIZED

Board of Directors' report

The shareholders are asked, by voting on Resolution **19**, to enable the Board of Directors to increase the share capital by capitalizing retained earnings, profit, premiums or additional paid-in capital with a view to granting performance shares.

This authorization would enable the Board of Directors to resolve to increase the share capital by a maximum of €10 million and would be valid for a period of 14 months.

Resolution 19: Delegation of authority granted to the Board of Directors to increase the share capital by capitalizing retained earnings, profit, premiums or other items that may be capitalized

The Annual General Meeting, meeting as an Extraordinary Annual General Meeting but voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to carry out one or more share capital increases by successively or simultaneously capitalizing some or all of the company's retained earnings, profit or additional paid-in capital or any items that may be capitalized under the bylaws or by law, and to issue and award bonus shares and/or raise the par value of existing shares or a combination of both.

The Annual General Meeting resolves that the maximum par value of share capital increases that shall be made under this delegation may not exceed €10 million; it being noted that this ceiling is independent of the ceiling provided for in Resolution 18.

The Annual General Meeting resolves that the Board of Directors shall have the power to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to the rights holders no later than thirty (30) days following the date on which the whole number of shares allocated to them is recorded in their account.

The Annual General Meeting fully empowers the Board of Directors, with the option to further delegate in the manner provided for by law and regulations, to determine the timing and terms of the issues, set the amounts thereof, take the necessary action to protect the rights of holders of share equivalents that give immediate or future access to equity, deduct any sums necessary to top up the legal reserve and more broadly take all appropriate measures to enable the successful completion and carry out all actions and formalities required to effect the capital increase(s) and accordingly amend the bylaws.

The Annual General Meeting sets this authorization granted to the Board of Directors at a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTION 20: AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS FOR THE GRANTING OF PERFORMANCE SHARES

Board of Directors' report

In order to provide an ongoing incentive to key Group employees by offering them an opportunity to share in the Group's growth and results, shareholders will be asked, in Resolution **20**, to authorize the Board to grant bonus shares representing up to 200,000 shares or 0.3976% of the share capital, comprising existing shares bought back for this purpose by the company. The grants would be made to some or all employees of the company and its subsidiaries, or to certain categories of those employees and/or to the senior managers referred to in Article L. 225-197-1 II of the French Commercial Code.

All performance shares will vest only if certain performance targets for revenue and Operating Result from Activity are met, as set by the Board of Directors each year, based on budgetary objectives assigned to the Group.

The number of shares allocated to the executive officers will be limited to 18,000 shares or 0.0358% of the share capital for Thierry de La Tour d'Artaise, and to 11,000 shares or 0.0219% of the share capital for Stanislas de Gramont. We would ask shareholders to set the operational performance measurement period at three years, following which the shares shall vest for beneficiaries.

The Board of Directors feels that assessing performance criteria over a sufficiently long period, namely three years, is in accordance with the Group's long-term outlook while remaining a source of motivation for beneficiaries.

We would ask shareholders to fully empower the Board of Directors to set the terms and conditions of these grants, including in order to determine the identity of the beneficiaries of the performance share grants.

This authorization would be given for a period of 14 months from the date of the Annual General Meeting.

Resolution 20: Authorization to be granted to the Board of Directors to grant performance shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report:

- authorizes the Board of Directors, in accordance with Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to award existing bonus shares in the company on one or more occasions, to employees of the company or certain categories of employee and/or to the senior managers referred to in Article L. 225-197-1 II of the French Commercial Code, and to employees and senior managers of companies or economic interest groupings affiliated to the company within the meaning of Article L. 225-197-2 of the French Commercial Code;
- resolves that the total number of shares that may be granted may not exceed 200,000 shares or 0.3976% of the company's share capital on the date of this Annual General Meeting, with the understanding that the number of shares granted to executive officers may not exceed the following limits: 18,000 shares or 0.0358% of the company's share capital on the date of this Annual General Meeting for Thierry de La Tour d'Artaise and 11,000 shares or 0.0219% of the company's share capital at the date of this Annual General Meeting for Stanislas de Gramont.

The Annual General Meeting authorizes the Board of Directors to make the stock grants, within the limits set out in the preceding paragraph, using shares bought back by the company in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code;

The Annual General Meeting resolves to set a vesting period of three years with effect from the date of grant by the Board of Directors during which period the rights shall not be transferable and at the end of which the rights shall vest to the beneficiaries, provided the performance targets for revenue and Operating Result from Activity, assessed over the three-year vesting period, have been met, in accordance with Article L. 225-197-3 of the French Commercial Code.

The Annual General Meeting fully empowers the Board of Directors, within the limits set out above, to:

- draw up the list of beneficiaries or decide the category/categories of beneficiaries, bearing in mind that no shares may be allocated to employees or executive officers who individually hold over 3% of the share capital and that the bonus shares may not have the effect of raising the interest held by any such person to above the 3% ceiling;
- determine, on one or more occasions, the amounts and timing of the share awards;
- set the criteria and any other conditions of eligibility for share awards, including but not limited to years of service and continued employment by the company or continuation of the corporate mandate throughout the vesting period;
- set the vesting period, within the limits specified above by the Annual General Meeting;
- if any of the financial transactions governed by Article L. 228-99 I of the French Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust the rights of grantees, in accordance with the provisions of said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, the Board of Directors shall prepare a special report for each Ordinary Annual General Meeting on the transactions carried out under this authorization.

The Annual General Meeting sets this authorization granted to the Board of Directors at a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTION 21: SHARE CAPITAL INCREASES RESTRICTED TO MEMBERS OF A COMPANY OR GROUP SAVINGS SCHEME

Board of Directors' report

Pursuant to the provisions of the French Commercial Code, we ask shareholders, by voting for Resolution **21**, to empower the Board of Directors, with the option to further delegate, to resolve to carry out one or more share capital increases that are restricted to members of a Company or Group Savings Scheme, with waiving of pre-emption rights, up to a maximum of €503,070 (1% of the share capital).

It should be noted that this delegation is not included in the share capital increase ceiling set in resolution 18.

The issue price of these new shares or share equivalents may not be more than 30% below the average quoted SEB share price on the NYSE Euronext Paris regulated market over the 20 trading sessions preceding the date on which the decision is taken setting the opening date of the subscription period, it being noted that this discount may be raised to 40% for members of a savings scheme, the rules of which specify a lock-up period of at least 10 years.

This delegation would be given for a period of 14 months from the date of this Annual General Meeting and would cancel the delegation given in Resolution 23 of the Annual General Meeting of 22 May 2019.

Resolution 21: Authorization to be granted to the Board of Directors to carry out share capital increases restricted to members of a company or Group Savings Scheme and/or sales of reserved shares with waiving of pre-emption rights

The Annual General Meeting, having considered the report of the Board of Directors and the statutory auditors' special report, as required by law and in particular Articles L. 225-129 to L. 225-129-6 and L.225-138-1 of the French Commercial Code and Articles L.3332-1 et seq. of the French Labor Code:

- authorizes the Board of Directors, with the option to further delegate in the manner provided for by law and regulations, to resolve to carry out one or more share capital increases as and when it sees fit, by issuing ordinary shares (other than preference shares) or equity securities giving access to future company shares, restricted to members of a company or Group Savings Scheme: eligible executive officers, employees and former employees of the companies and of French and foreign companies affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- resolves to set at €503,070 the maximum par value of the share capital increases that may be carried out through the issue of shares; it being noted that the ceiling is independent of the ceiling provided for in resolution 18;
- accordingly resolves to waive pre-emption rights in favor of these members of a company or Group Savings Scheme, to the shares and equity securities giving access to shares to be issued pursuant to this resolution, this decision including a waiver by shareholders of the pre-emption rights to any shares to which the equity securities issued under this delegation may give rise;
- resolves that, pursuant to Articles L. 3332-18 et seq. of the French Labor Code, the subscription price may include a 30% discount off the average company share price on Euronext Paris over the 20 trading sessions preceding the date on which the decision is taken setting the opening date of the subscription period, it being noted that this discount may be raised to 40% for members of a savings scheme, the rules of which specify a lock-up period of at least 10 years. Nevertheless, the Annual General Meeting authorizes the Board of Directors to replace some or all of the discount with a grant of bonus shares or equity securities giving access to future company shares, to reduce or not grant this discount, to the extent permitted by law and regulations;
- resolves that the Board of Directors may, within the limits set by Article L. 3332-21 of the French Labor Code, make matching payments in the form of grants of new or existing bonus shares or equity securities giving access to future company shares, where necessary by capitalizing retained earnings, profit or additional paid-in capital;
- sets the period of validity of this authorization at 14 months from the date hereof and cancels the previous delegation with the same purpose;
- fully empowers the Board of Directors, with the power to delegate in the manner provided for by law and regulations, to determine all the terms and conditions for the various operations and in particular:
  - exclude companies eligible for the company or Group Savings Scheme from the scope of the offering,
  - set the terms and conditions of the issues to be carried out under this delegation of authority, in particular deciding the subscription amounts, and setting the issue prices, dates, deadlines, terms and conditions regarding subscription, paying up, settlement and enjoyment of the shares or equity securities giving access to future shares in the company,
  - as it sees fit, following each capital increase, set the costs of the share capital increases against the related premiums and deduct therefrom the sums necessary to raise the legal reserve to one tenth of the new share capital,
  - carry out all actions and formalities required to affect the capital increase(s) carried out under this authorization, and in particular amend the bylaws accordingly and, more generally, do whatever is necessary.

In accordance with applicable legal provisions, the transactions carried out under this resolution may also take the form of sales of shares to members of a Company or Group Savings Scheme.

RESOLUTION 22: AMENDMENT OF ARTICLE 46 OF THE BYLAWS, INCREASE OF 10%, IN THE EVENT OF THE DISTRIBUTION OF FREE SHARES, FOR SHARES REGISTERED IN A REGISTERED ACCOUNT FOR AT LEAST TWO YEARS

Board of Directors' report

The Company's bylaws provide, historically, for the allocation of a dividend plus 10% for shares registered in a registered account, on an ongoing basis, for at least the two financial years preceding the dividend payment date and still registered on the ex-dividend date.

We propose, by voting for Resolution **22**, to extend this scheme to the distribution of free shares, in accordance with that which is authorized by the legal provisions, by enabling the granting of a share allocation increased by 10%, for shares registered in a registered account for at least two years.

Resolution 22: Amendment of Article 46 of the bylaws, increase of 10%, in the event of the distribution of free shares, for shares registered in a registered account for at least two years

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to supplement as follows the provisions of Article 46 of the Company's bylaws, in order to grant an increase of 10% in the event of the distribution of free shares, for shares registered in a registered account for at least two years:

"From 1st of January 2023, if the Board of Directors, upon authorization by the Annual General Meeting, were to decide on an increase in capital by incorporation of reserves, profits or premiums, shares registered at 31 December preceding the transaction in registered form for at least two years, which remain so until the day before the share allocation, will give their holders a share allocation increased by 10%, this number being rounded down in the case of fractions. The new shares thus created (plus dividends and double voting rights) will be absorbed into the former shares from which they originated. Pursuant to the law, the number of securities eligible for these increases may not exceed, for the same shareholder, 0.5% of the company's share capital".

RESOLUTION 23: COMPLIANCE WITH THE LAW OF ARTICLE 16 OF THE BYLAWS CONCERNING THE CALCULATION OF GENDER BALANCE WITHIN THE BOARD OF DIRECTORS

Board of Directors' report

The bylaws of your company currently provide for the calculation of gender balance on the Board of Directors, which takes into account directors representing employee shareholders. However, new legislative changes stemming from law no. 2019-486 of 22 May 2019 on the growth and transformation of companies, known as the PACTE law, have the effect of changing the basis for calculating gender balance within the Board of Directors by excluding directors representing employee shareholders. In order to comply with these legislative changes, we propose, by voting for resolution **23**, to bring into compliance the bylaws in accordance with the new provisions in force in Article L. 225-23 of the French Commercial Code.

Resolution 23: Compliance with the law of Article 16 of the bylaws concerning the calculation of gender balance within the Board of Directors

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to amend Article 16 of the Company's bylaws in order to comply with the new legal provisions in force relating to the calculation of gender balance within the Board of Directors. Article 16 of the bylaws is thus amended in accordance with the following provisions:

Former text	New text
"[…]	*"[…]*
Unlike the directors appointed pursuant to the provisions of Article L. 225-23 of the French Commercial Code, directors representing employees are not taken into account for the calculation of gender balance.	*Directors representing employees and directors representing employee shareholders, appointed pursuant to the provisions of Article L. 225-23 of the French Commercial Code, are not taken into account for the calculation of gender balance.*
[…]".	*[…]".*

RESOLUTION 24: COMPLIANCE WITH THE LAW OF ARTICLE 16 OF THE BYLAWS CONCERNING THE APPOINTMENT OF DIRECTORS REPRESENTING EMPLOYEE SHAREHOLDERS

Board of Directors' report

The company was not subject to the provisions of former paragraph 1 of Article L. 225-23 of the French Commercial Code, the company's Board of Directors already comprising a director appointed in accordance with the provisions of former paragraph 4 of Article L. 225-23 of the French Commercial Code establishing this exemption.

However, new legislative changes stemming from law no. 2019-486 of 22 May 2019 on the growth and transformation of companies, known as the PACTE law, have removed this previously planned exemption. This removal requires the provisions of Article 16 of the bylaws to be supplemented in order to bring the bylaws into compliance with these new legislative provisions and thus provide for the procedures for appointing directors representing employee shareholders in accordance with Article L. 225-23 of the French Commercial Code.

Resolution 24: Compliance with the law of Article 16 of the bylaws concerning the appointment of directors representing employee shareholders

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to supplement the provisions of Article 16 of the Company's bylaws in order to comply with the new legal provisions in force in Article L. 225-23 of the French Commercial Code relating to the appointment of directors representing employee shareholders. Article 16 of the bylaws is thus supplemented by the following provisions:

"In the event that the threshold set out in the provisions of the French Commercial Code is exceeded and pursuant to the provisions of the law, a director representing employee shareholders shall be appointed by the Ordinary General Meeting in accordance with the procedures set out in the French Commercial Code and by these bylaws.

Prior to the Annual General Meeting to appoint the director representing employee shareholders, the Supervisory Board of the employee mutual investment fund invested in shares of the company shall appoint a candidate from among its members. Only the application selected by the aforementioned Supervisory Board shall be forwarded to the Board of Directors, which shall report it at its meeting to decide on the resolutions of the Annual General Meeting. The director representing employee shareholders is appointed by the Ordinary General Meeting under the conditions of quorum and majority applicable to any appointment of a member of the Board of Directors.

The term of office shall take effect upon appointment by the Annual General Meeting, for a four-year term.

However, the term of office shall expire automatically and the director representing employee shareholders shall be deemed to have resigned from office in the event of losing: i) their status as an employee of the company or of a company related to it within the meaning of Article L. 225-180 of the French Commercial Code, ii) their status as a shareholder or unitholder of an employee mutual investment fund invested in shares of the company, or iii) their status, if applicable, as a member of the Supervisory Board of the employee mutual investment fund that nominated them."

RESOLUTION 25: COMPLIANCE WITH THE LAW OF ARTICLE 24 OF THE BYLAWS RELATING TO THE REMUNERATION OF DIRECTORS

Board of Directors' report

In accordance with the provisions of Order no. 2019-1234 of 27 November 2019, "attendance fees" are now referred to, pursuant to Article L. 225-45 of the French Commercial Code, as "remuneration allocated to directors".

This change requires the provisions of Article 24 of the bylaws to be brought into compliance with these new legislative provisions.

Resolution 25: Compliance with the law of Article 24 of the bylaws relating to the remuneration of directors

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to amend as follows the provisions of Article 24 of the Company's bylaws in order for them to comply with the new legal provisions in force in Article L. 225-45 of the French Commercial Code:

Former text	New text
"The Annual General Meeting may allocate to directors as remuneration for their activity, by way of attendance fees, an annual fixed sum that this meeting determines, without being bound by previous decisions. The amount of this is recorded in operating expenses and is maintained until otherwise decided. The Board of Directors freely shares the total amount allocated to directors in the form of attendance fees among its members."	*"The Annual General Meeting may allocate to directors as remuneration for their activity an annual fixed sum that this meeting determines, without being bound by previous decisions. The amount of this is recorded in operating expenses and is maintained until otherwise decided. The Board of Directors freely shares the total amount allocated to directors among its members."*

RESOLUTION 26: COMPLIANCE WITH THE LAW OF ARTICLES 33, 39 AND 41 OF THE BYLAWS RELATING TO REMOTE VOTING, QUORUM, AND THE MAJORITY REQUIRED FOR ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETINGS

Board of Directors' report

In accordance with the provisions of Decree No. 2019-1486 of 27 December 2019 implementing the Law on the simplification of corporate law of 19 July 2019, the procedures for counting shareholder abstention at an Annual General Meeting have changed. These new legislative provisions require compliance with the provisions of Articles 33, 39 and 41 of the Company's bylaws.

Resolution 26: Compliance with the law of Articles 33, 39 and 41 of the bylaws relating to remote voting, quorum, and the majority required for Ordinary and Extraordinary Annual General Meetings

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to amend, as follows, the provisions of Articles 33, 39 and 41 of the Company's bylaws in order for them to comply with the new legal provisions in force:

ARTICLE 33: SHAREHOLDER REPRESENTATION – REMOTE VOTES

Former text	New text
"[…] *Any shareholder may vote remotely using a form in accordance with the legal requirements, which shall only be taken into account if it is received by the Company before the Shareholders' Meeting, within the deadline stipulated by the regulations in force. Forms that contain a blank or null and void vote or that express abstention shall be considered as negative votes. […]"*	*"[…]* *Any shareholder may vote remotely using a form in accordance with the legal requirements, which shall only be taken into account if it is received by the Company before the Shareholders' Meeting, within the deadline stipulated by the regulations in force. Any abstention expressed in the form or resulting from a blank or null and void vote will not be considered as a vote cast. […]"*

ARTICLE 39 – QUORUM AND MAJORITY REQUIRED FOR ORDINARY ANNUAL GENERAL MEETINGS

Former text	New text
"The Ordinary Annual General Meeting shall duly deliberate, upon first notice, only if the quorum stipulated by French law is met. Upon the second notice, no quorum is required. It shall vote according to the majority of the votes to which the shareholders who are present or represented are entitled."	*"The Ordinary Annual General Meeting shall duly deliberate, upon first notice, only if the quorum stipulated by French law is met. Upon the second notice, no quorum is required. It shall vote according to the majority of the votes cast to which the shareholders who are present or represented are entitled. The votes cast do not include those attached to shares for which the shareholder has not taken part in the vote, abstained, or voted blank or null and void."*

ARTICLE 41 – QUORUM AND MAJORITY REQUIRED FOR EXTRAORDINARY ANNUAL GENERAL MEETINGS AND CONSTITUENT SHAREHOLDERS' MEETINGS

Former text	New text
"Subject to the exemptions permitted for some capital increases and changes, the Extraordinary Annual General Meeting shall duly deliberate only if, upon the first or second notice, the quorum stipulated by French law is met. If the quorum expected for the meeting held on second notice is not met, the second Shareholders' Meeting may be postponed to a later date, which is no later than two months from the date on which it had been scheduled. Subject to these conditions, it shall vote by a two-thirds majority of the votes to which the shareholders who are present or represented are entitled. […] »	*"Subject to the exemptions permitted for some capital increases and changes, the Extraordinary Annual General Meeting shall duly deliberate only if, upon the first or second notice, the quorum stipulated by French law is met. If the quorum expected for the meeting held on second notice is not met, the second Shareholders' Meeting may be postponed to a later date, which is no later than two months from the date on which it had been scheduled. Subject to these conditions, it shall vote by a two-thirds majority of the votes cast to which the shareholders who are present or represented are entitled. The votes cast do not include those attached to shares for which the shareholder has not taken part in the vote, abstained, or voted blank or null and void. […]"*

RESOLUTION 27: POWERS TO CARRY OUT FORMALITIES

Board of Directors' report

Resolution **27** is a customary resolution whose purpose is to submit for shareholder approval the powers given in order to carry out any public announcements and legal formalities that result from the decisions of the meeting.

Resolution 27: Powers to carry out formalities

The Annual General Meeting gives full powers to the bearer of an original, extract or copy of the minutes of this meeting to carry out any and all formalities required by law.

8.3. Statutory auditors' report on regulated agreements

Shareholders' Meeting for the approval of the financial statements as of December 31, 2019

This is a free translation into English of the Statutory auditors' report on regulated agreements issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicabl in France.

To the Shareholders' Meeting of SEB SA,

In our capacity as your company's Statutory auditors, we hereby report to you on regulated agreements.

It is our responsibility to report to the shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying the company's interest of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the shareholders' responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide the shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of Statutory auditors (*Compagnie Nationale des Commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and concluded since the end of the financial year

We have been aware of the following agreements, authorized and concluded since the end of the financial year just ended, which were previously authorized by your Board of Directors on February 25, 2020 and which will be applicable as from and subject to the approval of the renewal of the term of office of Mr. Thierry de LA TOUR D'ARTAISE as Director at this Shareholders' Meeting, and subject to the condition precedent of the renewal, by the Board of Directors following this Shareholders' Meeting, of his term of office as a Chief Executive Officer. The agreements are set forth in resolution N°. 9 of the project of resolutions to be submitted to the 2020 Combined Shareholders' Meeting of SEB SA linked to the approval of the annual accounts for the year ended December 31, 2019.

With Mr Thierry de LA TOUR D'ARTAISE

On February 25, 2020, your Board of Directors authorized, subject to the approval of the renewal of the term of office of Mr. Thierry de LA TOUR D'ARTAISE as Director at this Shareholders' Meeting, and subject to the condition precedent of the renewal, by the Board of Directors following this Shareholders' Meeting, of his term of office as Chief Executive Officer, the renewal of the agreements subsequent to his term of mandate, granted in his favor by decision of the Board of Directors on May 4, 2000, then having been the subject of various decisions of the Board of Directors until December 12, 2008, approved by various Shareholders' Meetings and the continuation of which was approved by the Shareholders' Meeting of May 19, 2016.

1. Nature: Termination benefits and maintenance of stock options stipulated in the employment contract, suspended on March 1st, 2005, of Mr Thierry de LA TOUR D'ARTAISE, CEO of SEB SA.

Terms and conditions:

- In the event the employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or due to forced departure as a result of a change in the control of Groupe SEB, his overall termination benefits shall be equivalent to two years' compensation, payable subject to the performance criteria described in the agreement below.
- In the event Mr Thierry de LA TOUR D'ARTAISE's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same exercise terms and conditions that would have applied had he remained in office. This provision shall also apply in the event Mr Thierry de LA TOUR D'ARTAISE's employment contract is terminated pursuant to a decision from the Group, were such decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

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2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Chairman, as stipulated in his employment contract.

Terms and conditions: The Chairman's termination benefits, equivalent to two years' earned compensation plus bonuses, are adjusted based on actual performance in relation to targets over Mr. Thierry de LA TOUR D'ARTAISE's last four years of service as follows:

- If the average percentage achieved is below 50%, no termination benefits shall be paid;
- If the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
- If the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for calculation.

The Board of Directors retains the right to reduce such termination benefits, by half at most, if the previous year-end presents a net loss, without such benefits falling below the fixed compensation plus bonuses of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

3. Nature and purpose: Individual life insurance plan for Mr Thierry de LA TOUR D'ARTAISE, Chairman of SEB SA.

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 €3,652,134. The expense recorded for the year ended December 31, 2018 totals €78,984.

4. Nature and purpose: Supplementary and top-up retirement plan.

Terms and conditions: As with all other members of the Executive and Management Committees, Mr Thierry de LA TOUR D'ARTAISE is entitled to a supplementary and top-up retirement plan.

This scheme complements the statutory schemes and is composed as follows:

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
- a defined-benefit supplementary pension plan, under which under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority.

This dispositive guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation.

Payment is subject to the following conditions:

- The executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans.
- The executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity.
- The executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

For senior executives, including Mr. Thierry de LA TOUR D'ARTAISE, present on July 3, 2019, the provisions of Order N°. 2019-697 of July 3, 2019 relating to supplementary occupational pension schemes obliged the Group to freeze and close this scheme on December 31, 2019.

Groupe SEB executives became potentially eligible for the defined benefit plans after eight years of service on the Groupe SEB Executive Committee, and subject to completion of their careers within the Group.

A new scheme will be set up under the French Pact Law and Ordinance no. 2019-697 for the same population as soon as the conditions for applying the provisions are known (Ministerial Circular from the Social Security Department SD3C currently being drawn up).

Under the old device, Groupe SEB's aim is to outsource the entire commitment by making contributions to a fund into which payments are made on a regular basis.

The various conditions of the pension scheme mean that Mr Thierry de LA TOUR D'ARTAISE will be able to take advantage of this supplementary and differential pension scheme at the legal retirement age, if he has completed his career within the Group, even though the scheme has been frozen.

The reasons retained by the Board of Directors justifying the interest of the company in the renewal of these commitments: These commitments are concluded in the interest of the company. This decision reflects the Board of Directors' renewed confidence in Mr Thierry de LA TOUR D'ARTAISE to continue the Group's development.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING.

Agreements approved in previous years

Which have been pursued during the last year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements approved in prior years and which remained current during the last year.

With the company Zhejiang Supor Co Ltd

Nature and purpose: "Master Joint Research and Development Agreement" aimed at conducting joint research and development projects on products and technologies of interest to both SEB SA and Zhejiang Supor Co Ltd, so as to pool the experience and know-how of both parties with respect to cookware and electrical cooking appliances.

Terms and conditions: The "Master Joint Research and Development Agreement" covers reciprocal exclusivities in relation with projects jointly developed. Industrial property rights that may be registered will be jointly managed and registered by Zhejiang Supor Co Ltd and SEB SA in their respective territories. For its manufacturing needs, SEB SA will nevertheless be granted a free and permanent license for rights registered in Zhejiang Supor Co Ltd territories.

This agreement was authorized by the Board of Directors on April 13, 2012 and concerns Mr Thierry de LA TOUR D'ARTAISE, Chairman and Chief Executive Officer of your company and Chairman of the Board of Directors of Zhejiang Supor Co Ltd.

For the 2019 financial year, the cooperation agreement resulted in the sharing of resources and employees on three projects in the Home & Personal Care category and five in the Cookware category.

With Mr Stanislas BOUBÉE de GRAMONT

Following his appointment as Deputy Chief Executive Officer as of December 3, 2018, the corporate officer agreement was taken in favor of Mr. Stanislas BOUBÉE de GRAMONT:

1. Nature: Termination compensation in the event of revocation of his corporate appointment

Terms and conditions: In the event his duties were terminated, Mr Stanislas BOUBÉE de GRAMONT shall receive a severance payment equivalent to two years' compensation (fixed and variable) less any amounts due to be paid as a result of a non-competition clause.

Payment of this indemnity is subject to the performance criteria described in the agreement below.

2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Deputy CEO in the event of the revocation of his mandate.

Terms and conditions: The termination benefit, equivalent to two years' compensation will be adjusted based on actual performance in relation to targets over the last four years of service:

- if the average rate is below 50%, no termination compensation shall be paid;
- if the average rate is between 50% and 100%, termination compensation shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
- if the average rate is higher than 100%, termination compensation shall equal 100% of the base used for the calculation;
- if the revocation arises during the first two years of his appointment as Deputy CEO, the termination compensation will be calculated as follow:
- after six months at his position and before the end of the twelfth month: termination benefits equal to six months compensation (fixed and variable) shall be paid;
- after twelve months at his position and before the end of the twenty-fourth month: termination benefits equal to twelve months compensation (fixed and variable) shall be paid;
- afterwards termination benefits shall be capped at twenty-four months of compensation (fixed and variable).

3. Nature: Non-compete compensation in the event of revocation or dismissal.

Terms and conditions: In the event of the interruption of his mandate, by revocation or dismissal, Mr Stanislas BOUBÉE de GRAMONT, Deputy CEO, agrees not to practice any form of professional activity for a Groupe Seb competitor engaged in the development, manufacture or commercialization of products which have, are or shall be developed, manufactured or commercialized in the future by Groupe Seb. In return for the fulfillment of this obligation, and for the period for which it is applicable (one year renewable once), Mr Stanislas BOUBÉE de GRAMONT will receive a monthly amount of non-compete compensation from the company equal to 50% of the average monthly salary (fix and variable) paid to him over the last twelve months of his presence within the Group.

The Board of Directors can release Mr Stanislas BOUBÉE de GRAMONT from this obligation by waiving the non-competition clause.

4. Nature: Individual life insurance plan in favor of Mr Stanislas BOUBÉE de GRAMONT, Deputy CEO of Groupe Seb.

Terms and conditions: In addition to the Group's collective provident device, Mr Stanislas BOUBÉE de GRAMONT may benefit from individual death insurance.

5. Nature: Supplementary and top-up retirement plan.

Terms and conditions: As with all other members of the Executive and Management Committees, Mr Stanislas BOUBÉE de GRAMONT is entitled to a supplementary and top-up pension plan.

This scheme complements the statutory schemes and is composed as follows:

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
- a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority.

This dispositive guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation.

Payment is subject to the following conditions:

- The executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans.
- The executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity.
- The executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

For senior executives, including Mr Stanislas BOUBÉE de GRAMONT, present on July 3, 2019, the provisions of Order N°. 2019-697 of July 3, 2019 relating to supplementary occupational pension schemes forced the Group to freeze and close this scheme on December 31, 2019.

Groupe SEB executives became potentially eligible for the defined benefit plans after eight years of service on the Groupe SEB Executive Committee, and subject to completion of their career with the Group.

These elements will be calculated for the new Deputy CEO, Stanislas BOUBÉE de GRAMONT, who had taken up his duties from December 3, 2018, when the new scheme is set up.

Lyon and Courbevoie, April 2, 2020,

The Statutory auditors

PricewaterhouseCoopers Audit	**Mazars**
Elisabeth L'hermite	Thierry Colin

9 Additional information

9.1. Glossary

Performance shares

Bonus shares allocated by the Board of Directors to the executive officers, members of the Executive Committee and directors and managers of the Group, on expiry of a vesting period and subject to the associated performance conditions having been met.

These shares reward the achievement of the Group's long-term objectives, and their allocation is entirely subject to the performance conditions having been fulfilled.

These performance conditions cover revenue and Operating Result from Activity targets and are assessed on an annual basis over a three-year period. The achievement rates are set each year by the Board of Directors on a proposal of the Governance and Remuneration Committee.

Family shareholders

The family shareholding represents all the shareholders from the Group's founding family.

The majority of shareholders from the Founder Group are represented by three family holdings/organizations: VENELLE INVESTISSEMENT, GÉNÉRACTION and FÉDÉRACTIVE.

Their shareholder strategy gives family shareholders influence over company policy and governance. Certain family shareholders operate a concerted voting block through a shareholder agreement: see page 306 of Chapter 7 of the Universal Registration Document: Shareholder agreement - Concerted voting block.

Registered shares

As opposed to bearer shares, registered shares give the company a better understanding of its shareholders and promote direct contact with them.

There are 2 ways registered shares can be held:

- Direct registration: the shares are registered in shareholder's name with the SEB Share Service, where they are held and managed free of charge;
- Administered registration: the shares are held and managed by a financial intermediary. They are also registered with Groupe SEB's Share Service.

Registered securities entitle the holder to certain benefits, including the granting of a dividend supplement equal to 10% of the dividend for all registered shares held for more than 2 years.

Bearer shares

Shares are held in a securities account by the shareholder's financial intermediary. The name of the shareholder is not, therefore, directly known to Groupe SEB. In this case, the purchase and ongoing management of their securities are entrusted to the financial intermediary of their choice.

BtoB

Business to Business: Refers to the range of commercial activities that take place between two companies, as opposed to activities that take place between a company and an individual.

Business Unit (BU)

An organizational unit within the company that focuses on a certain area of business. A BU is managed independently and has its own objectives and resources.

Free cash flow

Free cash flow corresponds to the "net cash from operating activities" item in the consolidated cash flow statement, adjusted from non-recurring transactions with an impact on the Group's net debt (for example, cash outflows related to restructuring) and after taking account of recurring investments (CAPEX).

Code of Ethics

Since 2012, Groupe SEB's Code of Ethics has documented the 18 fundamental ethical principles that the Group wants all its employees to observe, in all circumstances and in all countries. It is available from the following address:
https://www.groupeseb.com/en/our-code-ethics

CIR (crédit d'impôt recherche, research tax credit)

The CIR is a tax incentive which purpose is to promote innovation and competitiveness of french companies. Through this tax credit, companies can incur research and development expenses and receive partial reimbursement for these expenses.

Click & Mortar

Refers to retailers that have added online activities (click) to their traditional models (mortar). This retail model is the opposite of that of pure players, like Amazon in online sales.

Customer/Consumer

Within the Group, whose business model is generally BtoB, the term customer refers to a retailer and the term consumer refers to the ultimate consumer. Where sales are made direct to the consumer, particularly through the Group's retail network, the term customer refers to the consumer.

AFEP-MEDEF Code

Corporate governance standards developed by AFEP and MEDEF since 1995. This Code enables listed companies to improve their operations and management in a very transparent manner and to fulfill the expectations of investors and the general public. Followed by almost all the companies in the SBF 120, it provides a set of recommendations on corporate governance and notably, on the remuneration of their senior executive and non-executive officers. The code was last revised in January 2020.

Net indebtedness

This term refers to all recurring and non-recurring financial debt minus cash and cash equivalents, as well as derivative instruments linked to Group financing. It also includes financial debt from application of the IFRS 16 standard “Leases” in addition to short-term investments with no risk of a substantial change in value but with maturities of over three months.

Duty of Vigilance

The duty of vigilance is an obligation imposed upon principal contractors to anticipate the social, environmental and governance risks associated with their operations, but which may also extend to the activities of their subsidiaries and commercial partners (subcontractors and suppliers).

DPEF déclaration de performance extra-financière, non-financial performance report

The DPEF is current legal and regulatory framework for the publication of sustainable development information for companies in France, as set out in Order No. 2017-1180 of 19 July 2017 on the disclosure of non-financial information by certain large undertakings and groups. It replaces the existing mechanism for the publication of sustainable development information in France (called “Grenelle II” reporting, by reference to Law No. 2010-788 of 12 July 2010 on national commitment for the environment, sometimes called the “Grenelle II” Law).

Double voting rights

Double voting rights are allocated to any fully paid-up share provided that it has been held in registered form in the name of the same shareholder for a period of 5 years. Double voting rights are defined in article 35 of the Group’s bylaws. See page 303.

Pre-emption rights

A benefit conferred by Article 225-132 of the French Commercial Code to shareholders of a limited company, that enables them to exercise a preferential right to acquire new shares issued during a share capital increase, within a given timescale and in accordance with the conditions set out by the Extraordinary General Meeting.

Adjusted EBITDA

Adjusted EBITDA is equal to Operating Result from Activity minus discretionary and non-discretionary profit-sharing, to which are added operating depreciation and amortization.

Home & Cook

Home & Cook is a Groupe SEB store selling products from its various brands (e.g. Calor, Rowenta, Moulinex, Seb, Tefal, Krups, Lagostina, etc.)

IFRS

International Financial Reporting Standards. Accounting standards with which listed companies are required to comply when preparing their accounts, in order to harmonize the presentation of their financial statements.

IFRS 16

New accounting standard for leases that requires a liability and a right of use to be recognized in the balance sheet for leases meeting certain criteria (term of lease, materiality, etc.)

ISO 14001

ISO 14001 is a standard applied to environmental management systems to address the environmental concerns of consumers. It was created by the International Standards Organization (ISO). It applies to any entity wishing to implement an ecologically-friendly system. The entity will be required to update its environmental policy in order to improve its performance in this area and to ensure it complies with the standard.

Executive officers

These are the Chairman and Chief Executive Officer, the Chief Operating Officer, the Chairman of the Board of Directors and members of the Board of Directors of SEB S.A.

Senior Executive Officers

These are the Chairman and Chief Executive Officer and the Chief Operating Officer.

Growth Drivers

Growth drivers include all the levers, including advertising, marketing and innovation, that a company can put into action to successfully market its product or brand.

MSCI

A ratings and financial and non-financial research agency of international renown that specializes in the analysis of environmental, social and corporate governance factors.

www.msci.com

ORNAE

Bonds with optional reimbursement in cash and/or existing shares (from the French, Obligations à Option de Remboursement en Numéraire et/ou en Actions Existantes).

These bonds were issued on 17 November 2016 (ISIN code FR0013218807) in the amount of €150 million, maturing on 17 November 2021.

This type of convertible bond does not require new shares to be issued as, in the event of the exercise of the share allotment right, holders will receive an amount in cash and, where appropriate, an amount payable in existing shares.

ITO

An Independent Third-party Organization responsible for confirming that the information published in the Group's non-financial performance report is complete and accurate. The Group's independent third-party organization is Mazars, the company's statutory auditor.

SDE

Small Domestic Equipment

SEA

Small Electrical Appliances

Dividend supplement

This is paid for any shares registered before 31 December of any year, which are held in this form for two consecutive financial years in the same shareholder's name, up to a statutory maximum shareholding of 0.5%. The amount of the dividend supplement is equal to 10% of the ordinary dividend, the maximum amount authorized by current legislation.

Loyalty program (LP)

These programs, led by the distribution retailers, consist in promotional offers in a product category to loyal consumers who have made a series of purchases within a short period of time. The promotional programs enable distributors to boost footfall in their stores, and consumers to access our products at discounted prices.

Pure players

A pure player is an actor or company operating exclusively online, as opposed to actors who have a presence several distribution channels.

Operating Result from Activity (ORfA)

Operating Result from Activity (ORfA) is Groupe SEB's main performance indicator. It corresponds to sales minus operating costs, i.e. the cost of sales, innovation expenditure (R&D, strategic marketing and design), advertising, operational marketing as well as commercial and administrative costs. ORfA does not include discretionary and non-discretionary profit-sharing or other non-recurring operating income and expense.

Profit attributable to owners of the parent

This corresponds to the total consolidated net profit (profits generated by all the companies in the Group), minus the share that belongs to the third-party shareholders of subsidiaries that the Group does not fully own.

SAPIN II

French Law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernization of economic life.

SEB

The Société d'Emboutissage de Bourgogne (Burgundy Stamping Company). SEB refers to Groupe SEB, while Seb refers to the Group's product brand (pressure cooker, Actifry, etc.)

Specialist stores

Specialist superstores are large stores, usually located close to hypermarkets, that specialize in the sale of cookware or electrical appliances.

Traditional stores

Traditional stores are conveniance stores in most cases, still very established in emerging countries. Given the limited storage space, the selections on offer are more limited than in large specialist stores or through online commerce. Here, the consumer is primarily looking for proximity, convenience and human contact, which have been maintained despite the rise of new stores.

URD

Universal Registration Document. This new document, arising as a result of the entry into force on 21 July 2019 of Regulation (EU) 2017/1129, known as "Prospectus 3", replaces the registration document. In addition to its new name, this document meets the objective of improving readability for shareholders and investors by adding more detailed information on:

- strategy,
- non-financial information,
- risk factors.

9.2. Declaration by the person responsible for the Universal Registration Document containing the annual report

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I hereby declare that, to my knowledge, the financial statements have been prepared in accordance with relevant accounting standards and provide a true and fair view of the assets, financial situation and performance of the company and of all companies included under the Consolidated Financial Statements. I furthermore declare that the management report referenced in the cross-reference table in section 9.4 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.

8 April 2020.

Chairman and CEO

Thierry de La Tour d'Artaise

9.3. Statutory auditors and audit fees

STATUTORY AUDITORS

- **PricewaterhouseCoopers Audit, represented by:**

Elisabeth L'Hermite

Grand Hôtel-Dieu 3 Cour du Midi - 69287 LYON CEDEX 02,

appointed by the Ordinary General Meeting of 12 May 2015.

Term: Ordinary General Meeting of 2021.

- **Mazars, represented by:**

Thierry Colin

61, rue Henri Regnault — 92075 Paris La Défense Cedex, France,

appointed by the Ordinary General Meeting of 12 May 2015.

Term: Ordinary General Meeting of 2021.

Each of these Statutory auditors is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

SUBSTITUTE STATUTORY AUDITORS

- **For PricewaterhouseCoopers Audit:**

Jean-Christophe Georghiou

63, rue de Villiers — 92200 Neuilly-sur-Seine, France,

appointed by the Ordinary General Meeting of 12 May 2015.

Term: Ordinary General Meeting of 2021.

- **For Mazars:**

Gilles Rainaut

61, rue Henri Regnault — 92075 Paris La Défense Cedex, France,

appointed by the Ordinary General Meeting of 12 May 2015.

Term: Ordinary General Meeting of 2021.

FEES PAID TO STATUTORY AUDITORS

The breakdown of fees paid to Statutory auditors and members of their networks is as follows:

	PricewaterhouseCoopers Audit				Mazars			
	Amount (excluding tax)		In%		Amount (excluding tax)		In%	
(in € thousands)	2019	2018	2019	2018	2019	2018	2019	2018
AUDIT								
Statutory auditor, certification, review of individual and consolidated financial statements								
SEB S.A., issuer coordination and consolidation	218	221			251	207		
Fully integrated subsidiaries	1,671	1,408			2,009	1,705		
SUB-TOTAL	**1,889**	**1,629**	**85%**	**74%**	**2,260**	**1,912**	**90%**	**93%**
Other services performed by the networks for fully integrated subsidiaries								
SEB S.A., issuer coordination and consolidation	12	2			62	76		
Fully integrated subsidiaries	331	558			200	71		
SUB-TOTAL	**343**	**560**	**15%**	**26%**	**262**	**147**	**10%**	**7%**
TOTAL	**2,232**	**2,189**	**100%**	**100%**	**2,522**	**2,059**	**100%**	**100%**

9.4. Cross-reference table for the Annual Financial Report, Management Report and Corporate Governance 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	185-200	X	X
Key non-financial performance indicators relevant to the company's specific business activity	111-180		X
Significant stakes acquired during the financial year in companies headquartered in France	199	X	X
Significant events that occurred between the financial year-end and the date on which the report was drawn up	200	-	X
Foreseeable developments regarding the position of the company and the Group	200	X	X*
Dividends distributed over the three preceding financial years and amount of income distributed for these years	317		X
Presentation of the Group			
Description of the main risks and uncertainties faced by the company	40-55	X	X*
The company's use of financial instruments: objectives and policy in relation to financial risk management	250-260	X	X
Company's exposure to price, credit, liquidity or cash flow risks	259-260	X	X
Social and environmental consequences of business (including "Seveso" facilities)	111-180		X
Research and development activities	21-25	X	X
Information on the company and its share capital			
Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board, as well as to changes in the Company's bylaws	59, 78-83		X
Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares	311-312	X	X
Purchases and sales of treasury stock during the financial year	311-312	X	X
Adjustments for share equivalents in the event of share buybacks or financial transactions	-	-	-
Structure of and changes to the company's share capital	305-310	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	303-307	X	X
Direct or indirect shareholdings in the company of which the company is aware	302-310	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	313-315		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	305-307	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	-		-
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	86-110, 264-265, 291-293		X
Injunctions or fines as a result of anti-competitive practices	-		-

* *The management report was approved by the board of directors on its February 25, 2020 meeting and does not include the elements subsequent to its holding.*

	Page numbers	Annual Financial Report	Management report
Financial statements			
Changes in the presentation of the financial statements or in the valuation methods used	207	X	
Profit over the last five financial years	294	X	
Consolidated financial statements	201-269	X	
Company financial statements	277-294	X	
Statutory auditors' reports on the company and Consolidated Financial Statements	270-274 295-299	X	
Fees paid to the Statutory auditors	348	X	
Corporate governance report			X
Information on the composition, operation and powers of the Board of Directors:			
Reference to a Corporate Governance Code	58		
Composition of the Board of Directors and conditions governing the preparation and organization of meetings	59-84		
Principle of gender balance	59		
List of the offices and positions of each director	61-73		
Agreements signed between a director or a shareholder holding more than 10% of the voting rights and a subsidiary	76		
Table summarizing the outstanding delegations granted by the Annual General Meeting of shareholders to the Board of Directors to increase the share capital, showing the use made of these delegations during the financial year	311		
Conditions governing the exercise of executive powers	58		
Conditions governing shareholder participation in Annual General Meetings	83		
Information on the remuneration of executive officers:	86-110		
Remuneration policy (ex-ante say on pay)			
Total compensation and benefits of any kind paid to each executive officer during the financial year, and reference to the resolutions voted for through an ex-ante vote			
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			
Conditions for the exercise and retention of stock options by executive officers			
Conditions for the retention of performance shares awarded to executive officers			
Transactions by senior managers and associated persons involving the company's shares			
Commitments of any kind made by the company for the benefit of its executive officers, such as remuneration, compensation or benefits due or likely to become due when, or after, they assume, cease or change positions			
Information on factors which could affect a takeover bid	304		
Statutory auditors' report on the Corporate governance report	297	X	X
Report by one of the statutory auditors on the consolidated human resources, environmental and social information included in the management report	181-183	X	X
Statutory auditors' report on regulated agreements and commitments	339-342	X	
Declaration by the person responsible for the Annual Financial Report	349	X	

9.5. Cross-reference table for the Universal Registration Document

9

Cross-reference table for the Universal Registration Document - Annex 1 and 2 of the european delegated regulation 2019/980 of March 14, 2019 completing the european regulation 2017/1129 of June 14, 2017	Pages
9 – REGULATORY ENVIRONMENT	50-52, 122-123
10 – TREND INFORMATION	200
11 – PROFIT FORECASTS OR ESTIMATES	N/A
12 – ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
12.1 Administrative and management bodies	59-85
12.2 Conflicts of interest within administrative and management bodies	77-78
13 – REMUNERATION AND BENEFITS	
13.1 Amount of remuneration paid and benefits in kind	86-110
13.2 Total amounts set aside or accrued to provide pension, retirement or similar benefits	91-93
14 – PRACTICES OF ADMINISTRATIVE AND MANAGEMENT BODIES	
14.1 Date of expiry of current terms of office	75
14.2 Service contracts binding the members of the administrative bodies	76
14.3 Information about the Audit Committee and Remuneration Committee	80-82
14.4 Statement of compliance with the regime of corporate governance	58, 76-77, 84
14.5 Potential impacts on the corporate governance	58-110
15 – EMPLOYEES	
15.1 Number of employees	133, 275
15.2 Shareholdings and stock options of the executive officers	313-315
15.3 Arrangements for involving the employees in the capital of the issuer	238-239, 313-315
16 – MAJOR SHAREHOLDERS	
16.1 Shareholders owning more than 5% of the capital and voting rights	305-310
16.2 Existence of different voting rights	302, 305
16.3 Control over the issuer	305-307
16.4 Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	306
17 – RELATED PARTY TRANSACTIONS	263-265
18 – FINANCIAL INFORMATION CONCERNING THE ISSUER’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
18.1 Historical financial information	275-276
18.2 Interim and other financial information	202-204, 278-279
18.3 Auditing of historical annual financial information	270-274, 295-299
18.4 Proforma financial information	N/A
18.5 Dividend policy	317
18.6 Legal and arbitration proceedings	262
18.7 Significant change in the issuer’s financial or trading position	N/A
19 – ADDITIONAL INFORMATION	
19.1 Share capital	303-310
19.1.1. Amount of issued capital and number of shares	303
19.1.2. Shares not representing capital	N/A
19.1.3. Treasury shares	305-310
19.1.4. Convertible securities, exchangeable securities or securities with warrants	310
19.1.5. Terms governing unissued capital	N/A
19.1.6. Options on share capital	N/A
19.1.7. History of changes to share capital	303-310
19.2 Memorandum and bylaws	302
19.2.1. Corporate objects and purposes	302
19.2.2. Rights, privileges and restrictions applying to shares	303
19.2.3. Provisions likely to defer, delay or prevent a change in control	N/A

Cross-reference table for the Universal Registration Document - Annex 1 and 2 of the european delegated regulation 2019/980 of March 14, 2019 completing the european regulation 2017/1129 of June 14, 2017	Pages
20 – MATERIAL CONTRACTS	N/A
21 – DOCUMENTS ON DISPLAY	302

The following information is incorporated by reference in this Universal Registration Document:

- The Registration Document for the 2018 financial year was filed with the French Financial Markets Authority on 01 April 2019, under number D.19-0236. The Consolidated Financial Statements appear on pages 199 to 267 and the corresponding audit report appears on pages 268 to 271 of this document.
- The Registration Document for the 2017 financial year was filed with the French Financial Markets Authority on 29 March 2018, under number D.18-0220. The Consolidated Financial Statements appear on pages 163 to 232 and the corresponding audit report appears on pages 233 to 236 of this document.

9.6. Cross-reference table, Grenelle II, GRI and global compact

				References	
Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	Universal Registration Document	Website sustainable development section
SOCIAL PERFORMANCE INDICATORS					
Employment					
Total employees	1.a-1	LA1		page 133	Key figures
Breakdown of employees by gender	1.a-1	LA1/LA13		page 137	
Breakdown of employees by age group	1.a-1	LA13		page 138	
Breakdown of employees by geographical region	1.a-1	LA1		page 133	
Breakdown of employees by type of work		LA1		page 137	
Breakdown of employees by employment contract type		LA1		page 135	
Hires	1.a-2	LA2		page 134	
Redundancies	1.a-2	LA2		page 134	
Remuneration	1.a-3	LA3/LA14		page 145	
Change in remuneration over time	1.a-3	LA3		page 145	
Organization of work					
Organization of working hours	1.b-1			page 149	
Absenteeism	1.b-2	LA7		page 149	
Labor relations					
Organization of employee-management dialog	1.c-1	LA4/LA5	3	page 139	
Collective bargaining agreements	1.c-2	LA4/LA5		page 139	
Health and safety					
Workplace health and safety conditions	1.d-1	LA6/LA8	4-5	pages 141-144	Health/Safety
Agreements signed with trade unions in relation to workplace health and safety	1.d-2	LA9		page 139	
Frequency and severity of workplace accidents	1.d-3	LA7		page 143	
Work-related illness	1.d-3	LA7		page 144	Health/Safety
Training					
Policies in place with regard to training	1.e-1	LA11		pages 146-148	Expertise
Total number of training hours	1.e-2	LA10		page 148	
Number of employees receiving regular performance and career development reviews		LA11		page 132	
Equal opportunity					
Measures taken to promote gender equality	1.f-1	LA14		pages 136-138	Fairness and diversity
Measures taken to promote employment opportunities for and integration of disabled people	1.f-2	LA13		page 138	Fairness and diversity
Anti-discrimination policy	1.f-3	LA13		pages 136-137	Fairness and diversity
Governance					
Composition of corporate governance bodies		LA13		chapter 2	Governance
Promotion of and adherence to the ILO's fundamental conventions					
Respect for freedom of association and the right to collective bargaining	1.g-1	HR5/LA4/LA5	3	page 139	Respect for ethics
Elimination of discrimination in employment and occupation	1.g-2	HR4/LA13/LA14	6	pages 136-138	Fairness and diversity
Elimination of forced or compulsory labor	1.g-3	HR6/HR7		pages 128-129	Respect for ethics
Effective abolition of child labor	1.g-4	HR6	4 - 5	pages 128-129	Respect for ethics

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Universal Registration Document	References: Website sustainable development section
Other actions taken to promote Human Rights	3.e				Respect for human rights
Investment and procurement practices					Responsible purchasing
Percentage of major suppliers and contractors verified as compliant with Human Rights; measures taken		HR2		pages 129-131	
Total number of training hours for employees on policies and procedures regarding Human Rights relevant to their job; percentage of employees trained		HR3		pages 128	
Evaluation					Responsible purchasing, Respect for human rights
Percentage or number of activities for which the organization has conducted Human Rights reviews or impact assessments		HR10	1 and 2	pages 129-131	
Corrective action					
Number of Human Rights grievances filed, handled and resolved according to a Human Rights grievance management procedure		HR11	1 and 2	page 130	
ENVIRONMENTAL PERFORMANCE INDICATORS					
General policy toward the environment					Reducing environmental impacts
Company organization to address environmental issues. Environmental evaluation or certification procedures, where applicable	2.a-1			pages 169-179	Shrink our environmental footprint
Employee training and education initiatives taken with regard to safeguarding the environment	2.a-2			page 113	
Resources allocated to prevent environmental risks and pollution	2.a-3	EN30		pages 169-171	Eco-manufacturing
Provisions and guarantees for environmental risks (unless this information could be detrimental to the company)	2.a-4	EN28/EC2	7 à 9	page 261	
Pollution					
Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment	2.b-1	EN22/EN23/ EN24		pages 176-177	Eco-manufacturing
Measures to prevent noise pollution and any other form of pollution stemming from operations	2.b-3	EN25		page 176	Eco-manufacturing
Total discharge into water		EN21	7 to 9	page 174	
Circular Economy					The central role of the circular economy in sustainable innovation
Prevention and waste management					
Measures to prevent recycle, reuse, other ways of waste recovery and dispose of waste	2.b-2	EN27		page 166-168	Recycling for reuse
Total waste produced		EN22/EN24		page 176	
Measures against food waste				page 161	

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Universal Registration Document	References: Website sustainable development section
Sustainable use of resources					
Water consumption and supply according to local constraints	2.c-1	EN8/EN9/EN21		page 175-176	
Consumption of raw materials	2.c-2	EN1		pages 175	
Consumption of recycled materials		EN2		pags 166-167	Eco-design
Measures taken to improve the efficient use of raw materials	2.c-2	EN10		pages 172-173	Eco-design; Eco-manufacturing
Energy consumption	2.c-4	EN1/EN3/EN4		page 174-175	Eco-design; Eco-manufacturing
Measures taken to improve energy efficiency and use of renewable energy	2.c-4	EN5/EN6/EN7		pages 174-175	Eco-design
Land use	2.c-3		7 to 9	page 177	
Climate change					
Significant sources of greenhouse gas emissions generated by Company activities, as well as by the use of the goods and services produced by the Company	2.d-1	EN16/EN17/ EN19/EN20		pages 173-177	Shrink our environmental footprintT
Adaptation to the consequences of climate change	2.d-2	EN18/EC2	7 to 9	pages 169-179	
Biodiversity protection					
Measures taken to preserve or promote biodiversity	2.e-1	EN11 to EN15/ EN25	7 to 9	pages 177-178	
Products and services					
Initiatives to reduce the environmental impact of products and services; scope of these initiatives		EN26	7 to 9	page 164-168 and 172-173	Eco-design; Products end-of-life
Transport					
Significant environmental impacts stemming from the transport of products, other goods and materials used by the organization in the course of its operations and the transport of staff members		EN29	7 to 9	pages 178-179	Eco-logistics
INFORMATION ON CORPORATE CITIZENSHIP COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT					
Regional, economic and social impact of the company's operations					
With regard to employment and regional development	3.a-1	EC8/EC9		page 154	
On neighboring or local populations	3.a-2	EC1/EC6/SO1/ SO9/SO10		page 154	Good corporate citizen
Relations with individuals or organizations that have a stake in the company's operations					
Conditions for dialog with these individuals or organizations	3.b-1			page 122-124	
Corporate partnership or philanthropy actions	3.b-2	EC1		pages 150-153	
Contractors and suppliers					
Inclusion of social and environmental criteria in the procurement policy	3.c-1	EC6/HR2/ HR 5 to 7		pages 129-131	Ethics, Responsible purchasing
Extent of sub-contracting and consideration of CSR factors in relations with suppliers and contractors	3.c-2		1 and 2	pages 129-131	Ethics, Responsible purchasing
Fair business practices					
Actions taken to prevent corruption	3.d-1	SO2 to SO4/SO7/ SO8	10	page 129	Respect for ethics
Measures taken to promote consumer health and safety	3.d-2	PR1/PR2		pages 157-158	Respect of consumers
Anti-competitive practices					
Total number of legal proceedings for anti-competitive practices, violation of anti-trust laws and monopolistic practices and outcomes of these proceedings		SO7		-	

NOTES

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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2019

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