GROUPE SEB

2017

FINANCIAL REPORT
AND REGISTRATION DOCUMENT

contents

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

Registration Document 2017

and Annual Financial Report

€6,485m
IN REVENUE IN 2017

9.2%
ORGANIC SALES GROWTH

45%
INCREASE IN NET PROFIT

33,600
EMPLOYEES WORLDWIDE
AT 31/12/2017

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.

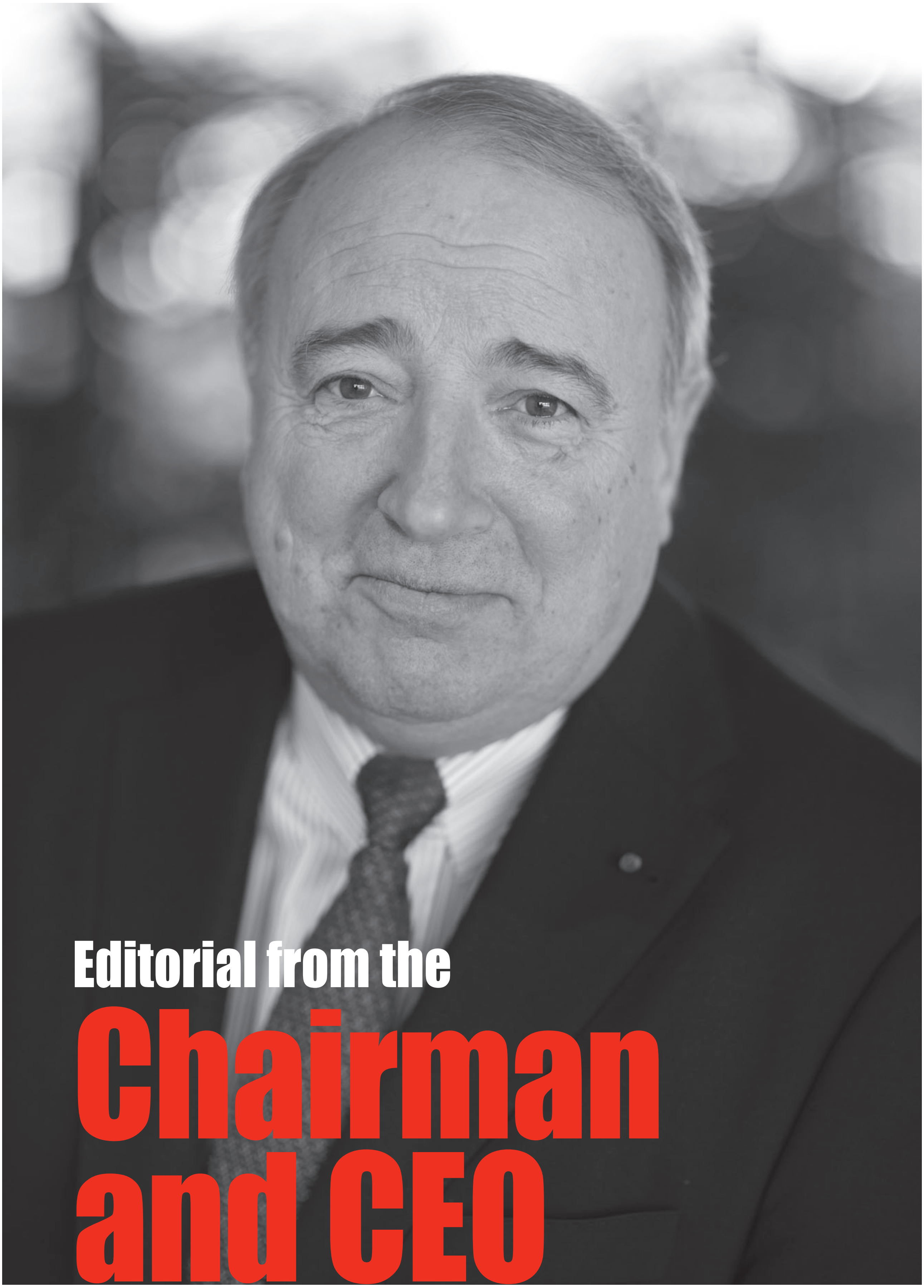
This offering is enhanced by an **exceptional brand portfolio**.

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.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers or AMF) on 29 March 2018, in accordance with Article 212-13 of the AMF's general regulations. It may be used as a basis for financial transactions if it is accompanied by an AMF information memorandum. This document was drawn up by and is the responsibility of the issuer and its Chairman and CEO.

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



Editorial from the Chairman and CEO

Thierry de La Tour d'Artaise

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

> “OUR 2017 PERFORMANCE STANDS AS PROOF OF THE RELEVANCE OF OUR BUSINESS MODEL, THE ROBUSTNESS OF OUR FUNDAMENTALS, THE CONTINUOUS IMPROVEMENT OF OUR COMPETITIVENESS AND THE OUTSTANDING COMMITMENT OF ALL OUR EMPLOYEES”

2017: another great year

Groupe SEB once again posted an excellent year in 2017. Sales amounted to nearly €6.5 billion, up 30%, with a €1.15 billion contribution to Group revenue from WMF in its first year of consolidation. Our organic growth, at +9.2%, was vigorous and driven by all our geographic regions and product families.

Our Operating Result from Activity rose by more than 30%, our net income by 45%, and we ended the year with a net debt/adjusted EBITDA ratio of 2.4. WMF's performance was consistent with our expectations, generating an accretion of 22% on net earnings per share. The ambitious objectives we had set for ourselves in 2017 have thus been exceeded. These results should, furthermore, be viewed in the light of high comparatives, as 2015 and 2016 were already excellent years. They stand as proof of the relevance of our business model, the robustness of our fundamentals, the continuous improvement of our competitiveness and the outstanding commitment of all our employees, whom I would like to thank at this point.

Promising start of WMF within the Group

2017 was also a year of transformation for the Group with the integration of WMF. Substantial work was already carried out to implement new organizations - now operational -, harmonize processes, pool certain central functions and start unlocking synergies in purchasing, the supply chain and manufacturing. Value accretive projects were launched, with the first concrete initiatives aimed at developing the Consumer business - including in particular a strengthened strategy in the high-end segment – and activating the acceleration program in Professional Coffee. We are aligned with our roadmap and all the teams, on both sides, are mobilized in a spirit of constructive cooperation, to seize the many opportunities arising from this exciting project.

Obviously, considerable work still remains to be done, and some projects will take time to deliver their full potential. But, as with Supor 10 years ago, we are confident in our ability to take best advantage of this transformative acquisition.

Stepping up in 2018

In a probably more challenging general environment, and bearing in mind the demanding comparison basis set by the Group, including WMF, we have begun 2018 with great determination and a two-fold objective.

Firstly, in a Small Domestic Equipment market that we believe should remain buoyant, we aim to continue the Group's profitable growth within its former scope by leveraging our main strategic pillars: innovation, the power of our brands, a multi-channel distribution, global presence and our competitiveness.

Secondly, we will continue to integrate WMF, by intensifying the projects initiated in 2017 and, in particular, by implementing the investment and acceleration plans in the professional coffee business while at the same time taking actions to boost profitability in Small Domestic Equipment. This will enable us to start generating tangible synergies in line with our objectives for 2020.

Against this backdrop, Groupe SEB in 2018 aims to achieve further organic sales growth, improve its Operating Result from Activity and continue to reduce its indebtedness.

Profile
Groupe SEB

THE WORLD LEADER IN SMALL DOMESTIC EQUIPMENT

An extensive and diversified product offering

Cookware:

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

Small electrical appliances:

KITCHEN ELECTRICS:

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

HOME AND PERSONAL CARE:

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

Professional coffee machines

Development supported by a strong innovation dynamic

€225m

INVESTED IN INNOVATION IN 2017

> 1,300

PEOPLE WITHIN THE INNOVATION COMMUNITY

542

PATENTS FILED IN 2017

Presence across the entire value chain, from production to distribution

- **40 production sites** worldwide, manufacturing nearly 70% of products sold
- **A multichannel distribution**: mass retail, specialist retailers, traditional stores, proprietary stores (Group retail) and e-commerce
- Top ranking positions in over **25 countries**
- **33,600 employees in 150 countries** (31 December 2017)
- A strategy focusing on **ethical, socially fair and ecologically responsible** long-term development

AN UNRIVALED BRAND PORTFOLIO

Core brands

GLOBAL

Tefal T-fal Rowenta
Moulinex KRUPS

REGIONAL

SUPOR ARNO IMUSA SEB Calor emsa
ORIGINAL KAISER MAHARAJA WHITELINE ASIA Vina MIRRO WearEver PANEX
OBH NORDICA samurai Rochedo clock esteras e umco

Premium brands

WMF Lagostina 1901 All-Clad METALCRAFTERS LLC CANONSBURG, PA USA Silit

BtoB brands

WMF schaerer HEPP

Our values

ENTREPRENEURIAL DRIVE

- GLOBAL VISION
- LEADERSHIP FOR CHANGE
- DETERMINATION
- INITIATIVE AND AGILITY

PASSION FOR INNOVATION

- PASSION FOR PRODUCTS
- PIONEERING
- DARING

PROFESSIONALISM

- PRAGMATISM
- KNOW-HOW
- HIGH STANDARDS

GROUP SPIRIT

- SHARED AMBITION
- TRUST
- TRANSPARENCY

RESPECT FOR PEOPLE

- RESPECT
- LOYALTY
- SOCIAL RESPONSIBILITY

The Executive Committee

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

Bertrand Neuschwander,
Chief Operating Officer

Harry Touret
Senior Executive Vice-president, Human Resources

Vincent Léonard,
Senior Executive Vice-president, Finance

Stéphane Laflèche,
Executive Vice-president, Industrial Operations

Philippe Crevoisier,
Executive Vice-president, Products and Innovation

Cyril Buxtorf,
Executive Vice-president, EMEA

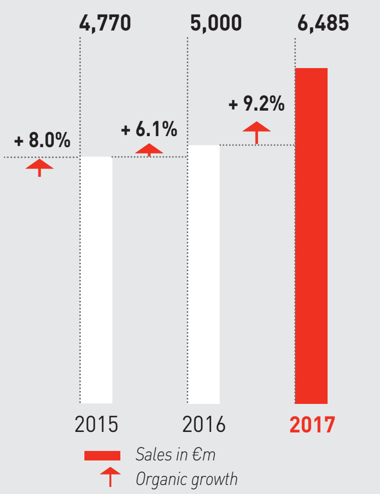
Luc Gaudemard,
Executive Vice-president, Americas

Frédéric Verwaerde,
Executive Vice-president, Asia

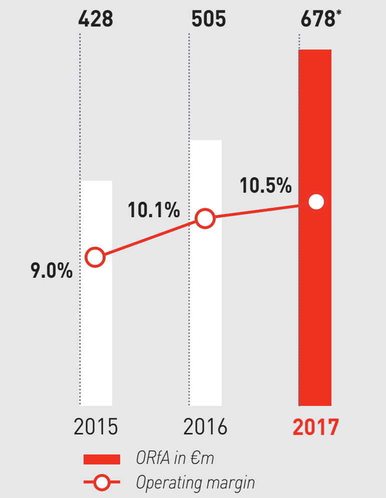
Vincent Tai,
Executive Vice-President, Asia since 01/01/2018

2017 key figures

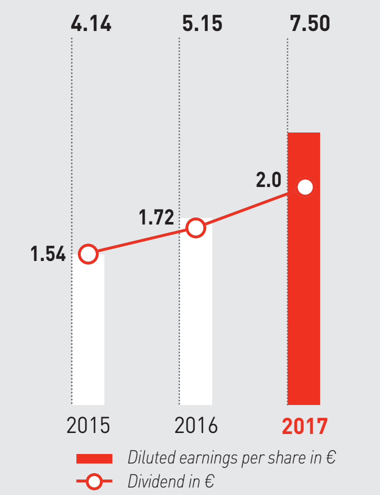
SALES AND ORGANIC GROWTH



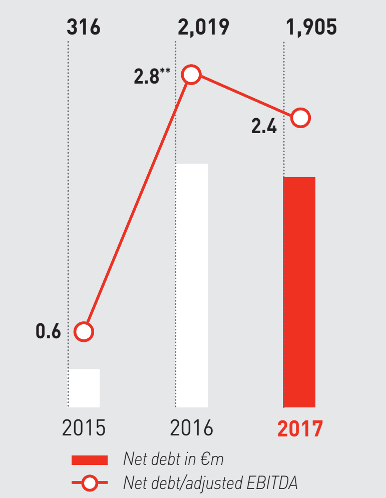
OPERATING RESULT FROM ACTIVITY AND OPERATING MARGIN



DILUTED NET EARNINGS PER SHARE AND DIVIDEND



NET DEBT AND FINANCIAL LEVERAGE AT 31 DECEMBER



* Before one-off impacts of WMF purchase price allocation: -€17m.

** Net debt/Proforma adjusted EBITDA (with WMF).

Other 2017 non-financial indicators

33,600

EMPLOYEES

> 1,200

PROPRIETARY STORES,
HALF OF WHICH ARE IN CHINA

177

ETHICAL, SOCIAL AND ENVIRONMENTAL AUDITS OF OUR SUPPLIERS

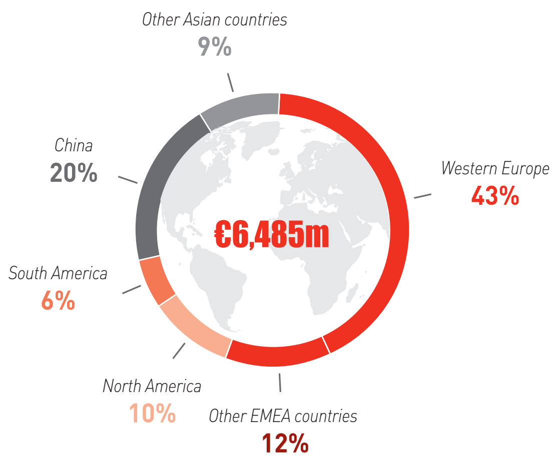
93%

OF SMALL ELECTRICAL APPLIANCES SOLD ARE LARGELY REPAIRABLE

Breakdown of sales by region

59% MATURE MARKETS

41% EMERGING MARKETS



Shareholders & stock market information

Data sheet

PLACE OF LISTING
Euronext Paris, Compartiment A

ISIN CODE
FR0000121709

LEI CODE
969500WP61NBK098AC47

LISTING DATE
27 May 1975

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

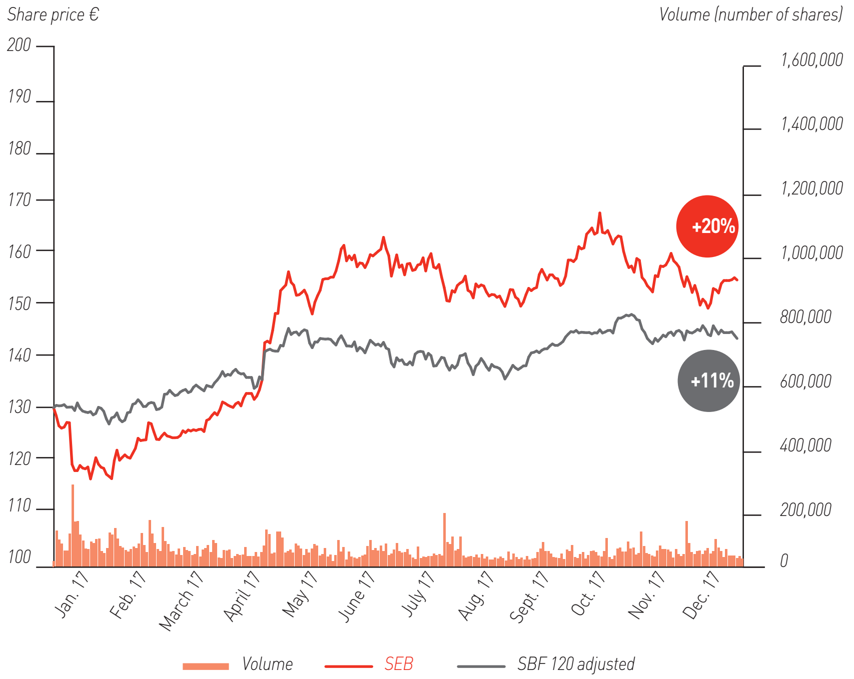
OTHER INFORMATION
IAS index – Eligible for DSS

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

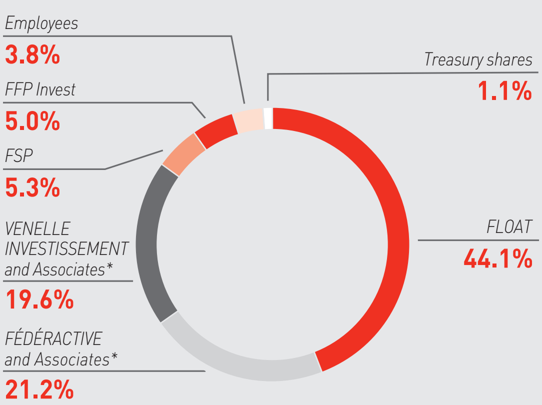
TICKERS
Reuters : SEBF.PA
Bloomberg : SK.FP

MARKET CAPITALIZATION
AT 31/12/2017
€7,749m

SHARE PRICE PERFORMANCE IN 2017

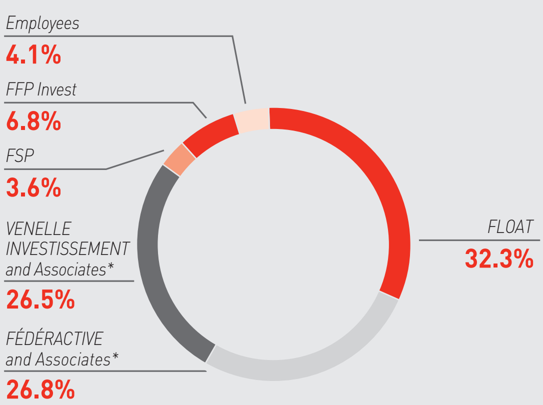


SHAREHOLDER BASE:
At 31/12/2017, as a % of the share capital (EGM)



* Founder Group **40.8%**

BREAKDOWN OF VOTING RIGHTS:
At 31/12/2017, as a% of effective votes (EGM)



* Founder Group **53.3%**

1

Introduction to the Group

1.1. History

Acquisitions   Organic growth   Innovations

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
1968	Acquisition of Tefal and its European subsidiaries (Germany, Belgium, Denmark, Netherlands, Italy)
1972	Acquisition of Calor
1972	Opening of subsidiaries in England and the US
1973	Creation of Groupe SEB
1975	Initial public offering of SEB S.A.
1975	Opening of a subsidiary in Japan
1978	First Tefal raclette grill
1981	First Calor electronic iron
1988	Acquisition of the German company, Rowenta
1991-93	Opening of subsidiaries: Mexico, Poland, the Czech Republic, Slovakia, Hungary, Turkey, Canada, and Portugal
1994	Seb Clipso pressure cooker with innovative opening mechanism
1994	Dymbo vacuum cleaner by Rowenta
1994-96	Further international expansion (Russia, United Arab Emirates, Brazil and Argentina)
1995	Pots and pans with Ingenio removable handles by Tefal
1997-98	Opening of subsidiaries in Australia and South Korea
1997-98	Acquisitions of the Brazilian company, Arno, and the Colombian company, Volmo (Samurai brand)
2000	Thermospot by Tefal (heat indicator integrated in the nonstick surface)
2001	Moulinex-Krups takeover

2003-04	Further development in Asia (Thailand and Malaysia)
2004	Acquisition of All-Clad, a high-end cookware specialist in the United States
2004	Repelente anti-mosquito fan by Arno
2005	Acquisitions of the Brazilian company, Panex, and the Italian company, Lagostina
2006	Actifry, “low-fat” fryer with only a spoonful of oil
2007	Acquisition of a majority shareholding in the Chinese company, Supor
2007	Silence Force vacuum cleaner by Rowenta
2011	Acquisitions of Imusa in Colombia and Asia Fan in Vietnam
2011	Acquisition of a majority shareholding in the Indian company, Maharaja Whiteline
2011	Creation of the SEB Alliance investment fund
2011	Acquisition of an additional 20% capital interest in Supor
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
2015	Acquisition of the Scandinavian company, OBH Nordica
2016	Capital stake in Supor increased to 81%
2016	Acquisition in Germany of EMSA, the kitchen utensil and accessory specialist
2016	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, which specializes in mini hand choppers
2017	Air Force 360, the all-in-one cordless handstick vacuum cleaner
2017	Body Partner by Tefal, the connected bathroom scales

1.2. Business sector

THE SMALL DOMESTIC EQUIPMENT MARKET

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

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. Based on the latest available statistics and Group estimates, the size of the market addressed is currently estimated at approximately €40 billion for **small electrical appliances** and €22 billion for cookware and kitchen utensils.

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

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

- **The cookware and kitchen utensil market** breaks down more or less evenly between the two segments. For cookware (mainly frying pans, saucepans, pressure cookers, bakeware and oven dishes) Groupe SEB is **the undisputed leader** and is continuing to expand its product offering by regularly introducing new materials. The kitchen 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 exemplified by the recent acquisitions of Swizzz Prozzz, EMSA and WMF, Groupe SEB now ranks among the top five global players in this segment. 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 development within a neutral or positive economic environment**. This performance reflects the combined impact of various factors:

- global consumption trends driven by a growing interest in health and wellbeing, encouraging the development of "home-made" products;
- moderate but steady growth in most mature markets, with a high installed base though unevenly spread across product families, responsiveness to innovation, a robust replacement market and a trading up trend reflecting demand for higher status products. At the same time, the entry-level segment, driven by demand for basic, low-priced products, has remained steady;
- overall solid but more volatile growth in emerging markets, according to the general environment and events. These markets are experiencing strong demand from first-time buyers and their buoyant growth is fueled by rising consumption stemming from the greater purchasing power of a booming middle class, increasing urbanization and the development of modern retail channels, particularly e-commerce;
- the co-existence of "global" products addressing universal needs or easy to tailor on a country scale with a product offering adapted to the specific lifestyles and consumption habits (particularly in relation to food) in local markets;
- an average sale price of around €50 for a small electrical appliance in Europe, for example, largely affordable by the general public and requiring no 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 (back to school, Christmas, Chinese New Year, Singles' Day, Black Friday, etc.);
- strong contributions for many years from products and solutions developed in partnership with major consumer goods players, as for example in the case of single-serve coffee making.

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), sometimes to the detriment of retail banners with a 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, Nova Pontocom, 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 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 (with, for some of them, only a marginal exposure to the small electrical appliance sector)**. Philips and Electrolux, for example, have a diversified product offering and a huge international presence. These two players are joined by Spectrum Brands and Conair, 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 manufacturers** marketing a broad product range internationally, such as the US group Meyer, and the German companies Fissler and Zwilling-Staub;
- **numerous international players in the highly fragmented kitchen utensils market,** including Tupperware, Rubbermaid (Newell Brands), Ikea, Oxo (Helen of Troy), Thermos and Lifetime Brands;
- **groups or companies operating primarily in their domestic market or a small number of reference markets**: Magimix, Taurus, Imetec, Severin, in particular, in several European countries; Arcelik in Turkey; Bork and Polaris in Russia; Newell Brands, which mainly addresses North America, Hamilton Beach Brands and SharkNinja on the American continent; Mallory, Mondial, Britania and Tramontina (cookware) in South America; and Panasonic in Asia;
- **local competitors**, notably in booming Asian emerging markets (China, India and Indonesia), driven by buoyant domestic markets and, in the case of China, by growth in exports, both regionally (particularly South-East Asia) and worldwide. In China, the Group's main competitors are Midea and Joyoung for small kitchen electrics and ASD for cookware;
- **specialists** concentrating on one or two product segments: in small electrical appliances with innovative technologies, for example Dyson and iRobot, or with high-end positioning, such as Vorwerk and Jura; 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;
- finally, certain companies' activities and brands are present in both B2B and consumer segments, as in the cases of Kitchen Aid (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 on-line sales.

THE PROFESSIONAL COFFEE MARKET

The acquisition of WMF has 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.

On a professional coffee machine market worth nearly €8 billion globally (source: Estin & Co.), Groupe SEB has thus penetrated a very specific segment: fully automatic machines, which represent approximately 25% of the total market (including equipment and services), and whose sales are driven by rapid growth in out-of-home consumption of speciality and premium coffees.

The Group has positioned itself as the undisputed global leader in this high concentrated market segment through two brands, WMF and Schaerer. Franke, Thermoplan and Melitta are also global benchmark players, alongside more minor groups in this segment but with a strong presence in other categories (La Cimbali, Rancilio through the Egro brand, and Jura).

1.3. A profitable growth strategy

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

A STRONG PRODUCT INNOVATION DYNAMIC

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

A LONG-TIME COMMITMENT

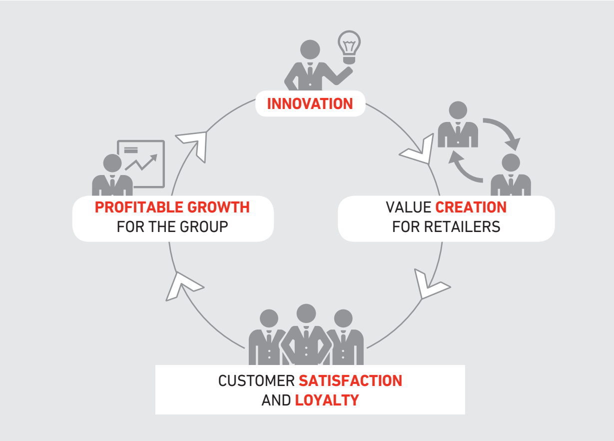
The Group's history is one of continual innovations and breakthroughs incorporating unique concepts, new features and ingenious discoveries. These innovations have been reflected in tangible advances in the everyday life of consumers. Iconic products, such as the Seb pressure cooker or the Moulinex hand-crank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

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

- the Group's first partnerships, developed from 2006 onwards with leading food industry operators, which gave it access to new product categories, such as pod coffee machines and home beer-tapping machines;
- the introduction of several innovative products, in response to new consumer expectations (nutrition and health, home-made, convenience, well-being, etc.), often leading to major commercial success: the Actifry fryer with only a spoonful of oil; the Silence Force Cyclonic 4AAAA and Silence Force Extreme vacuum cleaners, which combine power with very low noise levels; silent fans, the Airforce 360 versatile handstick vacuum, smart appliances (Cookeo and Optigrill), and the Cuisine Companion cooking food processor; anti-limescale iron and high pressure steam generator irons, etc.;
- the introduction of new features such as a self-cleaning iron sole-plate, fast-heating steam generators, and wireless irons in linen care; heating and cooking blenders in the food preparation segment; anti-mosquito fans in home comfort, etc.

Innovations are now largely based on digital technology, with the development of connected products to improve the daily life of the consumer, but also associated services offered as part of a global ecosystem (e.g. kitchen recipes updated on mobile app). Groupe SEB's new connected devices aim to provide more customization, efficiency and immediacy. The most recent launches include: Cookeo Connect by Moulinex (monitoring of recipe creation and guidance from tablet or mobile), i-Companion (connected version of the Cuisine Companion cooking food processor by Moulinex), Latte Smart by Krups (preparation and recording of a coffee recipe from a mobile app), Cooking Connect by Tefal (connected kitchen scales) and Body Partner by Tefal (connected bathroom scales).

A VIRTUOUS STRATEGY



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

In 2017, in order to accelerate product development and launches, Groupe SEB decided to set up a global Innovation hub for the small electrical domestic appliance business in Écully, France. The aim is to bring together all of the Innovation chain's main players in this market on a single site. 230 employees from the marketing and research teams will be relocated to the Group's global headquarters by the summer of 2018.

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

This approach is also open to external partners. In 2013, the Group launched an open site for innovators, "Innovate with Groupe SEB", targeting inventors, scientists, researchers and designers who want to propose an innovation to the Group. The site offers three ways of working together: propose an invention, join the Groupe SEB innovation network or take part in challenges based around themes set by the Group. SEB&You, launched in December 2015, also directly involves consumers in the innovation process, inviting them to test new concepts or areas of innovation: since late 2015, 1,037 products have been tested and the community now has 2,800 members.

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

Lastly, inspired by the idea of fablabs (labs dedicated to creativity and materialization), Groupe SEB now has a SEBLab gathering the various tools conducive to new product creation. This space for experimentation brings 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.

SEB ALLIANCE: FINANCING AND PARTNERING 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.

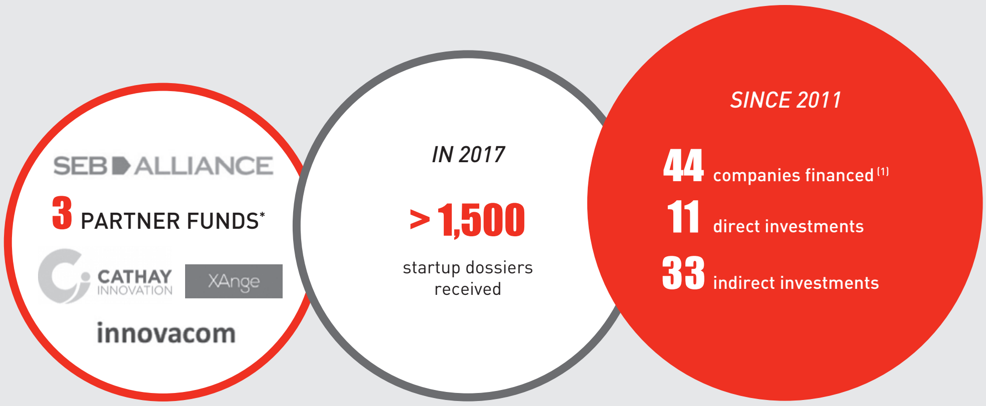
In this context, SEB Alliance favors acquiring initial minority stakes (5-15% of the share capital), for an average amount of approximately €1 million. SEB Alliance has invested directly in around ten companies since it was created, in areas that are consistent with Groupe SEB's strategic areas for innovation and could result in consumer applications, such as:

- digital/Big Data, with Alkemics (a specialist in product data exchange between brands and retailers);
- beauty/health with Feeligreen (active and passive patch technologies for cosmetic and therapeutic applications);
- the Internet of Things with SeniorAdom (telecare that enables people with reduced mobility to remain at home) and robotic connected products with Robart (smart navigation solutions) and Keecker (voice-enabled multimedia robot);

- air purification with Ethera (solutions to measure and purify indoor air);
- water filtration with Memtech (filtration solutions based on an innovative membrane technology).

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.

In order to further expand the scope of its watch and its ecosystem (in the US, China and very specific sectors), SEB Alliance has also forged strategic partnerships with three multi-corporate investment funds (Cathay Innovation, Technocom 2 and Xange Digital 3) that the company may accompany in co-investment.



*SEB Alliance is a strategic financial investor in these funds

(1) At end-December 2017

3 main target sectors

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

Shared technology Watch

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

R&D and Business Collaboration

Prototypes and studies
Co-development
Commercial partnerships

MAJOR INVESTMENTS IN INNOVATION: €225 MILLION IN 2017

Each year, the Group invests significant amounts in R&D, product design, strategic marketing, or range optimization in order to better target consumer expectations, enabling it to stand out as one of the most innovative players in its industry. In 2017, gross investment in R&D excluding CIR (research tax credit) and capitalization amounted to €138.5 million (€104 million in 2016). Excluding WMF, investment in strategic marketing stood at €81 million (compared with €75 million in 2016). The R&D teams have been significantly strengthened over the last few years, in terms of both employee numbers and employee qualifications, with the hiring of highly specialized engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, connected products, batteries, motors, food processing, sensors, etc.

AN UNRIVALED BRAND PORTFOLIO

The Group has a portfolio of 29 brands, the largest in its industry, which is a strong pillar for its strategy of profitable growth. This multi-brand strategy gives it a broad coverage of its 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:

- **Core 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 kitchen electrics, and Rowenta in non-kitchen electrics) to more general brands (e.g. 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 and Hepp) are only sold B to B to professionals.

The Group's digitization strategy is fully integrated with the positioning and communication of these brands in their market. In this context, the global Consumer brands have overhauled their platforms, websites and social networks in order to be perfectly in line with their target consumers. This project, which was launched in 2015, is now completed and the new brand platforms are fully operational.

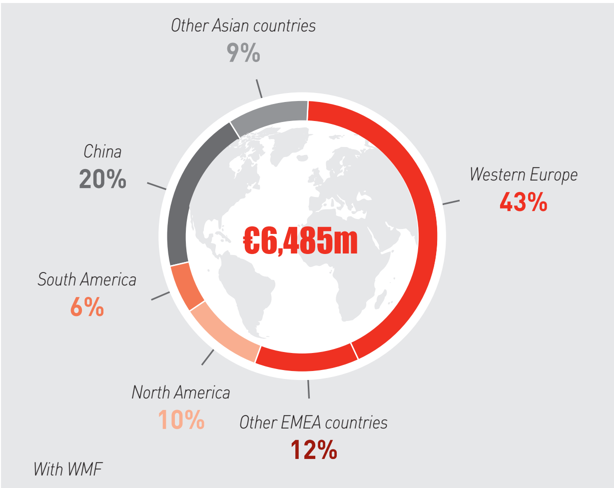
In addition to the management of its brand portfolio, the Group pursues a strategy of partnerships to develop new concepts and step up its sales through the co-branding of two high-profile brands. Accounting for almost 10% of sales, these partnerships are major drivers of innovation and growth for the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

A GLOBAL AND DIVERSIFIED PRESENCE

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

The Group's strong local presence is due to the relevance of its offering and its capacity to adapt to the needs of different markets. Its global presence enables it to seize opportunities for profitable growth in the various countries in which it has a presence, and to diversify its exposure to different economies. In 2017, 59% of its sales were generated in mature countries (53% excluding WMF) and 41% in emerging countries (47% excluding WMF).

SALES BY REGION IN 2017



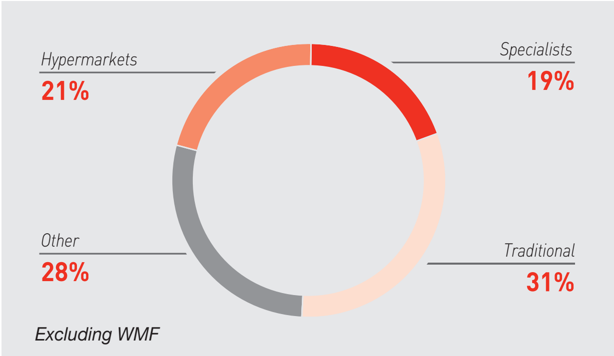
A MULTI-CHANNEL DISTRIBUTION STRATEGY

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

The network mainly comprises mass food retailers, specialist retailers as well as convenience stores or groups of independents, of which there are still overweighted in emerging markets. The percentage of online sales continues to grow rapidly (representing close to one quarter of sales in 2017), driven by both e-commerce specialists (pure players) and bricks-and-mortar retailers, including specialist brands, as they ramp up their online presence (click-and-mortar).

In addition, the Group also has a network of stores, either directly operated or under franchise, numbering more than 1,200 at the end of 2017: 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 consolidated sales, but may exceed more than 20% in some countries (e.g. Turkey and Japan). These stores showcase the diversity of the Group's offering and represent a unique opportunity to get close to the consumer and improve our understanding of market trends.

SALES BY DISTRIBUTION CHANNEL



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: excluding WMF, it amounted to €480 million in 2017 (including €74 million in expenditure reclassified from Supor), compared to €435 million in 2016. The objectives remain as follows:

- further strengthen brand and product recognition through advertising;
- continue to roll-out of the best in-store execution through category management, effective merchandising, the creation of dedicated shop-in-shops and promotional events;
- guide and support the Group's new product launches;
- accelerate digital marketing (brand websites, digital campaigns, data marketing, etc.) and support the ramp up of e-commerce.

AN ACTIVE ACQUISITION POLICY

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

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

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 in May.

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. EMSA also operates in the rest of Europe and the Middle-East. It reported €85 million in sales in 2016.

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

- acquired a solid worldwide leadership in the very attractive professional coffee machines market characterized by strong growth, high profitability and significant recurring revenue reflecting important contributions from after-sales operations;
- considerably strengthened its 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 its development, following EMSA's acquisition, in the key kitchen utensils and accessories market;
- consolidated its 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 its 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 with high-performance multiple blades. Swizzz Prozzz's products, which are very complementary to those of the Group, had previously been marketed under license through various kitchen utensil brands, generating pro forma annual sales of around €10 million.

THE NEED FOR COMPETITIVENESS

This is one of Groupe SEB's major strategic pillars, complementary to growth. The Group's competitiveness is based on a powerful and versatile manufacturing base, long-term optimization of industrial productivity and a rigorous and responsible purchasing policy.

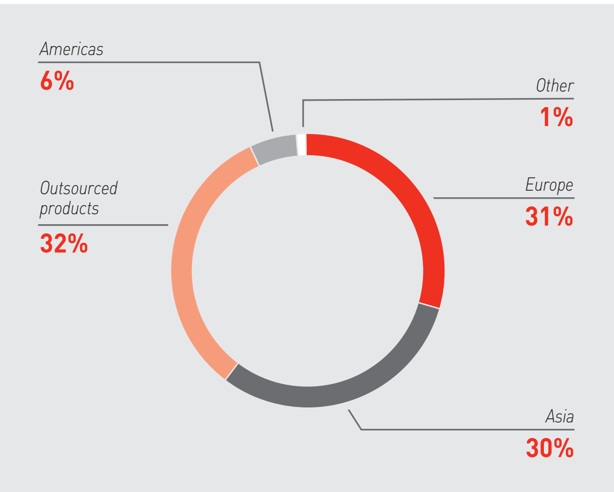
A COMPLETE MANUFACTURING BASE

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

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

After acquiring EMSA and WMF, it has 40 manufacturing sites which produce 68% of the products sold by the Group throughout the world. The other 32% are outsourced, in particular in China.

SALES BY ORIGIN OF PRODUCTION



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

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

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

At relevant sites, project platforms foster collaboration between marketing teams and centers of industrial expertise in the development of 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 2017, the Group began the final phase of the reorganization of its industrial facilities in Brazil, combining the Brazilian production activities of Mooca and São Bernardo do Campo within a single, modern industrial site at Itatiaia in Rio de Janeiro State.

The small electrical appliances plant at Mooca, in the heart of the São Paulo megalopolis, was suffering from productivity levels below Group standards as well as major logistical limitations. The new plant in Itatiaia is located in a fast-growing industrial area with a design that is fully in line with all of the Group's industrial and environmental standards. A new logistics center is located nearby, which is helping to optimize customer service across Brazil's entire South Region.

The relocation took place in several phases: it began in November 2016 with the iron manufacturing lines and ended with completion of the full relocation of Mooca's lines at the end of August 2017. This has been followed, in a second phase, by the relocation of São Bernardo do Campo's cookware lines, which is scheduled for completion at the end of the first half of 2018.

This project highlights the Group's commitment to modernize its manufacturing base in a country where economic conditions remain very volatile and the foreign exchange environment calls for significant gains in productivity.

CONTINUAL OPTIMIZATION OF INDUSTRIAL PRODUCTIVITY

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

- links health and performance in all Group improvement projects;
- involves all hierarchical levels (managers, technicians, and operators) and all departments;
- aims to share best practices, so as to build a real Group manufacturing culture;
- results in a common language with the aim of promoting a Group spirit;
- and 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 an 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. The OPS program was presented at the 11 production sites of EMSA and WMF in 2017, with a view to a roll-out in 2018.

Although it is in a mature phase, the projects and workshops in 2017 continued to broaden the program's coverage to support services and services peripheral to production. As well as 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 new 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, will be rolled out across all sites in 2018, with a dual objective: achieving by the end of 2019 the level of maturity required for all businesses in order to enter the Plant of the Future, standardize measurement approaches and improve performance.

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

These improvement plans are systematically supported by the Group's approach to health and safety, as safety of personnel in the workplace is a key priority for the Group. A three-year plan has been launched in this regard, with the 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, refer to Chapter 3 on Corporate Social Responsibility on pages 115 to 118.

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

A RIGOROUS AND RESPONSIBLE PURCHASING POLICY

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

The Group's direct spend policy is based on reducing costs by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. Since 2017, WMF has been in the Group's direct purchasing scope, with the gradual integration of some of its key suppliers into the Group's panel. In this temporary configuration, in 2017, the panel of direct suppliers for manufacturing supplies comprised 463 suppliers (475 in 2016), with a global purchasing coverage of 72% (compared with 85% in 2016).

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 37% of non-production purchases (versus 42% in 2016: WMF is in the process of joining the panel). The purchasing office team undertakes to cover a very broad range of expenditures and an increasingly large international scope for sourcing. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimize purchasing in new fields.

For sourced finished products, the organizational set-up strengthens purchasing quality processes by ensuring technical and methodological assistance from Group teams for suppliers. At the same time, it demonstrates the Group's desire for upstream integration of suppliers in the product development processes in order to foster greater fluidity in creating the product offering. With this approach, the Group has been concentrating its panel of approved finished-product suppliers for a number of years: in 2017, 72 companies represented 80% of purchases made. The Group's approved supplier panels consist of carefully selected and tested companies in terms of both performance (lead times, quality, cost, etc.) and social and environmental responsibilities (environmental impact, compliance with Human Rights, etc.).

1.4. Organization of internal control

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 results, financial position or assets, or have consequences for its various stakeholders - consumers, employees, shareholders, customers, suppliers, partners, 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 that all risks are fully controlled or eliminated.

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.

Group Executive Committee (COMEX)

Audit and Internal Control department	Legal department	Finance and Treasury department	Accounting and Tax department
Group Controlling department	Financial Communication and Investor Relations department	Sustainable Development department	Purchasing department
Personnel Administration department	Health and Safety department	Quality and Environment department	Supply Chain department
Information Systems department			

Audit and Internal Control department

The Audit and Internal Control department is tasked with evaluating compliance with the Group's internal rules and procedures, detecting non-compliance with local legislation and ensuring that Group assets are protected. 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:

1) **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 Group's entities once a year, and the Audit team carries out an annual update to reflect changes in operations, regulations and management systems;
2) **The implementation of a multi-year audit plan**, based on a prioritization of 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 Committee each year. In 2017, the audit team covered 37 Group entities (including 9 WMF entities) and carried out 15 audit follow-up missions;
3) **Coordination and oversight of risk mapping.** The Group's risk map is updated every year using the process described on p. 28 "Risk identification and control process".

The Group's audit team comprised 13 auditors as at 31 December 2017.

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 its intellectual assets) and businesses, and to protect the interests of the Group.

Its main tasks are based on the following activities:

1) **Legal support for operations,** regarding all types of regulations, drawing up and updating standard contracts (purchase of goods and services, terms of sale, promotional operations, etc.), oversight of legal firms consulted, pre-litigation and litigation management, defense strategy for intellectual creations, protection of industrial property titles (trademarks and trade dress in particular), and legal watch;
2) **Coordination of the Group's insurance program,** described in detail on p. 36 "Insurance", allowing for an appropriate insurance program for the Group's activities;
3) **Participation in the Group's acquisition strategy:** preparatory agreements, merger control, contract negotiation, and post-acquisition restructuring. The Legal department also helps to implement integration processes within Groupe SEB.

Financial Communication and Investor Relations department

This department works closely with the other departments within the Finance Function (Group Controlling, Consolidation and Accounting, Treasury and Finance, Legal, Audit and Internal Control), with the operational, functional and continental management structures, and with the Sustainable Development and Corporate Communications departments, in order to carry out several key tasks related to the status of SEB S.A. as a listed company:

1) **Development and implementation of the Group's financial communication.** 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 (Registration Document, Convening Notice, press releases, Analyst and Investor presentations, etc.) undergo a structured 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. 26;
2) **Identification of 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 2017, 32 events were organized, resulting in around 340 contacts.

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

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 commodity risks);
- monitoring relations with banks;
- financing projects, particularly acquisitions;
- overseeing strategies for hedging customer risk.

* *French and European stock market authorities.*

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. 27.

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. This 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.

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:

1) **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;
2) **Re-projections:** throughout the year, as the Group's activities evolve, 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;
3) **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, by (i) monitoring tax inspections carried out by tax authorities in all of the Group's entities, (ii) ensuring consistency in the tax procedures used by the entities, and (iii) liaising with tax consultants to verify that the Group's main activities are compliant with current legislation.

Personnel Administration department

The Group had 33,600 employees in its workforce at 31 December 2017, divided between more than 100 operational entities world-wide. The Personnel department is responsible for ensuring the consistency of personnel management processes. It is organized around three main areas:

- **Definition of 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);
- **Rollout and oversight of a single personnel management tool** at Group level, in accordance with local data protection regulations. This includes the administrative process related to employee entry, performance monitoring, and exit;
- **Management of the Shared Service Center** dedicated to payroll for all French entities, ensuring the division of tasks and a strict level of control. The Personnel department also reviews the standard processes for setting up outsourced payroll management;
- **Safety of people:** the Personnel 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 related to the marketing of products world-wide. The scale of the financial flows involved means that the Purchasing department is central to the Group's internal control process:

- **Centralized purchasing management** 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.);
- **Oversight of 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), which is a key pillar of any business, implemented through a shared tool that is 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 flows *and procurement.* The Supply Chain department's task is to meet these needs while securing processes:

- **Definition and rolling 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:

1) **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. 26). With regard to personal data protection requirements, the CISO works with the Legal and Personnel departments: this cross-functional organization is described on p. 31 ("Security of information systems and personal data protection");
2) **Network architecture:** the Information Systems department ensures the consistency, availability, and integrity of the Group's networks;
3) **Operational tools** (ERP, business software, office automation, communication): the Information Systems department oversees operations for the Group's tools and participates in an Information Systems Steering Committee, described on p. 26;
4) **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 customers: 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

Industrial activity has been a central part of the Group's activities since its creation. The health and safety of people working at the sites is a top priority and the responsibility of all Group employees. It is coordinated by the Group Health and Safety department.

The oversight of the health and the safety of people is based on six key points which are continually emphasized at all our sites:

- positioning health and safety at the management level;
- focusing on one objective, monitored with indicators at site and Group level;
- highlighting each accident or serious incident;
- sharing the same level of skills and requirements, based on shared standards;
- feedback on events and potential adaptation of good practices;
- acting promptly on any recorded non-compliance to address it rapidly.

A cross-functional Strategic Health/Safety Committee is described on p. 26.

Alongside these departments overseeing the Group's control activities, Committees have been set up on 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.

Group Executive Committee (COMEX)

Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer
Bertrand Neuschwander	Chief Operating Officer
Vincent Léonard	Senior Executive Vice-president, Finance
Harry Touret	Senior Executive Vice-president, Human Ressources
Stéphane Laflèche	Executive Vice-president, Industrial Operations
Philippe Crevoisier	Executive Vice-president, Products and Innovation
Cyril Buxtorf	Executive Vice-president, EMEA
Luc Gaudemard	Executive Vice-president, Americas
Frederic Verwaerde/Vincent Tai	Executive Vice-president, Asia

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:

- Senior Executive Vice-president, Human Resources
- President, Group Industry
- Group Safety department
- Directors of Industrial Activities

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 Ethics;
- internal whistle-blowing system;
- risk mapping, corruption and suppliers;
- customer and supplier assessment procedures;
- internal and external accounting control procedures;
- training system;
- disciplinary system;
- system of control and internal assessment of 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 3.5, page 103.

1.5. Risk factors

RISK IDENTIFICATION AND CONTROL PROCESS

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 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 the broadest possible range of information.

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.

The risk control action plan is reviewed for each risk: actions implemented during the past year and actions to be put in place for the year to come are assessed. This action plan is also reviewed once, mid-year, by the Executive Committee to ensure that the various subjects are being monitored and executed properly.

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

CONSOLIDATION BY THEME

When 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.

OPERATIONAL
- Image and reputation
- Evolution of distribution channels
- Integration of new operations (including WMF)
- Country default
- Information systems and personal data protection

INDUSTRIAL AND ENVIRONMENTAL
- Safety and environment
- Product quality and risks related to product liability
- Business continuity and dependence on suppliers
- Supply chain and seasonality
- Climate change

LEGAL
- Laws and regulations
- Internal and external frauds
- Intellectual property

FINANCIAL AND MARKET
- Commodities
- Currency fluctuations
- Debt, liquidity and interest rates
- Equity markets

DESCRIPTION OF MAIN RISK FACTORS AND ASSOCIATED MANAGEMENT PLANS

IMAGE AND REPUTATIONAL RISK

Description of risk

In an environment where information circulates more and more rapidly (through news sites, instant messaging, social networks, etc.), any information with negative connotations may have an impact on the Group's image, sales and earnings at the level of a country, a region, or even globally, or on its share price. These situations may arise due to information that is or is not well-founded, on topics as diverse as product quality or safety, the health effects of food materials, business practices, ethical behavior or compliance with regulations (tax, social, etc.).

Management of risk

- The first aspect of image risk coverage is preventive and consists in not generating situations that could give rise 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: not only when they are hired, but also during training and in communications.
- The second part of image risk coverage consists in setting up a responsive system for monitoring information: in addition to conventional instruments 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) communication process.

EVOLUTION OF DISTRIBUTION CHANNELS

Description of risk

The retail sector has undergone major changes in recent years, which naturally have repercussions on the Group's business: the emergence and rapid growth of e-commerce specialists have profoundly changed the business environment.

In this context, some of the Group's long-standing customers, mainly traditional retailers from mature markets, have not completed their transformation to adapt to this trend. For such customers, this transition phase may be accompanied by financial difficulties, plans for store closures, arbitrage within the portfolio of products sold or even bankruptcies in the most extreme cases. On the other hand, the specialists channel has been able to develop more successfully its activity through click & mortar in consumer electronics. This might, however, result in the non-recovery of certain receivables, and loss of sales or market share for the Group.

Management of risk

- The adaptation of commercial approaches to changes in the retail sector is a central pillar of our business plan. Many of our customers are long-standing partners with whom we have a solid business relationship.
- At the same time, our sales teams in the various markets are watching out for all these changes and are constantly adapting the sales policy to ensure product availability by diversifying the distribution circuits.
- One of the objectives of the sales teams is to achieve consistent growth in market share, regardless of whether the distribution channel is offline or online.
- With regard to customer credit risk, the geographical distribution and diversity of activities (cookware, small electrical appliances and now professional coffee machines) as well as the variety and multiplicity of the Group's distribution networks limit the risk and probability of major impact at consolidated level. In addition to customer diversification (no customer representing more than 5% of consolidated sales), the Group has obtained insurance cover which considerably limits the risk of claims. At 31 December 2017, the majority of the Group's subsidiaries had trade receivable insurance to cover the company in the event of non-recovery. Additional information is provided in Notes 16 et 26.4 to the consolidated financial statements.

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 has resulted in the acquisition of companies that are complementary in terms of market (geographical or product category), in somewhat different ways: SUPOR in China, OBH Nordica in the Nordic countries, and more recently WMF in Germany in high-end segments, professional products, etc.

Each of these acquisitions 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 operations, in particular:

- development of the business;
- generation of synergies;
- increased 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 the integration plan, whatever it may be, and with coordinating communication for all stakeholders (acquired company, Business Units concerned within Groupe SEB, and markets concerned by the acquisition). For WMF, the Integration Committee is specifically guided by the Chairman and CEO, i.e. exceptional governance in view of the size of the acquisition and the diversity of WMF's activities.
- 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 communication systems.
- 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 identify the relative action plan.

COUNTRY DEFAULT

Risk description

The Group's presence in nearly 150 countries exposes it to currency risk (described on p. 35) but also to risks of political, economic, monetary or social instability, especially in emerging countries, where it achieves a significant percentage of its turnover. Any major political, economic or social change in countries where the Group is established could have a direct impact on its business, locally or globally (if its industrial activities are taken into consideration). In particular, periods of deep economic recession in some emerging countries, or protectionist policies, could have a significant impact on the Group's operations, and therefore on its results, in the countries concerned.

Risk management

- Constantly adapting to changes in the market is an integral part of the Group's know-how. A three-year projection of the operations of each subsidiary, including an analysis of local risks, is carried out every year and reviewed by the Group Executive Committee.
- 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 the evolution of risks (political, social, economic, etc.) for each country.
- Generally speaking, the Group's international presence - both commercial and industrial - helps to diversify risks, as they can be offset between countries and geographical areas.

INFORMATION SYSTEMS AND PERSONAL DATA PROTECTION

Risk description

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). Any failure of these tools would have a potentially significant impact on the Group (including in the case of intentional or unintentional contamination of systems by a computer virus).

In addition, our infrastructure and applications are constantly renewed and upgraded, which may affect operational functioning.

Lastly, 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. This – combined with the reinforcement of international regulations on data protection (particularly GDPR in Europe) – significantly increases the impact that a security breach could have on data.

Risk management

- A coordinated watch with several suppliers specializing in systems protection and security aims to monitor developments and actions to counter cybercrime (antiviruses, 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, in order to guarantee consistency in the security and management of tools. Specifically, 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.
- Resources are specifically dedicated to these issues, both internal (reporting to the CISO and the Information Systems Security Committee) and external (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 activities 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.

- Groupe SEB regards data protection as imperative and fully in line with the Group's values and Code of Ethics. In particular, the Group has a structure in place to prepare for the new European General Data Protection regulation (GDPR) in 2018. Hence, the monitoring of information protection has been strengthened by the creation of the cross-functional position of Data Privacy Coordinator, whose role is to coordinate the various functions, especially local, in interaction with the Data Protection Officers. In addition, a working group ensures the implementation of a response plan in the event of a security breach in our personal information management systems.
- In this context, connected products are subject to specific monitoring: extra security requirements for these products and their computer protocols, and technical analyses of certain products and their IT environment on the cloud to validate their robustness.
- Lastly, it should be noted that insurance specifically covering attacks on the IT systems has been taken out by the Group. This policy also covers attacks on personal data. Further details are provided on p.37.

SAFETY AND ENVIRONMENT

Description of risk

The health and safety of its employees are among Groupe SEB's foremost concerns. Nonetheless, the risk of occupational illness or workplace accidents damaging physical integrity or posing a threat to human life cannot be ruled out. With nearly 40 industrial sites world-wide and just over 24,000 employees at these sites, there is a constant risk of accidents (particularly minor accidents). Despite the Group's efforts to limit such workplace accidents and occupational illness, their occurrence cannot be completely ruled out, and could have a detrimental effect on the Group's operations and results in the event of civil or criminal sanctions, and on its reputation.

Although the Group's industrial operations are subject to multiple environmental risk management and control measures, they are nevertheless exposed to residual risks of pollution or environmental accidents.

Management of risk

The Group's health and safety policy is extremely strict and is overseen by the Health and Safety department. It is based on the following key areas:

- the systematic establishment of an organization dedicated to health, safety and the environment at all sites;
- standard health and safety indicators with associated targets, monitored on a monthly basis at all sites and resulting in improvement actions for hazardous situations;
- immediate reporting of any incident or accident to Group management, accompanied by an analysis and remedial action plan;
- mandatory safety training: relating to workstations, the use of personal protection equipment, musculoskeletal disorders, etc.
- Details of Group initiatives to reduce workplace accidents and musculoskeletal disorders are provided in Chapter 3 on Corporate social responsibility on pages 111 to 114.
- With regard to environmental risk management, measures to assess risks, prevent pollution and reduce environmental impacts are implemented locally and coordinated at Group level by the Quality and Environment department: a dedicated staff member at the Group's head office is responsible for defining shared standards. These standards are based on local regulations and the best practices of the sites.

BUSINESS CONTINUITY AND DEPENDENCE ON SUPPLIERS

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. Given the Group's significant purchasing volumes, an excessive concentration of suppliers could result in dependence and therefore a substantial risk to business continuity in the event of default (delay, interruption in activity, termination of commercial relationship, major incident e.g. fire, etc.).

Management of risk

The Group is particularly careful to spread its risk base and limit its dependence in terms of procurement. 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. Since 2017, WMF has been in the Group's direct purchasing scope, with the gradual integration of some of its key suppliers into the Group's panel. In this temporary configuration, in 2017, the panel of direct suppliers for manufacturing supplies comprised 463 suppliers (475 in 2016), with global purchasing coverage of 72% (compared with 85% in 2016).

PRODUCT QUALITY 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 of raw materials, components and finished products. It may, however, have to accept liability or witness its image, or that of its brands, being tarnished as a result of a product malfunction. Instances of users being hurt when a product malfunctions or is used inappropriately cannot be ruled out. The Group is, therefore, exposed to risks of warranty or liability claims from customers and consumers. Product recalls may prove necessary in some cases, harming the brand image and generating significant costs.

Meanwhile, regulations regarding food products and materials liable to create a health risk are constantly changing (generally moving towards a tightening of standards) and are sometimes preceded by viral 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.

To manage such risks, the Group carries out numerous quality controls on the products that it markets. It also endeavors to include user information sheets with its products to warn of potentially hazardous uses.

In the markets, the Group uses a network (usually outsourced) of service centers, which manage product repair and follow-up. The service centers receive regular and comprehensive training from the Group so that they can provide optimum support to customers with concerns about any of our products. 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 customers.

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 this area (including, amongst other things, the update following the European Directive on Dangerous Substances) 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).

SUPPLY CHAIN AND SEASONALITY

Description of risk

As the Group operates on a global scale, the logistics flows in place are increasingly complex. The Group's factories supply a large number of markets, leading to a strong dependence on certain logistics routes (China to Europe, China to the United States, Europe to the Middle East or the Americas, etc.). Particularly in the event of natural risks, a failure of the factories, modes of transport or warehouse operations could have a significant impact on the Group's activity and profitability.

In addition, a high percentage of products are sold during holiday periods or for special events (back to school, Black Friday, Christmas, Chinese New Year, Singles' Day, etc.). A substantial proportion of sales is therefore generated at the end of the year. Thus, both sales and earnings are traditionally heavily weighted towards the fourth quarter. Any disruptions affecting the economic environment during these periods could have an adverse effect on Group results.

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

Management of risk

- The Group takes an active approach to industrial risk prevention by conducting regular audits, investing in maintenance and optimizing certain processes in order 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.
- With regard to logistics routes, there is no systematic redundancy possible for all flows, but the Group encourages as many alternative routes as possible, such as river transport, as part of its sustainable development policy.
- Lastly, the Group also strives to boost its business outside highly seasonal periods by launching new products or by implementing marketing initiatives. The planning process makes it possible to anticipate and adapt the capacities of production sites, warehouses and means of transport to strong seasonal variations.

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

- This is a global issue, but at its level the Group incorporates measures against climate change far upstream of internal processes, starting in the product design phase. The Group focuses as well on optimizing the use of raw materials as on ensuring energy efficiency, repairability, recyclability and transport optimization in order to reduce its products' carbon footprint. It thus measures the greenhouse gas emissions stemming from the production and transport of its products and has set itself four ambitious goals to be met by 2020:
  - 20% less energy consumption by electrical products (base year: 2013);
  - 20% less energy consumption by production plants (base year: 2010);
  - Incorporation of at least 20% recycled materials in new products;
  - 20% fewer greenhouse gas emissions from transporting products (base year: 2013).
- A report on these commitments at end-2017 is provided in section 3.9.

- In 2016, Groupe SEB signed up to the Science Based Targets initiative launched in 2015 by WWF together with the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages multinational groups to bring their greenhouse gas emission reduction targets into line with the IPCC (Intergovernmental Panel on Climate Change) recommendations to limit average global warming to less than 2°C.
- With regard to the assessment of climate-change related risks and the steps taken by the Group to reduce them as a part of its environmental strategy, please refer to Chapter 3, section 3.9 "Reduction of environmental impacts".

LAWS AND REGULATIONS

Description of risk

The international regulatory environment has tightened over the years, with a proliferation of directives, laws and regulations on various subjects: Personal data protection (GDPR), anti-corruption (SAPIN II, UK Bribery Act, US Bribery Act), cash flows (countries under embargo), stock market regulations (MIFID II, MAR, etc.), taxation (tax evasion, "black-listed" countries, tax changes, customs duties, etc.), the duty of vigilance of parent companies and principals, rules on competition, etc.

Any deviation from these regulations constitutes a risk factor on two levels: first, there is a risk of conviction or fines, for potentially very significant amounts; then there is also an image and reputational risk, in the event that a proven breach is made public, with the consequences described above, vis-à-vis our partners and customers.

Management of risk

- Compliance with international and local regulations is a Group priority, and compliance with the law is part of our Code of Ethics. All Group operations must comply with local regulations on employment, accounting, tax, the environment, etc.
- 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 central or local legal teams, or a local law firm.
- The new regulations with an international dimension are the responsibility of the Compliance Committee described on p. 27, and a specific Group action plan has been put in place (SAPIN II and Duty of Vigilance laws).
- The Group is developing training courses adapted to regulatory developments within an overall "Compliance" training program. The program includes a "Code of Ethics" training course as a starting point, as well as more specific training such as an "Antitrust" course that defines the rules and conduct that comply with competition law in relations with third parties, a "Personal Data Protection" course following the GDPR regulation, and an "Anti-corruption" course in line with the requirements of SAPIN II.
- The Group also works with an outside partner, "Intertek", to carry out social audits of our suppliers, based on international working condition standards (Working Condition Assessments)

INTERNAL AND EXTERNAL FRAUDS

Risk description

The Group's expansion into new geographical areas, the development of technological resources likely to facilitate fraud, and greater competitive pressure, are all factors that increase the risks of fraud situations, whether originating internally or externally, occurring within Group entities.

In addition, the number of attempted "fake President" frauds (involving the theft of identities of members of the Group's Executive Committee) is steadily growing.

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 at customer, supplier and Group manager levels through technological means.
- Fraud risks in our market companies were mapped in 2016. This 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 standard processes are regularly reviewed to ensure that fraud risks are taken into account. This review results in the reinforcement of the processes if necessary (for example, additional controls on changes of bank account for suppliers).
- Page 31 provides more details on the management of computer security.

INTELLECTUAL PROPERTY

Description of risk

The Group has a large portfolio of international and regional, premium and core registered brands. This portfolio gives the Group a competitive advantage and continues to grow as a result of the recent acquisitions. The Group also has a substantial portfolio of domain names. Innovations give rise to industrial patent applications (542 filings in 2017 worldwide) and the filing of designs and pattern along with other intellectual property assets protected by copyright (such as a large database of cooking recipe photographs, for example).

The recognition enjoyed by Groupe SEB's brands and the success of its innovations lead to the infringement of various of its intellectual property rights (patents, trademarks, designs), cybersquatting (registration of a domain name that matches a protected trademark), and phishing.

Conversely, the Group's active innovation approach is likely to invite criticism if one of its new products is positioned 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

- the Group allocates the budgets required to protect and develop its 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;
  - anti-counterfeiting measures are being 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,
  - anti-counterfeiting measures are being taken against online piracy (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 integrated into the product innovation and development process. 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 its technical or aesthetic construction to eliminate any risk of litigation or involve specialist external partners to assist it in settling any dispute out of court.

CURRENCY FLUCTUATIONS AND SENSITIVITY

Description of risk

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

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 fluctuations in exchange rates, the Group constantly adapts its pricing policy: increasing sale prices to preserve the local profitability of commercial subsidiaries, where the relevant currency depreciates against the production currency, and adjusting prices downwards to preserve market momentum and competitiveness if exchange rates improve.
- Details of currency risks are given in the notes to the Consolidated Financial Statements (Note 26.2.1).

COMMODITY RISK

Description of risk

Groupe SEB uses a certain number of commodities in its 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: hence, aluminum accounted for 15% of direct spend in 2017, steel/metallic parts for 16%, plastics/plastic parts for 21% and electrical/electronic components for 23%.

The Group is therefore exposed to risks concerning the availability of commodities 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, which could affect performance (sales and earnings).

Management of risk

- To deal with this exposure, Groupe SEB has implemented a hedging policy intended to protect it against the effects of abrupt changes in the prices of metals and thus enable it 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 commodity prices are rising;
  - Negative impacts when commodity prices are falling.
- In addition, the Group constantly endeavors to improve its manufacturing productivity and to reduce its purchasing costs, which both help to offset market volatility.
- Commodity risks are dealt with in Note 26.2.3 to the Financial Statements.

DEBT, LIQUIDITY AND INTEREST RATES

Description of risk

The Group uses various forms of financing (bank loans, private placements, bonds, commercial papers, etc.), and is therefore subject to interest rate, liquidity and counterparty risk.

Management of risk

- The Group uses mostly fixed-rate loans, in particular with long maturities, in currencies that correspond to its needs (mainly the euro, Brazilian real and US dollar). The longest maturity among these loans (2026) is fixed-rate, making it possible for the Group to protect itself against the likelihood of interest rate rises. Details of interest rate risks are given in the notes to the Consolidated Financial Statements (Note 26.2.2).
- Liquidity risk management is handled centrally by the Treasury and Financing department. It is based on a solid financing architecture and diversified over the short and medium-terms, with commercial paper, syndicated loans, Schuldschein private placements and bonds. Groupe SEB also has unused confirmed medium-term credit lines with leading banks.
- The Group considers itself to have little exposure to financial counterparty risk, as it prioritizes relationships with leading banks and diversifies its counterparty portfolio.
- Details of the maturity dates of the instruments used and the financing sources available are provided in Notes 24, 25 and 26 to the Consolidated Financial Statements.

RISKS RELATING TO SHARES

Description of risk

As at 31 December 2017, Groupe SEB held 534,706 treasury shares with an acquisition cost of €67,287,456. This treasury stock is deducted from shareholders' equity at acquisition cost.

Management of risk

- Based on the closing SEB share price on 31 December 2017 (€154.45), the market value of shares held in treasury at that date stood at €82,585,341.70. This market value has no impact on the Group's Consolidated Financial Statements and the change has no impact on the consolidated income statement or shareholders' equity.
- Further information on equity risks is given in Note 26.2.4 to the Consolidated Financial Statements. This data also includes the risk regarding financial instruments and the Supor share, which is listed on the Shenzhen stock market.

INSURANCE

GROUP GENERAL INSURANCE COVER (EXCLUDING PERSONAL INSURANCE)

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

ENVIRONMENT

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

Coverage applies to:

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

TRANSPORT AND INVENTORY

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

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

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

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

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

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

In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code, amended pursuant to order no. 2017-1162 of 12 July 2017, which is applicable to reports relating to periods beginning on or after 1 January 2017, this chapter includes the corporate governance report appended to the management report referred to in the same article.

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".

Pursuant to Article L. 225-37 of the French Commercial Code, the Board of Directors approved this chapter at its meeting on 27 February 2018.

2.2. Management structure

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

Each time Thierry de La Tour d'Artaise was re-elected, in 2004, 2008, 2012 and 2016, the Board of Directors confirmed this structure for the company's management authority, deemed to be the most appropriate given the company's 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 61.

CHIEF OPERATING OFFICER

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

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

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

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

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

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

The company was inspired by these recommendations to 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 dual family group structure while complying with the principles of corporate governance, particularly thanks to the presence of independent directors.

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

GENERAL PRINCIPLES RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS

Since the Annual General Meeting of 11 May 2017, the Board of Directors has 14 members, whose terms of office are set at four years in accordance with the bylaws. The composition of the Board of Directors is as follows:

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

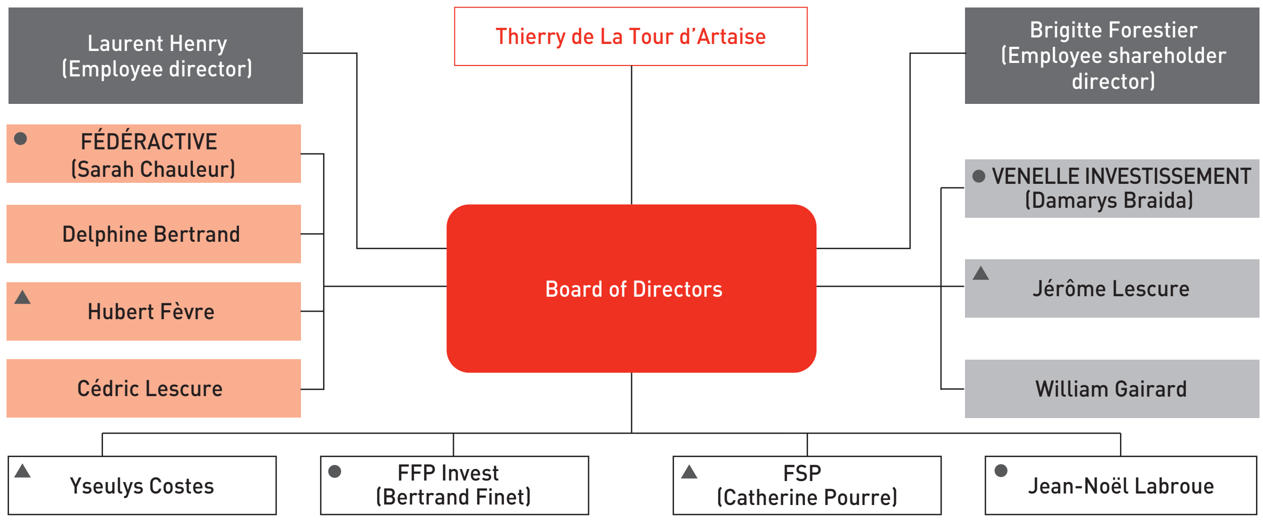
One-third of the Board members are independent, as recommended by the AFEP-MEDEF Code.

The presence of six women, i.e. 43% of the members of the Board of Directors, ensures that female representation is compliant with law no. 2011-103 of 27 January 2011 relating to the gender balance on Boards of Directors and Supervisory Boards and gender equality in the workplace.

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

The directors together hold 20.58% of the company's share capital and 23.89% of the effective voting rights (i.e., 23.72% of the theoretical voting rights), thereby adhering to the terms of the Directors' Charter and internal rules of the Board of Directors (the "Charter and internal rules") under which each director is required to hold a minimum number of pure registered SEB S.A. shares equivalent to about two years of attendance fees (except for directors representing employees and employee shareholders).

Composition of the Board of Directors in 2017



Chairman and Chief Executive Officer
Director from FÉDÉRACTIVE
Director from VENELLE INVESTISSEMENT
Independent director

● *Director and member of the Nominations and Remuneration Committee*
▲ *Director and member of the Audit Committee*

ABOUT THE DIRECTORS

Founding Chairmen

Frédéric Lescure †
Henri Lescure †
Emmanuel Lescure †

Thierry de La Tour d'Artaise

Chairman and Chief Executive Officer

Age:	63 years
Nationality:	French
Date of first appointment:	AGM of 4 May 2000
Date of last reappointment:	19 May 2016
End date of term of office:	2020 AGM
Committee member:	No
Number of SEB shares held:	510,002

BIOGRAPHY:

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

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

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

OTHER CURRENT OFFICES AND POSITIONS WITHIN GROUPE SEB:

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

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

OTHER CURRENT OFFICES AND POSITIONS OUTSIDE GROUPE SEB:

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

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

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

Director of Club Méditerranée S.A.

Director of Plastic Omnium*

* *Listed company.*

Delphine Bertrand

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	53 years
Nationality:	French
Date of first appointment:	AGM of 11 May 2017
Date of last reappointment:	None
End date of term of office:	2018 AGM (Reappointment)
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 has an "objectif administratrice" corporate governance diploma from EM Lyon.

OTHER CURRENT OFFICES AND POSITIONS:

Member of the FÉDÉRACTIVE Advisory Board

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

None

Yseulys Costes

Independent director

Age:	45 years
Nationality:	French
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
Committee member:	Audit Committee
Number of SEB shares held:	750

BIOGRAPHY:

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

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

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

OTHER CURRENT OFFICES AND POSITIONS:

Chairwoman and CEO of 1000mercis*

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

Director of Kering S.A.*

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

Member of the Supervisory Board of Numergy

Member of the Supervisory Board of Vivendi*

* *Listed company.*

FÉDÉRACTIVE

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

Registered head office:	66, avenue des Champs-Élysées – 75008 Paris – France 487 544 223 RCS Paris
Date of first appointment:	AGM of 11 May 2006
Date of last reappointment:	15 May 2014
End date of term of office:	2018 AGM (Reappointment)
Number of SEB shares held:	4,284,033 (including 3 full-ownership and 4,284,030 bare-ownership shares)

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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. It is represented on the Nominations and Remuneration Committee by Pascal Girardot.

OTHER CURRENT OFFICES AND POSITIONS:

None

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

None

Sarah Chauleur

Permanent representative of FÉDÉRACTIVE on the Board of Directors

Age:	46 years
Nationality:	French
Committee member:	No (Pascal Girardot is FÉDÉRACTIVE's permanent representative on the Nominations and Remuneration Committee)

BIOGRAPHY:

Sarah Chauleur has a postgraduate degree in Information and Communication Sciences and an "objectif administratrice" corporate governance diploma from EM Lyon. She has served as Communications Manager for FÉDÉRACTIVE since 2009. She is also co-convener of the Première Pierre foundation (under the auspices of the Fondation de France).

OTHER CURRENT OFFICES AND POSITIONS:

Member of the FÉDÉRACTIVE Advisory Board

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

Director of SEB S.A. between 2013 and 2017

Hubert Fèvre

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	53 years
Nationality:	French
Date of first appointment:	AGM of 13 May 2003
Date of last reappointment:	12 May 2015
End date of term of office:	2019 AGM
Committee member:	Audit Committee
Number of SEB shares held:	20,000

BIOGRAPHY:

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

OTHER CURRENT OFFICES AND POSITIONS:

Director and Head of Research and Investment at FB Conseils & Investissements

Director of FCL Investissements S.A.

Managing Director of GFA du Château à Soirans

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

Member of the FÉDÉRACTIVE Advisory Board

CFO of Banque Pasche S.A.

FFP Invest

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

Registered head office:	66, avenue Charles de Gaulle – 92200 Neuilly sur Seine – France 535 360 564 RCS Paris
Date of first appointment:	AGM of 14 May 2013
Date of last reappointment:	AGM of 11 May 2017
End date of term of office:	2021 AGM
Number of SEB shares held:	2,521,522

INFORMATION:

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

It is represented by Bertrand Finet.

OTHER CURRENT OFFICES AND POSITIONS:

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

Member of the Supervisory Board of Zodiac Aerospace*

Chairman of Financière Guiraud

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

Director of Orpea*

Director of Lapillus II

Managing Director of FFP Les Grésillons

Member of the Executive Committee of LDAP

Non-voting director on the Board of Directors of SPIE*

Non-voting director on the Board of Directors of Total Eren

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

Director of LT Participations

Director of IPSOS*

Member of the Supervisory Board of ONET

Director of SANEF*

Director of Gran Via 2008

Managing Director of Valmy FFP

* *Listed company.*

Bertrand Finet

Permanent representative of FFP Invest

Age: 52 years
Nationality: French
Committee member: Nominations and Remuneration Committee

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:

Chief Operating Officer of FFP*

Chief Executive Officer of FFP Invest

Director of FFP Investment UK Limited (*United Kingdom*)

Permanent representative of FFP Invest on the Executive Committee of LDAP

Permanent representative of FFP Invest, non-voting director on the Board of Directors of SPIE*

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

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

Executive Director within Bpifrance Investissement's SME Equity department

Permanent representative of FSI on the Supervisory Board of Assystem*

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

Permanent representative of FSI on the Board of Directors of Farinia

Member of the Supervisory Board of Mersen*

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

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

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

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

Chairman of the Consolidation and Management Development Supervisory Board

Chairman and CEO of CDC Entreprise Capital Investissement

* *Listed company.*

Brigitte Forestier

Director representing employee shareholders

Age:	47 years
Nationality:	French
Date of first appointment:	AGM of 11 May 2017
Date of last reappointment:	None
End date of term of office:	2021 AGM
Committee member:	No
Number of SEB shares held:	/

BIOGRAPHY:

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

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

OTHER CURRENT OFFICES AND POSITIONS:

None

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

None

Fonds Stratégique de Participations (FSP)

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

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

INFORMATION:

FSP was registered on 14 September 2012.

It is represented by Catherine Pourre.

OTHER CURRENT OFFICES AND POSITIONS:

Director of Arkema*

Director of Eutelsat*

Director of Tikehau Capital*

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

Director of Zodiac Aerospace*

* *Listed company.*

Catherine Pourre

Permanent representative of FSP on the Board of Directors

Age:	61 years
Nationality:	French
Committee member:	Chairwoman of the Audit Committee

BIOGRAPHY:

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

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

OTHER CURRENT OFFICES AND POSITIONS:

Director of Neopost S.A.*

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

Director of Crédit Agricole S.A.* and its subsidiary Crédit Agricole CIB

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

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

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

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

Chairwoman and CEO of Tayninh S.A.*

Chairwoman of Doria S.A.S.

Chairwoman of Espace Expansion Immobilière

Director of Comexposium Holding

Director of Unibail-Rodamco Participations

Director of Viparis Holding

Member of the Supervisory Board of Uni-Expos

Director of Union Immobilière Internationale

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

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

Director of Mfi AG (Germany)

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

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

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

* *Listed company.*

2

William Gairard

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

Age:	37 years
Nationality:	French
Date of first appointment:	AGM of 12 May 2015
End date of term of office:	2019 AGM
Committee member:	No
Number of SEB shares held:	425,947 shares (including 135,553 full-ownership and 290,394 bare-ownership shares)

BIOGRAPHY:

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

In 2012, he founded Ecopro Solutions S.A. de C.V., a Mexican company which promotes responsible plastic use and which he now heads. In 2017, he joined and became head of the Finance department of Minimalist Technology, a digital marketing agency in Mexico.

OTHER CURRENT OFFICES AND POSITIONS:

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

Chief Financial Officer of Minimalist Technology (Mexico)

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

None

Laurent Henry

Employee director

Age:	51 years
Nationality:	French
Date of first appointment:	13 October 2017 (elected by the France Works Council)
Date of last reappointment:	None
End date of term of office:	2021 FWC meeting
Committee member:	No
Number of SEB shares held:	/

BIOGRAPHY:

Laurent Henry has a Masters in Logistics from the École Supérieure in Brest and a Masters 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

Jean-Noël Labroue

Independent director

Age:	70 years
Nationality:	French
Date of first appointment:	AGM of 12 May 2010
Date of last reappointment:	15 May 2014
End date of term of office:	2018 AGM (Reappointment)
Committee member:	Chairman of the Nominations and Remuneration Committee
Number of SEB shares held:	1,250

BIOGRAPHY:

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

OTHER CURRENT OFFICES AND POSITIONS:

Non-voting director of Generix S.A.*

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

Chairman of JNL Conseil

Non-executive Chairman of Kiabi France

Director of Electro Dépot

Director of Generix S.A.*

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

Member of the Supervisory Board of Établissements Darty et Fils

Chairman and CEO of Kesa France

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

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

Director of Datart Investments S.A. (Luxembourg)

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

Director of Datart International As. (Czech Republic)

Director of Kesa Holding Ltd. (United Kingdom)

Director of Kesa Sourcing Ltd. (Italy)

Director of Kesa Spain Ltd. (Spain)

Director of Kesa Turkey Ltd. (Turkey)

Director of Kesa Electricals Asia Ltd. (China)

* *Listed company.*

Cédric Lescure

Director – member of the Founder Group, member of FÉDÉRACTIVE

Age:	50 years
Nationality:	French
Date of first appointment:	AGM of 27 April 1998
Date of last reappointment:	12 May 2015
End date of term of office:	2019 AGM
Committee member:	No
Number of SEB shares held:	530,801 (including 116,648 full-ownership and 414,153 bare-ownership shares)

BIOGRAPHY:

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

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

OTHER CURRENT OFFICES AND POSITIONS:

Managing Director of the Clos Guillaume veterinary clinic

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

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

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

Member of the FÉDÉRACTIVE Advisory Board

Managing Director of Vetshop Création

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

Jérôme Lescure

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

Age:	57 years
Nationality:	French
Date of first appointment:	AGM of 19 May 2016 (director of SEB S.A. from 1994 to 2005)
End date of term of office:	2020 AGM
Committee member:	Audit Committee
Number of SEB shares held:	73,828

BIOGRAPHY:

An architecture graduate of the Paris École Spéciale d'Architecture, with a Masters degree in 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 of APICAP, a fund management company devoted to investing in SMEs, and Chairman of CAMSEL, the softwood lumber producer.

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

OTHER CURRENT OFFICES AND POSITIONS:

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

Chairman of Additio S.A.S.

Chairman of Camsel S.A.S. (until 30 September 2017)

Chairman of Brassac Holding S.A.S.

Chairman of Les Bois du Midi S.A.S.

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

Permanent representative of APICAP, director of Groupe Archimen S.A.S.

Director of MANUTAN INTERNATIONAL S.A.*

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

Co-Managing Director of Trois Rivières Holding

Permanent representative of APICAP, director of:

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

VENELLE INVESTISSEMENT

Director – member of the Founder Group

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

Registered head office:	72 rue du Faubourg-Saint-Honoré – 75008 Paris – France 414 738 070 RCS Paris
Date of first appointment:	27 April 1998
Date of last reappointment:	AGM of 19 May 2016
End date of term of office:	2020 AGM
Number of SEB shares held:	17,902

INFORMATION:

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

It is represented by Damarys Braida.

OTHER CURRENT OFFICES AND POSITIONS:

None

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

None

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* *Listed company.*

Damarys Braida

Permanent representative of VENELLE INVESTISSEMENT on the Board of Directors

Age:	50 years
Nationality:	French
Committee member:	Nominations and Remuneration Committee

BIOGRAPHY:

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

OTHER CURRENT OFFICES AND POSITIONS:

Chairwoman of VENELLE INVESTISSEMENT

Chief Executive Officer of Venelle Plus

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

None

SUMMARY TABLE OF DIRECTORS

SURNAME – FIRST NAME	NATIONALITY	AGE	START DATE	END DATE (YEAR OF AGM)	INDEPENDENT DIRECTOR	COMMITTEE MEMBER
THIERRY DE LA TOUR D'ARTAISE	French	63	03-05-1999 AGM Ratification of co-optation	2020	No	No
DELPHINE BERTRAND	French	53	11-05-2017 AGM Ratification of co-optation	2018	No	No
YSEULYS COSTES	French US resident	45	14-05-2013 AGM	2021	Yes	Audit
FÉDÉRACTIVE (Sarah Chauleur)	French	46	14-05-2013 AGM	2018	No	No [(a)]
HUBERT FÈVRE	French Swiss resident	53	13-05-2003 AGM	2019	No	Audit
FFP INVEST (Bertrand Finet)	French	52	11-05-2017 AGM [(b)]	2021	Yes	Nominations and Remuneration
BRIGITTE FORESTIER	French	47	11-05-2017 AGM	2021	No	No
FSP (Catherine Pourre)	French Luxembourg resident	61	15-05-2014 AGM Ratification of co-optation [(c)]	2020	Yes	Audit
WILLIAM GAIRARD	French Resident of Mexico	37	12-05-2015 AGM	2019	No	No
LAURENT HENRY	French	51	Appointment by the France Works Council on 13-10-2017; joined the BoD on 14-12-2017	2021	No	No
JEAN-NOEL LABROUE	French	70	12-05-2010 AGM	2018	Yes	Nominations and Remuneration
CEDRIC LESCURE [(d)]	French	50	12-05-2010 AGM Ratification of co-optation	2019	No	No
JEROME LESCURE	French	57	19-05-2016 AGM	2020	No	Audit
VENELLE INVESTISSEMENT (Damarys Braida)	French	50	27-04-1998 AGM Ratification of co-optation	2020	No	Nominations and Remuneration
DIRECTORS WHOSE TERMS OF OFFICE ENDED DURING THE YEAR						
BRUNO BICH	Early resignation on 11 May 2017. Not replaced.					
TRISTAN BOITEUX	Early resignation on 11 May 2017. Co-optation of Delphine Bertrand to replace him.					
CHRISTIAN PEUGEOT	Changing of FFP Invest's permanent representative at the AGM of 11 May 2017.					
LAURE THOMAS	Not reappointed. Not replaced.					

(a) FÉDÉRACTIVE is represented on the Nominations and Remuneration Committee by Pascal Girardot.
(b) FFP Invest was co-opted by decision of the BoD on 23 July 2013 to replace FFP.
(c) FSP was co-opted by decision of the BoD on 25 February 2014 to replace Philippe Lenain.
(d) Cédric Lescure was previously a director of SEB S.A. from 1998 to 2005.

RESIGNATIONS, REAPPOINTMENT AND APPOINTMENT OF DIRECTORS

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 renewal of its members.

During the last year, the Annual General Meeting of 11 May 2017 renewed the directorships of Yseulys Costes and FFP Invest, represented by Bertrand Finet, for four years.

In line with the Board of Directors' decision of 16 December 2016, the Board of Directors' size was reduced in order to include two employee directors:

- Brigitte Forestier, employee shareholder director appointed by the Annual General Meeting of 11 May 2017;
- Laurent Henry, employee director appointed by the France Works Council, on 13 October 2017, in accordance with the bylaws.

Resignations

Bruno Bich and Tristan Boiteux terminated their directorships early, at the end of the Annual General Meeting of 11 May 2017.

Ratification of the co-optation of a director

The Board of Directors, during its meeting on 7 March 2017, reviewed the proposal that Delphine Bertrand be co-opted to replace Tristan Boiteux, who resigned at the end of the Board of Directors' Meeting on 27 April 2017. The co-optation of Delphine Bertrand was approved by the Annual General Meeting of 11 May 2017.

SUMMARY OF HOW DIRECTORS' TERMS OF OFFICE ARE STAGGERED

DIRECTOR	2018 AGM	2019 AGM	2020 AGM	2021 AGM
THIERRY DE LA TOUR D'ARTAISE			•	
DELPHINE BERTRAND	•			
YSEULYS COSTES				•
FÉDÉRACTIVE (Sarah Chauleur)	•			
HUBERT FÈVRE		•		
BRIGITTE FORESTIER				•
FFP INVEST (Bertrand Finet)				•
FSP (Catherine Pourre)			•	
WILLIAM GAIRARD		•		
LAURENT HENRY				*
JEAN-NOEL LABROUE	•			
CEDRIC LESCURE		•		
JEROME LESCURE			•	
VENELLE INVESTISSEMENT (Damarys Braida)			•	

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

Reappointment of three directors in 2018

As the terms of office of Jean-Noël Labroue, FÉDÉRACTIVE, represented by Sarah Chauleur, and Delphine Bertrand, are due to expire at the Annual General Meeting of 16 May 2018, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, will propose to the shareholders that their terms of office be renewed for another four years.

DECLARATIONS OF THE DIRECTORS

Founder family connection

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

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

Absence of criminal convictions or sanctions

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

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

Absence of conflicts of interest

As far as the company is aware, and in line with its conflict of interest management policy outlined below, there is no potential conflict of interest between the duties, vis-a-vis SEB S.A., of the members of the administration bodies and the General Management 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 regulated 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 2017 were reviewed at the Board of Directors' Meeting on 27 February 2018. The directors had no comments to make, particularly with regard to their purpose or their financial conditions. The agreements regarding Thierry de La Tour d'Artaise, approved during previous years, were also re-approved by the Annual General Meeting of 19 May 2016, when his term of office was renewed.

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 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.

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

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

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

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

DIRECTORS' STATUS IN TERMS OF INDEPENDENCE CRITERIA

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

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

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

Following the evaluation of the Board of Directors in 2017, the directors declared themselves to be mostly satisfied with the number and role of the independent directors and stressed the added value brought to the Board's discussions by their presence.

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

The individual status of directors is also reviewed on a yearly basis using an individual questionnaire analyzed by the Nominations 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 Nominations and Remuneration Committee Meeting of 7 December 2017 and the Board of Directors' Meeting of 14 December 2017 did not reveal any conflicts of interest.

During their term of office, directors are also obliged to perform their duties in the strict company's interests. Directors are therefore obliged to inform the Board of Directors should a conflict of interest occur when a meeting agenda is published, or during the course of a meeting. The Board must then decide, if necessary without the director concerned being present, whether 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 flow between some Groupe SEB entities and 1000mercis, of which Yseulys Costes is Chairwoman and Chief Executive Officer. This business flow corresponds to interactive advertising and marketing services requested by Groupe SEB to support it in its digital development. In 2016, the Nominations and Remuneration 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 1000mercis, as well as the prior existence of calls for tender. During the review conducted in 2017, the Nominations and Remuneration Committee found that:

- the relationship between SEB and 1000mercis preceded the term of office of Yseulys Costes;
- the relationship is only managed by the operational teams;
- SEB is not a significant client of 1000mercis;
- 1000mercis is a leader on the interactive marketing market;
- the value of these transactions represents for the year 2017 less than 3% of the consolidated turnover of 1000mercis and less than 0.03% of the consolidated turnover of Groupe SEB.

Given the above, the Board of Directors, at its meeting of 14 December 2017, found that this business relationship was unlikely to compromise Yseulys Costes' independence of judgment and ruled out the possibility of a conflict of interest, thus confirming her status as an independent director.

ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

ROLE AND MEETINGS OF THE BOARD OF DIRECTORS

Role of the Board of Directors

Pursuant to Article 225-35 of the French Commercial Code and the Company's bylaws, the Board of Directors determines the company's business strategies and ensures that they are implemented; it deals with all matters regarding the proper functioning of the company and acts on all matters in its pursiew, 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 12/14ths 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 about the Group. 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 accordance with the suggestions for improvements following the evaluation of the Board of Directors in 2016, the Board has been more involved in strategic deliberations, thanks to an additional presentation of the Group's long-term strategy, and invited to discuss them.

Meetings of the Board of Directors

The Board of Directors met seven times in 2017. The attendance rate was 93%.

The meetings are generally arranged as follows:

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

The Board of Directors may meet as often as the interests of the company require, in accordance with the law and the bylaws. An Extraordinary Meeting was organized on 7 March 2017, for example, to approve the reduction of the Board of Directors' size from 15 to 12 members.

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

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

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

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

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

Following the evaluation of the Board of Directors, which took place between October and November 2017, the directors said that they were satisfied with the organization of meetings, particularly since meetings were made longer in 2016.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

SECRETARY OF THE BOARD OF DIRECTORS

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

BOARD OF DIRECTORS' COMMITTEES

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

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

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

The Audit Committee

COMPOSITION AND INDICATORS

COMPOSITION

Catherine Pourre, independent director, permanent representative of Fonds Stratégique de Participation
Yseulys Costes, independent director
Hubert Fèvre, member of FÉDÉRACTIVE
Jérôme Lescure, member of VENELLE INVESTISSEMENT

CHAIRWOMAN

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

NUMBER OF MEETINGS

3

ATTENDANCE RATE

100%

PERCENTAGE OF INDEPENDENT DIRECTORS

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

WORK AND POWERS

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

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

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

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

Audit Committee Meetings are usually held in the presence of the Statutory auditors, the Senior Executive Vice-president, Finance 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 Committee Meetings are generally held one day prior to the examination of the half-yearly and annual financial statements by the Board of Directors. However, any documents that are useful for Audit Committee Meetings are sent in advance of the meetings, so that members of the Audit Committee can familiarize themselves with the documents in advance of the meeting and prepare for the Board of Directors' deliberations on the financial statements. Following the 2017 evaluation of the Board of Directors, the directors confirmed that this way of operating was satisfactory and was not detrimental to the standard of discussions during meetings.

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

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

Starting from 2018, given the increase in the powers granted to the Audit 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.

MAIN WORK

As is its prerogative, in 2017, the Audit Committee audited the following, as it does every year:

- the draft annual financial statements as of 31 December 2016 and the draft half-yearly financial statements as of 30 June 2017, prior to their submission to the Board of Directors;
- the Chairman's report on internal control made at the Committee Meeting of 16 February 2017, whose contents are partially reproduced, in line with order no. 2017-1162 of 12 July 2017, in this chapter of the Registration Document (Chapter 2);
- the nature and results of the work done by the Statutory auditors along with their comments and recommendations on internal control;
- the review of the main findings of the internal audits carried out in 2017;
- the proposed schedule of internal audits for 2018;
- the mapping and analysis of major risks.

The above shows that the Audit Committee:

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

The Nominations and Remuneration Committee

COMPOSITION AND INDICATORS

COMPOSITION

Jean Noël Labroue, independent director
Bertrand Finet, independent director, permanent representative of FFP Invest
Pascal Girardot, member of FÉDÉRACTIVE
Damarys Braida, member of VENELLE INVESTISSEMENT

CHAIRMAN

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

NUMBER OF MEETINGS

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 Nominations 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 officers;
- proposing the introduction of and procedures for stock option plans and free shares;
- issuing recommendations on governance or ethics matters;
- examining the Group's sustainable development policy, 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 Nominations and Remuneration Committee may request opinions or consultations from external experts on specific points. This was the case particularly in 2017 for the issue of the remuneration and pensions of the Group's senior managers due to the changes in the regulations.

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

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

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

Following the evaluation of the Board of Directors in 2017, the members of the Board declared that they were satisfied, but asked for more detailed reporting on the Committee's work.

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

MAIN WORK

In 2017, the Nominations and Remuneration Committee:

- carried out the monitoring of the succession plan for executive officers and made recommendations in this regard;
- reviewed the candidacies of directors whose appointment or reappointment was proposed at the Annual General Meeting of 11 May 2017;
- made recommendations on the 2016 variable and 2017 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 16 May 2018;
- reviewed a benchmark relating to attendance fees paid to directors of SBF 120 companies to check the company's positioning after the increase following the Annual General Meeting of 19 May 2016;
- compiled the responses to the evaluation of the Board of Directors as well as directors' self-assessments and made recommendations in this regard;
- reviewed the answers given by directors to the annual questionnaire designed to prevent and identify conflicts of interest, and made recommendations on the business relationship between the Group and 1000mercis, of which Yseulys Costes is Chairwoman and CEO;

- reviewed the report of the High Committee for Corporate Governance of October 2017 and various reports on the governance theme and assessed their consequences for the governance of SEB;
- conducted the annual review of Human Resources;
- examined the sustainable development policy and approved the report on the action taken and the company's initiatives in this area.
- explored the issue of supplementary pensions for the company's senior managers in connection with the transposition of a European Directive into French law before 21 May 2018.

The Nominations and Remuneration Committee Meeting on 8 February 2018 recommended introducing non-financial (CSR) performance criteria in the calculation of Groupe SEB's bonus. This recommendation was adopted by the Board of Directors on 27 February to be applied for 2018.

At its meeting on 27 February 2018, the Nominations and Remuneration Committee, in accordance with the AFEP-MEDEF Code, deliberated in order to assess the performance of the Chairman and Chief Executive Officer during the year. The Chairman and CEO did not attend this meeting. The Committee reports on its work at the next Board of Directors' Meeting, where the directors are free to deliberate in the absence of the interested party.

INFORMATION PROVIDED TO DIRECTORS

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

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.

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

A section on corporate governance also allows them to refer to the AFEP-MEDEF Code, the Charter and internal rules, the Group'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 2017 evaluation of the Board of Directors, the members of the Board again said that they were satisfied with the information that they had been provided with in order to perform their duties and expressed their complete satisfaction with the new tool made available to them.

EVALUATION OF THE BOARD OF DIRECTORS AND DIRECTORS

Evaluation of the Board of Directors

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

The evaluation conducted between October and November 2017 was completed using a questionnaire duly adapted to the context and new governance issues. This questionnaire focuses, in particular, on the meetings, reporting, composition and operation of the Board of Directors, as well as its committees. It also makes it possible for 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 Nominations and Remuneration Committee, whose findings were presented to the Board of Directors on 14 December 2017. As in previous years, the comments and discussions showed that directors were, on the whole, very satisfied with the way in which the Board of Directors and its committees operate and, particularly:

- with its composition in its new configuration;
- with the organization and frequency of meetings;
- with the extended length of certain meetings, rather than adding new meetings, in order to have more time to review and assess strategies prepared by the Management;
- with the quality of the information and documents disseminated on the directors' website and the input from senior managers during meetings;
- with the level of understanding of the company's performance drivers;
- with interactions with the Management.

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

- to increase interactions and exchanges of views during meetings, resulting in fewer presentations by the Management to leave more time for discussions;
- with the expansion of the collective work to review upcoming candidacies for the Board of Directors;
- with the facilitation of access to documents ahead of Board of Directors' Meetings.

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 Nominations and Remuneration Committee, whose findings were presented to the Board of Directors on 14 December 2017. The comments and discussions showed, in particular, that directors have a very good overall opinion of the role of the Board of Directors and its program of work and that they have complementary skills and experience.

DIRECTORS' CHARTER AND INTERNAL RULES OF THE BOARD OF DIRECTORS

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

This document is regularly updated, and was updated in 2017 due to the change in the Board of Directors' composition and the inclusion of employee directors.

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

Directors' Charter

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

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

Internal rules

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

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

PROCEDURES RELATING TO SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

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

IMPLEMENTATION OF RECOMMENDATIONS MADE IN THE AFEP-MEDEF CODE

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

AFEP-MEDEF recommendations not applied	Reason
Article 10.3: Board and Committee Meetings It is recommended that a meeting not attended by the executive officers be held each year.	Issues relating to the Chairman and CEO's performance are discussed by the Nominations and Remuneration Committee in his absence. For this reason, and given the collective nature of the Board of Directors, there are no plans to hold formal meetings of the non-executive directors not attended by the Chairman and CEO. The Board remains free to hold discussions at any time in the absence of the Chairman and CEO if this is necessary, however.
Articles 15.1 and 17.1: Proportion of independent directors on Committees At least two-thirds of the members of the Accounts Committee must be independent directors. The Nominations and Remuneration Committee must include a majority of independent directors.	Given the shareholder base of the company, controlled by two major shareholders acting jointly, the Audit Committee and the Nominations and Remuneration Committee are made up of four members, including two independents, and a Board member representing each major shareholder. Both Committees are chaired by an independent director who leads and steers the Committee's work. They have the deciding vote in the event of a tie.
Article 20: Remuneration of the directors The largest portion of the total attendance fees is variable.	Variable attendance fees were introduced by the company in 2013. A consensus was reached at this time in view of the directors' high attendance rate. Namely, raising the attendance share to 50% was considered to meet the largest portion requirement.
Article 21: Chief Executive Officer's employment contract When an employee is appointed as Chief Executive Officer of the company, it is recommended that 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' Meeting on 23 February 2016, with a view to reappointing Thierry de La Tour d'Artaise.

2.4. Group management bodies

The Executive Committee incorporates three Continental General Management structures. Each of these three Continents is then organized into Regions.

The Executive Committee was organized as follows at 1 March 2018:

EXECUTIVE COMMITTEE

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

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

2.5. Remuneration policy

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

RULES OF ALLOCATION AND AMOUNTS PAID FOR 2017

The terms of directors' remuneration are set by the Board of Directors on a proposal from the Nominations and Remuneration Committee. In 2017, the attendance fees received by directors obeyed the same allocation rules as for the previous year, namely a fixed portion and a variable portion, calculated according to directors' attendance at Board and Committee Meetings.

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

For the period from 19 May 2016, in accordance with the increase in the overall amount of the attendance fees adopted at the Annual General Meeting of shareholders on 19 May 2016, intended to partly compensate for the difference in the attendance fees paid by comparable companies, the authorized overall amount totals €540,000.

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

In 2017, the overall attendance fees paid to Board members totaled €507,916.7 (gross amount before deductions and/or withholdings), compared with €428,333 in 2016.

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

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

For the period running from 10 May 2017 to 15 May 2018, the overall amount of €540,000 will therefore be allocated as follows:

Attendance fees and other remuneration received by executive officers *(in €)*

Board members	Attendance fees paid in 2015/2016	Attendance fees paid in 2016/2017
Thierry de La Tour d'Artaise	24,000	30,000
Bruno Bich	32,666.6	38,125
Tristan Boiteux	24,000	30,000
Sarah Chauleur	24,000	28,125
Yseulys Costes	18,666.6	24,375
FÉDÉRACTIVE (Pascal Girardot)	34,000	38,125
Hubert Fèvre	34,000	40,000
FFP (Christian Peugeot)	27,000	31,042
William Gairard	24,000	26,250
Jean-Noël Labroue	37,666.6	45,000
Cédric Lescure	21,333	30,000
Jérôme Lescure		40,000
FSP (Catherine Pourre)	37,666.6	36,875
Laure Thomas	22,666.6	30,000
VENELLE INVESTISSEMENT (Damarys Braida)	32,666.6	40,000
Jérôme Wittlin	34,000	
TOTAL	**428,333**	**507,917**

REMUNERATION OF EXECUTIVE OFFICERS

This section constitutes the *ex-post* say-on-pay report on the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded to the company's executive officers in consideration for their duties as provided for by Article L. 225-37-2 of the French Commercial Code.

In line with the *ex-post* voting principle, the Ordinary General Meeting on 16 May 2018 will be asked to approve, based on this report, the remuneration paid for the past year, in accordance with the policy approved by the Annual General Meeting on 19 May 2016 when the *ex-ante* vote was held. These principles and criteria apply from 1 January 2017 for the year 2017 and should stay the same for the next few years, unless otherwise decided by the Annual General Meeting.

The Ordinary General Meeting on 16 May 2018 must also approve, in respect of the *ex-ante* vote and based on the corporate governance report, the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded to the company's executive officers that will apply for 2018.

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

PRINCIPLES AND OBJECTIVES

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

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

Completeness and simplicity

The remuneration of executive officers is intended to ensure simplicity, transparency and consistency over time. It comprises a fixed portion, an annual variable portion and performance shares, subject to the fulfillment 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 officers.

Motivation and performance

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

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

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

Pursuant to the measure introduced by the law of 9 December 2016 on transparency, the fight against corruption and the modernization of the economy (Sapin 2 law), the principles and criteria applicable to the components of remuneration for 2018 as they are set out below will be submitted to a vote at the Annual General Meeting of shareholders on 16 May 2018.

The components of remuneration due or awarded to each executive officer for 2017 are, for their part, subject to approval at the Annual General Meeting of shareholders on 16 May 2018, under a specific resolution for each executive officer (see "Say on Pay" tables on pages 84 and following, below) in accordance with the recommendations of the AFEP-MEDEF Code.

The payment of variable remuneration for 2018 will be submitted to a vote at the Annual General Meeting of shareholders called to approve the financial statements for the year ended 31 December 2018.

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

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

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

Annual variable remuneration

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

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

THE QUANTIFIABLE CRITERIA

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

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

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

THE QUALITATIVE CRITERIA

The qualitative criteria are linked to collective and individual performance. They represent 40% of variable remuneration and are assessed with regard to strategic targets relating to changes to the Group's 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 Chief Operating Officer: annual variable remuneration may vary from 0% to 80%, if all of the quantifiable and qualitative targets are met (target level), and rise to 125% (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 Article 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 Nominations and Remuneration Committee, that performance shares should be awarded entirely based on performance criteria. This favors simple rules that remain stable over time and long-term and demanding performance criteria.

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

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

With regard to the 2017 plan, the performance calculation depends on the rate of attainment of the sales and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2017, 2018 and 2019):

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

Awards have been made as follows:

- the total number of performance shares awarded to executive officers in one financial year amounts to 13.7% of the total number of performance shares awarded in this same year;
- the total volume of performance shares awarded to executive officers must be capped at 0.0538% of the share capital on the date that the decision to award them is made, as provided for in the eighteenth resolution of the Annual General Meeting on 11 May 2017.

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 11 May 2017, 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 17 February 2017.

In addition, the Board of Directors' Meeting of 27 February 2018, after examining the findings of the Nominations and Remuneration Committee, reviewed and approved the proposed performance share award plan for 2018, in line with the arrangements established by the Board of Directors on 16 December 2011.

The performance shares awarded will not be subject to any additional lock-up period for either French or foreign residents. This practice complies with statutory provisions and current practice and takes account of the tax constraints on foreign residents (particularly in the US and in Germany).

Authorization for the award will be submitted to the shareholders at the next Annual General Meeting (draft seventeenth resolution).

Attendance fees

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

Benefits in kind

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

Deferred commitments

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

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

PENSION COMMITMENTS

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

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

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

  Potential benefits under this plan may be paid out if beneficiaries have served on the Executive 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;
- a defined-contribution pension plan set up in accordance with Article L. 242-1, paragraphs 6 and 7 of the French Social Security Code.

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

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

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

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

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

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

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

  These contributions are not included in the social security contribution base, capped at 6% of the annual social security ceiling (€2,354 in 2017) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,707 in 2017).

  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;

(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.

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

These contributions are partially excluded from the social security contribution base, including contributions paid under the aforementioned "incapacity/disability/death" insurance plan, capped at 6% of the annual social security ceiling (€2,354 in 2017) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,707 in 2017).

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

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 Bertrand Neuschwander, compensation for his non-compete agreement and any other compensation paid).

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

REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Remuneration due or awarded for 2017

FIXED REMUNERATION

In 2017, the fixed remuneration for Thierry de La Tour d'Artaise amounted to €900,000. Previously set at €850,000, the increase in the fixed remuneration of Thierry de La Tour d'Artaise was approved by the Board of Directors on 23 February 2016 to take account of the inflation rate since this remuneration was last reviewed in 2011.

ANNUAL VARIABLE REMUNERATION

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

- based on quantifiable criteria (Groupe SEB sales and Operating Result from Activity targets), the variable portion is 123.0% 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 152.75% 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, and the consideration of extra-financial performance criteria (Corporate Social Responsability), the active pursuing of the acquisition strategy.

Consequently, the variable remuneration paid in 2018 for 2017 was €1,214,000, or 134.9% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2016 was 139.5% of his fixed remuneration, or €1,255,500.

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

ATTENDANCE FEES

Thierry de La Tour d'Artaise receive attendance fees as a member of the Board of Directors according to the rules applicable to all its members. In 2017, Thierry de La Tour d'Artaise received €30,000 as a director of the company, versus €24,000 in 2016.

PERFORMANCE SHARES

In accordance with the authorization granted by the eighteenth resolution of the Annual General Meeting on 11 May 2017, 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 2017.

The shares granted to Thierry de La Tour d'Artaise under the 2017 performance share plan equate to 0.0359% of the share capital.

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

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

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

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

BENEFITS IN KIND

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

LONG-TERM COMMITMENTS

Pension commitment

Thierry de La Tour d'Artaise is a member of the collective supplementary pension plan set up for Groupe SEB's French senior 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 32.6% of his reference remuneration.

Entitlements estimation at 31 December 2017:

Plan	Amount
Deferred defined-benefit pension plan	€224,165 gross per year
Supplementary defined-benefit pension plan	€218,795 gross per year
Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since January 2012)*	€10,062 gross per year

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

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

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

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

In the event of incapacity	€235,368
In the event of first degree disability	€141,221
In the event of second and third degree disability	€235,368

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,318,061.

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 2017 totals €65,635. 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 agreements and commitments, this commitment was approved by the shareholders at the Annual General Meeting on 19 May 2016, when Thierry de La Tour d'Artaise was re-elected (eighth resolution).

Severance payments

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

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

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

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

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

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

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

Entitlement to 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 corporate officer should he resign on his own initiative.

Retirement lump-sum payment

The total retirement lump-sum payment entitlement of Thierry de La Tour d'Artaise amounts to 567,749 due to his seniority.

Remuneration due or awarded for 2018

FIXED REMUNERATION

In 2018, Thierry de La Tour d'Artaise's remuneration was set at €900,000, in accordance with the increase decided on at the Board of Directors' Meeting of 23 February 2016.

ATTENDANCE FEES

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

ANNUAL VARIABLE REMUNERATION

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

The performance evaluation criteria were renewed for 2018 based on the quantifiable targets set by the Board of Directors' Meeting of 27 February 2018, based on Groupe SEB sales and Operating Result from Activity targets. Qualitative targets relate to the improvement of Groupe SEB's profitability, the integration of the latest acquisitions and the consideration of extra-financial performance criteria (Corporate Social Responsability).

In accordance with the *ex-post* voting principle, the Ordinary General Meeting on 16 May 2018 will be asked to approve the annual variable remuneration to be paid for the previous year.

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 16 May 2018.

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

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

Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer	2016	2017
Remuneration due for the period	€2,203,592	€2,168,192
Value of the options awarded over the period*	€0	
Value of the performance shares awarded over the period*	€1,473,120	€2,624,924
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**€3,676,712**	**€4,793,116**

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

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

Thierry de La Tour d'Artaise Chairman and Chief Executive Officer	Amounts relating to 2016		Amounts relating to 2017	
	Due	Paid	Due	Paid
Fixed remuneration	€900,000	€900,000	€900,000	€900,000
Annual variable remuneration	€1,255,500	€1,247,120	€1,214,100	€1,255,500
Extraordinary remuneration	None	None	None	None
Directors' fees	€24,000	€24,000	€30,000	€24,000
Benefits in kind:				
• car	€8,892	€8,892	€8,892	€8,892
• housing	€15,200	€15,200	€15,200	€15,200
TOTAL	**€2,203,592**	**€2,195,212**	**€2,168,192**	**€2,203,592**

Stock options awarded to Thierry de La Tour d'Artaise in 2017

	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 2017					

Stock options exercised in 2017 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 2017	

Performance shares awarded in 2017 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	11/05/2017	18,000	2,624,924	11/05/2020	11/05/2020	Attainment of Sales and Operating Result from Activity targets

Performance shares vested in 2017 for Thierry de La Tour d'Artaise

	Date of the plan	Number of available shares	Vesting date	Availability date	Acquisition conditions
Thierry de La Tour d'Artaise	22/07/2014	18,000	22/07/2017	22/07/2019	Attainment of Sales 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

Remuneration due or awarded for 2017

In accordance with Article L. 225-42-1 of the French Commercial Code, the Board of Directors determined the payments and benefits to which Bertrand Neuschwander would be entitled in his capacity as Chief Operating Officer, while respecting the specific procedure for regulated agreements. The agreement providing terms of Bertrand Neuschwander's remuneration was thus approved by the Annual General Meeting on 12 May 2015.

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

FIXED REMUNERATION

In 2017, the fixed remuneration paid to Bertrand Neuschwander was €500,000, in accordance with the amount set by the Board of Directors on 22 April 2014.

ANNUAL VARIABLE REMUNERATION

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

- based on quantifiable criteria, the variable portion is 98.4% of Bertrand Neuschwander's fixed annual remuneration with a target of 80%. The Board of Directors measured Bertrand Neuschwander's performance with respect to Groupe SEB's sales and Operating Result from Activity growth targets;
- based on qualitative criteria, the variable portion is 119.7% of Bertrand Neuschwander's fixed annual remuneration with a target of 80%. The Board of Directors judged Bertrand Neuschwander's performance, in particular, based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects.

Consequently, the variable remuneration paid in 2018 for 2017 was €534,600, or 106.9% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2016 was 111.24% of his fixed remuneration, or €556,200.

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

BENEFITS IN KIND

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

PERFORMANCE SHARES

In accordance with the authorization granted by the eighteenth resolution of the Annual General Meeting on 11 May 2017, the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2017.

The 9,000 shares granted to Bertrand Neuschwander under the 2017 performance share plan equate to 0.0179% of the share capital.

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

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

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

LONG-TERM COMMITMENTS

Pension commitment

Bertrand Neuschwander is a member of the collective supplementary pension plan set up for Groupe SEB's French senior 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, Bertrand Neuschwander would be able to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference remuneration.

Entitlements estimation at 31 December 2017:

Plan	Amount
Deferred defined-benefit pension plan	€128,871
Supplementary defined-benefit pension plan	€107,205
Defined-contribution pension plan *(the entitlements resulting from this plan have been frozen since April 2014)*	€4,795

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

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

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

This plan notably includes for Bertrand Neuschwander:

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

In the event of incapacity	€235,368
In the event of first degree disability	€141,221
In the event of second and third degree disability	€235,368

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, Bertrand Neuschwander is the beneficiary of an individual life insurance policy with a capital amounting to €942,581. The expense recorded for the year ended 31 December 2017 totals €3,318. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.

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

Severance payments

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

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

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

- if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted for the rate of attainment of his targets over the last four full years of service, as follows:
  - as corporate officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted for the rate of attainment 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 attainment over the previous four financial years	Amount of benefit paid
100% or more	100%
Between 50% and 100% inclusive	Between 75 and 100%, according to a straight-line calculation
Less than 50%	None

Non-compete clause

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

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

The Board of Directors may release Mr Neuschwander from this obligation by waiving the non-compete clause.

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

RETIREMENT LUMP-SUM PAYMENT

The total retirement lump-sum payment entitlement of Bertrand Neuschwander amounts to €179,892 due to his seniority.

Remuneration due or awarded for 2018

FIXED REMUNERATION

Bertrand Neuschwander's annual fixed remuneration, approved by the Board of Directors on 22 April 2014 when he was appointed, i.e. €500,000, will remain the same in 2018.

ANNUAL VARIABLE REMUNERATION

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

The performance evaluation criteria were renewed for 2018 based on the quantifiable targets set by the Board of Directors' Meeting of 27 February 2018. Qualitative targets relate to the improvement of Groupe SEB's profitability and the consideration of extra-financial performance criteria (Corporate Social Responsability). They will also include elements linked, in particular, to Bertrand Neuschwander's performance in implementing specific Group projects, particularly relating to digitization.

In accordance with the *ex-post* voting principle, the Ordinary General Meeting on 16 May 2018 will be asked to approve the annual variable remuneration to be paid for the previous year.

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 16 May 2018.

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

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

Bertrand Neuschwander – Chief Operating Officer	2016	2017
Remuneration due in respect of the period [(a)]	€1,063,940	€1,042,340
Value of the options awarded over the period*	0	0
Value of the performance shares awarded over the period*	€736,560	€1,312,462
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	**€1,800,500**	**€2,354,802**

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

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Summary table of the remuneration awarded to Bertrand Neuschwander

Bertrand Neuschwander Chief Operating Officer	Amounts relating to 2016		Amounts relating to 2017	
	Due	Paid	Due	Paid
Fixed remuneration	€500,000	€500,000	€500,000	€500,000
Annual variable remuneration	€556,200	€583,280	€534,600	€556,200
Extraordinary remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind:				
• car	€7,740	€7,740	€7,740	€7,740
TOTAL	**€1,063,940**	**€1,091,020**	**1,042,340**	**1,063,940**

Stock options awarded in 2017 to Bertrand Neuschwander

	Date of the plan	Type of option	Valuation of the options based on the method used in the consolidated financial statements	Number of options awarded	Exercise price	Exercise period
Bertrand Neuschwander	No options were awarded in 2017					

Stock options exercised in 2017 by Bertrand Neuschwander

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Bertrand Neuschwander	18/06/2010	5,083	€53.86	2010
	15/06/2012	19,000	€54.12	2012

Performance shares awarded in 2017 to Bertrand Neuschwander

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Bertrand Neuschwander	11/05/2017	9,000	1,312,462	11/05/2020	11/05/2020	Attainment of Sales and Operating Result from Activity targets

Performance shares vested in 2017 for Bertrand Neuschwander

	Date of the plan	Number of available shares	Vesting date	Availability date	Acquisition conditions
Bertrand Neuschwander	22/07/2014	9,000	22/07/2017	22/07/2019	Attainment of Sales and Operating Result from Activity targets

Multi-year variable remuneration paid to Bertrand Neuschwander

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

REMUNERATION OF MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

In 2017, the remuneration of the current members of the Groupe SEB Executive Committee amounted to €8,069,800, of which €4,123,000 was for the fixed portion and €3,946,800 for the variable portion.

Annual variable remuneration

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

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

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

In 2017, the quantifiable and qualitative performance criteria were assessed and discussed by the Nominations and Remuneration Committee and approved by the Board of Directors at its meeting on 17 February 2017.

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

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

The qualitative criteria, linked to individual performance, account for 40% of variable remuneration and are assessed according to specific strategic objectives. In particular, they enable performance to be measured against fixed targets, not only in terms of changes to the Group's 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 2017 plan, the performance calculation depends on the rate of attainment of the sales and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2017, 2018 and 2019):

Average attainment 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 eighteenth resolution of the Annual General Meeting on 11 May 2017, the Board of Directors, at its meeting on the same day, decided to award 47,250 performance shares to the members of the Executive Committee for 2017 (excluding executive officers).

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

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

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

Benefits in kind

Top executives have company cars.

History of stock option awards to executive officers

At 31 December 2017	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
Of which awarded to executive officer Thierry de La Tour d'Artaise [a]	66,000	49,500	6,600	115,516	104,989	105,000
Stock option exercise start date	14/06/2005	19/04/2006	17/10/2006	18/06/2007	18/06/2008	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 €)* [a]	18.18	27.88	25.15	24.24	31.67	28.00
Average of last 20 prices prior to Board Meeting *(in €)* [a]	17.95	27.78	26.65	24.03	31.52	28.2
Number of options exercised [a] by Thierry de La Tour d'Artaise	66,000	49,500	6,600	115,516	104,989	105,000
Number of options canceled [a]	0	0	0	0	0	0
Balance of stock options not yet exercised at 31/12/2016 [a]	0	0	0	0	0	0

At 31 December 2017	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Meeting date	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010	10/05/2012
Date of Board of Directors' Meeting	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010	15/06/2012
Total number of shares granted	589,798	579,150	1,005,900	371,300	412,592	408,925
Of which awarded to executive officer Thierry de La Tour d'Artaise [a]	105,012	105,000	105,000	71,250	59,942	54,000
Stock option exercise start date	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014	15/06/2016
Expiration date	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018	15/06/2020
Subscription or purchase price *(in €)* [a]	29.33	44	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 canceled [a]	0	0	0	4,328	3,964	2,551
Balance of stock options not yet exercised at 31/12/2017	0	0	0	0	0	0

(a) *Takes into account the bonus award of shares in March 2004 (one for ten) and the split by 3 of the nominal value on 16 June 2008.*

History of performance share awards to executive officers

At 31 December 2017

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
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
Number of shares granted:	50,472	58,363	63,938	233,475	169,175	169,450	171,075	193,450
Of which to executive officers	5,938	4,995	4,500	18,000	27,000	27,000	27,000	27,000
• Chairman and Chief Executive Officer	5,938	4,995	4,500	18,000	18,000	18,000	18,000	18,000
• Chief Operating Officer	N/A	N/A	N/A	6,750*	9,000	9,000	9,000	9,000
Performance condition	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity	Sales and Operating Result from Activity
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
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
Number of shares earned byexecutive officers								
• Chairman and Chief Executive Officer	5,938	4,395	3,850	18,000	18,000	-	-	-
• Chief Operating Officer	N/A	N/A	N/A	6,750*	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
Number of shares canceled or lapsed	0	600	650	0	0	-	-	-
Balance of shares yet to be awarded	0	0	0	0	0	27,000	27,000	27,000

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

General information about executive officers

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

* *The Board of Directors' Meeting of 23 February 2016, in accordance with the AFEP-MEDEF Code, reviewed the situation and considered that Thierry de La Tour d'Artaise's employment contract should remain suspended, in light of his age, personal situation, and seniority within the Group.**The Board of Directors decided on 22 April 2014 that the suspension of Bertrand Neuschwander's employment contract was in line with the AFEP-MEDEF Code.*

Say on Pay: Remuneration due or awarded to executive officers in respect of the year ended 31/12/2017

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

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Fixed remuneration	**€900,000 (amount paid)**	At its meeting on 23 February 2016, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, revised the fixed remuneration of Thierry de La Tour d'Artaise to €900,000. This proposal was made to adjust the amount, which has not changed since 2011, for inflation. It remained unchanged following the Board of Directors' Meeting on 27 February 2018.
Annual variable remuneration	**€1,214,100 (amount to be paid after being approved by the Ordinary General Meeting on 16 May 2018 in accordance with the ex-post voting principle)** (No deferred portion of this remuneration)	At its meeting on 27 February 2018, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Thierry de La Tour d'Artaise's variable remuneration. Given the quantitative and qualitative criteria set by the Board of Directors on 17 February 2017 and the rate of attainment noted at 31 December 2017, the variable remuneration was measured as follows: • **based on quantitative criteria**: the variable portion is 123.0% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on Group sales and Operating Result from Activity growth targets; • **based on qualitative criteria**: the variable portion is 152.75% 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 2018 for 2017 was €1,214,100, or 134.9% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2016 was 139.5% of his fixed remuneration, or €1,255,500.
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: €2,624,924 (carrying amount)**	In accordance with the authorization granted by the eighteenth resolution of the Annual General Meeting on 11 May 2017, 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 2017. The shares granted to Thierry de La Tour d'Artaise under the 2017 performance share plan equate to 0.0359% of the share capital. The performance criteria for the 2017 plan were assessed with regard to the rate of attainment of the: • sales growth target; • Operating Result from Activity growth target, over the three-year vesting period (namely 2017, 2018 and 2019): **Average attainment rate over three years** — **Performance shares awarded** 100% or more — 100% Between 50% and 100% inclusive — Pro rata Less than 50% — None Note that Thierry de La Tour d'Artaise must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 73).
	Shares: N/A Other securities: N/A	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 multi-year variable remuneration.
Attendance fees	**€30,000 (amount paid)**	Thierry de La Tour d'Artaise receives attendance fees as a member of the Board of Directors under the rules applicable to all its members. In 2017, Thierry de La Tour d'Artaise received €30,000 as a director of the company.
Value of benefits in kind	**€24,092 (carrying amount)**	Thierry de La Tour d'Artaise has a company car, representing a benefit of €8,892 for the year, and receives €15,200 per year for the use of an apartment in Paris.

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Severance payments	**None**	Thierry de La Tour d'Artaise is only entitled to the severance pay owing under his employment contract, to the exclusion of any other benefit, in the event of termination of his corporate office. Under the provisions of his employment contract, which was suspended on 1 March 2005, Thierry de La Tour d'Artaise will receive, by way of settlement, a total termination benefit to be paid only under the following circumstances: • termination of the employment contract at the employer's initiative, except on the grounds of serious misconduct or gross negligence; • forced departure as a result of a change in the control of Groupe SEB. Pursuant to Article L. 225-42-1 of the French Commercial Code, an addendum to Thierry de La Tour d'Artaise's employment contract was signed making the termination benefit subject to performance conditions. The termination benefit is set at two years' remuneration (calculated based on the average remuneration earned during the last two financial years), and is adjusted for the rate of attainment of his targets for the last four years of service:

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

		If the previous year-end presents a net loss, the Board of Directors reserves the right to reduce such termination benefits by a maximum of one half, without such benefits falling below the fixed salary plus bonuses of the previous financial year, should application of the performance criteria based on the attainment of targets confer entitlement to the payment of such benefits. Entitlement to stock options in the event of termination: In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision will also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated pursuant to resignation from the Group, were such resignation to arise from a change in the control of the Group. However, he will forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign on his own initiative. When Thierry de La Tour d'Artaise was re-elected, the continuation of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (8th resolution).
Non-compete payments	**N/A**	Thierry de La Tour d'Artaise has no non-compete clause.
Retirement lump-sum payment	**None**	Due to his seniority and in accordance with the Metallurgical industry collective agreement, the total retirement lump-sum payment entitlement would amount to €567,749.

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Supplementary pension plan</td><td>None</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 executives (members of the Executive Committee).
The scheme complements the statutory schemes and is composed as follows:
• a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
• a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years’ seniority, i.e. a maximum of 16% of the reference remuneration;
• a collective defined-benefit plan available to senior executives, with a contribution equal to 8% of their salaries. Pensions earned under this plan are deducted from the supplementary pension originating from the defined-benefit supplementary pension plan.
Entitlements estimation at 31 December 2017:
<table>
<tr><th>Plan</th><th>Amount</th></tr>
<tr><td>Deferred defined-benefit pension plan</td><td>€224,165 gross per year</td></tr>
<tr><td>Supplementary defined-benefit pension plan</td><td>€218,795 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>€10,062 gross per year</td></tr>
</table>
Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings.
The plan is capped at 41% of the reference remuneration, i.e. both fixed and variable remuneration (including the income from compulsory plans), in accordance with the AFEP-MEDEF Code. This reference remuneration is itself capped at 36 times the annual social security ceiling in force at the time of retirement.
As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in November 2016:
• seniority required: minimum 8 years of service;
• rate of progression: entitlements based on seniority up to a maximum of 3.925% annually, reduced to 3.0% in 2016, and capped after 20 years’ seniority in accordance with the plan introduced by law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities;
• reference period used: average of the target remuneration for the past three years;
• maximum of 41% including benefits from statutory schemes.
Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.
When Thierry de La Tour d’Artaise was re-elected, the continuation of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (8th resolution).
</td></tr>
<tr><td>Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance</td><td>None</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>€235,368</td></tr>
<tr><td>In the event of first degree disability</td><td>€141,221</td></tr>
<tr><td>In the event of second and third degree disability</td><td>€235,368</td></tr>
<tr><td colspan="2">Less social security benefits for the 3 items.</td></tr>
</table>
• a death benefit set at a maximum of €1,318,061.
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 2017 totals €65,635. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.
When Thierry de La Tour d’Artaise was re-elected, the continuation of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (8th resolution).
</td></tr>
</table>

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

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Fixed remuneration	**€500,000** (amount paid)	When Bertrand Neuschwander was appointed, the Board of Directors' Meeting of 22 April 2014 set the amount of his yearly fixed remuneration at €500,000. This amount remains unchanged with respect to the 2018 financial year.
Annual variable remuneration	**€534,600 (amount to be paid after being approved by the Ordinary General Meeting on 16 May 2018 in accordance with the ex-post voting principle)** (No deferred portion of this remuneration)	At its meeting on 27 February 2018, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Bertrand Neuschwander's variable remuneration. Given the quantitative and qualitative criteria set by the Board of Directors on 17 February 2017 and the rate of attainment noted at 31 December 2017, the variable remuneration was measured as follows: • **based on quantitative criteria**: the variable portion is 98.4% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Bertrand Neuschwander's performance with respect to Groupe SEB's sales and Operating Result from Activity growth targets; • **based on qualitative criteria**: the variable portion is 119.7% of his fixed annual remuneration with a target of 80%. The Board of Directors judged Bertrand Neuschwander's performance, in particular, based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects. The variable component can amount to no more than 125% of his annual fixed remuneration. Consequently, the variable remuneration paid in 2018 for 2017 was €534,600, or 106.9% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2016 was 111.24% of his fixed remuneration, or €556,200.
Multi-year variable remuneration in cash	**N/A**	Bertrand Neuschwander receives no multi-year variable remuneration.
Performance share awards	**Performance shares: €1,312,462 (carrying amount)**	In accordance with the authorization granted by the eighteenth resolution of the Annual General Meeting on 11 May 2017, the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2017. The portion granted to Bertrand Neuschwander under the 2017 performance share plan equates to 0.0179% of the share capital. The performance criteria for the 2017 plan were assessed with regard to the rate of attainment of the: • sales growth target; • Operating Result from Activity growth target, over the three-year vesting period (namely 2017, 2018 and 2019): **Average attainment rate over three years** — **Performance shares awarded** 100% or more — 100% Between 50% and 100% inclusive — Pro rata Less than 50% — None Note that Bertrand Neuschwander must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 76).
	Shares: N/A Other securities: N/A	Bertrand Neuschwander receives no other awards of shares or other securities.
Extraordinary remuneration	**N/A**	Bertrand Neuschwander receives no multi-year variable remuneration.
Attendance fees	**N/A**	Bertrand Neuschwander is not a director of SEB S.A.
Value of benefits in kind	**€7,740 (carrying amount)**	Bertrand Neuschwander has a company car, representing a benefit in kind of €7,740 for the year.

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Severance payments</td><td>None</td><td>In the event of dismissal, he will be entitled to severance pay capped at two years' fixed and variable remuneration, including, where appropriate, the amounts paid under the non-compete clause and any termination benefits connected to the termination of the employment contract.
The reference compensation used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Bertrand Neuschwander received in his capacity as Chief Operating Officer.
In accordance with Article L. 225-42-1 of the French Commercial Code, payment of the allowance will be subject to performance conditions, measured in the following manner:
• if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted for the rate of attainment of his targets over the last four full years of service, as follows:
  • as corporate officer, for the period following his appointment, and
  • as a salaried employee, for the preceding period;
• if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted for the rate of attainment 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 attainment over the previous four financial years</th><th>Amount of benefit paid</th></tr>
<tr><td>100% or more</td><td>100%</td></tr>
<tr><td>Between 50% and 100% inclusive</td><td>Between 75 and 100%, according to a straight-line calculation</td></tr>
<tr><td>Less than 50%</td><td>None</td></tr>
</table>
This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting of shareholders on 12 May 2015, in accordance with the procedure for regulated agreements.</td></tr>
<tr><td>Non-compete payments</td><td>None</td><td>Pursuant to the non-compete agreement, in case of termination of his term of office as Chief Operating Officer, through removal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.
In consideration of this non-compete clause and for its entire duration, Bertrand Neuschwander will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.
The Board of Directors may release Mr Neuschwander from this obligation by waiving the non-compete clause.
This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 22 April 2014. They were also disclosed as part of the ongoing information related to compensation and benefits. Furthermore, they were submitted for approval by the shareholders at the Annual General Meeting of shareholders on 12 May 2015, in accordance with the procedure for regulated agreements.</td></tr>
<tr><td>Retirement lump-sum payment</td><td>None</td><td>Due to his seniority and in accordance with the Metallurgical industry collective agreement, Bertrand Neuschwander's total retirement lump-sum payment entitlement amounts to €179,892.</td></tr>
</table>

<table>
<tr><th>Remuneration due or awarded for the year ended</th><th>Amounts submitted to a vote</th><th>Presentation</th></tr>
<tr><td>Supplementary pension plan</td><td>None</td><td>
Bertrand Neuschwander is a member of the collective supplementary pension plan set up for Groupe SEB's French senior executives (members of the Executive Committee).
The scheme complements the statutory schemes and is composed as follows:
• a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years;
• a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority, i.e. a maximum of 16% of the reference remuneration.
• a collective defined-benefit plan available to senior executives, with a contribution equal to 8% of their salaries. Pensions earned under this plan are deducted from the supplementary pension originating from the defined-benefit supplementary pension plan.
Entitlements estimation at 31 December 2017:
<table>
<tr><th>Plan</th><th>Amount</th></tr>
<tr><td>Deferred defined-benefit pension plan</td><td>€128,871 gross per year</td></tr>
<tr><td>Supplementary defined-benefit pension plan</td><td>€107,205 gross per year</td></tr>
<tr><td>Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since April 2014)</td><td>€4,795 gross per year</td></tr>
</table>
Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings.
The plan is capped at 41% of the reference remuneration, i.e. both fixed and variable remuneration (including the income from compulsory plans), in accordance with the AFEP-MEDEF Code. This reference remuneration is itself capped at 36 times the annual social security ceiling in force at the time of retirement.
As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in November 2016:
• seniority required: minimum 8 years of service;
• rate of progression: entitlements based on seniority up to a maximum of 3.925% annually, reduced to 3.0% in 2016, and capped after 20 years' seniority in accordance with the plan introduced by law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities;
• reference period used: average of the target remuneration for the past three years;
• maximum of 41% including benefits from statutory schemes.
Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.
This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting of shareholders on 12 May 2015, in accordance with the procedure for regulated agreements.
</td></tr>
<tr><td>Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance</td><td>None</td><td>
Bertrand Neuschwander continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees.
He also benefits from individual life insurance. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.
This plan notably includes for Bertrand Neuschwander:
• supplementary benefits, set at a maximum annual amount as follows:
<table>
<tr><td>In the event of incapacity</td><td>€235,368</td></tr>
<tr><td>In the event of first degree disability</td><td>€141,221</td></tr>
<tr><td>In the event of second and third degree disability</td><td>€235,368</td></tr>
<tr><td colspan="2">Less social security benefits for the 3 items.</td></tr>
</table>
• a death benefit set at a maximum of €1,694,650.
In addition to the collective incapacity, disability and death insurance plan, Bertrand Neuschwander is the beneficiary of an individual life insurance policy with a capital amounting to €942,581. The expense recorded for the year ended 31 December 2017 totals €3,318. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.
This agreement, approved by the Board of Directors on 22 April 2014, was submitted for approval by the shareholders at the Annual General Meeting of shareholders on 12 May 2015, in accordance with the procedure for regulated agreements.
</td></tr>
</table>

TRANSACTIONS IN SEB SHARES CONDUCTED BY BOARD MEMBERS AND EXECUTIVES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE) DURING 2017

Transactions in SEB shares conducted by Board members and executives (Article L. 621-18-2 of the French Monetary and Financial Code) during 2017

Identity	Function	Number of shares purchased or subscribed	Average purchase price	Number of shares sold	Average sale price
BERTRAND NEUSCHWANDER	Member of the Executive Committee	24,083	54.0651 €	1,500	158.7500 €
LUC GAUDEMARD	Member of the Executive Committee	2,000	54.1200 €	2,000	144.7346 €
Persons associated with HUBERT FÈVRE	Director			10,000	150.0000 €
WILLIAM GAIRARD	Director			1,053	153.9536 €
VENELLE INVESTISSEMENT	Director	1,000	148.2051 €		

3

Corporate Social Responsibility

3.1. Commitment and management

COMMITMENT AT THE HIGHEST LEVEL

For a great many years, Groupe SEB has been committed to an approach, that strives to be ethical, economically profitable, socially fair and ecologically responsible. Since 2013, the corporate social responsibility policy has been presented to the Board of Directors and has been the responsibility of the Nominations and Remuneration Committee.

MANAGEMENT GROUPS AND METHODS

The **Sustainable Development department**, created in 2004, reports to the Senior Executive Vice-president, Human Resources, who is a member of the Executive Committee. Made up of a team of six people, two of whom are seconded to the Fonds Groupe SEB, the Sustainable Development department coordinates and drives Group-wide participatory efforts. In addition to holding twice-yearly meetings with each division to monitor projects and action plans, it is supported by a dedicated **Steering Committee**. In order to instill sustainability criteria at all levels of the company and on all continents, this Steering Committee is composed of around 20 members hailing from a variety of core business areas and divisions (communications, quality/environment, innovation, purchasing, logistics, marketing, etc.) and meets two to three times a year. Its mission is to define and monitor short and medium term action plans in response to the Group's five key sustainable development challenges:

- ensuring the Group's ethical principles are respected;
- pursuing a responsible employment policy;
- developping territories and community commitment;
- creating sustainable innovations to meet consumer expectations;
- reducing the environmental impact.

A three-year **road map** designed around these five challenges is shown on page 99 of this document. The large number of international projects, such as the 2012/2013 Code of Ethics or the Charity Week in 2017, are managed locally by a network of CSR contacts from the HR department. This network was enhanced at the end of 2015 with the appointment of continental sustainable development coordinators.

In 2017, the Sustainable Development department undertook a major internal consultation to define the Group's sustainable development strategy for the next few years. A first step taken at corporate level with the representatives of the various divisions resulted in the identification of key focal points, in line with the UN's Sustainable Development Goals (SDGs), namely respect for people and social utility; the combating of global warming; healthy, tasty food for all; a better quality of life at home regardless of age and state of health; and innovation in the area of the circular economy. On this basis, teams from around ten countries were asked to define local priorities for action, with the support of the continental sustainable development coordinators. During the sustainable development week in June, all of the Group's connected employees were also invited to offer their opinions on the issue through a questionnaire translated into six languages, published on the intranet. These efforts and contributions made it possible to flesh out the strategies and prepare a Group sustainable development road map to be adapted locally and in all the businesses. The results were presented at the end of January 2018 to the panel of Group stakeholders for a constructive consultation. After it has been validated by the Group's top management, the new sustainable development strategy will be finalized and rolled out in 2018.

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 is made up of external international experts, such as environmental NGOs, a sociologist working on alternative consumption, an expert in responsible food, and an eco-design expert, plus an employee representative from the European Group Committee. The meeting organized in February 2018 mainly covered the Group's new strategies in the fields of sustainable development and the duty of vigilance, enabling the identification and prevention of risks relating to Human Rights, fundamental freedoms, health, safety and the environment resulting from the activities of the Group or its suppliers. At the last meeting, in 2016, the panel's members worked on the circular economy projects launched by the Group and on the response to the needs of low-income, or bottom-of-the-pyramid, consumers.

RAISING EMPLOYEE AWARENESS

The Group uses a number of communication methods to increase employees' 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 internal social network's 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 103).

Every year, a **sustainable development week** is organized worldwide and is a special opportunity to enlist the cooperation of employees. In 2017, it was the starting point for a wide-reaching "Ideas for a better future" consultation on the priorities for the Group's future sustainable development strategy. Many actions were also carried out on sites across the world, such as participation in a reforestation program in Mexico, the creation of a shared garden in Millville (USA), the holding of a recycling workshop in Selongey (France) and the promotion of energy-related eco-friendly practices in South America and Malaysia.

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 103). 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 Registration Document audited. In 2017, Groupe SEB changed its audit company to Mazars (see a detailed description of the reporting process on page 101 and Mazars' report for 2017 on page 144). 67 audits have been carried out on 25 different sites in seven countries (Germany, France, Italy, Brazil, Colombia, China and the US) since 2010.

AN ESTABLISHED CSR POLICY

Driven by a strong new asset momentum, a growing number of management companies are basing their investment decisions on the corporate social responsibility (CSR) of listed companies, or including this factor in their stock-picking process. Several dedicated funds are Groupe SEB shareholders as a result. The CSR policy is regularly included in the Group's financial communication, and the Sustainable Development department meets with specialized CSR investors at least once a year, at conferences or dedicated roadshows.

At the same time, several **non-financial rating** agencies assess the ESG (Environmental, Social, Governance) performance of Groupe SEB. This performance is increasingly gaining recognition, as shown by the improvement in its rating by the **CDP** (Carbon Disclosure Project) agency, which manages the largest database of company environmental data in the world. In 2017, the Group's rating improved from C to A- in the CDP's "climate change" category, and from C- to B- in the "supply chain" category. The Group's commitments and initiatives are also assessed every two years by **Vigeo-Eiris** (1), the leading agency in Europe. Its 2018 rating, representing an increase over 2016, makes Groupe SEB the leader in its sector in Europe. Its performance is applauded particularly in the following areas: human resources, market conduct (and especially the responsible purchasing policy) and respect for Human Rights. When it comes to its CSR reputation, Groupe SEB was ranked 2nd in the Rep Track survey, out of a panel of 200 large companies active on the French market. This survey, conducted in 2017 with 30,000 participants, is based on three aspects: working environment, governance and social commitment. The Group is also on the research panels of Gaia Rating, Sustainalytics and Oekom, which has awarded it "Prime" status.

The SEB share is also 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. Groupe SEB has also confirmed its place in the **FTSE4Good** international index, a global benchmark in the field, with a score of 83/100. It is listed in the Personal & Household Goods category. The SEB share also features in **Forum Ethibel**'s Excellence Europe index.

At the start of 2017, the Group's CSR approach earned it the **CSR Grand Prix for Responsible Consumer Industries** awarded by the ESSEC Business School in Paris, in partnership with the French Ministry for the Economy, Industry and the Digital Sector. Groupe SEB competed in six out of the Prize's seven categories, and was nominated in every one, including sustainable consumption, reduction of the carbon footprint and solidarity. Thanks to the Group's commitment to ensuring the repairability of its products for 10 years, the Group won this prize in the "product end of life" category.

(1) Vigeo and EIRIS merged in October 2015.

3.2. 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 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, Registration Document, letter to shareholders, website, webzine, Annual General Meeting, information meetings, etc.
Customers Distributors	Code of Ethics, sales meetings, partnerships and multi-year action plans, etc.
Professional associations Ceced, Gifam, Unitam, Medef, Afep, Demeter, Éco-Systèmes, FIEEC and other eco-organizations, etc.	Participation in working groups, involvement in governance, etc.
Civil society NGOs, associations, communities	Business and Sustainable Development report, selection and support of projects via the Fonds Groupe SEB or subsidiaries, partnerships, cause-related marketing products, etc.
Financial and non-financial bodies Rating agencies, analysts, investors, banks, funds, etc.	Business and Sustainable Development report, Registration Document, website, SRI meetings, *road shows*, responses to questionnaires, press releases, communication on progress of the UN Global Compact, etc.

The breakdown of revenue by stakeholder is shown on pages 66-67 of the Business and Sustainable Development report.

LOBBYING ACTIVITIES

Groupe SEB sees lobbying as a positive approach that consists of communicating its opinion about the potential consequences of an action to the relevant authority. The aim is for said authority to make the best decision to ensure that the impact is proportionate to the desired aim and is fair to all stakeholders. The Group bases its analysis on its industry expertise and its market knowledge. Since 2015, the Group has structured its lobbying activities in the new European Affairs department, reporting to the Group's Head of Quality, Standards and Environment. The department is tasked with transmitting, to the entities responsible, the information needed to define regulations and standards that may impact the Group's product designs.

In 2017, Groupe SEB continued to act to promote the circular economy by highlighting the importance of producing products that can be repaired, particularly by asking for the creation of a tax incentive for repair sector operators, and the use of recycled materials. It has also been involved in challenges such as:

- the regulations on materials in contact with food;
- the regulations on connected products;
- the revision of the waste framework directive and the directive on waste from electrical and electronic equipment;
- the development of standards on the efficient use of materials.

To participate in 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;
- CECED – European Committee of Domestic Equipment Manufacturers;
- FEC – Federation of the European Cutlery, Flatware, Holloware and Cookware Industries.

MATERIALITY MATRIX

In accordance with Global Reporting Initiative (GRI) recommendations, Groupe SEB decided in 2012 to rank its corporate social responsibility issues using a materiality matrix. This determines which sustainable development issues are most important to the company. In 2015, the Group wished to fine-tune the ranking of these issues by using a more in-depth methodology.

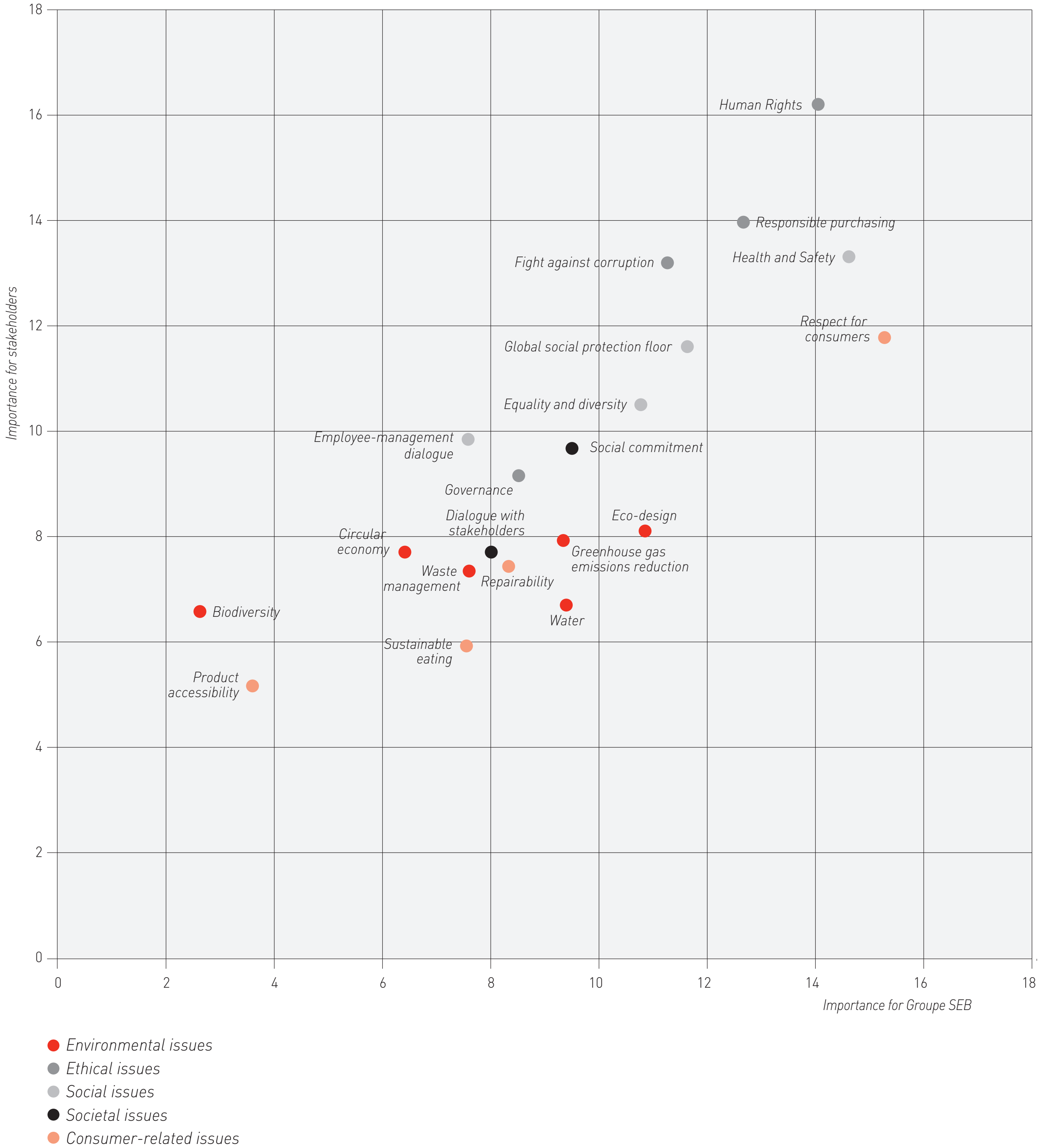
A list of 20 issues was identified and evaluated by the Group, taking account of the importance placed on each by stakeholders and by the Group itself:

- externally: by consulting various stakeholder representatives already identified via an online survey with over 200 responses;
- internally: by questioning the Sustainable Development Steering Committee and taking into account the Group's strategy. In 2016, the Group incorporated the opinion of the continental sustainable development coordinators, appointed at the end of 2015, using the same methodology.

The materiality matrix highlights 4 main sustainable development issues for Groupe SEB:

- **Human Rights**, which are considered to be particularly important by the Group's suppliers, financial bodies, employee representatives (via the European Group Committee) and customers;
- **employee health and safety**, prioritized by professional associations, customers, employee representatives (via the European Group Committee) as well as financial bodies;
- **respect for consumers**, primarily highlighted by customers, future employees (via the French Student Network for Sustainable Development), professional associations and financial bodies, as well as by the Groupe SEB Sustainable Development Steering Committee;
- **responsible purchasing** mainly chosen by shareholders, financial bodies, employee representatives (via the European Group Committee) and suppliers.

MATERIALITY MATRIX



To make it easier to read the information contained in this 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.
ETHICAL COMPLIANCE		
Human Rights	Fight against any form of forced or compulsory labor, concealed work, child labor, inhuman working conditions and excessive overtime.	103
Responsible purchasing	Require our suppliers to respect Human Rights and essential ethical, social and environmental principles.	104-106
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.	106
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 1
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.	112-113
Employee-management dialog	Respect for freedom of association and union representation while encouraging employee-management dialog on both an individual and collective basis.	114
Health and Safety	Provide each employee with a safe and healthy working environment.	115-118
Global social protection floor	Ensure fair pay, minimum social cover and decent working conditions for all employees.	118-119
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.	92 and 95
Social commitment	Fulfill our economic and social responsibilities in the territories in which we operate: creating jobs, taking part in the development of local companies and supporting local associations acting against exclusion.	124-126
SUSTAINABLE INNOVATIONS MEETING CONSUMER EXPECTATIONS		
Respect for consumers	Propose high-standard products with all the guarantees in terms of safety and harmlessness. Be very demanding about the quality of the information given to consumers through our call centers, and via our brands' websites and our after-sales service.	127-128
Repairability	Facilitate the repair of our products: design, availability and price of spare parts, training of approved service centers, etc.	129-130
Product accessibility	Promote the accessibility of products by as many people as possible by working on the price, ergonomics and distribution networks.	132-133
Sustainable eating	Promote consumption modes favoring healthy and sustainable eating by innovating and supporting consumers.	131-132
REDUCTION OF ENVIRONMENTAL IMPACT		
Eco-design	Reduce the environmental footprint of products through eco-design.	136-137
Circular economy	Make the circular economy central to our sustainable innovations. The circular economy requires a chain structuring approach (e.g. recycling chain and reuse chain). This economic system is based on exchanges and production. At every stage of the life cycle of the products, goods and services, it aims to increase the efficiency of the resources and reduce the impact on the environment while enabling the well-being of individuals.	129-130
Water	Limit the water consumption of our sites together with their emissions to water.	139-140
Waste management	Limit and recover waste from production by favoring solutions with a smaller impact on the environment.	140
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.	134-143
Biodiversity	Promote ordinary biodiversity and limit the impacts of our processes and our products on biodiversity.	141

3.3. Challenges and road map

To track Groupe SEB's progress with the 16 key sustainable development challenges according to the materiality matrix (see page 97), the Sustainable Development department works with each division to establish a specific road map. The road map spells out the year's major accomplishments and sets the objectives for the next few years.

	Challenges	Addressed in 2017	Next steps
Ethical compliance	***Human Rights***	8 ethical, social and environmental audits of Groupe SEB industrial sites in risky areas by the consulting firm Intertek.	2018: complete ethical, social and environmental audits of Groupe SEB industrial sites in risky areas (new acquisitions included).
	Responsible purchasing	177 initial ethical, social and environmental audits of Group suppliers were conducted by the consulting firm Intertek and 58 follow-up audits.	2018: 150 ethical, social and environmental audits to be conducted during the year in order to audit all the listed raw materials, components and finished products suppliers at least once every four years.
	Fight against corruption	38 entities (out of the 79 Groupe SEB entities which can be audited) underwent internal audits (incorporating, in particular, different dimensions of the Code of Ethics).	2018: strengthen anti-corruption measures in line with the roll out of worldwide e-learning training on the Code of Ethics.
	Governance	Inclusion of two employees directors representing shareholders and employees. Reaching of the target of 40% female Board members: 43%. Updating of the Stock Market Ethics Charter for directors and the "directors' guide" describing their role, responsibilities and obligations. Changing of the composition of the Board of Directors.	Step up the Board of Directors' discussions on the Group's strategic projects. Increase the number of Audit Committee Meetings. Optimize reporting on the work of the Audit Committee and the Board of Directors. Introduction of CSR criteria in the variable remuneration of senior and other managers.
Responsible employment policy	***Health and Safety***	Reduction of LTIR (Lost Time Injury Rate): • Global LTIR (excluding GS India and Coranco): 1.5 • LTIR France: 4.8 Roll out of five new safety standards.	2018: reduction in the LTIR (Lost Time Injury Rate) including temporary employees (excluding GS India and Coranco). • Global LTIR including temporary employees ≤ 2.5 • LTIR France including temporary employees ≤ 5.5
	Global social protection floor	Formalization of the 3 pillars of its social protection policy: death insurance; major medical risk (hospitalization) cover and the introduction of systematic medical examinations; and maternity or paternity leave. The pilot phase of this program was launched in 2017 in the Eurasia region.	Gradual extension of implementation between now and 2020.
	Training	3.19% of wage bill allocated to training, excluding *Supor;* 2.59% with Supor. Excluding Supor, WMF and EMSA, almost 84% of Group employees received at least one training *session* during the year.	Develop *worldwide* e-learning training programs.
	Employee-management dialog	122 collective bargaining agreements signed in 2017.	International expansion of employee-management dialog: • continue with national collective agreements with employee representatives; • integrate recently acquired companies (WMF and EMSA) within the European Group Committee.
	Equality and Diversity	36.7% of Groupe SEB managers are women. In France, the Human Resources teams received awareness-raising training in stereotypes, diversity and gender equality in 2017.	2018: more specific training on the theme "Recruiting and managing without discriminating, harassing or slandering" will be introduced for Human Resources Managers and people responsible for recruitment.

	Challenges	Addressed in 2017	Next steps
A corporate citizen	***Social commitment***	International employee engagement (48 sites in 28 countries involved in the Charity Week, which is a fortnight of employee engagement). Nearly €2,675,000 dedicated to corporate philanthropy (endowment fund and subsidiaries). Formalization of a worldwide corporate philanthropy policy.	2018: continued international expansion of corporate philanthropy actions.
	Dialog with stakeholders	Presentation to stakeholder panel of the new sustainable development strategy and the vigilance plan.	Stakeholder panel at the end of 2018/start of 2019.
Sustainable innovations meeting consumer expectations	***Repairability***	International expansion of the "10-year repairable product" campaign. 92.8% of the total volume of electrical appliances sold are repairable.	Continue with the international expansion of the "10-year repairable product" program. Roll out 3D printing of spare parts.
Reduction of environmental impact	***Eco-design***	Identifying the product families with the greatest impact in terms of energy consumption and defining the methods for measuring this consumption. 35% recycled materials in the Group's new products. Target exceeded.	2020: reduce the energy consumption of the Group's new products by 20%. 2020: 20% minimum recycled materials in the Group's new products.
	Greenhouse gas emissions reduction	19% lower energy consumption at production sites, on a like-for-like basis. 25% fewer greenhouse gas emissions from the transport of Group products (per sold product). Target exceeded.	2020: reduce energy consumption at production sites by 20%. 2020: reduce GHG emissions from the transport of the Group's products (per sold product) by 20%.
	Waste management	Recycling of 72.5% of non-hazardous waste.	Identify ways of reducing and recovering waste by sharing good practices between the Group's sites worldwide.
	Water	All-Clad has reduced its consumption through a program to eradicate excessive water consumption. The GS Colombia site in Rionegro has introduced a rainwater collection system, reducing the site's impact through recovery of this water.	Define enhanced action plans relating to the management of water earmarked for priority sites.

3.4. Reporting process

MEASURING OF SOCIAL, EMPLOYMENT-RELATED AND ENVIRONMENTAL PERFORMANCE

Since 2002, Groupe SEB has been committed to reporting on its social, employment-related and environmental performance. To this end, it has established a set of monitoring indicators and reporting procedures that are regularly reviewed as part of a continuous improvement process. The indicators and procedures are set out in an internal document entitled "Reporting process for CSR steering indicators".

SELECTION OF INDICATORS AND GUIDELINES

The indicators used by Groupe SEB to measure its performance in 2017 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.

3

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 Group 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 sustainable development reporting is the financial year, which corresponds to the calendar year in Groupe SEB's case (1 January to 31 December).

AUDIT

To comply with what are now legal obligations, Mazars verified the completeness and fairness of the social, employment-related, and environmental information in the Registration Document for 2017.

3.5. Ethical compliance

The top priority when it comes to ethics is to apply the laws in force in each country where Groupe SEB operates. Groupe SEB also adheres to the international standards set out by the UN, and particularly to the principles of the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO) and the OECD's guidelines for multinational enterprises. It is also a signatory of the UN's Global Compact and the CECED's[(1)] Code of Conduct.

CODE OF ETHICS

Over the last ten years, Groupe SEB has doubled in size, acquiring several companies (including EMSA and WMF in 2016), and has become an increasingly international group. It now has over 33,600 employees around the world, with more than 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.

Since it was rolled out in 2012, with the help of nearly 10,000 hours of training, the Sustainable Development department has regularly reminded all the subsidiaries of the need to train new arrivals and to reprint the Code of Ethics when necessary. In 2017, several countries organized awareness-raising/training sessions, such as Colombia, where all the staff were involved, and Egypt. To breathe new life into communication about the Code of Ethics, the Group has designed a dedicated e-learning program. This will be available in the course of 2018 on the digital HR platform iGrow@SEB, which all the connected employees in the SAP HR databases will gradually be able to access. It has six modules covering the Code of Ethics' 18 themes. Assimilation of the code's principles will be facilitated in an interactive and fun way, through quizzes, case studies and immersion through ethical dilemmas. This program will form part of the compulsory training for every new connected Group employee. Classroom training sessions on the Code of Ethics will be provided to non-connected members of staff.

The various points in the Code of Ethics are included in the internal audit manual and are verified during site audits (38 entities were audited in 2017 out of the 79 that could be audited).

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 whistleblowing procedure was reviewed in 2017, particularly to bring it into line with two new French laws: the law on companies' duty of vigilance, published in 2017, and the Sapin II law (on transparency, anti-corruption measures and the modernization of the economy), published at the end of 2016. The new whistleblowing procedure gives a much more detailed description of the steps to be followed, the people to be contacted, the information to be provided, the way in which reports are handled, the confidentiality rules and protection for whistleblowers, given that they come forward disinterestedly and in good faith. This new procedure has been applicable since the start of 2018 and made available to employees on the Group's intranet. In 2017, no reports were submitted to the email address dedicated to the whistleblowing procedure, ethics@groupeseb.com.

More information about risk factors can be found from page 28 and onwards.

HUMAN RIGHTS

Respect for Human Rights forms an integral part of the Groupe SEB Code of Ethics as well as the training offered in this regard to international HR Managers. As a signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people, starting in 2007. To achieve this, up until 2014 it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and, for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check), a version of the HRCA specially adapted for China. These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and resulted in corrective action plans where necessary. In seven years, they enabled all sites to gain a high level of awareness of this issue.

In 2015, Groupe SEB took things to another level by applying the same **ethical, social and environmental audit** procedure that it operates with its suppliers (WCA – Workplace Condition Assessment) to its industrial sites in risky areas [(2)], using the same specialist consulting firm (Intertek – see below).

(1) European Committee of Domestic Equipment Manufacturers.
(2) Risky areas as defined by the firm Maplecroft in the Human Rights Risk Index.

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% 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 2017, eight sites were audited in Russia, China, Colombia and Vietnam. Five sites were given a total compliance score of more than 80%, and no zero tolerance non-compliances were identified. The 3 sites that received a score of less than 80% implemented a corrective action plan. Four sites were given the Achievement Award (AA) label granted by Intertek, with a compliance score of more than 90% and no major non-compliances: Vostok in Russia, Yuhuan and Wuhan in China and Rionegro in Colombia.

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. **This policy has only been reinforced since 2012:**

- **Responsible Purchasing Charter**, in conjunction with the Group's Code of Ethics, available in French, English, Spanish and Chinese. Sent to listed suppliers [(1)], it explains what the Group requires from its suppliers in relation to Human Rights and its ethical, social and environmental principles. This Charter is sent to all of the Group's listed suppliers (including Supor) and around 90% have signed on to its requirements or have been deemed to be compliant thanks to their own existing policies;
- **Social and environmental criteria in the preliminary evaluation of new suppliers.** CSR criteria account for 25% of the score given to new suppliers of raw materials/components and finished products. Moreover, since 2013, if just one of the major social or environmental criteria is rated unsatisfactory, the supplier will be discarded. For the environmental aspect, these criteria primarily include the following factors: ISO 14001 certification, visible pollution (water, ground and air), and use of hazardous products. For the social aspects, the main criteria are: existence of a formal ethical/social policy or the signature of Groupe SEB's Responsible Purchasing Charter, working conditions, observance of employment law (age, working hours, etc.) and of safety rules. To evaluate new indirect (non-production) suppliers, the CSR criteria account for between 5% and 15% of the score, depending on the purchasing category;
- **Ethical, social and environmental audits.** These audits are conducted by the consulting firm Intertek. A global audit management tool ensures immediate and specific listed supplier monitoring and also makes it possible to compare the results obtained by the Group's suppliers with those of companies listed in the Intertek database (more than 30,000 audits). The procedure is very formal. During an initial in-depth audit (involving one to three days on site, depending on the size of the company), the auditor reviews nearly **300 checkpoints** taken from the WCA (Workplace Condition Assessment) audit criteria. Each checkpoint is assessed according to a four-level scale of compliance ranging from "zero tolerance" (forced labor, blocked emergency exits) to minor non-compliances, with moderate and major non-compliances (no pay slip, faulty electrical installation, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group's Purchasing department. A single "zero tolerance" non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Group's Purchasing Director requiring the implementation of a **corrective action plan** within two weeks, immediate suspension of any new consultations and a **follow-up audit** (by Intertek) one month later to check that the issue has been resolved. If not, the Group ends the collaboration. With scores of less than 50, the Regional Head of Purchasing sends a formal letter warning the company to correct the breach and checks that the situation has been rectified through a follow-up audit 3 to 12 months later, depending on the non-compliances involved.

  Some companies newly acquired by Groupe SEB (such as OBH in 2015 and EMSA in 2016) already had a social audit procedure, based on the BSCI [(2)] (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 (very low performance). The Group's approach is still focused on WCA, however.

  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 activity carried out with the Group. In 2017, it completed 177 initial audits (153 in 2016) of suppliers in Asia (136), South America (35) and Europe (6). 32 audits related to new arrivals within the scope, including suppliers of OBH, WMF and EMSA. One of the suppliers for which we identified a zero tolerance non-compliance refused to

(1) *Groupe SEB's listed suppliers comprise a selection of 463 direct suppliers (of materials and components), 72 finished product suppliers and 844 indirect suppliers (non-production). Listed suppliers account for over 75% of the Group's purchases in the raw materials/components and finished products categories. These preferred suppliers are considered to be particularly effective, based on criteria of quality, cost and corporate social responsibility.*

(2) *Business Social Compliance Initiative (2003).*

implement an action plan to remedy it and was therefore removed from the Group's list. The Group has now stopped working on any new developments with this supplier. All the suppliers that received a score of less than 50 took corrective action in line with the procedure set out by the Group. 58 follow-up audits were carried out in 2017.

Intertek also hands out an Achievement Award (AA) label to suppliers who have an overall score of at least 85 and do not present any major or zero tolerance non-compliances. In 2017, 20 Group suppliers received the AA label.

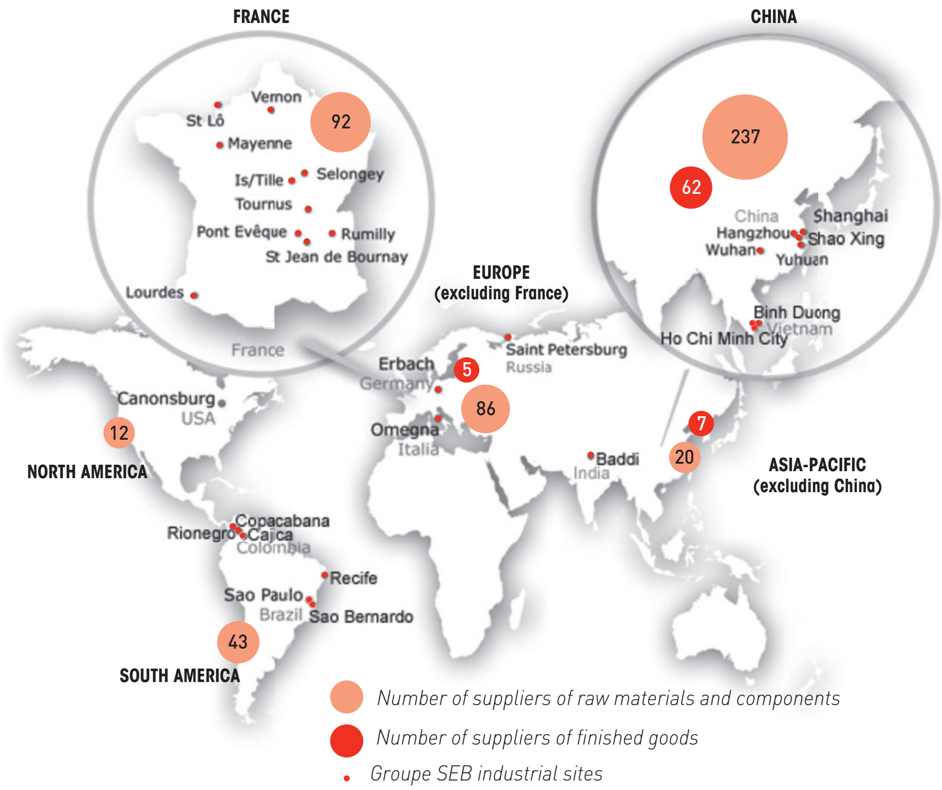
- **Ethical, Social and Environmental Audit Charter.** For the sake of transparency, this document is sent to suppliers, along with the points on which they will be rated during audits. To help suppliers make progress in social and environmental matters, the Group organizes training sessions for their benefit on this topic. It thus makes sure that they have properly understood the Group's responsible purchasing policy and the checkpoints audited as part of the WCA, especially in the areas of health, safety and working conditions. In 2017, the representatives of 101 Asian suppliers attended four sessions, along with the Group buyers responsible for monitoring them.
- **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 five 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 good practices, and so on.
- **Monitoring of chemical substances.** To help suppliers guarantee compliance with regulations relating to the non-use of hazardous substances, Groupe SEB works with EcoMundo, a consulting firm specializing in regulatory compliance in relation to chemical substances. Almost 1,000 Groupe SEB suppliers can access a dedicated internet portal, which makes it easier for them to write their eco-declarations. The Group is also making continuing efforts to monitor certain substances, in anticipation of future regulatory changes (particularly in Europe, i.e. RoHS [1] and REACH [2]);
- **Mapping of CSR issues by purchasing family and pilot project.** 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 2017, work subcontracted to the disability and inclusive employment sector totaled more than €3.7 million, equal to 171 Full-Time Equivalent (FTE) jobs, across all of the Group's French sites.
- **Raising the Purchasing community's awareness of sustainable development.** To galvanize the purchasing community, the Purchasing department uses hour-long Web Forums, regularly organized on specific topics, including those relating to sustainable development.

For further information on how purchasing is organized within Groupe SEB, see page 20.

(1) Restriction of the use of certain Hazardous Substances.
(2) Registration, Evaluation and Authorization of CHemicals.

MAPPING OF LISTED SUPPLIERS OF RAW MATERIALS/COMPONENTS AND FINISHED PRODUCTS AS OF 31/12/2017



Note that the list consists of 535 suppliers of raw materials/components and finished products. The difference compared with the sum of the figures shown on this chart (564) is due to suppliers being located in several geographic regions. Also note that sourced products account for 32% of the products sold by the Group.

ANTI-CORRUPTION MEASURES

This topic was incorporated in the Code of Ethics that applies to all employees worldwide. It provides, in particular, that Groupe SEB strictly prohibits any form of corruption in its dealings with commercial and institutional partners as well as with the government. No financial rewards or other types of benefits may be offered in an effort to seek an advantage or be received in exchange for preferential treatment. In addition, in 2003, the Group signed up to the UN's Global Compact, whose tenth principle requires businesses to work against corruption.

The Audit and Internal Control department includes the risk of fraud and corruption in its assessments. Given the economic environment in which the Groupe SEB subsidiaries operate, the principal risks are related to the purchasing process (passive bribery of the purchaser) and sales (active bribery of customers' employees). These risks are mitigated for each of these two processes by specific rules; compliance with these rules is checked when the subsidiaries are audited. The great majority of subsidiaries have retailers as their customers (often several hundreds), with whom they deal directly without an intermediary.

More information about fraud and corruption risk management can be found on pages 28 and 34, and particularly information about the taking into account of the Sapin II law (on transparency, anti-corruption measures and the modernization of the economy), published in France in December 2016.

3.6. A responsible employment policy

Groupe SEB's Human Resources policy aims to consolidate a worldwide human resources platform based on the Group's values (entrepreneurial drive, passion for innovation, group spirit, professionalism and respect for people). It is based on major focal points such as respect for Human Rights, the development of skills, health and safety in the workplace, employee-management dialog and diversity and equality.

All the data presented below are worldwide, excluding EMSA (more than 400 employees) and WMF (more than 6,000 employees), which became part of Groupe SEB in the course of 2016. Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

GLOBAL HUMAN RESOURCES MANAGEMENT

To support its international growth and ensure equal treatment for all, Groupe SEB draws on human resources processes that are harmonized worldwide. These are integrated within a dedicated information system that incorporates the latest generation of digital tools. This increased digitization enables more automated tasks and connects up the various processes more easily, improving the global management of human resources.

The **Managerial Competency Model**, rolled out in 2016 in every country, was integrated, at the start of 2017, within the framework of both the Annual Appraisal Interview (AAI) and the assessment of external and internal applicants as part of the recruitment process. This framework, 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. At least 25% of the objectives defined during an AAI must be linked to one or more of the Model's key competencies. In 2016-2017, 100% of the 2,500 or so managers eligible for an AAI received such an interview worldwide (excluding SUPOR Vietnam). To firmly embed the Managerial Competency Model in the teams' practices, in 2017 the Group launched a program for the various entities' Management Committees, starting with France, in addition to the extensive 2016 training program. This operation will continue internationally in 2018.

After managerial skills, in 2017 Groupe SEB mapped the technical skills relating to the company's various divisions (marketing, sales, finance, purchasing, industry, 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 also being incorporated within the AAI for all the divisions as a basis for assessing job competency.

The integration of newly acquired companies, and particularly **WMF**, was one of the major projects in 2017 for Groupe SEB, especially the human resources aspect. In the case of WMF, 22 induction workshops were set up, with the participation of 300 Groupe SEB and WMF managers, at corporate level and on all the continents. WMF was integrated within the Group's HR IT systems back in September, and the roll-out of the HR processes was started, including the annual review, AAI, wage policy, management of internal transfers, etc.

ATTRACTIVENESS OF THE GROUP AND CAREER DEVELOPMENT

The professional and personal development prospects offered by Groupe SEB are the basis of its appeal, both internally and externally.

Internal promotion remains a priority for the Group: in 2017, 60% of managers' positions in France were filled by Group employees and 46% worldwide. 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. Increasing numbers of managers are requesting transfers. In 2017, the Group reviewed its international transfer policy to clarify and formalize the rules.

The Group initiated a **mentoring program** in 2017, to develop and retain talented individuals while promoting women's access to positions of responsibility. 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. 20 pairings have been started up in France, and the program will be extended worldwide in 2018.

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 including JobTeaser, Twitter, Instagram, Google+, YouTube, SlideShare and Wikipedia. At the end of 2017, it had more than 71,000 followers on LinkedIn (+78% compared with 2015) and doubled the number of its Twitter (#InsideGroupeSEB) followers in the space of a year. Awareness of the Group on social networks is growing thanks to a diversified editorial line, with contributors from all backgrounds from within the company (at least one publication a day). It is also boosted by the activity of a community of around 50 Groupe SEB employee ambassadors, from every entity and every division, who relay the Group's messages on the networks to which they belong. The Group's attractiveness has also been enhanced by a **Careers website** tailored to 17 geographic regions and a "Careers" section on the Groupe SEB TV channel (YouTube).

All external applications, wherever they come from, are gathered on a single, scalable **e-recruitment platform** appropriate to the Group's global structure (Taleo). This platform has been introduced in 46 countries, where it collected more than 26,000 applications in 2017, a figure that is constantly growing (15,000 applications in 2015). In France, the US and the UK, between 15% and 20% of new hires came from LinkedIn. Taleo also manages internal transfer requests (imove@SEB). It is a key tool for HR teams responsible for recruitment.

To widen its pool of young talent, the Group is internationalizing its relationships with **higher education establishments**. Since 2014, it has maintained a partnership with the CEMS Global Alliance, which includes some 30 top ranked management schools (30 countries, 1,000 students, 65 nationalities). Five years ago, the Group also set up the **International Masterclass** program, which offers students graduating from top schools and universities a twelve-month internship with the Group (six months in France and six months at a subsidiary): 38 young people have participated in the program since the start. Another initiative is Groupe SEB's partnering, since 2015, of the "Fast-Moving Consumer Goods" Chair of ESSEC (Paris) and the "Social Networks and Connected Objects" Chair of Telecom École de Management (Institut Mines-Télécom, Paris). 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. The **Groupe SEB Academy** also contributes to the Group's appeal: in this challenge open to students and young graduates all over the world, 167 teams presented innovative projects on the themes "Cuisine et bien-être" (Cookery and well-being) and "Cuisine 3.0 et usages" (Kitchen 3.0 and its uses) in 2016/2017. 19 teams were pre-selected to set out their proposals at the SEB Campus in Écully, and the five finalists were able to turn their concepts into reality at the Group's fablab (SEBLab).

On average, the Group takes in about 300 **interns and work-study trainees** every year. In 2017, for the fourth year running, it was awarded the Happy Trainees (France) label, which recognizes excellence in its commitment to these students. Groupe SEB holds 11th place in the rankings of companies that hire from 100 to 499 interns/work-study trainees, moving up five places compared with 2016. The Happy Trainees survey, based on the responses of 200 students, revealed that more than 9 out of 10 would recommend Groupe SEB as a place to carry out an internship or work-study training. This is based on six criteria: professional advancement, work environment, management, motivation, pride and friendliness. This "Young talents" policy, which includes interns, work-study trainees and participants in the International Masterclass and VIEs [(1)], is producing results: the Group recruits nearly 70% of its young graduate employees by drawing on this pool. In 2017, as part of measures to hire interns, the Group began a collaboration 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 a charitable organization, on an assignment with a high social impact. This program, which is in keeping with the Group's societal commitment focused on combating exclusion, will be implemented in 2018.

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 list of the 100 highest-rated companies, Groupe SEB immediately ascended to 3rd place, after Michelin and Lego.

BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHIC REGION

(Worldwide, including WMF Germany and EMSA Germany)

(number of individuals)	2017	2016	2015
France	5,771	5,716	5,754
Other EMEA countries	8,170	2,768	2,332
Americas	2,736	2,773	2,866
Asia	14,266	14,728	14,599
WORLD	**30,943**	**25,985**	**25,551**

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 2017, Groupe SEB had 30,943 employees based on the scope defined in the introduction. Including the companies EMSA and WMF in their entirety, the Group has around 33,600 employees.

(1) Volunteers for International Experience – Young French graduates on assignment for 12 to 24 months outside France.

BREAKDOWN OF CHANGES IN THE WORKFORCE

(Worldwide)

(number of individuals)	2017	2016	2015
FRANCE			
Recruitment [a]	**645**	**536**	**504**
Fixed-term contracts	340	271	297
Permanent contracts	305	265	207
Departures [a]	**562**	**558**	**595**
Economic redundancies	1	5	10
Terminations for other reasons	70	29	36
AVERAGE STAFF TURNOVER RATE [b] **(%)**	**1.33**	**1.17**	**0.77**
OTHER EMEA COUNTRIES			
Recruitment [a]	**816**	**546**	**375**
Fixed-term contracts	397	298	233
Permanent contracts	419	248	142
Departures [a]	**553**	**476**	**353**
Economic redundancies	50	54	39
Terminations for other reasons	54	117	60
AVERAGE STAFF TURNOVER RATE [b] **(%)**	**9.42**	**6.86**	**5.6**
AMERICAS			
Recruitment [a]	**1,342**	**703**	**581**
Fixed-term contracts	256	268	229
Permanent contracts	1086	435	352
Departures [a]	**1,367**	**714**	**724**
Economic redundancies	646	302	318
Terminations for other reasons	182	62	40
AVERAGE STAFF TURNOVER RATE [b] **(%)**	**8.18**	**6.09**	**5.29**
ASIA			
Recruitment [a]	**10,163**	**10,582**	**9,920**
Fixed-term contracts	9591	9,918	9,738
Permanent contracts	572	664	182
Departures [a]	**10,540**	**10,409**	**9,718**
Economic redundancies	37	2	6
Terminations for other reasons	9	17	11
AVERAGE STAFF TURNOVER RATE [b] **(%)**	**12.2***	**15.76***	**14.15***
WORLD			
Recruitment [a]	**12,966**	**12,367**	**11,380**
Fixed-term contracts	10584	10,755	10,497
Permanent contracts	2382	1,612	883
Departures [a]	**13,022**	**12,157**	**11,390**
Economic redundancies	734	363	373
Terminations for other reasons	315	225	147
AVERAGE STAFF TURNOVER RATE [b] **(%)**	**5.48***	**4.62***	**3.80***

(a) Excluding internal transfers and the return of expatriates.
(b) Number of resignations of permanent contract employees/Average number of permanent employees.
** Excluding Supor and Asia Fan, as data is unavailable.*

As in previous years, the consolidation of Supor in the Asia data leads to a high number of fixed-term or similar contracts, which are very common in China and are often for long terms, especially for manual workers. The high number of departures in the Asia region therefore reflects the expiry of these fixed-term contracts.

In 2017, the Group turnover rate (excluding Supor and Asia Fan) was 5.48% (4.62% in 2016).

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 will be 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, including WMF Germany and EMSA Germany)

	2017	2016	2015
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts	5,512	5,489	5,516
Full-time	89.7%	89.6%	90.0%
Part-time	10.3%	10.4%	10.0%
Work-study trainees [(a)]	259	227	238
OTHER EMEA COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts	7,956	2,759	2,324
Full-time	75.3%	85.3%	82.6%
Part-time	24.7%	14.7%	17.4%
Work-study trainees [(a)]	214	9	13
AMERICAS			
Permanent contracts, fixed-term contracts or other short-term contracts	2,680	2,732	2,820
Full-time	99.4%	99.5%	99.2%
Part-time	0.6%	0.5%	0.8%
Work-study trainees [(a)]	56	41	47
ASIA			
Permanent contracts, fixed-term contracts or other short-term contracts	14,266	14,728	14,599
Full-time	99.9%	99.9%	99.7%
Part-time	0.1%	0.1%	0.3%
Work-study trainees [(a)]	0	0	0
WORLD			
Permanent contracts, fixed-term contracts or other short-term contracts	30,414	25,708	25,259
Full-time	91.6%	96.1%	96.0%
Part-time	8.5%	3.9%	4.0%
Work-study trainees [(a)]	529	277	298

(a) Working under apprenticeship/professional training contracts.

Data from GS India and Coranco were included in 2016.

Worldwide, 61.3% of the workforce are on permanent contracts, 37.0% on fixed-term contracts and 1.7% are work-study trainees.

Excluding Supor, where fixed-term contracts are normal and often for long periods, particularly for manual workers, 87.9% of the workforce are on permanent contracts.

DIVERSITY

Because diversity is a source of vitality, creativity and innovation, the Group promotes it in all its aspects: gender equality, ethno-social diversity, age-group balance, inclusion of people with disabilities, etc. Groupe SEB has a non-discrimination policy to ensure that all employees are treated equally as regards their recruitment, pay and career development within the Group, in accordance with our Code of Ethics. In France, the Human Resources teams received awareness-raising training in stereotypes, diversity and gender equality in 2017. At the start of 2018, more specific training on the theme "Recruiting and managing without discriminating or harassing" will be introduced for Human Resources Managers and people responsible for recruitment.

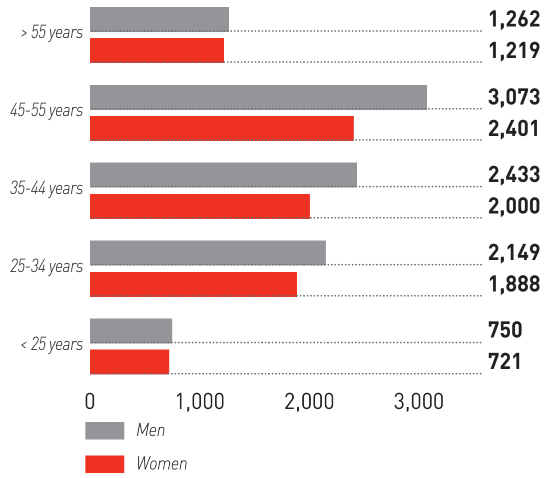
Groupe SEB has been a signatory of the Diversity Charter since 2005 in France. Numerous actions have been implemented to support this policy at local sites and raise employee awareness. Diversity is monitored by specific committees covering signed collective agreements on this issue. A forward-looking **"Equality and Diversity" discussion and action group** has been set up, whose members are employees, Human Resources managers and employee representatives. It met for the first time at the end of 2016 to consider **religion** in a corporate environment, three years after the Group published its first in-house guide on the subject (which was updated in 2015). With the support of a specialized consulting firm, the working group produced an analysis grid, which complements the guidelines and takes a very practical approach, to help managers, including HR Managers, to deal with the various possible scenarios.

To promote diversity and combat the risk of discrimination, each site in France has a local Diversity Committee. All the local committees have been trained in diversity indicators and measurement by the specialized body ISM Corum. The Group has also set up (in 2011) a **Diversity Council** incorporating the LICRA[(1)]. This body provides mediation services and recourse to employees regarding any type of diversity or discrimination related issues that are not successfully resolved by local bodies within the Group. It has not yet needed to meet.

To improve the diversity of intern and 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. This collaboration resulted in a dozen people being hired in 2017 and will continue in 2018.

BREAKDOWN OF EMPLOYEES BY AGE

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



The inter-generational contract, renewed in France in 2016 with the employee representatives, aims to bring young people, and particularly those without qualifications, into the workforce, to hire and keep older employees and to ensure that knowledge is transferred. Under this agreement, between 250 and 290 new hires are planned in France by 2019, 25% of whom will be young people, rising to 33% in the case of new hires to replace retired employees at industrial sites. The new contract also includes a systematic ergonomic analysis of the jobs held by employees over 57, so as to reduce physical hardship as much as possible. Over the period covered by the previous contract (2013-2016), the Group largely exceeded the recruitment forecasts, including for young people who received training and assistance, primarily through mentorships. The average age of Group employees is 41.8.

(1) International League against Racism and Antisemitism.

GENDER EQUALITY

Gender equality in the workplace is an integral part of the non-discrimination and diversity promotion policy followed by Groupe SEB. In France, it is the object of a **collective agreement** (renewed at the end of 2015) on five major themes: remuneration; professional development, training, promotion and classification; recruitment; working conditions; and the work-family life balance. It requires every French company within the Group to define an action plan with monitoring indicators. Every year, a comparative annual report is produced on the action plan showing the progress made. In 2017, the Rumilly site took this opportunity to present the progress made with its gender equality in the workplace agreement through an event attended by local elected officials, the HR directors of companies in the local employment area and the site's employees.

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, signed in June 2016, took up a number of suggestions from the **Forum on gender equality in the workplace** held in March of the same year, attended by 150 employees from all the French sites, and the Group's 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 childcare costs during training, under certain conditions.

The Group is also endeavoring to improve the balance between men and women in **management** worldwide: in 2017, 36.7% of managers were women (29% in 2007) and 45% of the external new hires in this category. They also accounted for 30% of expatriate managers. They still only make up 18% of the Group's 180 or so key managers, however, although this percentage is rising, standing at 12% in 2015. 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 on page 107).

In addition, to make it easier for women to move into **technical jobs**, traditionally held by men, since 2016 the Group has asked all the French sites to introduce specific training (awarding academic credits) for them, accompanied by offers of higher grade jobs. Production operators can in this way become line supervisors, machinists or welders. The Group is also doing its bit to promote gender equality in the workplace by being a partner in the digital platform Egalitées.fr, where it presents the profiles of several women within the Group with jobs that have traditionally been considered to be masculine roles ("The gender of my job" heading). In 2017, it contributed to a project to raise awareness of job diversity set up by the association "Femmes ici et ailleurs" (Women here and elsewhere), based on a traveling exhibition that will be doing a three-year tour of French schools.

Many countries have adopted specific laws on sexual harassment, and the Group is particularly aware of this issue. In the Nordic countries, for example, it updated its policy in this area in 2017, and disseminated it to all its employees through the intranet. In India, where the government legislated against sexual harassment in the workplace in 2013, Groupe SEB has introduced a very detailed policy to prevent such behavior, along with a procedure for filing complaints. In 2016, the subsidiary organized awareness-raising sessions on this policy for all its staff. It has created a sexual harassment committee, one of whose tasks is to manage complaints.

GENDER BREAKDOWN BY CLASSIFICATION

(Worldwide, including WMF Germany and EMSA Germany)

(in %)	2017	2016	2015
MEN			
Manual workers	32.2	34.9	35.0
Employees	18.5	17.7	17.1
Managers	7.5	7.5	7.4
TOTAL	**58.1**	**60.1**	**59.5**
WOMEN			
Manual workers	18.5	20.4	21.1
Employees	19.0	15.1	15.2
Managers	4.3	4.4	4.2
TOTAL	**41.9**	**39.9**	**40.5**

At the end of 2017, 50.7% of the Group's workforce were manual workers, 37.5% were employees and 11.8% were managers, 36.7% of whom were women. Excluding Supor, manual workers, both male and female, represented 34.2% of the workforce, while the percentage of managers totaled 18.0%.

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.

(Worldwide, excluding Coranco and GS India)

	2017		2016		2015	
	World	France	World	France	World	France
Number of disabled employees	439	311	453	326	461	323
% of disabled employees [(a)]	1.42	5.39	1.77	5.70	1.80	5.61

(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 2.3% worldwide in 2017 (3.2% in 2016).

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, to encourage the exercise of trade union rights, in 2007 Groupe SEB signed a specific agreement with employee representatives. This sets forth additional measures to support the careers of employees who are union representatives. Team managers also receive training in employee-management dialog.

Groupe SEB has a European Group Committee with employee representatives from 14 European Union countries and the United Kingdom.

COLLECTIVE AGREEMENTS

(Worldwide, excluding Coranco and GS India)

	2017	2016	2015
France	38	51	25
Other EMEA countries	35	32	29
Americas	12	12	18
Asia	37	38	38
WORLD	**122**	**133**	**110**

A total of 122 collective agreements were signed in 2017. 32.0% of these agreements related to remuneration (39), 19.7% to health and safety (24), 5.7% to diversity (7) and 9% to employee-management dialog (11). The Group renewed three major agreements in France in 2017: Profit-sharing and Bonuses, Disability and Forward Planning of Employment and Skills (GPEC). This last agreement, which was signed by three out of the four representative union organizations, is more comprehensive and operational than the previous version, as the career center has been enhanced and given action plans, which are focused particularly on training to plan ahead for changes in job roles due to robotization, digitization, and so on. It also gives increased importance to mentoring in various fields of expertise, with 30 new mentors being trained over the 2017-2019 period.

At the end of 2017, almost 70% of Groupe SEB's workforce was covered by a collective agreement signed in the course of the year. Excluding EMSA Germany and WMF Germany, this rate reaches 83%.

QUALITY OF LIFE AT WORK

The Group also pays close attention to its employees' quality of life at work. In order to make progress, since 2012 it has used a survey (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, so that it covered around 40 countries at the end of 2017. The participation rate for the 2017 survey was 76%, with 65% of employees saying that Groupe SEB is a great place to work and 71% saying they are proud to work for the Group. Each country conducts the Great Place To Work survey every two years. An action plan is implemented based on the detailed results, to improve on areas of weakness, with extensive employee involvement. Progress is in fact being made: in 2017, countries that carried out the survey for the second time improved their overall score by 3 points on average. The Iberian subsidiary (Spain and Portugal) led the pack, gaining 13 points, as 82% of its employees were globally satisfied. Managers are invited to get involved so that the actions produce results and ultimately employees' perceptions improve. In France, for example, the sales subsidiary has included the Great Place To Work survey in the management and monitoring tools for its company-wide project *Be One*. As a result, during the 2016 Great Place To Work campaign, this entity recorded the biggest gain in France. 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 jobs in different areas to encourage transfers and raise awareness between teams. These include the "Experience my job" operation, the "1 hour, 1 job" conferences and the "Tell me about your job" series of videos on Intracom.

The actions carried out by subsidiaries to improve quality of life at work differ according to local priorities. The priority for GS USA, for example, is health, and it has been encouraging its employees to adopt a healthier way of life through the Living Healthy program. At the main sites, Well-being committees relay more than 100 initiatives, such as weight-loss competitions, online stress management seminars, sports activities, cooking and health workshops, and help giving up smoking. Every year, more than 200 participants receive a bonus based on the points that they have amassed. Between 2012 and 2016, health costs per employee fell by 4% at GS USA, compared with an average rise of more than 10% for the country as a whole. Colombia has also implemented a well-being at work improvement plan named "*Groupe SEB te consiente*" (Groupe SEB takes care of you) along three main lines: "me, other people and the world around me".

A **collective agreement** on quality of life at work was signed **in France** in 2016. It took practical form in 2017 with the introduction of various measures such as tele-commuting, which has been a real success with employees, more than 330 of whom had already adopted it by the end of the year. Another measure considered to be very positive 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 actions taken also include a social assistance hotline rolled out to all the sites, improvements to break rooms and, on some sites, easier access to intercompany nursery facilities and the offering of concierge/personal services.

As part of the prevention of **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. Between 2015 and 2017, 51 employees contacted the counseling office, which is less than the national average according to the firm Turka.

HEALTH AND SAFETY

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 32 Environment, Health and Safety (EHS) Coordinators, who cover all of the industrial and logistics sites (more than 40) in 13 countries. At Supor, a central EHS Coordinator oversees the activities of the EHS Coordinators at the various sites in China and Vietnam. In 2017, this network gained three new members, representing WMF and EMSA. It met for a week in France in October at the first international seminar dedicated to Health, Safety and the Environment. This event was an opportunity for EHS coordinators to discuss the Group's strategies in this field up to 2020, share more than 60 good practices in working groups and visit five French sites. This seminar also allowed coordinators to get to know each other better, share a common vision and boost the international momentum, maintained by the creation of a community on Yammer (Groupe SEB social network). Tertiary sites have EHS advisors. The Group has also undertaken to certify its health and safety management system (OHSAS 18001), with 97% of its industrial and logistical entities certified at the end of 2017.

SAFETY

Groupe SEB's safety approach, in the form of the worldwide *Safety in SEB* program, is backed by the highest level of management, as demonstrated by the letter addressed by Thierry de La Tour d'Artaise to all employees in 2013. The Chairman has also made a video on the subject, which has been translated into eight languages and broadcast widely to the teams, with the support of local management. The 2020 Safety 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. The Group has set itself a target of halving the number of accidents (LTI – Lost Time Injuries) by 2020, while including temporary staff in its reporting.

In 2017, the Group continued to roll out its **safety standards** worldwide. These procedures formalize the Group's minimum requirements, above and beyond compliance with national and international regulations. These standards are incorporated into safety management procedures and are written in English, French and Chinese. They apply to all teams worldwide. Some standards concern safety organization and management, while others target the prevention of specific risks (falls from a height, machine protection etc.). Internal audits are conducted to ensure their application. At the end of 2017, 22 standards were operational. Of the five new standards rolled out in 2017, two are particularly important: the standard relating to individual protection equipment and the new version of the **behavior-based safety inspection** (VCS) standard. As more than 80% 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 2017, WMF started to introduce VCSs at its industrial and logistics sites.

Another good practice that has become a Group standard is the **Safety Pyramid**. This aims to detect future events likely to result in accidents so that these can be prevented. When faced with a potentially hazardous situation or a "near miss", the individual is supposed to take immediate action to prevent the risk and to report it so that corrective measures can be taken. The number of VCSs and the number of reports in connection with the Safety Pyramid are used by the Group as safety policy management indicators, along with the accident rate.

Since 2013, every workplace accident has been reported to all site managers and to Groupe SEB's safety community to strengthen preventive measures (Safety Vigilance Flash system). Each industrial and logistics site has also defined five "unbreakable rules" to address major risks, no deviation from which will be tolerated. These supplement the six universal "golden rules" that are designed to ensure that everyone within the Group contributes to the safety of all. These golden rules, illustrated through a cartoon, are available in 10 languages.

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 own unbreakable rules. These entities are also now part of the Safety Vigilance Flash system.

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 forward and carrying out specific measures on the sites.

In 2016, Groupe SEB laid the groundwork for an international health plan (Health in SEB). An analysis was performed on all the industrial and logistics sites to identify the main health risks (dust, noise, repetitive work, etc.). This inventory was used as a basis for the creation of Group standards and to define health targets, accompanied by monitoring indicators. In 2017, the Group introduced a worldwide indicator that can be used to conduct monthly monitoring of improvements in workstation ergonomics (excluding WMF and EMSA). The objective is for every site to improve 20% of its workstations per year according to ergonomic criteria.

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 has been set up to share good practices and the focal areas for development of the Group's health policy, to monitor health-related issues in the workplace, and to manage the measures taken, with the promotion of investments that combine health with performance.

Every French industrial and logistics site has a Steering Committee for Musculoskeletal Disorders and one or more **MSD Specialists** who ensure that risks are taken into account upstream, at the product design stage, and downstream, by amending workstations where appropriate. In 2017, the Group had 35 MSD specialists in France, who will be joined by eight new specialists who have just completed their training in 2018. Ergonomic improvements to workstations, training and staff rotations, warm-up and cool-down exercises, as well as a quick response whenever an employee indicates discomfort while working are all actions that have been taken to 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 the prevention of MSDs (School of Methods).

(Worldwide, excluding GS India and Coranco)

	2017	2016	2015
FRANCE			
Number of workplace accidents with days lost	40	48	53
Number of days lost	2,160	2,588	2,202
LTIR [(a)]	4.8	5.8	6.3
Severity rate [(b)]	0.26	0.31	0.26
Number of workplace fatalities	0	0	0
OTHER EMEA COUNTRIES			
Number of workplace accidents with days lost	9	6	9
Number of days lost	143	101	248
LTIR [(a)]	2.0	1.4	2.4
Severity rate [(b)]	0.03	0.02	0.07
Number of workplace fatalities	0	0	0
AMERICAS			
Number of workplace accidents with days lost	12	11	25
Number of days lost	362	436	694
LTIR [(a)]	2.5	1.9	4.0
Severity rate [(b)]	0.07	0.07	0.11
Number of workplace fatalities	0	0	0
ASIA			
Number of workplace accidents with days lost	21	34	39
Number of days lost	1,113	2,357	2,832
LTIR	0.6	0.9	1.0
Severity rate [(b)]	0.03	0.06	0.07
Number of workplace fatalities	0	0	3
WORLD			
Number of workplace accidents with days lost	82	99	126
Number of days lost	5,482	5,482	5,976
LTIR [(a)]	1.5	1.8	2.2
Severity rate [(b)]	0.07	0.10	0.10
Number of workplace fatalities	0	0	3

(a) Lost Time Injury Rate.
(b) Number of days lost per thousand hours worked.

All the data shown in the table exclude temporary employees.

The frequency rate of workplace accidents (TF1), used by the Group until 2013, corresponds to the number of 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 (OSHA) and is applied in many large groups. Accidents which have no direct causal link with work are no longer counted in the Group's Lost Time Injury Rate (LTIR). The new internal recording system has no effect on local legal declarations, which remain unchanged. The LTIR target for 2017 was 5.1 for France and 1.5 worldwide. The 2 targets were met.

In France the LTIR, excluding temporary employees, stood at 4.8 in 2017, versus 5.8 in 2016. This rate has been more than halved in five years. France recorded 40 Lost Time Injuries without temporary staff (LTI) and 64 Lost Time Injuries with temporary staff (LTI i). It also recorded 143 occupational accidents with and without days lost work-related in 2017, excluding temporary staff. The severity rate was 0.26 excluding temporary staff.

Worldwide, the LTIR, excluding temporary staff, stood at 1.5 in 2017, versus 1.8 in 2016. This progress confirms the trend for the last few years. Groupe SEB recorded 82 Lost Time Injuries without temporary staff (LTI) and 113 Lost Time Injuries with temporary staff (LTI i). In 2018, the target for LTIR i (including temporary staff) is set at 2,5 worlwide and 5,5 in France. The Group-wide severity rate was 0.07 excluding temporary staff.

In total, Groupe SEB recorded 210 occupational accidents with and without days lost work-related in 2017, excluding temporary staff, and 267 including temporary staff.

Two Group entities account for nearly 65% of the total number of workplace accidents with days lost: France, which reported 49% of accidents, and Supor China. Thanks to the increase in accident prevention measures worldwide, and in Group standards and tools, Supor China reported 9 fewer accidents than in 2016.

A worldwide survey of work-related illnesses has been conducted since 2013. 66 new cases of work-related illnesses were recognized throughout the Group in 2017. Work-related illnesses rose compared with 2016, when 62 cases were reported.

Number of new work-related illness cases recognized in the year	2017	2016	2015
France	55	57	48
Other EMEA countries	0	0	0
Americas	11	4	3
Asia	0	1	1
WORLD	**66**	**62**	**52**

Groupe SEB is aware of the importance of the issue of work-related 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)

	2017	2016	2015
Number of certifiable entities	35	36	37
Entities holding OHSAS 18001 certification [(a)]	97%	92%	89%

(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 2017, 97% of the Group's industrial and logistics entities had this workplace health and safety certification.

Action plans have been launched to bring this figure up to 100%.

GLOBAL SOCIAL PROTECTION FLOOR

In terms of social protection, in 2017 the Group made significant progress in its efforts 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. In 2017, the Group formalized the 3 pillars of its social protection policy, which will be gradually implemented between now and 2020 and which consist of death insurance; major medical risk (hospitalization) cover and the introduction of systematic medical examinations; and maternity or paternity leave. The pilot phase of this program was launched in 2017 in the Eurasia region.

The Group is also keen to review employment contracts on a regular basis in order to supplement and/or improve existing insurance coverage. In 2017, for instance, medical insurance was extended in several countries, including Poland, Ukraine and Canada.

PAYROLL AND CHARGES

Groupe SEB is committed to the implementation of a fair and transparent remuneration policy that is understandable by all. It is committed to paying wages in every country in line with current regulations and minimum industry standards, enabling employees to cover their basic needs and to benefit from disposable income. Using job evaluation tools, every employee's position can be assessed in relation to others in terms of remuneration and responsibility. The remuneration of all managers who have a certain level of responsibility comprises a variable portion related to the results of the Group and those of the entity in which they work.

(in € millions)	2017 World	2017 France	2016 World	2016 France	2015 World	2015 France
Remuneration [(a)]	921.1	244.8	601.7	242.7	576.5	238.2
Payroll taxes [(b)]	185.8	69.0	125.9	68.0	122.4	69.0
Pension and other post-employment benefit plan costs	56.9	42.7	55.5	41.3	54.0	39.9

(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.

BONUS AND PROFIT-SHARING SCHEMES AND EMPLOYEE BENEFITS

In the area of profit sharing, Groupe SEB has been a pioneer: for over 50 years it has tied employee pay to the company's financial performance and does so in most countries in which it operates. In France, 50% of the total bonuses paid by the Group is distributed evenly across all employees in France. In addition, since it was listed on the Paris Stock Exchange in 1975, the Group has had employee shareholders. In 40 years, it has implemented 13 employee shareholding operations, gradually extending beyond France starting in 1992. The last operation, in 2012, covered 30 countries and the plan was taken up by over 30% of the employees concerned. At the end of 2017, there were 885 direct employee shareholders (shares managed by the Group's shareholder department directly), plus 1,297 former employee shareholders.

3

(France)

(in € thousands)	2017	2016	2015
Provision for bonuses	19,058	19,337	14,324
Provision for profit sharing	18,498	17,458	17,091
TOTAL	**37,556**	**36,795**	**31,415**

Amounts paid over the year in question for the previous year.

In 2017, the amount paid in profit-sharing and bonuses will amount to €37,6 million in respect of 2017.

Please note that figures include the employer's social tax contribution. The profit-sharing bonus was discontinued in 2015.

TRAINING AND SKILLS DEVELOPMENT

Training is essential to skills development. It covers all Group employees and most training programs are organized in a decentralized manner. Every year, the Human Resources department defines the Group's training priorities. Using this frame of reference, each subsidiary develops its own training plan based on the employees' needs and expectations. In the case of managers, these expectations are expressed during the Annual Appraisal Interviews, carried out worldwide. In France, all non-managerial employees have an Annual Appraisal Interview, which includes a training and skills development component. A global reporting system makes it possible to track the training provided throughout the world.

In 2017, the Group greatly enhanced the Training part of its new digital HR platform **iGrow@SEB**, translated into five languages (English, French, German, Spanish and Portuguese). By the start of 2018, every connected employee worldwide included in the SAP HR databases (excluding Supor) had access to this platform and to all the e-learning programs offered, regardless of their job or place in the reporting line. All the existing e-learning modules have migrated to iGrow@SEB, notably the Digital Academy and Managerial Competency Model modules, and the Group has begun to create new programs on various subjects. These include the Compliance program, which will have modules on the Code of Ethics, IT security and the protection of personal data, internal control, and anti-competitive practices. Aside from this free access for all to e-learning modules, in some pilot countries iGrow@SEB can be used by connected employees to submit training requests online, after which the process continues automatically (approval by the employee's line manager and the HR department and setting up of the training). This is the case in the United States, France, Mexico and Hong Kong. This ramp-up of digital technology in the Group's training offering was given a boost at the start of 2017 by the creation of the position of e-learning Manager within the Training department.

TRAINING (WORKFORCE AND TRAINING HOURS)

(Worldwide)

	2017 World (c)	2016 World (a)	2015 World (a)
Number of training hours	489,628	401,810	521,197 (b)
Number of employees trained	29,954	25,015	24,324
Number of women trained	12,954	8,663	8,962
Number of men trained	16,999	16,352	15,362

(a) Excluding Groupe SEB Korea.
(b) Data updated to correct a calculation error.
(c) Excluding All-Clad, the Supor training hours include e-learning.

Supor data was included in the consolidated data in 2014. Groupe SEB Korea was included in the consolidation scope in 2017. Excluding Supor, WMF and ESMA, almost 84% of Group employees received at least one training session in 2017.

Of the total hours of training completed in 2017 (excluding Supor, All-Clad, WMF and EMSA), 24% was for manual workers, 42% for office employees and 34% for managers. WMF organized 90,424 hours of training and trained 3,084 people in 2017.

In addition to the training referred to above, connected employees (excluding SUPOR, WMF and EMSA) spent more than 1,800 hours on the iGrow@SEB platform through the various e-learning modules.

In France, Groupe SEB employs 5,771 people across around 15 sites. Its industrial operations are moving towards greater automation and computerization of production systems, with new management system requirements. In this regard, the Group is committed to guaranteeing the **employability** of its employees, to facilitate their professional development. This is the aim of the training organized under the **GPEC** (Forward Planning of Employment and Skills), which is the object of a collective agreement renewed in 2017 (see page 114).

This training offering is based on four “bricks” of skills, adapted to employees’ various training needs: DÉCLIC (review of fundamental concepts in core subjects); General Training Certificate (national education diploma combined with an internet and computer skills certificate); RIAE (in-house recognition of professional experience) and VAE (validation of professional experience). In 2017, 67 employees received this type of training. All of the Group’s French sites have had career centers since 2011 and aim to allocate 20% of their total training budget to training designed to improve the employability of employees with limited qualifications.

In France, Groupe SEB also makes use of **inter-generational mentoring** to facilitate the integration of new employees, to transfer core skills and know-how and to support work-study trainees during their apprenticeships. This is included in the GPEC (occupation and skills forecasting) (2017) and inter-generational contract (2016) collective agreements. To support this program, a booklet on mentoring was created in 2015 and is given to each mentor/mentee pairing. 282 pairings were in operation in 2017 (209 mentors of work-study trainees, 27 mentors in various fields of expertise and 46 mentors facilitating employee integration).

TRAINING BUDGETS [a]

(Worldwide, excluding WMF and EMSA)

(as a % of payroll)	2017 [c]	2016	2015 [b]
France	4.33	3.90	3.86
Other EMEA countries	1.52	2.15	2.35
Americas	2.73	0.89	1.16
Asia	0.88	1.03	1.30
WORLD	**2.59**	**2.38**	**2.53**

(a) Teaching costs + expenses, wages for interns.
(b) Excluding Groupe SEB Korea.
(c) Excluding All-Clad.

The Group's training expenses were 2.59% of its payroll in 2017. For the Supor subsidiary, these expenses amounted to 0.69% of its payroll for this year. Excluding Supor, this percentage stands at 1.44% for Asia and 3.19% Group-wide. WMF's training expenses account for 0.54% of its payroll.

GROUPE SEB UNIVERSITY (UGS)

(Worldwide, excluding WMF and EMSA)

	2017	2016	2015
Number of trainees	1,112	900	998
Number of training sessions	157	95	121
Number of training hours	31,681	25,306	22,708

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.

The Groupe SEB University, which celebrated its 25th anniversary in 2016, offers high-level training to employees, in France and elsewhere. It continued to focus on leadership, digital tools and "professional" sales and marketing skills in 2017.

The UGS played a big role in implementing the training to support the worldwide introduction of the **Digital Workplace** (see below) in 2017, in close collaboration with the communication and information systems (IT) teams. From January to October, more than 4,400 people were trained in 28 countries during half-day sessions led by one person from the UGS and one from the IT teams. More than 1,600 employees completed the Digital Workplace course online, with the help of 12 video tutorials and 12 user guides.

On the theme of **leadership**, the UGS's training offering is based on three main programs. Advanced management is designed for the Group's senior managers, and the first part takes place in China, with the help of Supor's teams. Developing Your Leadership Impact targets a wider population of managers, while Developing Our Talents is for young people with potential. More than 130 people completed one of these three programs in 2017. The UGS is also in the process of developing a new program for middle managers to expand the scope of employees receiving such training. This will alternate face-to-face sessions with e-learning and should benefit nearly 100 people in 2018 and many more in 2019.

Within the **Sales & Marketing School**, the UGS has revived the "First" program, which explains Groupe SEB's fundamentals (strategy and processes) to new members of the Innovation Community (e.g. Marketing, Research, and Design employees). It has also designed a specific e-learning module on Key Account Planning for key account managers. Nearly 200 of these managers followed this module in 2017.

In 2017, in France, the UGS also launched a program on the OPS (Opération Performance SEB) initiative for the local management of industrial sites. This will be extended to the Supor and Germany sites in 2018.

INTERNAL COMMUNICATIONS AND THE DIGITAL UNIVERSE

The Group is stepping up its digital transformation in every field, including the working environment of its employees. In 2017, for instance, the worldwide roll-out of the **Digital Workplace**, based on Microsoft Office 365, was completed, improving the employee experience. All of the Group's connected employees (around 9,000 people) now benefit from a much larger storage capacity, new, higher performance, collaborative services and an internal social network named Yammer. They can access their work space regardless of their location and the device that they use. This roll-out has been supported by an extensive communication campaign translated into 15 languages that includes posters, videos, a dedicated section on the intranet, presentation packs, and e-mails. To launch Yammer and present its main uses (collaborative monitoring, mutual assistance, sharing of areas of interest and events) a fun game was released at the end of the year to support the community dynamic.

More generally, the Group's digitization has been accompanied by many other communication initiatives, including "Chroniques du Digital" (Digital Chronicles) on the Intranet, which offers articles and video interviews, themed events in the head office's "Digital Room" (40 sessions with a total of more than 2,000 participants), and the organizing of a Data Day in December.

With regard to Intracom (the intranet portal), plans are under way to move from a simple approach based on access to the Group's intranets to an approach involving a **customized working environment** for every employee according to their areas of interest, including both information functionalities and access to their professional tools and the communities of their choice. The collaborative sites previously hosted on Intracom began their migration to the new Digital Workplace (SharePoint Online tool) at the end of 2017.

The video content was considerably developed in 2017, with series based on employee stories. Three of these series focus on jobs ("Tell me about your job"), Group strategy, and marketing good practices, while the fourth ("3 questions for….") gives the floor to different speakers talking about key issues, and particularly the Group's digitization. The Telex, which is published almost daily, keeps employees informed about the Group's news across the world. The Group also helps employees to use social media appropriately, both in the professional sphere and in their private activities on the internet, especially when they refer to the Group. This is the purpose of the new version of the Guide to Social Media Good Practices, which was published at the start of 2017.

The in-house press also plays an important role. "Tempo", the Group's digital magazine, is published in French, English and Chinese. In 2017, its audience was expanded to all of the Group's connected employees. Many site newspapers and topical newsletters supplement the platform.

2017 was also the year of the official inauguration of the new head office on the **SEB Campus** in Écully, where around 1,000 people work. The Campus benefits from local communication that was very active in 2017, with a cycle of conferences with well-known speakers ("SEB Talks"), management workshops to share good practices between team managers, a job and internal transfer week, a quality of life at work week, and other events. The communication team also supported the Research department with the implementation of the "All innovators" challenge. This challenge invited Campus employees to submit product innovation ideas. Six out of the 63 projects proposed were selected through a vote on Yammer for further development in partnership with the SEBLab in the first quarter of 2018. In 2018, the "All innovators" challenge will be extended to the whole of France.

ABSENTEEISM RATE

(Worldwide, excluding Coranco, GS India, GS Singapore, GSE Ivory Coast, Vietnam Fan and Supor)

	2017		2016	2015
	World	France	France	France
Absenteeism rate [(a)]	4.0	4.4	4.0	4.0

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

OVERTIME

(Worldwide)

	2017		2016		2015	
	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor
Number of overtime hours (in thousands)	652	11,268	874	10,469	794	9,427
Full-time equivalent (individuals)	291	5400	381	5,014	345	4,509

For the Chinese subsidiary, Supor, these figures reflect the local context, where work is highly seasonal, and there are pressures on the recruitment of labor in eastern China. France accounts for 56,150 hours of overtime (equal to 31 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, excluding WMF Germany and EMSA Germany)

	2017	2016	2015
France	851	635	517
Other EMEA countries	651	441	36
Americas	699	1,560	1,475
Asia	431	406	354
WORLD	**2,632**	**3,042**	**2,382**

(a) Temporary full-time equivalent employees.

3.7. A corporate citizen

The Group's commitment to social issues is reflected both in its contribution to the economic and social growth of the regions where it operates and in corporate philanthropy initiatives, focused mainly on furthering inclusiveness.

A RESPONSIBLE PARTICIPANT IN THE ECONOMY

Groupe SEB fulfills its economic and social responsibilities in the regions where it is located. In addition to the jobs it generates, it supports the development of local businesses, especially players in the non-profit and social sectors. Whenever possible, it favors the use of companies that support disadvantaged people looking for employment. This responsible purchasing policy has been extended to include social clauses in calls for tender (see page 105). At the local level, a lot of the Group's sites are already working towards this goal. In France, for example, the Is-sur-Tille plant has worked for many years now with the Groupe Coopératif Demain (formerly Juratri), a company specifically specializing in recycling that has 140 employees, around half of whom are part of an inclusive employment program. Ten companies from the protected sector (companies providing work to people with disabilities and sheltered employment centers) provide catering, cleaning, reception and gardening services to the Group's new head office in Écully, inaugurated in 2017. The head office has also strengthened its partnership with Handishare, a company providing work to disabled workers, in subcontracted Human Resources services (responses to job applications) and general services. At Pont-Évêque, the plant subcontracts the assembly of plastic parts, labeling and product packaging to the Ateliers de l'Isère Rhodanienne ESAT (sheltered employment center) and employs 30 people on a full-time equivalent basis. In 2017, the work subcontracted to the disability and inclusive employment sector totaled more than €3.7 million, equal to 171 FTE (Full-Time Equivalent) jobs, across all of the Group's French sites.

Although the Group has become more international in recent years, it has maintained a firm local footing in the Auvergne-Rhône-Alpes region, where more than 3,812 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 now the industrial site of Canonsburg (All-Clad) has been working with three high schools on manufacturing and engineering-related topics. Students analyze the site's complex issues, look for alternative solutions and make recommendations. This initiative, which benefits dozens of high school students every year, won recognition for the Canonsburg site in 2015 at the Champions of Learning Awards, held in Pennsylvania by the Consortium for Public Education. 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 discussions on social issues, such as nutrition, health and aging. These topics are also handled by its research and development teams (see pages 131-132).

CORPORATE PHILANTHROPY

A GLOBAL CORPORATE PHILANTHROPY POLICY

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. 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.

In 2017, the Group formalized and clarified its corporate philanthropy policy in a document disseminated to all the Corporate Philanthropy Correspondents (one correspondent per subsidiary). This document sets out the Group's 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;
- Help for people with health issues.

The people helped may be homeless, excluded from the world of work or in a very vulnerable position.

LOCAL INITIATIVES

Every year, the **Charity Week**, which is coordinated by the Fonds Groupe SEB, is a high point of Group employees' worldwide involvement in community actions. In 2017, the theme of the event, held at the end of November/in early December, was "Food and the Community". It resulted in the participation of employees from 48 sites, in 28 different countries, in a wide range of actions. Each subsidiary was able to share its initiatives with the whole Group thanks to the Charity Week community newly created on the internal social network Yammer. In Turkey, for example, employees paid for 300 packed lunches that they handed out to homeless people in Istanbul. Many countries held food collections, including Brazil, the USA, Russia, France, Colombia, Argentina and Mexico. These sometimes gave rise to original initiatives, as in Mexico, where the teams organized a cash kitty competition to maximize the funds collected to provide basic foodstuffs for a reception center for the elderly. In Is-sur-Tille, a pancake sale helped to fund donations of products to two local community food banks. In Colombia, volunteers distributed groceries to 320 vulnerable families in Medellin as part of the "Atelier des Rêves" (Dream Factory) led by the Imusa-Samurai Foundation. In Rumilly, jars of honey from hives set up on the Group's site were gifted to a neighboring retirement home. As for the Japanese subsidiary, during the Charity Week it inaugurated a vegetable garden offering part-time work to physically or mentally disabled people. The goal is to integrate these people into the community while producing fruit and vegetables that can be used for various purposes, including educational projects. Cooking workshops were also organized at all four corners of the globe for various groups of people, such as disadvantaged young people in Australia, people working with diabetics in Chile and disabled adults in Turkey.

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 its vast construction program, **building schools** for disadvantaged children in rural areas. 20 schools have opened since the project's launch (including three in 2017 in the Guizhou, Henan and Yunnan provinces) and three are under construction. In addition to funding schools and organizing training sessions for teachers, this program asks employees to volunteer through leadership, learning support and book donation initiatives.

In **Korea**, in 2012, the Groupe SEB subsidiary entered into a partnership with the American NGO Child Fund, supporting disadvantaged children. This includes a charity sale held every year in September, whose proceeds go to the organization, and a festive event for children living in hostels at Christmas time. The staff of the subsidiary are widely involved during these two busy periods.

In the **Scandinavian countries** (Sweden, Denmark, Norway and Finland), Groupe SEB continued the partnership begun more than 10 years ago by OBH with the Star of Hope organization, which is working for education, healthcare and food for orphans. The four subsidiaries are currently sponsoring 30 children in the Philippines, who receive support until they reach adulthood. Among other things, they benefit from school books, food and recreational activities.

During Ramadan, GS **Egypt** supported the food bank through a digital campaign on the theme "Une recette pour la générosité" (A recipe for generosity) targeted at the Tefal and Moulinex Facebook communities. The operation, based on votes for the best recipes, enabled the collection of funds for the food bank, and volunteers from GS Egypt helped to make up food parcels. During this campaign, the two Facebook communities acquired more than 630,000 followers. For Christmas, this time, the **Australian subsidiary** ran a product-sharing campaign whereby for every AUD 200 of Tefal products bought, the company donated AUD 100 of domestic equipment products to families in difficulty. In many countries, Christmas is a period when there is a lot of corporate philanthropy activity, especially involving the donation of toys. This was the case particularly in **Spain**, in partnership with the Red Cross.

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, the Fonds Groupe SEB provides financial support for various projects focused on inclusiveness, mainly in France. In 2017, the Fonds Groupe SEB supported 16 projects from a support budget that amounted to €352,000 in cash and €308,000 in product donations.

Governance and operation

Governance of the Fonds Groupe SEB is split between two key entities: the Board of Directors and the Operational Committee, supported by a team dedicated to the Fonds.

The Board of Directors sets the strategy for the Fonds. Its members are:

- Thierry de La Tour d'Artaise: Chairman and CEO of Groupe SEB, Chairman of the Fonds;
- Vincent Léonard: Senior Executive Vice-president, Finance, Treasurer of the Fonds;
- Harry Touret: Senior Executive Vice-president, Human Resources;
- Marianne Eshet: Managing Director of the Fondation Solidarité SNCF;
- Guillaume Bapst: Director of the Association Nationale de Développement des Épiceries Solidaires (ANDES).

The Operational Committee reviews and selects the projects submitted to the Fonds and 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

IN FRANCE

Since 2007, the Fonds has supported 395 projects in France aimed at "better living for all", conducted by charitable organizations with which it has close links, such as Emmaüs Défi, the Association Nationale de Développement des Épiceries Solidaires (ANDES), the Agence du Don en Nature (ADN), Énergie Jeunes and the Institut Télémaque.

Énergie Jeunes, for example, works to encourage children to continue with their studies at priority assisted schools in disadvantaged areas through input from volunteers from the corporate world. These volunteers instill in young people the desire to learn, using highly interactive teaching methods. Since 2013, around 30 employees have taken part in initiatives in the Lyon, Isère and Burgundy regions. 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 the **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 2017, 15 Group employees acted as tutors to one young person each to help them prepare for the future. The young people assisted through this project were welcomed to the Group's fablab (SEBLab) in November, where they took part in creative work on the toaster of 2050. Since 2016, the Group has also been a partner of the **Institut de l'Engagement**, which gives a helping hand to young people approaching the end of civic service as they get started in life.

The Fonds renewed its support, in 2017, 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 251,000 products, financial assistance totaling €255,000, and the provision of skills. In 2017, the Group became a partner of the ADN campaign "Partager c'est donner !" (Sharing is giving!) raising public awareness of the difficulty that the 9 million people living below the poverty line in France have in accessing everyday products. It took this opportunity to donate more than 10,000 items of cookware.

Of the new projects supported in 2017, two are in the area of inclusive employment: the association **Cannelle et Piment**, created by vulnerable women of various origins, offers work as a "world cuisine" caterer; and the non-profit undertaking **Icare** has set up an inclusive employment workshop in the cultural field, in connection with the Lyon Contemporary Art Biennial.

The Fonds also runs programs to encourage employees to get involved in community projects. For the fifth 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 2017, the Fonds supported 15 projects selected by the sites' local juries. The Fonds also launched the "**Défis Solidaires en Équipe" (Team Community Challenges)** in France in 2017, again to get employees involved. For a day or half-day paid for by the company, volunteer employees share a useful experience for the benefit of an association. At the first session, in the spring, 94 employees from five sites got involved in 11 challenges (participation in the Emmaüs Movement's bric-a-brac activity, creation of a vegetable garden, painting work with the Fondation des Apprentis d'Auteuil, introducing high school students to the business world, and so on). The operation was repeated during Charity Week, when 75 employees from the Écully Campus took part. The Group's subsidiaries outside France are also invited to suggest community challenges for their teams.

ON AN INTERNATIONAL LEVEL

The Fonds Groupe SEB has been in partnership with the **Life Project 4 Youth** charitable organization in Vietnam since 2014. It supports the development of an occupational training center to help marginalized young people create a life plan. Set up in Ho Chi Minh City, close to the Asia Fan site, this center, known as "Lanterns & Lights", makes lanterns from recovered materials. Since June 2014, it has already trained 41 young people and currently has around 15 or so young people on its 9- to 18-month inclusive employment program. Beyond developing their basic knowledge, the youngsters experience the creation, development and management of an economic micro-initiative. They are provided with support for their personal plans, whether this involves creating their own business, joining a company or continuing their schooling. In 2016, the Fonds extended its support to the creation of two new Life Project 4 Youth centers in New Delhi in India, one concentrating on the production and sale of healthy snacks near the station, and the other, near the offices of GS India, specializing in the renovation and creation of textile objects and products. The aim of these two centers is to train 90 to 100 young adults over the course of three years. Since 2016, 70 young people have completed an inclusive employment program. During Charity Week, volunteers from GS India spent a day at one of the two centers to carry out renovation work (painting) and rehabilitate the garden.

Total corporate philanthropy expenses

(Worldwide)

(in €)	2017	2016	2015
Financial donations	2,165,756	1,925,452	1,786,402
including Fonds Groupe SEB	*352,000*	*360,000*	*322,000*
Product donations	509,309	551,184	1,068,239
including Fonds Groupe SEB	*308,065*	*246,955*	*852,328*
TOTAL CORPORATE PHILANTHROPY EXPENSES	**2,675,064**	**2,476,636**	**2,854,641**

Overall, the Group allocated more than €2.68 million to corporate philanthropy activities in 2017, up by nearly €200,000 compared with 2016. This change is mainly due to the increase in exceptional donations of Groupe SEB France products to the Fonds Groups 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.

3.8. Sustainable innovations meeting consumer expectations

Consumer satisfaction is Groupe SEB's number one objective. Our priority is to better understand consumers' expectations so as to meet their needs, but also to help them towards more responsible consumer practices, from the point of view of both nutrition and health and respect for the environment. To achieve this, the Group's innovation teams are opening up to new methods and are taking on technological challenges in fields such as materials, energy consumption and ergonomics. They are making progress particularly with **circular economy** solutions, which aim to save the planet's resources by extending product lifetimes, promoting recycling and prioritizing product use rather than product ownership.

This **strong innovation policy** is based on frequent and extensive exchanges between the marketing, R&D, design, quality, consumer support and sustainable development teams. It is also enhanced by an open collaboration with outside partners, including start-ups that the Group invests in through the SEB Alliance fund. This investment fund is designed to identify and invest in emerging companies that offer disruptive technologies and/or new business models. The sectors targeted are in line with Groupe SEB's strategic innovation focuses to allow companies to access the Group's expertise and resources. The targeted opportunities have applications in three main fields: well-being (the preservation of health and beauty capital and the aging of the population); the connected world (the home and connected objects, robotics and digital applications and services); and sustainable development (new forms of energy and new materials, and reduction of the carbon footprint).

The Group also sees social issues as an opportunity to explore new business models delivering social utility. The **BiiS ("boost innovation with a social impact")** program, backed by the Research and Sustainable Development departments, was launched in this spirit in 2017. It allows multidisciplinary teams of six to eight volunteer employees to experiment with a social **intrapreneurship** assignment for three months, working on it for two to four hours a week. Their aim is to develop an idea that meets a social need and may result in a sustainable business model. Several projects dreamed up by these BiiS teams are currently being examined in-depth, including a shared kitchen concept for urban zones (access to healthy food) and products suitable for people with reduced dexterity.

RESPECT FOR CONSUMERS

PRODUCT LIABILITY

Groupe SEB is committed to offering customers high-quality products that are guaranteed to be safe and harmless. In each country, it complies with all the standards and regulations governing the products it sells. Responsible products are the first theme addressed in Groupe SEB's Code of Ethics, evidence of the importance that it places on respect for the consumer.

Quality

Groupe SEB has developed a **Quality Management System** (QMS) that describes the steps to be taken, at every level, to ensure the quality of the products sold and related services. The QMS covers all Groupe SEB activities, processes and sites throughout the world. Every Group operation, every site, every function and every employee is responsible for the quality of the work performed and for compliance with the rules contained in the Quality Assurance documentation. Regular examination of the various components of the System during Management Reviews makes it possible to check the efficiency of Group processes and to manage the actions needed for the ongoing improvement of product and process quality. The Quality Management System is discussed in greater detail see pages 32 and 33.

For products, the Group controls quality at **each stage in 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 were carried out in 2017 on 248 products, which each ran for 2000 to 6000 heating cycles, depending on the range. In Is-sur-Tille, 208 toasters were tested over 5,360 cycles each on average. Other tests cover shock resistance, functionalities, behavior in a wet environment, the performance of packaging, and so on. In the case of innovative products, the Group also conducts tests in the homes of volunteer consumers to take all possible methods of use into account, even the most unlikely ones.

In 2014, the Group added an extra validation stage prior to the commencement of new product manufacturing (Pilot Run Validation).

This involves the pre-production of an additional hundred or so products, with extremely demanding quality criteria, so as to reduce the scrap rate as much as possible. In the space of three years, the number of products considered to be "good the first time round" after this process has risen from 61% to 80%, 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 undetected.

The Group also incorporates customer comments gathered by Call Centers within a continuous improvement loop. These are forwarded to the marketing teams, who factor them into product development. 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 nearly 2.5 in eight years. Finished product quality indicators are also continuing to improve, such as the percentage of potentially faulty products, which has decreased by 30% since 2015 (Group and subcontractors' plants).

Finally, the Group takes monitoring measures and proactive steps to raise quality standards in the interests of consumers (see page 96).

SAFETY AND HARMLESSNESS

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), where 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 in use for several years now on Tefal/T-fal non-stick cookware. This commitment provides a guarantee of the absence of PFOA[1], Lead and Cadmium and thus of the safety of its coatings for both the consumer and the environment.

With regard to unpopular substances, the Group classifies in this category substances that, although not banned by the regulations, are considered by some stakeholders, such as NGOs, to be potentially hazardous. On this basis, the Group is working on plans to replace a number of these substances and materials, even though they are not currently covered by the regulations, in order to stay a step ahead of future directives. Phtalates, for example, which will soon be included in the RoHS European directive [2], were already viewed as unpopular substances by Groupe SEB in 2012.

FEEDBACK AND SERVICE

To answer consumers' questions, Groupe SEB has **call centers** in most of the larger countries. In 2014, it set up multi-country call centers to provide a better service to the greatest number of consumers. In 2017, it expanded the call center in Sofia, which now covers Australia and New Zealand, as well as nine countries in eastern and central Europe. This center has a team that is able to respond in every language within the region 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 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 smart phone application for the country, allowing customers to book a repair time slot, as repairs at home are very common practice in India. In France, Groupe SEB once again won "Customer Service of the Year" in 2017 for its quick responses and the quality of its customer relations on all communication channels, i.e. telephone, email, social networks and brand websites.

Keen to help the consumer in all circumstances, the Group continues to expand the services it offers. In 2015, it developed new product use and maintenance **videos** (on average, one a month), which were posted on YouTube and could be accessed via brand websites. It also hosts **consumer mutual aid communities** on several brand sites, replicating the dedicated Cuisine Companion multi-functional food processor forum in France hosted on the product's website, which already has nearly 16,000 members, and the seb.fr website, which boasts an active membership of more than 12,000 people.

(1) PFOA: Perfluorooctanoic acid is a substance used as an aid to polymerization in lots of polymer manufacturing processes.
(2) Restriction of the use of certain Hazardous Substances.

THE CENTRAL ROLE OF THE CIRCULAR ECONOMY IN SUSTAINABLE INNOVATIONS

REPAIRABILITY

Groupe SEB: a repairability pioneer

Product repairability 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 (economic advantage) and for Groupe SEB, which retains users of its products by extending their service lives as much as possible. The Group is a pioneer in this field. Its repairability policy, initiated in 2008, reached maturity in 2015 with its **"10-year repairable product" commitment**. Since 2016, this logo has been displayed on more than 90% 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. The extending of this commitment to the WMF, OBH Nordica and Supor is under review. In North America, the Group is doing additional research to adapt its communication on product repairability to the local environment.

The Group's eco-design guide includes repairability in its main priorities. 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 demanding **definition** of the level of repairability of its electrical appliances. In addition to the availability and price of parts criteria, this definition now includes the percentage of repairable faults. The Group considers a product to be **mostly repairable** if at least 80% of faults are repairable (one or two parts at most are not available or cost more than half of the product's price, and this/these part(s) account for less than 20% of the risk of faults). A product is **fully repairable** (100% of faults are repairable) if all the components that can be replaced are available and none cost more than half the price of the product.

In 2017, **92.8%** of the total volume of electrical appliances sold worldwide were repairable (73.4% fully and 19.4% mostly).

Repair center and spare parts network

Whether or not products are under warranty, the Group invites consumers to have them repaired in preference to exchanging them by pointing them towards the approved repair centers in its network (over 6,500 worldwide). To achieve this, it is increasing the number of information channels, with product documentation, brand websites, explanatory videos, etc. As a result, the **percentage of products repaired** in approved centers **is increasing**. In Europe, for example, the percentage rose from 70.3% in 2012 to 82.10% in 2017 for products under warranty, and was up by 21% between 2014 and 2016 for products out of warranty.

To encourage product repairs, the Group guarantees its repair centers that some 40,000 listed spare parts will be available for as long as 10 to 15 years after products cease to be manufactured, 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 warehouse in Faucogney (15,000 m^2) in the east of France. In addition, in a growing number of countries, consumers can directly order accessories, consumables and spare parts on the brand websites. Direct orders were possible in 19 countries in 2017. 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.

New avenues for encouraging repairs

In 2017, Groupe SEB introduced a new initiative to encourage more consumers to repair their products after the warranty period. To remove the main obstacles, which are fear of a high repair cost and the risk of paying for a quote for nothing, the Group has developed a **fixed price repair offering** adapted to each product family whereby, for a price known in advance, the consumer is assured that their product will be repaired, regardless of the fault and the age of the appliance (up to the 10-year repairability commitment). This scheme was trialled in France at the end of 2017, during a repair day in partnership with a distributor customer and the WWF. It will be rolled out in France in the spring of 2018, firstly under the Rowenta brand name.

To help consumers who wish to repair their products themselves, since the summer of 2017, the Group has been trying out the idea of posting video tutorials online presenting simple repairs. These are accessible on the brand websites and explain, for example, how to replace the Actifry's paddle motor or a blender bowl's drive shaft. Spare parts are also available on the brand websites, accompanied by detailed operating instructions particularly covering safety aspects.

The Group is also exploring new methods such as the 3D printing of spare parts. Manufacturing parts on demand will simplify stock control and extend availability almost indefinitely. A project relating to this issue was launched in 2015 and qualification testing is under way with initial repairs for volunteer "pilot" customers. These customers regularly provide the Group with information about how the parts hold up over time. At the end of 2017, 28 3D-printed parts were being tested. This program will continue in 2018.

Communication and raising of stakeholders' awareness

After focusing on France in 2016, in 2017 Groupe SEB increased its communication about its repairability policy in other countries in Europe, for example through the press, NGOs, consumer associations and public organizations. 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 repairability, 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 repairability has won it many awards, particularly in France. It received the Top/Com Grand Prix for its innovative communication campaign on the subject in 2017, for instance.

POOLING PRODUCT USE

At the forefront of new, more sustainable, models of consumption and in support of the **circular economy**, since 2015, the Group has been testing an innovative kitchen appliance rental service in France to respond to ad hoc consumer requirements. Christened Eurêcook, it was rolled out in the Dijon area in partnership with a network of public and private sector operators such as Ademe, the ENVIE association and Groupe Casino. The principle is simple. The consumer books their appliance on the www.eurecook.fr website, chooses the rental period (from one evening to one week) then picks it up from one of the pick-up points. During this test phase, 28 appliances have been available for rent. Once they have been returned, the products are systematically cleaned, checked and re-packaged.

The Eurêcook service is part of the Groupe SEB sustainable development initiative for more than one reason. From an environmental perspective, it is in keeping with the optimization of natural resources (a single product is used more often) and packaging is re-usable and eco-designed (cellular polypropylene). From an affordability perspective, due to its lower cost of use, Eurêcook makes appliances more affordable for economically vulnerable people. Lastly, it calls in a local inclusive employment company (Envie) to take care of product cleaning and logistics. This trial should be extended to Paris in 2018.

EXTENDING THE LIFETIME OF PRODUCTS

Although Groupe SEB is working hard to encourage the repairing of products under warranty, some customers or consumers prefer to opt to exchange their products for new ones. Products that are returned to the Group's site in Alençon through distributors' after-sales services have mostly not been used much and have a single fault. Instead of sending them for disassembly and recycling, Groupe SEB France has decided to give them a second life by allowing the association Envie Anjou to recover them under a partnership concluded in 2017. Envie Anjou, an inclusive employment operator, collects faulty products at the Alençon site, and disassembles, repairs and reconditions them at its workshop near Angers before reselling them at a modest price in its store with a one-year warranty. Thanks to this partnership, the association has already perpetuate 3.5 new permanent jobs. In the United States, the Group has introduced a similar scheme, which it manages internally. After checking and possible 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.

The **All-Clad** brand is also acting to extend the lifetime of products with an unprecedented product line, which since 2015 has offered its chef customers second-hand 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. 2,500 pans were reconditioned in 2017.

END-OF-LIFE RECYCLING

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 Éco-Systèmes, the country's largest eco-organization for Waste Electrical and Electronic Equipment (WEEE).

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, although they are 80% recyclable. Since 2012, Groupe SEB has introduced ever more initiatives to promote the **recycling of** end-of-life **cookware**, especially in Europe, where it plays a leading role in this field. In France, it collaborates with specialist company Excoffier and with major distributors in an operation whereby consumers are invited to deposit their old products in stores, in exchange for a discount voucher to buy a new product. The used products are collected before being sorted and crushed. The main materials (aluminum, stainless steel and plastic) are separated then recycled in the manufacture of new products, including Tefal cookware. 1,500 stores took part in this scheme in 2017, including a new participant, BHV, with its store in the Marais in Paris. Over the last two years, nearly 600 metric tons of cookware have been collected and then processed thanks to these operations in France. Other countries have been running similar schemes for several years, such as the Netherlands, which has been part of the program since 2014. In 2017, it carried out two operations of this kind.

SOCIALLY-ENGAGED BRANDS

Since 2013, Groupe SEB has been stepping up the integration of sustainable development at the very heart of its activity. Tefal and Rowenta, the Group's flagship brands, which are already heavily involved in this field, were the first to include their commitment in their brand platform. They have both defined priority areas for action. Accordingly, Tefal places particular emphasis on a healthy and sustainable diet, while Rowenta focuses on the environmental performance of products. This translates into specific R&D efforts to develop products and solutions through new partnerships and preferred lines of communication.

The other Group brands are gradually following in their footsteps, like Moulinex, which is working on making home-made cooking easier for people who want to eat healthily but don't want it to be complicated. Giving consideration to social and environmental issues is a winning strategy for the brands, as shown by Havas Media Group's Meaningful Brands study, which examines the performance of brands with regard to the quality of life and well-being of consumers (1,500 brands in 33 countries). The 2017 edition of this study included two Groupe SEB brands for the first time for the French scope (Seb and Moulinex). Both went straight to the top of the Meaningful Brands national ranking of brands that count the most for French consumers (4th and 6th place respectively).

Another trend that shows the growing awareness of the importance of sustainable consumption is that more and more countries are looking at ways **to combat food waste**. Groupe SEB is contributing through its core business, which promotes “home-made” meals, which by nature tend to limit this waste, as food is prepared as needed. It also offers food storage boxes in its portfolio of products. Lastly, awareness-raising actions on the theme of food waste are carried out by several subsidiaries. For several years now, Groupe SEB Brazil, for example, has held cooking classes showing how to use fruit and vegetables in their entirety, including peelings.

NUTRITION AND WELL-BEING

Research projects on nutrition

The themes of nutrition and food are at the center of Groupe SEB’s business and therefore also of its research policy. A sign of the importance that it gives to the issue of diet and eating well is the creation in 2017 within its technology center of two divisions dedicated to **nutrition** and **anthropology**. These are staffed by a dozen people.

On the issue of **diet**, the Group belongs to a “hard core” of members of the European consortium InnoLife (more than 130 companies, research organizations and top-flight universities) selected in 2014 by the European Union (EU) to conduct the EIT Health program on the subject of “Healthy living and active aging”. Within this framework, the Group manages the Cook2Health project, launched in 2016 with doctors, nutritionists and digital operators. This project consists in measuring the impact on people’s health of regularly using connected kitchen appliances through an extensive program of clinical trials. The last wave of trials, which started at the beginning of 2018, involves 160 people having their daily cooking practices monitored, at home, for one year (in France and the United Kingdom). The aim is to demonstrate the value of personalized assistance in changing behavior towards a healthier diet, with the goal of prevention.

Groupe SEB is also participating in another major research project supported by the EU, on the **theme of rice**, as part of the EIT Food program. This aims to develop new cooking processes that are able to reduce the glycemic index of rice in order to prevent diabetes and obesity. Given the importance of this issue for Asia, which accounts for a large share of global rice consumption, employees of the Chinese subsidiary Supor are involved in this project alongside the Research department.

Another family of foods that is attracting growing interest with a view to stabilizing, or even decreasing, the consumption of animal proteins, is **leguminous plants**. Groupe SEB is involved in the PROVEGGAS (Gastronomic Vegetable Proteins) research project in this field. Its goal is to make leguminous plants more appealing to consumers, particularly through simpler preparation (faster cooking), easier digestion and improved sensory properties. This project, supported by French public funds, was launched in 2017 for a three-year period.

Products and services for a healthier diet

Consumers are increasingly concerned about the quality of their food. Groupe SEB is innovating to help them along this path through the solutions offered by its various brands. These solutions are designed to simplify the lives of people who want to eat more healthily without losing out on taste.

TEFAL

Since its founding and the invention of the non-stick frying pan, allowing less fat to be used, Tefal has constantly developed products that encourage a healthy diet. For instance, the Actifry fryer (sold under the Seb brand in France and Belgium), in which healthy, tasty meals can be prepared using only a spoonful of oil, makes the consumer’s experience easier through the **My Actifry application**. In addition to a “step by step” aid to cooking from a recipe, the app incorporates a number of services, including nutritional coaching to help consumers eat a balanced diet and stay healthy. In particular, it encourages users to eat fresh products (particularly fruit and vegetables), passes on nutritional advice and offers weekly menus for one year, together with suggestions of recipes that can be followed using the appliance. In many countries, Actifry is at the heart of operations to raise awareness of healthier ways of living and a better diet. This was particularly the case in 2017 in Canada, the United Kingdom and Turkey (wide-reaching communication program, #BetterForYou). The Canadian team, for example, developed several videos showing how Actifry can help consumers cook traditional dishes like the famous “poutine” more healthily. It also collaborated with Hot For Food, the vegan cooking YouTube channel that featured Actifry in a recipe demonstration.

Optigrill, another flagship Tefal product dedicated to cooking meat and fish, protects consumers’ health through its exclusive grilling technology, which significantly limits the formation of toxic compounds (polyaromatic hydrocarbons, including benzopyrene, which is carcinogenic). The effectiveness of this technology, based on the cooking temperature, has been proven through polyaromatic hydrocarbon assays by an independent laboratory.

MOULINEX

With its exclusive focus on the kitchen appliance universe, Moulinex is committed to simplifying home-made cooking that provides a better nutritional balance. Some of the products developed by the brand include functionalities that are suited to new dietary trends, such as **Multicook & Grains** (also offered under the Tefal brand in some countries), which offers cooking programs specific to leguminous plants. This family of grains is becoming popular again with the rise of flexitarianism [1], which is based particularly on the fact that the production of plant proteins has less of an environmental impact than the production of animal proteins.

(1) A flexible vegetarian diet (or semi-vegetarianism).

Moulinex also trialed an application to get children interested in taste, named **Kiddy Cookeo**, in 2016. This app gets them involved, along with their parents, in preparing recipes with the Cookeo multicooker. It also offers workshops teaching about textures and flavors and includes educational content for parents.

Products to promote well-being

Personal and home care Groupe SEB is also innovating for the benefit of consumers' well-being in their everyday lives.

In 2017, in France, **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, above all, integrates body shape data captured by a smart tape measure. All of this information is sent to a smart phone application, where it generates dashboard charts that allow the user to track the various parameters over time.

In terms of home care, the **Rowenta** range of **air purifiers**, Intense Pure Air, has been increasingly successful outside France since its launch in China at the end of 2014. The range is the result of a partnership between Groupe SEB and Ethera, a start-up in which it invested through the SEB Alliance fund. The exclusive, patented technology NanoCaptur, with which these air purifiers are fitted, destroys any formaldehyde, a gas recognized as one of the most harmful to people's health that can be found in every home. In 2017, new product ranges equipped with this technology were launched in China and South Korea.

This "open" innovation approach allows the Group to expand its panel of cutting-edge technologies. Another example of a partnership through SEB Alliance is SeniorAdom, a start-up that has developed a next generation, non-invasive remote assistance solution that enables people with reduced mobility to continue living at home and can detect when they have fallen or are feeling unwell.

ENVIRONMENTAL PERFORMANCE

Another area that the Group's brands are working hard on is their commitment to preserving the environment.

Rowenta

In 2016, Rowenta entered into a three-year partnership with the **WWF** to consolidate its environmental approach, building on joint actions begun back in 2014. The partnership targets three areas of work: energy efficiency, repairability and the use of recycled materials. The WWF's support covers both technical issues and measures to raise the awareness of consumers and other stakeholders. In 2017, efforts were more specifically focused on the integration of recycled materials in products, with substantial progress being made.

After launching a steam generator whose casing is made from **polypropylene from the recycling** of electrical and electronic devices (Silence Steam) in 2015, Rowenta is extending its use of this material to vacuum cleaners: at the end of 2017, it adapted the production lines at the Vernon site to the production of vacuum cleaner bases made from recycled polypropylene. As of spring 2018, these will be fitted on all permanent ranges of bagged cylinder vacuum cleaners produced at this site. Preparations are also being made to integrate this same recycled material in the steam irons produced in Erbach (Germany).

When it comes to **reducing energy consumption**, the vacuum cleaner field is symbolic of the considerable progress made by Rowenta. The brand quickly gained a head start on the European regulations, which introduced maximum power thresholds of 1,600 watts in 2014, then 900 watts in 2017. In less than three years, the marketing and R&D teams have redesigned all the cylinder vacuum cleaner ranges, reducing energy consumption by 70% with no trade-off in terms of cleaning power and noise level. The Silence Force 4A+ vacuum cleaner launched in 2017, for example, has a 550 watt rating only for maximum cleaning power. Hair dryers have also benefited from this energy efficiency drive. The new generation of the Studio Dry range, for instance, which is one of Rowenta's best sellers, has benefited since 2017 from the Effiwatts technology. As a result, it consumes 20% less energy to achieve the same performance, i.e. 1,700 watts instead of 2,100 watts for the benchmark models.

Tefal, Krups and Moulinex

Tefal also focuses on the use of recycled materials. In cookware, this approach was launched in 2009 with Enjoy spatulas, made of 95% recycled PET, and the Natura cookware range, made of 100% recycled aluminum. In the electrical product category, a raclette grill with a base containing recycled polypropylene was released in 2016.

In 2017, it was Krups's turn to take similar steps with the use of recycled ABS (another type of plastic) in an internal part of the Expresseria coffee machine, produced in Mayenne.

Another example is an initiative to combat technological obsolescence. Moulinex offers owners of Cuisine Companion food processors the chance to enhance them with the new functionalities of the i-Companion, the connected version of this product, launched in 2016. This is for a cost limited to the difference between the prices of the two products, with no additional transport costs.

PRODUCTS ACCESSIBLE TO THE GREATEST NUMBER OF PEOPLE

Making products more ergonomic and easier to use is another of Groupe SEB's areas of research. This includes factoring in the needs of **people with reduced dexterity**. For example, the Group has collaborated in France with the Institut de la Vision and the École Nationale Supérieure de Création Industrielle on prototypes of products adapted for the visually-impaired. This project has increased the innovation teams' awareness of visual impairment and resulted in suggestions for ways to improve existing and future products. In 2018, the Group will collaborate with Handicap International on making products accessible to the greatest number of people as part of the BiiS program (see page 127).

Accessibility is also an issue when it comes to financial vulnerability; how can we meet the specific needs of **low-income consumers**? In addition to building its brand policy to meet the needs of different categories of consumers, Groupe SEB is studying various scenarios and business models to address this matter.

Imusa supports the *tinteros*

In Colombia, the local Groupe SEB brand Imusa sells more than a million isolating bottle flasks, notably to meet the growing activity of *tinteros*. A very large majority of these street vendors of coffee and snacks, who live and work in impoverished conditions, use **isolating bottle flasks** produced at the Rionegro site. Imusa'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. Imusa has taken many actions to support *tinteros* and help them to improve their circumstances, including training that teaches them the basics of how to management their activity and health and safety. Imusa has thus been assisting around 2,000 *tinteros* for several years.

Seb, Tefal and Moulinex sign up to the Malin Program

In France, the Malin Program helps families in difficulty to improve the diet of their children from 0 to 3 years old. Groupe SEB is a stakeholder through its brands Seb, Tefal and Moulinex - and has defined a common strategy with the Malin Program for home made cooking and family-based diets. This program, in which many public and private partners are involved, has helped to follow nearly 6,500 families in 2017 on 5 pilot sites, and encouraging initial results have been observed in terms of behavioral changes by families. The three Group brands have contributed in two areas : advice for families to encourage them to cook (recipes, education to taste ...) and access to products at very attractive prices to make preparing home-made meals easier. The aim is to offer a useful offer for the Malin Program families while developing a sustainable business, a prerequisite for long-term work and a deployment across France.

3.9. Reduction of environmental impacts

From a product's design to its end of life, the Group takes measures to limit its environmental footprint (eco-design, eco-manufacturing, eco-logistics, recycling etc.). It does so by means of its product **eco-design guide** and **ISO 14001** international certification. In the factories, offices, laboratories 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 223.

The data given below are for a worldwide scope for ISO 14001-certified entities [(1)]. They also exclude Asia Fan Binh Duong and GS Brazil Jaboatão as these entities were certified mid-2017. 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, and therefore exclude EMSA and WMF.

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 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 at the Group's ISO 14001-certified industrial and logistics sites

Scope 2: 149,106 tCO_2eq

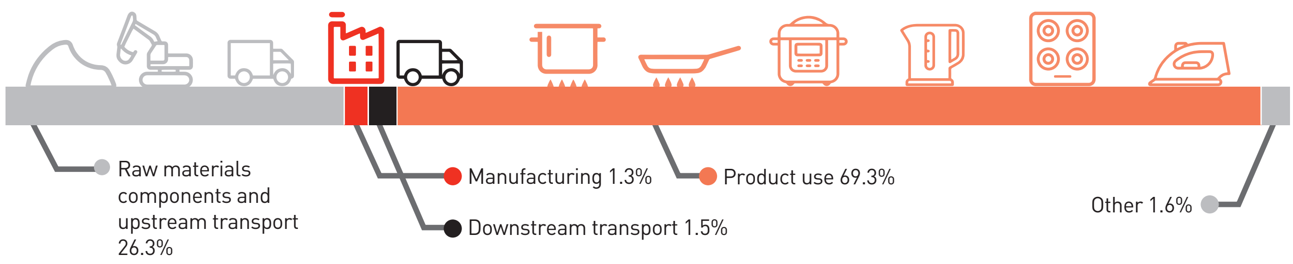
Scope 1 and 2 emissions (207,155 tCO_2eq) consist of the Group's emissions from its industrial and logistics sites (see eco-production section on page 140).

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 – the French Environment and Energy Management Agency). 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 notably 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 emissions generated by product manufacture, described in the "Eco-production" 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;
- the transporting of products and components;
- product manufacture.

2020 TARGETS

Groupe SEB has set itself ambitious targets for 2020 to reduce its carbon footprint:

- 20% lower energy consumption by electrical products (base year: 2013).

Progress at the end of 2017: the Group has identified the product families with the greatest impact in terms of energy consumption, and defined methods for the precise measurement of this consumption. It is targeting its efforts on these families;

- 20% lower energy consumption by production plants (base year: 2010).

Progress at the end of 2017: 19% reduction at constant scope [1];

- at least 20% recycled materials in new products.

Progress at the end of 2017: 35% for products manufactured by the Group;

- 20% fewer greenhouse gas emissions from the transportation of products and components (per product sold) (base year: 2013).

Progress at the end of 2017: 25% reduction.

With regard to combating climate change, in 2016 Groupe SEB joined the Science Based Targets initiative launched in 2015 by the WWF, alongside the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages large companies worldwide to align their greenhouse gas emission reduction targets with the IPCC's recommendations for limiting the average global temperature rise to 2°C.

Rowenta also entered into a **partnership with the WWF** in 2016, which is symbolic of the Group's commitment to reducing the environmental impact of its products (see page 132).

(1) Covers all the industrial and logistics sites within the 2010 sustainable development reporting scope.

ECO-DESIGN OF PRODUCTS

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, repairability, use of recycled materials and bio-sourced polymers, reduction of carbon footprint during transport, replacement of unpopular substances, etc. For each eco-design priority, the guide states the Group's ambitions and defines performance levels based on measurable criteria. Eco-design is embedded within the product design process and allows project teams to select the appropriate performance level for each new product based on the specifications.

This guide is a key tool in meeting the 2020 environmental targets. It has been distributed to the Group's entire innovation community, i.e. the marketing, R&D, design, purchasing, quality and legal teams. Its introduction was underpinned by a major training initiative in 2014/2015, and additional training is regularly organized for the development teams, particularly on measuring the environmental performance of products. In 2017, for example, around 50 people at the Brazilian subsidiary benefited from a refresher training course on the guide, at the subsidiary's request.

In 2016, the Group undertook to establish the environmental profile of each product family through summary fact sheets for internal use that answer three key questions: Which stage of the product life cycle affects climate change the most? What resources are required to manufacture the product and make it work? What ways are there to reduce the impact on the climate and resources? These fact sheets, designed with the participation of the development, marketing and quality teams, are both awareness-raising materials and a tool to assist with targeting eco-design efforts. Three new fact sheets were disseminated in 2017 with the support of an e-learning module (in French and English) and are available on the intranet. These cover vacuum cleaners, pressure cookers and straighteners. They raise the number of environmental profiles produced to date to eight.

The Group regularly updates its product **life cycle studies**. These significant studies (1), which measure the various impacts of products on the environment, make it possible to orient our research so as to reduce their ecological footprint. They potentially concern all the Group's products, divided into "families" based on the internal classification of the product portfolio. In 2017, 81% of the 48 product families defined as the most significant by the environment department were covered by a life cycle study. The studies of vacuum cleaners and pressure cookers were fully reviewed. A special effort was made to make the methodology more robust and to include new data from recyclers, particularly in partnership with Eco-Systèmes, the main French eco-organization for Waste from Electrical and Electronic Equipment (WEEE).

ENERGY EFFICIENCY

Over the whole product life cycle of small electrical appliances (2), three-quarters of the energy impact comes from their energy consumption during the use phase, which far outstrips the figure for the manufacturing phase. Groupe SEB is taking many measures to reduce this consumption and making significant progress. **Vacuum cleaners** are a good example of this: In less than three years, the marketing and R&D teams have revisited all the cylinder vacuum cleaner ranges, reducing energy consumption by 70% with no trade-off in terms of cleaning power and noise level. The Group has thus gained a head start on the European regulations, which reduced the maximum power of vacuum cleaners to 900 watts in 2017. As of 2015, all new Rowenta models have had ratings of between 750 and 900 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.

Aware of the importance of the energy issue, and wishing to continue to stay ahead of changes in the regulations, in 2015, the Group decided to ramp up its coordination of these types of initiatives. The **Smart Energy Products** project was created by a team combining the Quality, Standards and Environment department, the Sustainable Development department and the Research department and working closely with the strategic business areas. The first stage consisted in identifying the product families with the greatest impact in terms of energy consumption, given their individual consumption and the volumes sold, in order to concentrate the project's efforts on them. In 2016, the Group defined a standard method for calculating consumption and energy efficiency for each of these families, and one or two standard products that will be used as a benchmark for measuring progress. The new calculation method has been applied to all the products developed since. At the same time, the Group is continuing its research work, particularly on new motor technologies.

These measures are in keeping with the 2020 target of a 20% reduction in the energy consumption of products (base year 2013). They are reflected in the new generations of products released on the market (see page 132)

In terms of energy consumption on stand-by, all the Group's products are below the thresholds set by the European regulations, applicable since 07/01/2013 (0.5 W on stand-by without display and 1 W with display). This indicator is therefore no longer an issue for the Group and is no longer included in reporting.

(1) 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.

(2) Excluding battery-operated products.

USE OF RECYCLED MATERIALS

Groupe SEB is using more and more recycled materials in its products. In 2014, it intensified its work on incorporating recycled plastics into its products, spurred on by the Purchasing, Quality, Standards and Environment and Research departments. This involved collaboration with recyclers to improve the quality of plastics, verification of their compliance with regulations, performing injection and prototype testing, launch of pre-production runs, and so on. It notably set up a circular economy loop for small electrical appliances with Veolia and Éco-Systèmes in France. This cooperation resulted, in 2015, in the sale of a steam generator whose casing is made of **polypropylene** recycled from electrical and electronic devices, which is a first for the Group. Compared with virgin plastic, the recycled plastic used to manufacture this product reduces the impact on global warming by nearly 70%. In 2016 and 2017, other products integrating recycled plastics were produced, including a raclette grille and a coffee machine, and a dozen new projects are in progress (see page 132). 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 operations in-house for the relevant teams (design teams, laboratories, quality, marketing, etc.). At the end of 2017, for products manufactured in-house, it had already exceeded its target of incorporating 20% recycled materials in new products by 2020, with a share of 35%.

RECYCLABILITY

All of the Group's products are evaluated in terms of their potential recyclability, using a harmonized approach, which was set out in 2016. To increase the rate of recyclability, the Group gives preference to materials that can be recycled (metallic components, certain plastics like polypropylene) and seeks to reduce the number of different materials used in its products to facilitate sorting. It also provides for quick and easy disassembly of its appliances. For example, the Tefal Turbo Pro Anticalc steam iron, launched at the end of 2016, has a heat shield (the part above the sole-plate) made from recyclable plastic PBT, rather than non-recyclable BMC, which was the case for previous ranges. Thanks to this change, this iron's recyclability percentage is 82%, compared with 76% for an equivalent iron with a BMC shield. The same change was made to the Calor Express Compact steam ironing station.

The average potential recyclability for new product families designed in 2017 reached around 83%. With regard to cookware, the materials of these items are about 80% recyclable, essentially comprising metals (aluminum and steel).

REPAIRABILITY

See pages 129-130.

UNPOPULAR SUBSTANCES

See page 128.

ECO-MANUFACTURING

Since 2003, the Group has adopted a worldwide environment management system. This system aims, first and foremost, to control the use of resources (energy and water) and to reduce waste and emissions. This approach has resulted in the gradual certification of the sites in accordance with **ISO 14001**, whose guidelines the Group undertakes to adhere to, namely compliance with current regulations and laws, and the principle of continuous improvement and pollution prevention. In 2017, it adopted the new version of this standard (2015 version replacing the 2004 version). This particularly stresses the concept of leadership, within an increased role for management, up to site director level. It also reflects a more global approach to the impact of the site's operation on a product's life cycle. This change has meant that the teams tasked with environmental management in the field have had to acquire new expertise. This has been achieved through training, support for the sites (in France with the help of teams of students specialized in the environment), and through greater contributions from the international network of Health, Safety and Environment coordinators. This network, which facilitates the sharing of good practices, met for the first time in Écully in October 2017 (see page 115).

In order to share good practices, each industrial and logistics site worldwide is invited each year to present at least one **"eco-innovative" project** designed to reduce its environmental impact. 43 projects were listed at the end of 2017, submitted by 27 sites and entities (60% of which were energy related). Three projects were considered to be particularly remarkable for their innovative and reproducible nature, the significant environmental benefit that they offer and their quick return on investment. The Is-sur-Tille site (France) is the first in the Group to have installed a **solar power-based 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 is used on the site for other purposes when these units are not in use. This initiative improves working conditions using a carbon-neutral solution. In Brazil, the new Itatiaia site incorporated environmental considerations from its construction in 2016, with its natural ventilation and lighting and mist cooling system, but the eco-innovative project that set it apart in 2017 was an everyday environmentally-friendly practice aimed at **waste reduction**: to encourage employees to stay hydrated without throwing away large quantities of plastic cups, the site's management gave each of them a reusable drinking bottle. This is simple and effective, avoiding 2.9 tons of plastic cup waste each year. The third noteworthy initiative came from Supor's Shaoxing site (in China), where there are around 120 plastic injection machines. These usually use a highly energy-intensive heating coil. Staff at Shaoxing carried out a study through which they arrived at an alternative technique: a new heating strip that consumes 30% less energy. Its surface temperature is also a lot lower, making working conditions more comfortable for operators. In 2017, 20 presses were fitted with them.

In addition to these three examples, several sites stood out for their dynamic and proactive approach to **energy management**, such as Erbach (Germany), Rumilly and Tournus (France). They received ISO 50001 certification for their energy management systems in 2016 as a result. The four WMF sites in Germany are also ISO 50001 certified. Again in the energy field, since 2012, Supor's site in Yuhuan (in China) has been implementing a proactive action plan that has reduced its consumption per unit produced by 35% between 2013 and 2017. 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.

Energy is also one of the components of the Plant of the Future project launched in 2016 by Groupe SEB. A cross-functional working group, led by the Sustainable Development department, is exploring the implementation of neutral or positive energy solutions, with a two-fold economic and ecological objective. Several green energy generation experiments are in progress: solar panels will be installed in the first half of 2018 at the SEB Campus in Écully, and other projects are under review, including in South America. An Environment (energy and waste) component was incorporated in the industrial sites' dashboard charts in 2017, alongside Safety, Quality, Cost, Time and Commitment indicators.

Since 2010, the Group has reduced the energy consumption of its industrial and logistics sites by 19%, at constant scope, and is therefore on its way to achieving the target of a 20% reduction that it has set itself for 2020.

Other measures taken by the sites to improve their environmental performance include several that concern the reduction of **waste**, as in Lourdes (France), where the component delivery pallets were aligned with the Group's finished product palletization standards so that they can be reused for shipments to customers. Other projects concern product **manufacturing procedures**. In Rionegro, for example, the optimization of the aluminum smelting process has halved the quantity of material needed to produce a caldero (pressure cooker) and the energy consumption per unit produced has been reduced by nearly 10%. **Water** is also a resource whose consumption the Group is trying to limit. Several sites, such as Hangzhou (in China) and Rionegro (in Colombia), have therefore introduced systems for the recycling of wastewater, which is reused, after being treated, in the production process or to supply the washrooms. The Rionegro site has also shifted towards the use of rainwater.

Various initiatives are leading to the sharing of good practices, as in Omegna (Italy), where the site has taken advantage of two existing 80m wells (used for its industrial processes) to introduce a reversible cooling/heating system for its offices. The system is based on the fact that, at that depth, water remains at a stable temperature (around 10°C), whatever the season. Passing through a circuit which does the rounds of the site premises, the water cools the buildings in summer and can heat them in winter.

ISO 14001 CERTIFICATION

Groupe SEB's goal is for all of its industrial and logistics entities to be ISO 14001 certified worldwide.

(Worldwide)

	2017	2016	2015
Number of certifiable entities	*35*	*36*	*37*
Entities holding ISO 14001 certification [(a)]	97%	94%	92%

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

The SEB Do Brasil sites in Mooca and Sao Bernardo Do Campo have been transferred to the new Itatiaia site. The transfer was completed in the second half of 2017. Action plans are in place to bring entities that are not yet certified up to Groupe SEB standards.

CONSUMPTION OF RESOURCES

(ISO 14001-certified entities)

Direct raw materials

(in tons)	2017	2016	2015
Total consumption of metals	161,731	145,461	148,571
Total consumption of plastics*	89,315	83,183	73,200
Total consumption of packaging	105,775	96,930	92,417

* *This indicator consolidates polymers including plastics and rubber.*

Indirect raw materials

	2017	2016	2015
Total consumption of natural gas *(in GWh)*	233.5	224.9	220.2
Total consumption of liquefied gas *(in tons)*	886.5	2,966.4	2,607.0
Total consumption of electricity *(in GWh)*	366.6	355.6	373.6
Total consumption of water *(in thousands of m^3)*	3,531.5	3,338.8	3,192.4
Total consumption of heating oil excluding *fuel (in m^3)*	14.9	18.8	27.4

Total natural gas consumption increased by 4% and total electricity consumption by 3%. This increase is due mainly to higher consumption at the Tefal Rumilly and Supor Hangzhou sites related to a rise in production. The Supor Yuhuan site has switched from electricity to natural gas, which has also contributed to the increase in global natural gas consumption.

With stable production, the Tefal Tournus site reduced its natural gas consumption by 18% following an action plan to reduce energy consumption that included optimizing the operation of its process and heating equipment.

The Supor Yuhuan site is the main consumer of liquefied gas for its production process. The site switched to natural gas in 2017, which reduced the Group's liquefied gas consumption by 70%.

Total water consumption rose by 6%, mainly at the sites where production increased, such as Supor Shaoxing and Yuhuan and Tefal Rumilly. Note that the All-Clad site has reduced its consumption through a program to eradicate excessive water consumption. The GS Colombia site in Rionegro has introduced a rainwater collection system reducing the site's impact through recovery of this water.

WATER SUPPLY ACCORDING TO LOCAL CONSTRAINTS

In 2017, Groupe SEB consumed more than 3.5 million m3 of water worldwide, mainly in cookware manufacturing processes. In addition to the volumes consumed, it is of paramount importance, however, to consider the location of consumption, in order to look at consumption in relation to regions under water stress where water is a sensitive resource. In 2015, the Group, wishing to assess the risks relating to water and its availability, carried out an analysis of its industrial plants according to the geographic location of the sites in question, using the World Resources Institute's (WRI) reference tool, the "Aqueduct Water Risk Atlas". This assessment was updated in 2016.

This analysis showed that none of the Group's industrial or logistics sites is in a region under "extreme" or "high" water stress according to the "Overall Water Risk" indicator, which measures availability, quality and water-related dispute risks on an aggregate basis. In addition, 20 of the Group's industrial or logistics sites are located in regions exposed to a risk which is considered to be "low" or "low to medium". In the future, the Group will pay particular attention to the 12 industrial and logistics sites located in regions where the risk is considered to be "medium to high".

The Group is thus attentive to the preservation of water resources. Good practices aimed at reducing water consumption and recycling effluents have been introduced at the industrial sites. These are shared through eco-innovative projects (see pages 137-138).

Land use

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.

WASTE

(ISO 14001-certified entities)

	2017	2016	2015
Non-hazardous waste (NHW)* *(in tons)*	24,548	21,239	20,112
Percentage of NHW recycled* *(as a %)*	72.5	68.7**	73.2
Percentage of NHW used for energy* *(as a %)*	6.6	6.8**	5.7
Production of Hazardous Waste – excluding waste oil, effluent and sludges *(in tons)*	1,861	1,488**	1,429
Sludges produced by internal wastewater treatment plants *(in tons)*	4,132	3,945	4,343

* *Excluding Oils, Metals and Sludges.*
** *Data updated to correct a calculation error.*

In 2017, nearly 73% of the Group's non-hazardous waste was treated through recycling and 6.6% was used to produce energy. The Group also records its metal waste: 16,844 tons.

The quantity of non-hazardous waste grew by 16% in 2017, following the ramp-up of production at the Supor Yuhuan and Supor Hangzhou sites. The production of hazardous waste was also affected by the transfer of the Mooca site to Itatiaia in Brazil.

GREENHOUSE GAS EMISSIONS

Groupe SEB's sites and activities are not directly impacted by climate change given the nature of its current plants. The Group has set up a climate change-related risk assessment, however, and has all the necessary insurance to cover any financial consequences.

(ISO 14001-certified entities)

(in tons of CO_2 equivalent)	2017	2016	2015
Greenhouse gas emissions	210,456	207,155*	239,911

* *Data updated following a review of the greenhouse gas emission factor framework.*

Greenhouse gas emissions rose by 1.59% following the increase in energy consumption (see indirect resource consumption table on p 139).

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.

DISCHARGES INTO WATER

(ISO 14001-certified entities)

Chemical Oxygen Demand (COD) represents the amount of oxygen necessary to oxidize the organic matter and mineral content in a body of water. It is used to measure the degree of organic and chemical pollution of the water. In 2017, Groupe SEB emitted 203 metric tons of COD from its own wastewater treatment plants.

NOISE AND OTHER DISTURBANCES

At many sites, management of noise pollution must comply with regulations and any complaints in this regard must be managed in accordance with ISO 14001. All certified sites therefore have procedures in place to deal with complaints relating to noise. Furthermore, noise pollution, light pollution and odors from the Group's sites are insignificant given its operations.

BIODIVERSITY

Risk prevention is integral to the ISO 14001 certification process in order to preserve the ecological balance surrounding the sites. The sites define the procedure to be followed in the event of an incident and implement preventative measures, such as water reservoirs for extinguishing fires and pipe cut-off systems. Many sites feature retention systems underneath the tooling to prevent pollution from accidental spills.

Certain industrial sites have also launched local initiatives, especially in France, to promote biodiversity. The Is-sur-Tille site, for instance, created a flower meadow and installed a nesting tower for swallows in 2014. This tower was used by a colony of swallows as a place to give birth and set up a home in a place where they were not usually found. Between 50 and 150 hatchlings take flight from there each year. At the Pont-Évêque site, the traditional upkeep of its green spaces has been replaced by a partnership with the association Naturama. As a result, Soay sheep, a race threatened with extinction, have taken possession of 17,000 m^2 of greenery. This has reduced the site's ecological footprint through natural maintenance by sheep, and increased the fauna and flora thanks to the manure produced. At the Group's new head office in Écully, a 300 m^2 conservation garden was created in 2016, in partnership with the Vavilov Institute (Saint Petersburg), the world's oldest plant gene bank. Groupe SEB decided to join the network of Vavilov gardens in line with its sustainable development commitment, particularly to contribute to maintaining biodiversity and developing healthy and sustainable eating. This garden is open to visitors to the site who can explore it independently thanks to explanatory signs.

ECO-LOGISTICS

The transportation of products, as well as the raw materials and components used to make them, is a major source of greenhouse gas emissions within Groupe SEB, which clearly aims to reduce them: it has set itself a target of reducing these emissions per product sold by 20% by 2020 (base year 2013). The target had already been reached at the end of 2017, with a 25% reduction. Reducing the carbon footprint is one of the main priorities of the eco-design guide.

An initial assessment of greenhouse gas emissions related to transport was conducted by the Group in 2009 and its reliability is steadily improving. To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on two main areas: increasing the loading rate of transport units (trucks or containers) and developing new, low-impact transport methods as alternatives to road transport (river transport, rail, etc.).

Groupe SEB's Supply Chain department oversees the Group's eco-logistics policy and strategy. Its eco-logistics unit coordinates all actions, in France and internationally, and consolidates annual data using the Tennaxia sustainable development reporting system. It relies on the logistics managers of the plants and commercial subsidiaries in carrying out this work. In conjunction with the purchasing teams, the eco-logistics unit also monitors haulage firms (inserting social and environmental clauses into Purchasing contracts, requesting CO_2 and alternative transport reports each month, setting up sustainable development systems within the company, etc.) and encourages the use of alternatives to road transport to cut the Group's CO_2 emissions from product transport.

In 2017, Groupe SEB signed up to the Fret 21 scheme launched by the ADEME (1) and the AUTF (2) to help companies to better incorporate the impact of transport within their sustainable development strategies. This 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 in 2017 resulted in the following progress:

- Increase in the transport unit loading rate: +2 pallets/truck on average leaving the Orléans platform;
- Increase, by a factor of more than 5 in 2017 compared with 2016, in the number of direct deliveries to European customers from the Mions platform without passing through the subsidiaries' platforms;
- Increase in transport methods other than road transport: 58% increase in rail transport between the port of Le Havre and the Orléans platform compared with 2016;
- Encouraging of haulage firms to improve their sustainable development approaches (customer distribution flows): three out of the six haulage firms are signatories to the Objectif CO2 Charter (introduced in 2016 by the French Ministry of Transport and the ADEME).

Groupe SEB has decided on the worldwide adoption of the Fret 21 methodology for calculating GHG emissions linked to the transportation of its products and components in connection with this commitment. It began to apply it at the end of 2017, with support in the form of training for the people responsible for reporting. The roll-out of this new tool will continue in 2018. It will make the Group's carbon analysis more reliable, in particular by reducing the extrapolation aspect.

Since 2005, Groupe SEB has also been part of the Club Déméter, alongside distributors, logistics partners, manufacturers and public bodies such as **Ademe** [1], **the University of Aix-Marseille and Mines Paris**. 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.

(1) French Agency for the Environment and Energy Management.
(2) French Association of Freight Transport Users.

GREENHOUSE GAS EMISSIONS

(Worldwide)

(in tons of CO2 equivalent)	2017	2016	2015
Average value of greenhouse gas emissions	205,596	206,004	204,679

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.

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 2017, Groupe SEB emitted 205,596 tons of CO_2 equivalent; 23% from maritime transport, 37% from upstream road transport, 33% from downstream distribution and 7% from air transport.

Emissions are extrapolated for some entities, including Brazil, which is one of the biggest contributors of greenhouse gas emissions.

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** (which stands for PACKaging system for supply chain EFFiciencY) approach, which optimizes packaging dimensions according to pallet size. The Group is also endeavoring to reduce the **empty space inside packaging** as much as possible. Since 1 January 2017, this parameter has been taken into account in the product design/development process. Transporting less empty space means emitting less CO_2 while cutting costs. Three training sessions have been organized to present the tool to the relevant teams (R&D, design and quality) using an e-learning module. Around 50 people have already been trained in France and China.

	2017	2016	2015
Container loading rate	84.2	85%	85%
Truck loading rate (intergroup shipments)*	65	65%	63%

* *Intergroup shipments refer to shipments from plants to consolidation platforms (Rumilly P2 and Mions) or subsidiaries' warehouses, as well as to shipments between consolidation platforms and subsidiaries' warehouses.*

Containers departing from China have a loading rate of 83.8%. Containers departing from Europe have a loading rate of 87.6%. 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**. In the future, road transport must become the exception rather than the rule. To improve the oversight of this initiative, the Group created a **tracking chart** to monitor the percentage of non-road transport for pre- and post-shipment to/from ports. For each entity (plant, warehouse, commercial subsidiary etc.), changes in this percentage have a two-fold impact in terms of cost and CO_2 emissions. This dashboard chart, introduced in 2015, was extended to all the European entities in 2016. In Europe, the non-road transport rate is rising significantly, reaching 46% in 2017. 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%). An operation of the same type was completed in the UK, and in Spain the previous year. In France, Groupe SEB has had the "MedLink Port" label since 2015. This distinction is given to the biggest users of the river route (the Rhône) departing from the port of Fos (Groupe SEB is in the top 3).

In 2015, the Group also conducted tests on rail transport between China and Europe. The objective is to be able to use this solution rather than using air travel in the event of urgent demand for supplies. Transport by rail cuts the maritime freight time by almost half, which is often enough, and savings in terms of cost and carbon footprint are extremely favorable (CO_2 emissions down by 98%).

The Group is also optimizing the organization of transport flows, for example by developing **direct deliveries** from its platform in Mions (France) to European customers without passing through the subsidiaries' platforms. Between 2016 and 2017, the volume of these direct deliveries increased by a factor of more than five.

INFORMATION SYSTEMS

Groupe SEB is developing an eco-responsible IT policy based on the 72 Green IT good practices benchmark drafted by the collaborative platform Opquast (Open Quality Standards). Its activities in this regard strive to make progress on three fronts:

- **Reducing the number of printers in service and the consumption of paper.** The program to reduce the number of printers in service and make the shared use of multi-functional machines more widespread, introduced first in Europe, is gradually being extended internationally. In 2017, it reduced the printing volume by nearly 6% compared with 2016.
- **Incorporating sustainability criteria in the purchasing of hardware and seeing that it is properly processed at the end of its useful life.** 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. More than 9,500 devices have been managed in this way since 2012.
- **Facilitating collaboration among Groupe SEB employees by offering alternatives to travel.** The use of the instant communication software Skype had a significant effect on reducing travel: in 2017, it allowed the holding of around 8,300 meetings on average each month (up 46% compared with 2016) and more than 420,000 one-to-one connections. The videoconferencing system, for its part, recorded an average of 177 video conferences a month (average length: 1 hr 45 min).

3.10. Report by one of the statutory auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the independent third party 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.

FOR THE YEAR ENDED DECEMBER 31ST, 2017

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058(1) , and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017, included in the management report (hereinafter named «CSR Information»), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

COMPANY'S RESPONSIBILITY

The Board is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the «Guidelines»), summarised in the management report and available on request from the Sustainable Development Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).

Our work involved 8 persons and was conducted between October 2017 and March 2018 during a twenty-week period during a seven-week period.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, and with ISAE 3000 concerning our conclusion on the fairness of CSR Information(2).

(1) Scope available at www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 3.4 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of our work

We conducted 70 interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (detailed in appendix):

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us(1) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 27% of headcount considered as material data of social issues and between 23% and 82% of quantitative environmental data(2) considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

(1) TEFAL Rumilly (France); SEB Is-sur-Tille (France); ALL-CLAD Canonsburg (United States); GS USA Millville (United-States); SUPOR Wuhan (China); SUPOR Shaoxing (China); ROWENTA WERKE Erbach (Germany).

(2) Waste production, water consumption, and energies consumption.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, March 26, 2018

The independent third party

MAZARS SAS

Thierry COLIN	Edwige REY
Partner	Partner CSR & Sustainable Development

APPENDIX: LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Social performance indicators

Total workforce and breakdown by gender, age and geographical region, including indicators of the total workforce and its breakdown by geographical region, classification and gender.

Hires and redundancies.

Absenteeism, including absenteeism rate.

Workplace health and safety conditions.

Workplace accidents, in particular their frequency and severity, and occupational diseases.

Training policies, including an indicator of the number of staff trained.

Number of training hours.

Respect for freedom of association and the right to collective bargaining.

Elimination of discrimination in employment and occupation.

Elimination of forced or compulsory labor.

Environmental performance indicators

Company organization to address environmental issues, and where applicable environmental assessment or certification procedures.

Resources allocated to prevent environmental risks and pollution

Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment.

Water consumption and supply according to local constraints, including indicators of city water consumption and pumping station water consumption.

Measures to prevent, recycle and dispose of waste, including indicators of production of non-hazardous waste (NHW), production of NHW recycled, production of NHW recovered for energy, production of hazardous waste (excluding waste oil, effluent and sludge) and sludges produced by internal wastewater treatment plants.

Energy consumption, measures taken to improve energy efficiency and use of renewable energy, including indicators of total electricity consumption and total natural gas consumption.

Greenhouse gas emissions and significant polluting activity, in particular by the use of products and services (manufacturing and eco-logistics).

Corporate responsibility indicators

Corporate partnership or sponsorship actions, including indicators of financial donations and product donations.

Inclusion of social and environmental criteria in the procurement policy.

Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors

Measures taken in favor of consumer health and safety.

4

Commentary on the financial year

4.1. 2017 highlights

GENERAL ENVIRONMENT

In 2017, the Small Domestic Equipment market once again performed well and even accelerated in the great majority of countries. The few major declining markets included: the UK, which remains in an uncertain position after the Brexit vote (lower household confidence and renewed inflation following the depreciation of sterling), and Japan, whose recovery in consumption has only been very gradual, despite budgetary stimuli.

Outside the United Kingdom, the economies of the eurozone remained generally well-oriented and benefited from firm consumption (an almost universal increase in employment and wages) and even robust consumption in some countries (e.g. Germany, Spain, Portugal, and France). In a competitive and promotional context, the Small Domestic Equipment market in this area continues to be driven by innovation and upscaling.

In the United States, despite consumer confidence, the Small Domestic Equipment market reflects a marked dichotomy between rapid growth in online commerce and an unprecedented crisis in traditional, bricks-and-mortar retailing. The consequences have been many, ranging from tighter management of inventories, massive destocking and store closures to the financial collapse of some brands. This situation, which can also be seen in Canada, complicates and significantly hinders business activity with the affected customer retailers.

In the emerging markets, 2017 ended on a very positive overall note, despite the return of currency volatility in the second half of the year. In China – in a political context favorable to household consumption – the Small Domestic Equipment market remained well oriented, stimulated by increasing urbanization, gains in purchasing power and a surge in e-commerce. In Brazil, the market has certainly returned to growth, but while the environment is normalizing (with inflation at a record low), many uncertainties remain (including political uncertainties). In Russia, the market is structurally volatile and highly dependent on oil prices, but since the summer of 2016 it has been rebounding strongly – worth noting after more than two difficult years. In Turkey, the market has performed well against a backdrop of fiscal stimulus, high inflation and persistent political risks. Lastly, in India, market growth was severely hampered in the first six months of the year by government reforms (demonetization of notes and introduction of a single VAT system), before recovering slightly at the end of the year.

Overall growth in the Small Domestic Equipment market in 2017 was very geographically diversified, as it was by product category: a positive momentum continued in electrical cooking, floor care (particularly in Europe), air purification (driven by Asia), fans (particularly in Europe, unlike in Latin America, due to the weather conditions), and in beverage preparation and cookware; but there was more moderate growth in food preparation and the linen care market, despite a boom in the garment steamer category.

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.

2017 was marked by a near-continuous weakening of the US dollar, which accelerated from the second quarter. This bout of weakness went in tandem with a strengthening of the euro against the major currencies. On average over the year, the euro/dollar parity was thus down by 3%, but the year-on-year decrease was 14% at 31 December. For its part, and by comparison with the euro, the yuan depreciated by 3% on average over the year (-7% at 31 December).

In the case of “long” currencies, in which the Group has revenues higher than its costs, the trend was downward, as most of the Group’s main currencies depreciated against the euro. These depreciations were significant in countries with high inflation: the Egyptian pound was down 49%, the Turkish lira down 19% and the Argentine peso down 14% (annual average). They were more measured in other countries: sterling was down 11%, the Ukrainian hryvnia down 8% and the Mexican peso down 3%. The currencies most closely correlated to commodities/oil were exceptions, with respective appreciation of 4% in the Brazilian real and 10% in the Russian ruble.

In response to constant exchange rate volatility, the Group has hedged for several years 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 tariff increases to compensate for the adverse effects of weakened currencies on local profitability.

In 2017, exchange rate fluctuations had a total negative impact of €98 million on the Group’s sales (compared with an impact of -€122 million in 2016) and -€10 million on the Operating Result from Activity (-€122 million in 2016).

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 price changes in plastics used in the manufacture of small electrical appliances and paper 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 (aluminum and nickel) which protects it in the event of a sharp rise in prices, but which results in some inertia in the event of decline.

After several years of decline and a low point in early 2016, commodity prices have started to recover since that date, with an acceleration of the rise at the end of 2016, which continued throughout 2017. Thus, aluminum prices increased by 23% on average in 2017 (i.e. an average price of $1,970 per ton, compared with $1,605 in 2016). In a market in which volatility continued, copper also rose by 27%, averaging $6,170 per ton, compared with $4,860 in 2016. Lastly, the same trend has been seen in nickel, but to a lesser extent, with an 8% increase and an average price of $10,411, compared with $9,609 in the previous year.

After Russia and the OPEC members reduced their production, the price of oil per barrel hit a two-year high: it stood at $67 at the end of December 2017, with an average price of $55 over 12 months, up 22%. At the same time, plastics prices rose sharply (particularly thermoplastics).

Paper prices followed this uptrend, as shortages in the Asian market accelerated. As a reminder, the Chinese government decided in October 2016 to put stricter regulations in place, resulting in the closure of several paper mills. Paper prices increased by 30% on average in Asia, which was reflected in the European market (+10%).

Furthermore, although the cost of road transport remained broadly stable over the year, this was not the case for sea freight (Asia Pacific/ Europe/America), which reached historically low levels in 2016, driving prices upwards in 2017.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 11 May 2017, the Annual General Meeting of SEB S.A. approved the reorganization of the Board of Directors, resulting in:

- a reduction in the size and the recomposition of the Board of Directors, in order to incorporate an employee director representing shareholders and an employee director, while meeting the target quotas for female representation (46%) and independence (33%). The Board of Directors was thus composed of 13 members following the Annual General Meeting of 11 May 2017, and has had 14 members since the appointment by the Works Council of the directors representing employees within six months of the Annual General Meeting;
- the reappointment as directors for four years of Yseulys Costes and FFP Invest, represented by Bertrand Finet;
- the ratification of the appointment by co-option of Delphine Bertrand to replace Tristan Boiteux, who had resigned, for a period of one year;
- the appointment of Brigitte Forestier as director representing employee shareholders, for a period of four years;
- the resignations of Bruno Bich, Tristan Boiteux, Pascal Girardot, and Christian Peugeot.

INTEGRATION OF WMF

The acquisition of WMF was completed on 30 November 2016. The launch of WMF's integration was therefore a priority in 2017, implemented through a global approach guided by a Combined Integration Committee made up of employees from Groupe SEB and WMF. The process is structured around 22 projects, including 10 to link up WMF to Groupe SEB and 12 to create value.

In terms of organization, WMF's management team was strengthened and the Group mobilized Group experts to contribute to and optimize the progress of the projects. The Consumer business was structured into a Business Unit with a strengthening of strategic marketing and the creation of a Business Development function. It underwent a commercial restructuring with, on the one hand, the attachment of the German/Swiss/Austrian sales team to the Chairman and CEO of WMF, and, on the other, the taking over of the activity by Groupe SEB's subsidiaries in seven other countries. The professional business – coffee and hotel equipment – is still managed on the basis of a specific organization.

Several initial projects have already been implemented, relating to purchasing and supply chain harmonization, product offerings in the Consumer business, progress with the optimization of the WMF retail network and the strengthening of the sales and increased digitization of the Professional Coffee business. A Premium structure was created, bringing together the All-Clad, Lagostina, WMF, and Silit brands, with a dedicated sales force.

As well as the organizational and structural aspects, the immediate linking up of the key functions was also crucial. In terms of Human Resources, the focus was immediately placed on the merging and collaboration of the Groupe SEB – WMF teams, the alignment of Human Resources management (training, job transfers, talent management, etc.) and variable compensation schemes for senior management. In Finance, the approach was implemented, in particular, around the harmonization of accounting principles, the implementation of reporting tools and Group processes and the centralization of certain corporate functions such as treasury, tax and internal audit. At the same time, the harmonization of information systems was launched straight away. This represents a major challenge for WMF's tie-up with Groupe SEB, and will be spread over several years.

ACQUISITION OF SWIZZZ PROZZZ

In June, the Group completed its acquisition of Swiss company Swizzz Prozzz, a specialist in mini hand choppers with high-performance multiple blades. Swizzz Prozzz's products had been marketed under license through various kitchen utensil brands: the business generates proforma annual sales of around €10 million. With this acquisition, Groupe SEB has continued its expansion in kitchen utensils, with simple products that are easy to use, affordable and very complementary to its ranges.

SUCCESSFUL PLACEMENT OF A NEW 500 MILLION, SEVEN-YEAR BOND

In 2017, Groupe SEB successfully placed a €500 million bond maturing in seven years (on 31 May 2024), with a coupon of 1.50%. This issue was four times oversubscribed by a diverse investor base. It allows Groupe SEB to further strengthen the architecture of its debt by securing its medium-term financing, extending the average maturity of its debt and obtaining attractive financing conditions.

ACQUISITION OF CALL OPTIONS

In two transactions of identical size (28 July and 7 December), Groupe SEB acquired, 60,000 US call options in 2017, relating to 60,000 treasury shares. The acquisition of these call options will enable the Group to partially cover its obligations for the delivery of existing treasury shares or payment, in relation to the eventual exercising of the conversion rights of the ORNAE (bonds redeemable in cash and/or for existing shares), maturing on 17 November 2021.

CREATION OF A GLOBAL INNOVATION HUB FOR SMALL ELECTRICAL APPLIANCES IN ÉCULLY

Following on from the creation of the Products and Innovation department in September 2015, the Group has decided to bring together, at its global headquarters in Écully, the marketing and research teams of the kitchen electrics business, currently based in Selongey, with those of the home and personal care business. The aim is to optimize the innovation process, gaining agility and transversality. The teams will be set up gradually, starting in the summer of 2017, and 230 employees from the marketing and research teams will be relocated to the Group's global headquarters by the summer of 2018.

ONGOING INDUSTRIAL RESTRUCTURING IN BRAZIL

In 2017, the Group began the final phase of the reorganization of its industrial facilities in Brazil, combining the Brazilian production activities of Mooca and São Bernardo do Campo within a single, modern industrial site at Itatiaia in Rio de Janeiro State.

The historic plant at Mooca, in the heart of the São Paulo megalopolis, was suffering from productivity levels below Group standards as well as major logistical limitations. The new plant in Itatiaia is located in a fast-growing industrial area with a design that is fully in line with all of the Group's industrial and environmental standards. A new logistics center is located nearby, which is helping to optimize customer service across Brazil's entire South Region.

The relocation took place in several phases: it began in November 2016 with the iron manufacturing lines, and ended with completion of the full relocation of Mooca's lines at the end of August 2017. This has been followed, in a second phase, by the relocation of São Bernardo do Campo's cookware lines, which is scheduled for completion at the end of the first half of 2018.

This project highlights the Group's commitment to modernize its manufacturing base in a country where economic conditions remain very challenging and the foreign exchange environment demands significant gains in productivity.

AWARDS FOR GROUPE SEB

Groupe SEB received a wide variety of awards:

The CSR Grand Prix at the Responsible Consumption Awards organized by the ESSEC business school

On 1 February 2017, for the second time in a row, Groupe SEB was awarded the CSR (Corporate Social Responsibility) Grand Prix at the Responsible Consumption Awards organized by the ESSEC Business School. Launched at the behest of ESSEC's Chair of Fast-Moving Consumer Goods, this award was organized in partnership with the French Ministry of the Economy, Industry and Digital Sector. In this category, the Group was rewarded by the jury for its commitment to ensuring that its products remain repairable for a period of 10 years. In addition to this prize, it was the quality of all the projects submitted by the Group that allowed it to win the CSR Grand Prix.

Thierry de La Tour d'Artaise named 2016 "Financier of the Year"

As part of the award organized by ANDESE (Association Nationale des Docteurs ès Sciences Économiques et en Sciences de Gestion) and the weekly magazine *Investir-Journal des finances*, Thierry de La Tour d'Artaise was elected 2016 "Financier of the Year". He was presented with the award on 18 April by François Villeroy de Galhau, Governor of the Bank of France. The "Financier of the Year" award, which was created in 1984, is presented to the person who has contributed the most during the past year to the development of financial activity in France. A jury of more than 300 members of the French financial community voted on the five nominees for the award.

Innovation Award at the 2017 Digital Transformation Awards

The second edition of the Digital Transformation Awards presented Groupe SEB with one of its four "Innovation Awards", alongside SNCF, FDJ and Nantes Métropole Habitat. Organized by the *Solutions Numériques* trade review, these awards recognize enterprises that, thanks to digital, have been able to reinvent and transform their organization, their products or their business model, with gains in terms of growth and customer or internal benefits. Groupe SEB stood out by creating connected products and combating planned obsolescence, which is detrimental to consumers, by providing an extended warranty and supplying spare parts produced by 3D printers.

First prize at 2017 "Cristal des Achats"

Groupe SEB's Purchasing department won first prize at the 2017 "Cristal des Achats" event held by the French National Purchasing Board to reward best practice. The prize was presented to Hervé Montaigu, the Group's Purchasing Director, and Perrine Baylin, Purchasing Performance Manager, at the "Université des Achats" event on 15 May. The award related to the "purchasing maturity grid" built using OPS tools during a workshop involving 12 French, German and Chinese buyers. The Group's various purchasing teams can now assess themselves on the basis of several criteria, and define an annual plan for progress in the areas that are most important for them, while sharing and challenging themselves around best practices and successes.

Award for best Finance department

At the seventh edition of the Leaders of Finance Awards held by *Décideurs* Magazine/Leaders League on 20 April in Paris, Vincent Léonard, Senior Executive Vice-president, Finance received the award for the Best Finance department of an international group. The ceremony was held during a gala dinner attended by 700 financial professionals from companies, banks, brokerages and specialist consultancy firms. This award recognizes a year of record performance and intense external growth activity.

Club des Trente Award for best financial operation in 2016

The Club des Trente, which brings together CFOs from the largest French groups, presented its 2016 award for best financial operation, mergers and acquisitions category, to Thierry de La Tour d'Artaise on 31 May. The award recognized Groupe SEB's acquisition of WMF in Germany. Through this award, Club des Trente seeks to demonstrate how finance and the financial markets can be made to serve ambitious business strategies that are compatible with the aims of sustainable development. The jury, chaired by Vincent Descours (CFO of the Louis Delahaize group), saw in this acquisition a future case study for business schools. The operation, which was welcomed by the stock market, brought together both geographical and business complementarities: Groupe SEB has thus become the leading cookware group in Germany and the world leader in professional coffee machines.

Groupe SEB recognized for excellent investor relations

Groupe SEB was selected from more than 1,500 enterprises to receive one of "Europe's Most Honored Companies Awards", which recognized the excellence of its relationships with investors, through General Management, the Finance department and the Investor Relations department. The award, allocated by a jury of financial analysts and the Investors community, was presented on 26 June to Vincent Léonard, who represented Groupe SEB at a ceremony at the London Stock Exchange.

Best Investor Relations by a CEO award

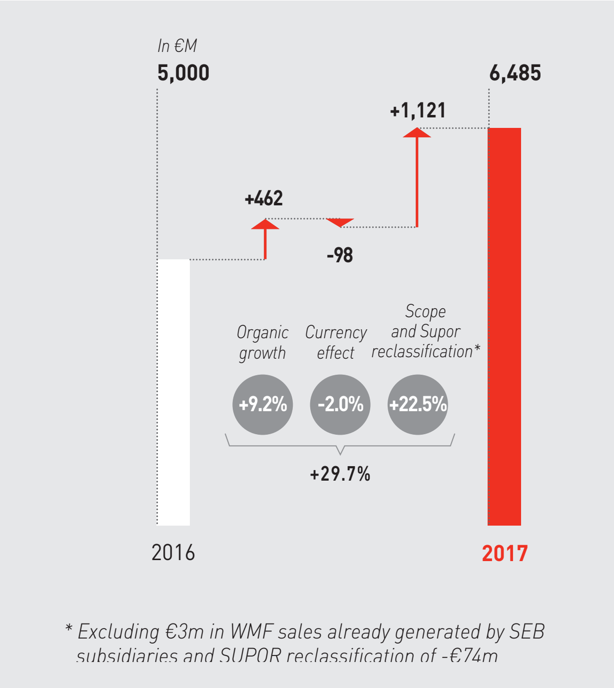
At Forum IR, the annual French event for investor relations professionals, which took place in December 2017, Thierry de La Tour d'Artaise was presented with the Best Investor Relations by a CEO award. This is the seventh time in nine events that the Group's financial communication and investor relations has been recognized by Forum IR.

4.2. Commentary on consolidated sales

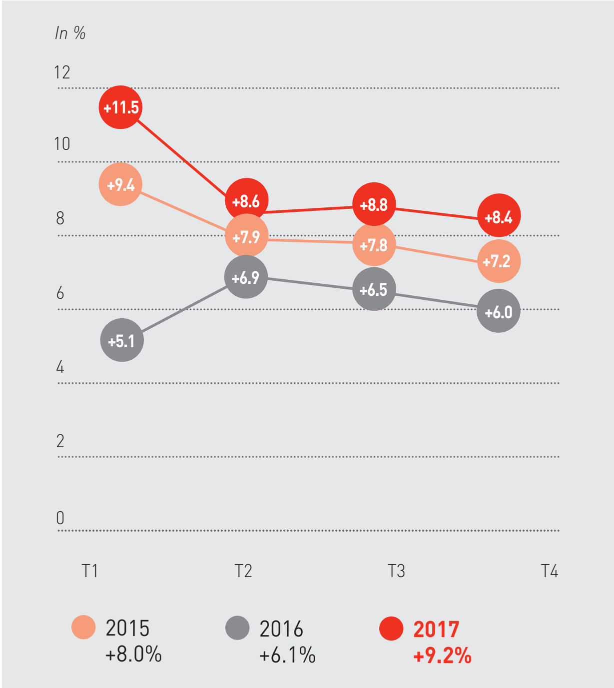
Sales *(in € millions)*	2017	2016	Change (based on exact figures, not rounded) As reported	Like-for-like
EMEA	**2,690**	**2,495**	**7.8%**	**7.6%**
Western Europe	1,962	1,834	7.0%	5.8%
Other countries	728	661	10.1%	12.6%
AMERICAS	**939**	**919**	**2.2%**	**3.1%**
North America	573	564	1.7%	3.8%
South America	366	355	3.0%	2.0%
ASIA	**1,709**	**1,586**	**7.7%**	**15.3%**
China	1,240	1,122	10.4%	21.0%
Other Asian countries	469	464	1.2%	1.6%
TOTAL EXCL. WMF	**5,337**	**5,000**	**6.7%**	**9.2%**
WMF	**1,148**		**5.1%**	
GROUPE SEB	**6,485**	**5,000**	**29.7%**	

Sales *(in € millions)*	Q4 2017	Q4 2016	Change (based on exact figures, not rounded) As reported	Like-for-like
EMEA	**967**	**910**	**6.3%**	**7.9%**
Western Europe	738	687	7.4%	8.1%
Other countries	229	223	2.8%	7.4%
AMERICAS	**293**	**301**	**-2.9%**	**4.1%**
North America	185	189	-2.0%	4.2%
South America	108	112	-4.5%	3.9%
ASIA	**431**	**421**	**2.5%**	**12.7%**
China	296	278	6.2%	19.4%
Other Asian countries	135	143	-4.9%	-0.5%
TOTAL EXCL. WMF	**1,691**	**1,632**	**3.6%**	**8.4%**
WMF	**335**		**-1.4%**	
GROUPE SEB	**2,026**	**1,632**	**24.1%**	

2016-2017 SALES GROWTH



ORGANIC GROWTH IN SALES BY QUARTER IN 2015, 2016, AND 2017



After a brisk fourth quarter, Groupe SEB achieved in 2017 an excellent performance, off of already high prior-year comparatives. In the fourth quarter, the 24.1% increase in sales to €2,026 million breaks down as follows: organic growth of 8.4% (+€138 million), a currency effect of -3.8% (-€62 million), a scope effect of €338m (WMF) and a €20m reclassification of some of Supor's marketing spend to sales deductions, with no impact on Operating Result from Activity. It should also be noted that EMSA, consolidated since 1 July 2016, had no further impact on scope in the second half of the year.

The Group's full-year sales amounted to €6,485 million, up 29.7%, with organic growth of 9.2% (+€462 million), driven primarily by volumes, and a currency effect of -2.0% (-€98 million, resulting mostly from the depreciation of the yuan, the Turkish lira, the Egyptian pound and the US dollar). The scope effect amounted to €1,195 million (WMF over 12 months and EMSA over 6 months for €1,151 million and €44 million, respectively) and the reclassification of Supor's marketing spend to -€74 million.

The robust sales growth was driven by all product lines and all geographical areas.

PRODUCT SALES PERFORMANCE

All the major product categories made a positive contribution to this strong sales performance:

- despite high comparatives, the very strong dynamic continued in home care, with growth in activity of 30% on a like-for-like basis, driven by all the product families. Bagless vacuum cleaners are the main driver of growth, with further progress in Turkey, where the Group is expanding its product offering, including with locally manufactured products, and performing well in France, Spain, Germany and Russia, among others. Sales are also growing rapidly and steadily in China. In Europe and Turkey, which has adopted European regulations on performance labeling of vacuum cleaners, the Silence Force 4A model is a big driver of growth. Meanwhile, the Clean and Steam vacuum cleaner has continued to grow, mainly in France and Italy. Lastly, the launch of the Air Force 360 has enabled the Group to position itself in the new segment of versatile handstick vacuum cleaners with a high-quality model with robust sales, particularly in France, Germany and Spain. As in previous years, these excellent performances resulted in increased market share in floor care for the Group in Europe;
- double-digit growth in food preparation with, as in 2016, contrasting situations according to product families: in blenders (the largest market in the category), the Group repeated the very good performance of 2016, due in particular to the very rapid growth of high speed blenders in China and the solid development of sales in South Korea and Mexico. In heating and cooking food processors, business was sustained despite the non-recurrence of a special operation on Cuisine Companion in Italy. The same was true of small food preparation appliances (beaters, hand blenders) and

juicers. However, sales of soy milk extractors were down in China (due to strong competition from high speed blenders), but gradually recovered in meat mincers, sustained by a dynamic Russian market;

- solid sales growth was registered in electrical cooking, covering nearly all the product families, except for deep fryers. Major contributors to this dynamic include rice cookers and electric pressure cookers in China – where Supor continues to stand out, thanks to continuous improvement in the functionality of its products – as well as multicookers, driven by Cookeo and Cookeo Connect, particularly in France. Known as Cook4me internationally, Cookeo is gradually being rolled out to other countries (e.g. Germany, Japan, and Australia). Optigrill has also confirmed its success and has continued its geographical expansion (in Russia, for example). 2017 was also a good year for informal meal appliances (including sandwich makers and waffle makers), and for toasters, driven particularly by the large-scale launch of a kitchen electrics range under the Krups brand in the US;
- cookware sales were extremely positive, driven by an increase in the vast majority of countries, with the notable exception of two: the US, where the (perhaps temporary) emergence of new players has significantly disrupted the market in 2017 and adversely affected T-fal's sales in North America; and France, due to the non-recurrence of a major loyalty program with a retailer in 2016. Excluding the US and France, buoyant sales of pots and pans reflect both a solid core business (China, Germany, Japan, South Korea, etc.) and new loyalty programs in several countries (Germany, Central Europe, Mexico, etc.). It is also worth noting that the premium segment, served within the Group by All-Clad and Lagostina (and now also WMF), also performed well. Meanwhile, sales of kitchen utensils again registered strong growth, again largely driven by cups, mugs and thermal cups in China, but steadily expanding geographically;
- the home comfort business registered solid growth in 2017 on a like-for-like basis. Sales of air purifiers again grew rapidly, mainly in China. Fan sales suffered throughout the year from adverse weather conditions in Colombia and Brazil, but rebounded at the end of the year in Brazil, thanks to the launch of new large and ceiling models, which enabled 2017 to end in positive territory;
- in linen care, organic growth was also pronounced, based on two main products types: steam generators – particularly fast-heating models – in France, Central Europe and Turkey, for example, and garment steamers (standing or handheld), with new advances in China, Japan and the US, which are fast-growing markets. However, sales of irons proved to be more difficult in an almost stable world market, despite clear commercial success in Russia and Brazil. The Group's constant innovation and its ability to adapt to new uses and local needs (as was the case with the Freemove compact iron, launched successfully in Japan) have enabled it to strengthen its positions;
- in the beverage preparation market, the Group maintained a steady pace of growth, thanks in particular to the major contribution of the new Nespresso contracts signed in Switzerland and Austria, as well as the strong performance achieved in Dolce Gusto coffee machines, whose product offering continues to expand. Sales of automatic espresso machines also continued to grow, particularly in Europe, and filter coffee makers benefited from the introduction of the new Krups range of kitchen electrics in the US. Kettle sales were down, despite strong momentum in Japan, where the Group has strengthened its leadership, due to a very high 2016 comparison base in China. In home beer-tapping machines, BeerTender and Le Sub achieved a net increase in sales compared with 2016;
- lastly, in personal care, sales were up slightly on a like-for-like basis, driven by male beauty appliances (mainly hair trimmers) and hair removal (a loyalty program with a retailer in France), while the Steampod professional hair straightener, designed in partnership with L'Oréal, again registered strong sales that were nevertheless down compared with an exceptional performance in 2016.

GEOGRAPHICAL PERFORMANCE

EMEA

Western Europe

In a European market remaining overall sound, Groupe SEB achieved organic sales growth of 5.8% in 2017 and 8.1% in the fourth quarter. At year-end, and despite their different environments and high comparatives, almost all countries posted like-for-like growth. This robust momentum translated into market share gains.

The Group delivered record performances in France, with fourth-quarter sales of €307 million (+4.7%) and full-year sales of €791 million (+1.4%). Despite a strong year-end, cookware revenue remained sluggish due to the non-repeat of loyalty programs. In small electrical appliances, however, business was excellent, driven by a broad range of products, including vacuum cleaners (bagless, uprights, the Clean & Steam model and the versatile stick Air Force 360), steam generators, Cookeo, the Cuisine Companion cooking food processor, full-automatic espresso machines, Dolce Gusto, etc., and led to a significant improvement in our leadership on the French small electrical appliance market in 2017.

In Germany, the Group's 2017 performance was outstanding. Business was underpinned by the ongoing roll-out of flagship products such as Optigrill, Actifry, vacuum cleaners, coffee makers (full-automatic espresso machines, Nespresso and Dolce Gusto) and cookware – all boosted by major growth drivers – and was further bolstered by loyalty programs with retailers. The sharp increase in sales in Switzerland and Austria can be attributed to new partnerships with Nespresso. Despite the non-renewal of special sales campaigns in 2016, the Group also had a good year in Spain where its growth, fueled by almost all categories, strengthened its leadership offline and online.

The core business, excluding special campaigns, was also very strong in Italy due mainly to the confirmed success of vacuum cleaners, steam generators, Optigrill and Dolce Gusto, as well as our continued headway in e-commerce. In the United Kingdom, despite an uncertain overall environment and the price hikes implemented to offset the depreciation of the pound sterling, Group revenue was up like-for-like. In Belgium, the Netherlands and Portugal, the Group achieved a very good year.

Moreover, 2017 was the first year of consolidation for WMF, with, in particular, the progressive takeover of the operational management of WMF's Consumer business by Groupe SEB market companies, apart from Germany, Austria and Switzerland. These first reorganization steps naturally caused some temporary disruptions but put the Group on the right track for 2018, with powerful action plans to roll-out and accelerate revenue synergies.

Other countries

In the other EMEA countries, the Group's organic growth stood at 12.6% for the year, following a fourth quarter posting a still solid growth of +7.4%. The vast majority of countries contributed to this very good performance which, as was the case in Western Europe, led to market share gains.

The Group continued to make headway in Central Europe in 2017, through a combination of development of its core business, underpinned by mainstay categories and supported by strong marketing campaigns, and special sales campaigns with retailers. Our sales in Ukraine have grown tremendously on a quarterly basis and rose by more than 50% at constant exchange rates for the full year. Momentum slowed significantly in the fourth quarter in Russia, due mainly to the non-repeat of loyalty programs in cookware, but the vigorous growth in core business held steady, driven by all categories except coffee makers, by considerable gains in retail and by the ramp-up in our network of proprietary stores. In Turkey, the continued depreciation of the Turkish lira led us to increase prices substantially. However, sales in volume remained resilient, in both cookware (due in particular to the launch of Ingenio in fourth-quarter) and small electrical appliances, with a strong contribution from vacuum cleaners. Special emphasis should be given to the increasing weight in the business of products manufactured locally or at our plant in Egypt.

The fourth quarter showed growing sales in Saudi Arabia – despite still high inventories at our distributor's – and stable revenue in India in a wait-and-see market context. Nonetheless, the improving trend could not compensate for the decline in turnover accumulated since the beginning of the year.

AMERICAS

North America

After 4.2% organic growth in the fourth quarter, the Group's 2017 sales were up 3.8% like-for-like in NAFTA countries. This improvement can be attributed to a positive performance in the United States in the fourth quarter and to a good year-end in Canada.

In the United States, despite the favorable impact of the launch of the new Krups kitchen electric range, in particular in the first quarter, the Group had a challenging year: difficulties or weaknesses at several retail brands in light of fast-rising e-commerce; sales of core-range cookware (T-fal) disrupted by a fierce competitive backdrop; decline in the market of irons, not offset by sharp impetus in garment steamers, etc. While these factors were still relevant at the end of the year, growth resumed in the fourth quarter thanks to the replenishment of Krups products, the rapid development of our sales with online pure players as well as strong momentum in the premium cookware segment with All-Clad and the introduction of the Lagostina brand. Consequently, full-year turnover was stable in dollars.

In Canada, as expected, fourth-quarter sales benefited from a more favorable momentum thanks to better cookware sales and solid growth in linen care (generators and garment steamers). Nevertheless, the overall environment remains complicated, especially in the retail industry.

Mexico is the key contributor to growth in the NAFTA region in 2017. In spite of the earthquake's impact on consumption, business dynamic remained quite robust in the fourth quarter, driven in particular by cookware, blenders and irons, as well as by a new loyalty program with one of our key clients.

South America

The turnaround in the exchange rate trend that began in the summer was confirmed in the fourth quarter, with a significant depreciation of the Brazilian real and the Colombian peso against the euro. However, the Group achieved over the period a somewhat firmer business activity.

The Brazilian economy is showing signs of recovery, which materialize in household consumption, but the overall environment and the political agenda are key uncertainties. The Group posted organic sales growth in the fourth quarter of 3% which contributed to a slight annual increase of 1%. This positive trend was driven mainly by fans and irons – due to new product launches – while sales were down in food preparation and cookware. With cookware manufacturing still in the transfer phase, the segment should soon benefit from the new, more competitive production lines at the Itatiaia site.

In Colombia, the decrease in sales in pesos continued to stem primarily from the drop-in fan revenue due to poor weather. In contrast, cookware business remained on track and growth was maintained in blenders. Moreover, the Group achieved a very good year in Argentina and ensured, despite high inflation, a double-digit growth in unit sales.

ASIA

China

With sales growing organically at around 20%, both in the fourth quarter and over the year, the Group has again recorded a remarkable performance in China, in a market largely driven by e-commerce and which is creating value. Supor continued to implement an innovation strategy and contribute to the trade-up of the market in its flagship products in cookware and kitchenware (woks, thermal flasks and mugs, in particular), kitchen electrics (rice cookers, electrical pressure cookers, high-speed blenders, etc.) as well as in the non-kitchen small electrical appliance segment (air purifiers, irons and garment steamers, vacuum cleaners). Internet sales continued to expand, and e-commerce accounted for more than 35% of 2017 revenue, bolstered by a Double 11 day progressing by more than 40% against 2016. All these outstanding performances of Supor must be put in perspective of a rich sales history including several years of double-digit organic growth.

It should be noted that, to better reflect the nature of some expenditure and ensure full consistency with other Group entities in terms of financial statements, an adjustment was made to the accounting format in 2017, whereby for full-year, €74 million in marketing spend was reclassified as a sales decrease (of which €20 million in the fourth quarter), with no impact on Operating Result from Activity.

Other Asian countries

The fourth quarter was slightly down like-for-like in Asia excluding China, reflecting the diverse situations in different countries. While Japan and South Korea, the Group's two largest markets in the region, confirmed their role as strong drivers, momentum slowed somewhat in Australia and business was down – sometimes significantly – in other countries that account for a very small percentage of sales.

In Japan, the Group maintained in the fourth quarter a solid growth rate, grounded in its three mainstays: cookware and kitchen tools; linen care, with continued progress in the expanding garment steamer category and the promising launch of the Freemove Mini compact cordless iron; and kettles, where the robust improvement in sales further strengthened our leadership on the market. This strong momentum was fueled throughout the year by substantial growth drivers. In addition, the excellent performance of our network of about 30 proprietary stores (with six openings in 2017) should be highlighted. In South Korea, as in 2016, the Group had another good year in 2017, mainly owing to the ongoing business development in cookware, blenders and hair dryers. In Australia, after a vigorous third quarter boosted by the introduction of new products, growth in local currency slowed at the end of the year. Sales nevertheless remained on track, in particular in cookware, irons, electrical pressure cookers and Optigrill.

In the other South-East Asian countries, however, 2017 performances were very mixed: revenue improved on a like-for-like basis in Thailand and Malaysia after double-digit growth in the fourth quarter but fell sharply in Vietnam and was penalized by high 2016 comparatives in Singapore (non-recurring B2B campaigns).

WMF

WMF's 2017 sales stood at €1,151 million, up 5.5% year-on-year. In the fourth quarter, WMF's sales amounted to €338 million, practically stable versus 2016.

In the professional business, WMF's annual sales were €563 million, up 13%, with coffee (PCM) contributing +17% and the hotel equipment business down 9% due to the lack of major projects compared with 2016. Turnover for the fourth quarter stood at €137 million and was stable. For professional coffee machines in particular, as has been specified throughout the year, the 2017 performance should be analyzed from two perspectives: on one hand, a core business that continued to grow at a sustained pace in both Germany (with strong year-end momentum) and internationally; on the other hand, the major impact of two large contracts signed in 2016 with Canadian and Japanese clients, but which gradually faded: as most of the deliveries were made between fourth-quarter 2016 and the summer of 2017, the effect strongly mitigated in the third quarter, before disappearing entirely in the fourth quarter.

In the Small Domestic Equipment business ("Consumer"), sales amounted to respectively €588 million and €201 million for full-year and fourth-quarter, almost unchanged versus 2016, due to a combination of several factors: still sluggish cookware sales in Germany, the non-repeat of a major loyalty program of end-2016 in Asia and one-off disruptions caused by the sales reorganizations outside of Germany, Austria and Switzerland. However, growth in sales of small electrical appliances was in the double digits fueled in particular by new product launches; WMF stores achieved a slight growth in sales in Germany; and lastly, international expansion is progressing rapidly.

4.3. Commentary on the consolidated results

INCOME STATEMENT

OPERATING RESULT FROM ACTIVITY (ORFA)

Operating Result from Activity (ORfA) totaled €661 million, up 30.8%. and comprised the following:

- excluding WMF, Group ORfA amounted to €583 million, up 15% on 2016. Hence, Group operating margin excluding WMF came out at approximately 11%. In addition, the currency effect (-€10 million) was much lower than in previous years (-€122 million in 2016 in particular);
- WMF ORfA excluding one-off PPAs was €95 million, up 12% on 2016;
- the one-off impacts of the WMF purchase price allocation (revaluation of inventories and order books) represented -€17 million and were fully recognized in first-half 2017. Consequently, WMF's net contribution to Group ORfA totaled €78 million.

As such, Group Operating Result from Activity in 2017 excluding one-off impacts of the WMF purchase price allocation amounted to €678 million, up 34.2%, for an operating margin of 10.5%. It should be noted that the integration of WMF's Small Domestic Equipment business into the Group's market companies will not allow for this detailed analysis in 2018.

In addition, organic growth in ORfA can be broken down as follows:

- a positive volume effect of €133 million;
- a positive mix-price effect of €80 million, which, versus previous years, is largely driven by an improvement in the mix;
- a €32 million increase in production costs, particularly reflecting more expensive raw materials starting in the summer period (aluminum, nickel, copper, plastics, etc.). This rise in costs was only partially offset by better absorption of industrial costs, thanks to an increase in volumes;
- a €70m increase in investment in growth drivers; approximately a quarter allocated to innovation and three quarters for advertising and marketing;
- a €22 million increase in commercial and administrative expenses.

OPERATING PROFIT AND NET PROFIT

At end-December 2017, the Group's Operating profit in its new scope totaled €580 million, compared with €426 million in 2016. The figure takes account of discretionary and non-discretionary profit-sharing expense of €38 million, practically stable on last year. It also includes other operating income and expense of -€44 million (-€42 million in 2016), composed primarily of the industrial and logistics reorganization implemented in Brazil (transfer of production from the Mooca and San Bernardo sites to the new Itatiaia site), charges stemming from the integration of WMF and the pooling of Groupe SEB and WMF entities in several countries, and expenses incurred by the creation of the Group's global Innovation Hub in Lyon for the small electrical appliance business.

Net financial expense came out at -€72 million, compared with -€58 million in 2016. At €35 million (€30 million in 2016), interest expense rose moderately despite the increase in debt, mainly due to the excellent financing conditions for the acquisition of WMF. Other financial expense primarily included a €9 million increase in the fair value of the optional part of the November 2016 convertible bond issue and unfavorable currency translation adjustments.

Net profit amounted to €375 million, up 45%. The total included a tax expense of €99 million representing an exceptionally low effective tax rate of 19.5% in 2017, thanks notably to a non-recurring effect of the tax reform in the United States and the restitution of the tax on dividends in France. It also comprised non-controlling interests of €34 million, up on last year owing to the continued improvement of Supor's performance in China.

BALANCE SHEET

At 31 December 2017, equity stood at €1,964 million, an increase of €128 million on end-2016 despite the inclusion of negative translation adjustments of €148 million (penalizing effect of the yuan, US dollar, Brazilian real and Colombian peso).

At end-2017, net debt totaled €1,905 million, compared with €2,019 million a year earlier. The €114 million decrease can be attributed to the robust generation of operating cash flow. This last amounted to €322 million for the year, used in part, excluding dividend payments and share purchases, to cover non-operational outflows (mainly restructurings under way, WMF integration costs and the acquisition of Swizzz Prozzz).

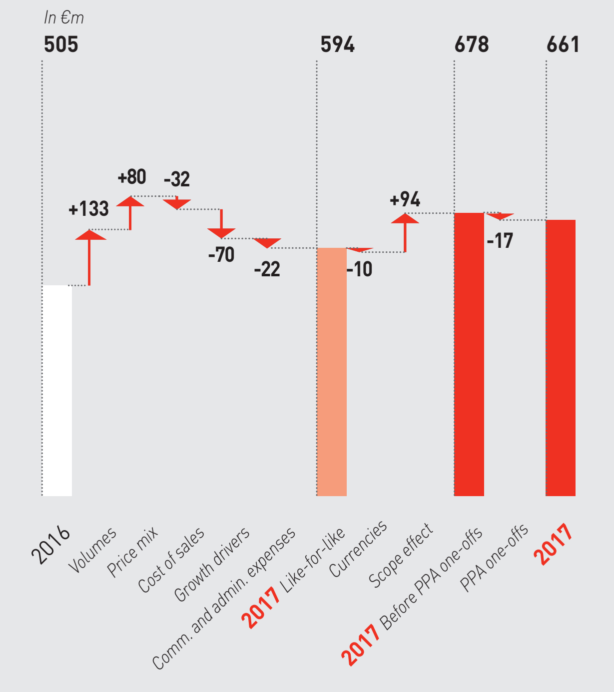
At end-2017, the working capital requirement stood at €1,222 million, equal to 18.8% of Group sales (19.6% at end-2016). WMF had a slight negative impact on this ratio, which amounted to 18.2% for the former business scope.

The Group thus ended the year with a debt to equity ratio of 97% (110% on a pro forma basis at end-2016) and a net debt/adjusted EBITDA ratio of 2.4, compared with 2.8 at 31 December 2016. This ratio is consistent with the debt reduction objectives announced in May 2016.

CAPITAL EXPENDITURE

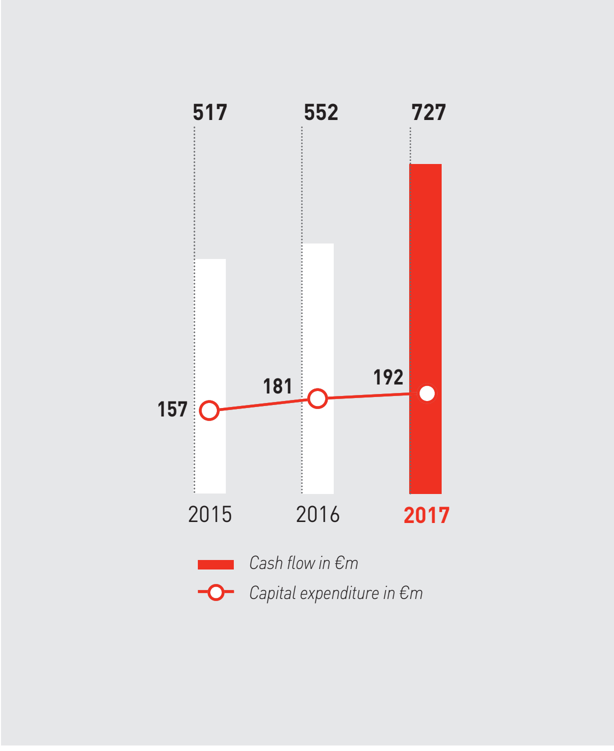
Capital expenditure was €192 million, compared with €181 million in 2015; adjusted for the scope effect related to WMF, it was, overall, in line with the average for previous years. The main capital expenditure was on molds and tooling for new products, production equipment (e.g. injection molding machines, new assembly lines) and the renovation of certain buildings. This comes on top of capital expenditure on production-related computer software, capitalized development costs and the refurbishing of the Group's proprietary stores.

BREAKDOWN OF OPERATING RESULT FROM ACTIVITY



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

CASH FLOW AND CAPITAL EXPENDITURE



4.4. Commentary on SEB S.A.'s results

PRESENTATION OF SEB S.A.'S RESULTS

SEB S.A., the parent company of Group SEB, is a holding company. It therefore defines and implements the Group's development strategy. It holds financial interests that enable it to have 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 2017 are characterized by the following amounts and transactions:

An operating expense of €17.1 million in 2017, compared with an expense of €19.5 million in 2016.

Net financial income of €268.9 million in 2017, compared with €48.6 million in 2016, representing an increase of €220.3 million year-on-year. This net financial income mainly comprises:

- Dividends received, which increased substantially in 2017 to €223.4 million, from €100.3 million in 2016;
- Favorable currency effects in 2017 of €87.1 million, compared with a loss of €47.9 million in 2016;
- Net write-downs of equity investments of €44.9 million, compared with €7.9 million in 2016.

Profit from ordinary activities before tax was therefore €251.8 million in 2017, compared with €29.1 million in 2016. An extraordinary net expense of €9.5 million was registered, compared with an expense of €5.3 million in 2016. €26.5 million in income was registered for corporation tax in 2017, compared with €21.8 million in 2016. As SEB S.A. is the lead company of the tax consolidation group, it recognizes tax income corresponding to the tax saving related to the deduction of the losses of the loss-making subsidiaries from the overall group's tax result of €19.8 million in 2017, as well as income of €10 million corresponding to the reimbursement relating to the contribution of 3% on the amounts distributed for 2013 and 2016.

SEB S.A.'s net profit for the 2017 was €268.8 million, compared with €45.6 million for 2016.

At 31 December 2017, total assets amounted to €4,699.5 million, compared with €4,697.9 million at the end of 2016, representing a slight increase of €1.6 million.

Non-current assets amounted to €4,341.5 million, up €30.0 million compared with 31 December 2016. They mainly comprised equity investments for a net amount of €1,574.2 million, compared with €1,619.9 million in 2016, and long- and medium-term loans granted for €2.766.1 million, compared with €2,690.5 million in 2016.

In terms of liabilities, the company's equity stood at €1,224.0 million at 31 December 2017, compared with €1,043.9 million in 2016. SEB S.A.'s borrowings amounted to €3,207.6 million at 31 December 2017, compared with €3,177.9 million in 2016.

ACQUISITIONS OF EQUITY INVESTMENTS

SEB S.A. acquired an equity investment of 56.9% in the capital of Ethera on 28 July 2017.

SEB S.A. did not acquire any other significant equity investments in 2017 in companies with their registered offices in France.

DIVIDENDS PAID OUT IN THE LAST THREE FINANCIAL YEARS

	Dividends	Share premium
2015	70,901,642	2,722,104
2016	75,896,898	2,936,383
2017	85,347,160	3,236,360

BREAKDOWN OF TRADE PAYABLES BY DUE DATE

	Article D. 441 I.-1°: Invoices received and not settled at the closing date of the financial year that are in arrears					
(in € millions)	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						12
Total amount of invoices concerned excl. VAT	(1.80)	-	-	-	-	-
Percentage of total amount of purchases excl. VAT for the year	20%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to debts and receivables that are disputed aor not reported						
Number of invoices excluded	10					
Total number of invoices excluded	0.00					
(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	Statutory deadlines: The payment deadlines range from 30 days to 60 days. Contractual deadlines: The payment deadlines conform to the legal deadlines.					

SUMPTUARY EXPENSES AND NON-TAX DEDUCTIBLE EXPENSES

Pursuant to the provisions of Article 223 *quater* of the French Tax Code, we inform you that the financial statements for the last financial year contain sumptuary expenses of €20,403 corresponding to the depreciation of passenger vehicles. This expense is not deductible from the tax result according to Article 39-4 of the French General Tax Code.

4.5. Outlook

Groupe SEB posted an excellent year in 2017, combining strong performances in line with its objectives and a promising start from WMF.

Like 2017, 2018 will be a rich and busy year marked by a two-fold objective:

- pursue the Group's profitable growth (former scope) in a small household equipment market that should remain buoyant, by continuing to harness our solid fundamentals – innovation, the power of our brands, broad distribution, international presence, industrial expertise and top-quality execution – to make a difference;
- pursue in parallel the integration of WMF by rolling out the projects initiated, executing investment and acceleration plans in Professional Coffee, implementing the actions to improve profitability in the Consumer business, and ramping up operational synergies. Delivering on all these topics will once again call for a strong mobilization of the teams.

Moreover, the economic environment is likely to be more challenging in 2018 in terms of commodities and currencies. Despite high comparatives for the former scope and an exceptional 2017 in Professional Coffee for WMF, Groupe SEB's objective in 2018 is to achieve further organic sales growth, improve its Operating Result from Activity and continue to reduce its debt level in order to bring its net debt/adjusted EBITDA ratio down below 2 at the end of 2018.

4.6. Post-balance sheet events

EGYPT

Groupe SEB signed an agreement at end-2017 to merge the small electrical appliances and cookware businesses with its historic partner in Egypt, the Zahran family, with the aim of strengthening its industrial base in the country to serve the local market and for exports.

The Zahran group, established in 1967, is Egypt's largest cookware manufacturer. It has two industrial sites and 11 Zahran stores, and employs more than 700 people. It has been producing and selling cookware under the Tefal and Zahran brands in Egypt since 1973.

In addition, in 2013, Groupe SEB created a joint venture with Zahran, Groupe SEB Egypt, in which it has a controlling shareholding of 75%, which manufactures and sells small electrical appliances (including vacuum cleaners, blenders, and small food processors), mainly under the Moulinex and Tefal brands. The plant is located at Borg El-Arab, near Alexandria.

With a view to strengthening their existing cooperation, Groupe SEB and the Zahran family have set up a new entity, Groupe SEB Egypt Zahran, owned 55% by Groupe SEB and 45% by Zahran. Bringing together the small electrical appliance and cookware businesses, the company aims to:

- accelerate sales growth in Egypt and take best advantage of the market's strong potential;
- capitalize on the relationship of trust established over a number of years with the Zahran family;
- strengthen the Group's production base in the region to facilitate access to certain markets in Africa and the Middle East.

The transaction has been submitted to the approval of the Egyptian regulatory authorities and should be finalized in second-quarter 2018.

Groupe SEB posted sales of around €20 million in Egypt in 2017.

FRANCE – LINEN CARE

As part of its strategy of strengthening its competitiveness in linen care, Groupe SEB announced capital expenditure in France of nearly €15 million in early 2018.

By 2020, this project will involve the transfer of the business and all of the employees from the Saint-Jean-de-Bournay site to the neighboring site at Pont-Evêque, whilst keeping jobs.

The two sites, which are 18km apart, are interdependent and are the only industrial production sites for the Group's irons and steam generators in France. Saint-Jean-de-Bournay (162 employees on permanent contracts) is dedicated to plastics, making injected parts for the neighboring site of Pont-Évêque (619 employees on permanent contracts), which manufactures and assembles these products. The new product ranges call for increasingly innovative plastic injection processes and require new, high-tonnage injection molding machines which the Saint-Jean-de-Bournay site cannot accommodate.

Groupe SEB therefore plans to extend the existing site at Pont-Évêque by building an injection molding machine workshop with a surface area of 7,300 m^2 and two storage buildings. These new premises, which are designed to be ergonomic and safe, will improve the working conditions of employees and optimize logistical flows.

5

Consolidated financial statements

5.1. Financial statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

(in € millions)	31/12/2017	31/12/2016	31/12/2015
Revenue (Note 3)	6,484.6	4,999.7	4,769.7
Operating expenses (Note 4)	(5,824.0)	(4,494.5)	(4,341.7)
OPERATING RESULT FROM ACTIVITY	**660.6**	**505.2**	**428.0**
Statutory and discretionary employee profit-sharing (Note 5)	(37.6)	(36.7)	(31.4)
RECURRING OPERATING PROFIT	**623.1**	**468.5**	**396.6**
Other operating income and expense (Note 6)	(43.6)	(42.2)	(25.3)
OPERATING PROFIT	**579.5**	**426.3**	**371.3**
Finance costs (Note 7)	(34.9)	(29.8)	(27.5)
Other financial income and expense (Note 7)	(36.7)	(28.2)	(20.3)
Share of profits of associates			
PROFIT BEFORE TAX	**507.9**	**368.3**	**323.5**
Income tax (Note 8)	(99.3)	(77.7)	(82.4)
PROFIT FOR THE PERIOD	**408.6**	**290.8**	**241.1**
Non-controlling interests (Note 20)	(33.6)	(32.2)	(35.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**375.0**	**258.6**	**205.9**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*			
Basic earnings per share (Note 9)	7.56	5.20	4.20
Diluted earnings per share (Note 9)	7.50	5.15	4.14

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	31/12/2017	31/12/2016	31/12/2015
Profit for the period	408.6	290.8	241.1
Exchange differences on translating foreign operations	(147.9)	(32.3)	50.9
Gains (losses) on cash flow hedges	(21.1)	(16.8)	(16.8)
Restatement of employee benefit obligations, net of tax [(a) (b)]	14.0	(17.4)	(0.7)
Other comprehensive income	(155.0)	(66.5)	33.4
COMPREHENSIVE INCOME	**253.6**	**224.3**	**274.5**
Non-controlling interests	(24.2)	(22.0)	(46.5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**229.4**	**202.3**	**228.0**

(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 gains and losses recorded in other comprehensive income.

CONSOLIDATED BALANCE SHEET

Year ended 31 December

ASSETS *(in € millions)*	31/12/2017	31/12/2016 *	31/12/2015
Goodwill (Note 10)	1,467.5	1,515.0	544.9
Other intangible assets (Note 10)	1,170.6	1,201.6	485.0
Property, plant and equipment (Note 11)	820.5	836.8	596.5
Investments in associates (Note 13)		11.1	
Other investments (Note 13)	33.8	18.0	16.7
Other non-current financial assets (Note 13)	15.4	13.3	10.4
Deferred taxes (Note 8)	62.9	89.1	50.3
Other non-current assets (Note 17)	10.6	13.3	23.6
Long-term derivative instruments (Note 25)	3.4	0.5	5.0
NON-CURRENT ASSETS	**3,584.7**	**3,698.7**	**1,732.4**
Inventories (Note 15)	1,112.1	1,067.0	820.9
Trade receivables (Note 16)	1,015.8	1,052.9	886.0
Other receivables (Note 17)	100.0	100.6	90.2
Current tax assets	73.5	59.6	44.5
Short-term derivative instruments (Note 25)	45.6	50.6	45.9
Other financial investments (Note 24)	216.8	204.6	244.5
Cash and cash equivalents (Note 18)	538.7	414.5	770.8
CURRENT ASSETS	**3,102.5**	**2,949.8**	**2,902.8**
TOTAL ASSETS	**6,687.2**	**6,648.5**	**4,635.2**

* *After finalization of the WMF purchase price allocation entries (Note 2.1).*

LIABILITIES *(in € millions)*	31/12/2017	31/12/2016 *	31/12/2015
Share capital (Note 19)	50.2	50.2	50.2
Reserves and retained earnings (Note 19)	1,806.6	1,677.6	1,728.6
Treasury stock (Note 19)	(67.3)	(56.8)	(71.2)
Equity attributable to owners of the parent	**1,789.5**	**1,671.0**	**1,707.6**
Non-controlling interests (Note 20)	**174.8**	**165.2**	**200.1**
EQUITY	**1,964.3**	**1,836.2**	**1,907.7**
Deferred taxes (Note 8)	216.7	272.5	70.1
Long-term provisions (Note 21)	354.0	384.1	185.8
Long-term borrowings (Note 24)	2,067.3	1,553.6	707.0
Other non-current liabilities (Note 23)	47.3	45.7	41.7
Long-term derivative instruments (Note 25)	20.7	10.5	3.5
NON-CURRENT LIABILITIES	**2,706.0**	**2,266.4**	**1,008.1**
Short-term provisions (Note 21)	90.0	112.5	61.0
Trade payables (Note 23)	905.8	915.4	695.2
Other current liabilities (Note 23)	351.7	380.0	291.6
Current tax liabilities	51.7	42.3	31.5
Short-term derivative instruments (Note 25)	39.5	23.0	16.6
Short-term borrowings (Note 24)	578.2	1,072.7	623.5
CURRENT LIABILITIES	**2,016.9**	**2,545.9**	**1,719.4**
TOTAL EQUITY AND LIABILITIES	**6,687.2**	**6,648.5**	**4,635.2**

* *After finalization of the WMF purchase price allocation entries (Note 2.1).*

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)	31/12/2017	31/12/2016	31/12/2015
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**375.0**	**258.6**	**205.9**
Depreciation, amortization and impairment losses (Notes 10 and 11)	177.9	122.9	146.5
Change in provisions (Note 21)	(11.4)	2.9	
Unrealized gains and losses on financial instruments (Note 25)	(0.4)	6.9	9.5
Income and expenses related to stock options plan (Note 19.2)	17.7	13.1	13.9
Gains and losses on disposals of assets	1.8	1.1	1.9
Other	0.1		(6.0)
Non-controlling interests (Note 20)	33.6	32.2	35.2
Current and deferred taxes (Note 8)	98.2	78.5	81.7
Finance costs (Note 7)	34.3	36.1	28.0
CASH FLOW [(a)]	**726.9**	**552.3**	**516.6**
Change in inventories and work in progress (Note 15)	(109.9)	(0.5)	26.5
Change in trade receivables (Note 16)	(12.0)	39.1	(137.6)
Change in trade payables (Note 23)	38.6	87.0	41.8
Change in other receivables and payables (Notes 17 and 23)	(40.8)	23.0	45.7
Income tax paid	(116.9)	(88.7)	(88.6)
Net interest paid	(29.1)	(36.1)	(28.0)
NET CASH FROM OPERATING ACTIVITIES	**456.8**	**575.9**	**376.4**
Proceeds from disposals of assets (Note 11)	13.7	6.6	5.0
Purchases of property, plant and equipment (Note 11)	(165.0)	(162.4)	(133.6)
Purchases of software and other intangible assets (Note 10)	(27.4)	(19.0)	(23.5)
Purchases of financial assets (Notes 13 et 24)	(30.7)	20.5	(62.8)
Acquisitions of subsidiaries, net of cash acquired (Note 2)	(8.1)	(1,695.2)	(18.5)
Effect of other changes in scope of consolidation (Note 2)			
NET CASH USED BY INVESTING ACTIVITIES	**(217.4)**	**(1,849.5)**	**(233.4)**
Change in long-term borrowings (Note 24)	515.5	846.6	130.1
Change in short-term borrowings (Note 24)	(487.9)	395.4	273.4
Issue of share capital (Note 19)			
Transactions between owners (Note 20)	(27.5)	(196.1)	(24.1)
Change in treasury shares (Note 19.4)	(27.2)	(2.7)	(3.6)
Dividends paid, including to non-controlling interests	(101.1)	(92.0)	(85.4)
NET CASH USED BY FINANCING ACTIVITIES	**(128.3)**	**951.2**	**290.3**
Effect of changes in foreign exchange rates	13.0	(33.9)	(3.9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**124.2**	**(356.4)**	**429.4**
Cash and cash equivalents at beginning of period (Note 18)	414.5	770.8	341.4
Cash and cash equivalents at end of period (Note 18)	538.7	414.5	770.8

(a) Before interest and income taxes paid.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital	Share premium	Reserves and retained earnings	Translation differences	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2014 (NOTE 19)	**50.2**	**88.1**	**1,354.8**	**137.0**	**(79.0)**	**1,551.0**	**173.5**	**1,724.5**
Profit for the period			205.9			205.9	35.2	241.1
Other comprehensive income			(17.5)	39.6		22.1	11.3	33.4
Comprehensive income			*188.4*	*39.6*		*228.0*	*46.5*	*274.5*
Dividends paid			(73.6)			(73.6)	(11.8)	(85.4)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					7.8	7.8		7.8
Gains (losses) on sales of treasury stock, after tax			(7.5)			(7.5)		(7.5)
Exercise of stock options			13.9			13.9		13.9
Other movements			(12.0)			(12.0)	(8.1)	(20.1)
AT 31 DECEMBER 2015 (NOTE 19)	**50.2**	**88.1**	**1,464.0**	**176.6**	**(71.1)**	**1,707.6**	**200.1**	**1,907.7**
Profit for the period			258.6			258.6	32.2	290.8
Other comprehensive income			(34.2)	(22.1)		(56.3)	(10.2)	(66.5)
Comprehensive income			*224.4*	*(22.1)*		*202.3*	*22.0*	*224.3*
Dividends paid			(78.8)			(78.8)	(13.2)	(92.0)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					14.4	14.4		14.4
Gains (losses) on sales of treasury stock, after tax			(11.2)			(11.2)		(11.2)
Exercise of stock options			13.1			13.1		13.1
Other movements*			(176.3)			(176.3)	(43.7)	(220.1)
AT 31 DECEMBER 2016 (NOTE 19)	**50.2**	**88.1**	**1,435.2**	**154.5**	**(56.6)**	**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	*0.0*	*0.0*	*367.9*	*(138.5)*	*0.0*	*229.4*	*24.2*	*253.6*
Dividends paid			(88.6)			(88.6)	(12.4)	(101.0)
Issue of share capital						0.0		0.0
Reduction of share capital						0.0		0.0
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 (NOTE 19)	**50.2**	**88.1**	**1,702.7**	**16.0**	**(67.2)**	**1,789.4**	**174.9**	**1,964.3**
DIVIDENDS PROPOSED FOR 2017			**(103.3)**			**(103.3)**		**(103.3)**
BALANCE AFTER APPROPRIATION AT 31 DECEMBER 2017	**50.2**	**88.1**	**1,599.4**	**16.0**	**(67.2)**	**1,686.1**	**174.9**	**1,861.0**

* *Of which acquisition of 7.91% of non-controlling interests of Supor (Note 20).*

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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.

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 Consolidated Financial Statements were authorized for publication by the Board of Directors on 27 February 2018.

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 2017 and the comparative financial statements for FYs 2016 and 2015 were prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2016. These guidelines can be downloaded from the European Commission's website http://ec.europa.eu/internal_market/accounting/ias_en.htm. This includes the standards published by the IASB (International Accounting Standards Board), namely the IFRS, IAS (International Accounting Standards) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the former Standard Interpretations Committee (SIC).

Mandatory new standards, amendments and interpretations

The Group adopted the following standards, amendments and interpretations applicable as of 1 January 2017. Their date of application matches that of the IASB.

- amendments to IAS 7 – Disclosure Initiative. This amendment provides for additional disclosures to be made in the notes to the financial statements, notably concerning changes in financial liabilities on the balance sheet; these new disclosures are presented in Note 24.2;
- amendment to IAS 12 — Income Taxes. This amendment clarifies how to estimate whether there will be sufficient future taxable profit when recognizing deferred tax assets on unrealized losses;
- annual improvements to IFRS (2014-2016 cycle), mainly concerning IFRS 12. This text clarifies the scope of disclosure obligations.

These new standards and amendments had no material impact on the Group's financial statements.

Standards and amendments not early-adopted by the Group

The Group did not early-adopt any standards, amendments or interpretations in 2017 that are mandatory as from 1 January 2018 or that are applicable despite not having been adopted by the European Union as they do not contradict any existing standards. These texts concern in particular:

- IFRS 15 – Revenue from Contracts with Customers, and IFRS 9 – Financial Instruments, published in May and July of 2014 respectively, with an application date of 1 January 2018. The Group has not identified any material impacts related to the application of these new standards;
- the following amendments and improvements to existing standards will have no material impact on the Group's financial statements:
  - amendment to IFRS 2 – Share-Based Payments, providing clarification on the valuation of cash-settled plans or in the event of a change in a cash-settled plan to an equity-settled plan,
  - amendment to IAS 40 – Transfers of Investment Property,
  - annual improvements to IFRS (2015 - 2017 cycle), mainly concerning:
    - IAS 12 and the tax consequences of payments for financial instruments classified as equity instruments,
    - IAS 23 – Borrowing costs that can be included in the cost of the asset,
    - IFRS 3 & IFRS 11 – Previously Held Interests in a Joint Operation;
  - IFRIC 22 – Foreign Currency Transactions and Advance Consideration,
  - IFRIC 23 – Uncertainty over Income Tax Treatments.

In addition, the impacts on Groupe SEB's financial statements of IFRS 16 – Leases, whose first application date is 1 January 2019, are still being analyzed.

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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 reserve".

The financial statements of subsidiaries whose functional currency is not the local accounting currency are initially translated into the functional currency using the historical rate method, as follows:

- non-monetary assets and liabilities: non-current assets, inventories and securities and the corresponding movements recorded in the income statement are translated at the historical exchange rate;
- monetary assets and liabilities: cash, short and long-term loans and borrowings, operating receivables and payables are translated at the closing rate at the balance sheet date;
- income statement items are translated at the weighted average exchange rate for the year, apart from depreciation, amortization and impairment losses on non-monetary items;
- the resulting exchange differences are recognized in the income statement for the year.

These financial statements in the functional currency are then translated into euros using the closing rate method.

In accordance with the option available to first-time adopters under IFRS 1, Groupe SEB elected to reset to zero at 1 January 2004 the cumulative translation differences arising on consolidation of foreign entities.

1.2.2. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the euro are initially recognized at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in currencies other than the euro are translated at the closing exchange rate. The resulting exchange gains and losses are recognized in the income statement except where they are recognized directly under other comprehensive income or refer to eligible cash-flow hedges or hedges of a net investment in a foreign entity.

Non-monetary foreign currency assets and liabilities carried at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate on the date on which this fair value was measured.

Where a profit or a loss on a non-monetary item is recognized under other comprehensive income, any exchange component of this profit or loss is recognized directly under other comprehensive income. In contrast, where a profit or a loss on a non-monetary item is recognized directly in the income statement, any exchange component of this profit or loss is recognized in the income statement.

The Group's exposure to certain currency risks is hedged using forward contracts and options (see below for the accounting methods applicable to hedging positions).

NOTE 1.3. USE OF ESTIMATES

The preparation of Consolidated Financial Statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the reported amounts of assets and liabilities – such as accumulated depreciation, amortization and impairment losses – and contingent assets and liabilities on the date of the Consolidated Financial Statements, as well as on income and expenses for the year.

These estimates are made on a going concern basis and reflect amounts and assumptions that management considers relevant and reasonable given the Group's operating environment and past experience. Forecasting and producing medium-term plans are rendered difficult by the current economic environment. The

Consolidated Financial Statements for the period were prepared on the basis of financial parameters for the market available at the end of the period. The value of certain assets, such as goodwill and trademarks, is estimated at the year-end based on the long-term economic outlook and management's best estimates, taking into account the reduced visibility of future cash flows.

The assumptions used – which mainly concern impairment tests on non-current assets – and the sensitivity of reported amounts to changes in these assumptions, are presented in the relevant notes to these Consolidated Financial Statements, in accordance with IAS 36.

Estimates are adjusted following any change in the circumstances on which they were based or when any new information comes to light. Actual results may differ from these estimates and assumptions.

The main estimates and assumptions used to prepare the Consolidated Financial Statements concern the measurement of pension and other post-employment benefit obligations (Note 22.1), deferred taxes (Note 1.4.10), property, plant and equipment (Note 1.4.3), intangible assets (Notes 1.4.1 and 10), investments in associates and other investments, impairment of current assets (Notes 1.4.5 and 1.4.6), short and long-term provisions (Notes 1.4.11 and 1.4.12), certain financial instruments (Note 1.4.4 – Derivative instruments) and share-based payments (Note 1.4.11 – Share-based payments).

NOTE 1.4. ACCOUNTING POLICIES AND VALUATION METHODS

The financial statements of Group companies are prepared in accordance with local generally accepted accounting principles. They are restated to comply with Group accounting policies.

The notes to the Consolidated Financial Statements include analyses of assets and liabilities by maturity where disclosure of this information is required under IFRS.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

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

- its intention to complete the development project;
- that it is probable that the expected future economic benefits attributable to the asset will flow to the Group;
- its ability to reliably measure the cost of the asset.

Development costs that do not fulfill the above criteria are expensed during the year in which they are incurred.

In 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 is recognized as a balance sheet asset under "Goodwill".

It is measured as the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired in a business combination over the consideration transferred. The consideration transferred is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred by the acquirer to the former owner on the acquisition date, plus any contingent consideration. In the case of an acquisition carried out in stages, the difference between the carrying amount of the previously held interest and its acquisition-date fair value is recorded directly in the income statement on the acquisition date under "Other operating income and expenses".

For each business combination, any non-controlling interest in the acquired company may be measured either at fair value on the acquisition date (full goodwill method) or at the non-controlling interest's proportionate share of the acquired company's identifiable net assets (partial goodwill method).

The fair values provisionally attributed to identifiable assets and liabilities, non-controlling interests measured at fair value and the various components of the consideration transferred may be adjusted by the acquirer for a period of twelve months after the acquisition date. After that period, any adjustments are recognized prospectively in profit or loss with no adjustment to goodwill.

Goodwill is not amortized but is tested for impairment at least once a year. For impairment testing purposes, goodwill is classified by cash generating units, which correspond to uniform groups jointly generating independent cash flows.

The method used to test cash generating units for impairment is described in Note 1.4.3.

When impairment is noted, 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" and is attributed in full to the acquirer.

1.4.2. Property, plant and equipment

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

Maintenance and repair costs are expensed as incurred.

The useful lives are as follows:

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

Each asset component with a useful life that is different from that of the asset to which it belongs is depreciated separately. Useful lives are reviewed at regular intervals and the effect of any adjustments are recognized prospectively.

No items of property, plant or equipment have been revalued.

In accordance with IAS 17 – Leases, finance leases that transfer substantially all the risks and rewards incidental to ownership of an asset are recognized in property, plant and equipment for an amount corresponding to the lower of the fair value of the leased asset and the present value of the minimum lease payments.

A liability for the same amount is recorded under "Finance lease liabilities".

1.4.3. Impairment of non-current assets

In accordance with IAS 36 – Impairment of Assets, the net carrying amount of property, plant and equipment and intangible assets is tested at the appearance of impairment and reviewed at each closing. Assets with an indefinite useful life – corresponding in the case of the Group to goodwill and trademarks – are tested for impairment at least once a year, irrespective of whether there is any indication of impairment.

Assets with a finite life are tested whenever events or circumstances indicate that their carrying amount may not be recovered.

Impairment tests are performed at the level of each Cash-Generating Unit (CGU). A CGU is defined as an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of these units is determined by reference to net discounted future cash flows. An impairment loss is recognized for any excess in an asset's carrying amount over its recoverable amount. Recoverable amount corresponds to the higher of the asset's fair value less costs to sell and its value in use, calculated using the discounted cash flows method. The impairment loss thus determined is first allocated against goodwill and then pro-rata to the other assets based on their carrying amounts.

The 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 machine 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.

1.4.4. Financial instruments

Financial instruments are accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are recognized at the fair value of the consideration given or received. Transaction costs directly attributable to the acquisition or issue of the financial asset or liability are included in the initial measurement of all financial assets and liabilities. Acquisition costs include direct external transaction costs.

A) FINANCIAL ASSETS

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables, debt securities and other cash equivalents classified as current assets.

Available-for-sale

Available-for-sale financial assets are assets that are intended to be held for an indefinite period but which may be sold in response to changes in market interest rates or liquidity needs. They include investments in non-consolidated companies.

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

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

When the fair value of investments in non-consolidated companies cannot be reliably measured, they are measured at their historical cost.

Recognized at amortized cost

These assets include loans and receivables and held-to-maturity investments.

Held-to-maturity investments are financial assets with a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are measured at amortized cost, determined by the effective interest method.

B) FINANCIAL LIABILITIES

Financial liabilities comprise borrowings and other financing, including bank overdrafts, and operating liabilities.

Borrowings and other financial liabilities are measured at amortized cost, determined by the effective interest method.

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 IAS 32 and IAS 39, derivative instruments are measured at fair value.

The accounting treatment of changes in fair value depends on the future use of the derivative and the resulting accounting classification.

Derivative instruments designated as the hedging instrument in a hedging relationship may be classified as either fair value or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, that is attributable to a particular risk and could affect profit;
- a cash flow hedge is a hedge of the exposure to variability in 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.

Hedge accounting is discontinued prospectively when the derivative instrument ceases to be a highly effective hedge or when it expires or is sold, terminated or exercised.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in profit.

1.4.5. Inventories

Raw materials and goods purchased for resale are measured at purchase cost, using the weighted average cost method.

Work-in-progress and finished products are measured at cost, including raw materials and labor and a portion of direct and indirect production costs.

In accordance with IAS 2, inventories are measured at the lower of cost, determined as explained above, and net 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.

1.4.6. Trade receivables

Trade receivables are measured at their nominal amount, which is equivalent to their fair value in view of their short-term maturity. Where necessary, these receivables are impaired, to align them to their estimated net realizable value. Provisions for impairment of trade receivables are determined on the basis of their age and identified recovery risks.

1.4.7. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term investments in money market instruments. These instruments have maturities of less than three months; they are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

The consolidated cash flow statement is presented using the indirect method and cash flows are 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.

1.4.8. 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 potential short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

1.4.9. Treasury stock

Treasury stock is deducted from equity at cost. Any gains or losses arising from the purchase, sale, issue or cancellation of treasury stock are recognized directly in equity without affecting profit.

1.4.10. Income taxes

Income tax expense reported in the income statement corresponds to current tax for the period and changes in deferred taxes.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized, using the liability method, for temporary differences between the carrying amounts of assets and liabilities and their tax base. They are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Temporary differences include:

a) taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; and

b) deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets are recognized for deductible temporary differences and tax loss carry forwards to the extent that it is highly probable that future taxable profits will be available in the foreseeable future against which they can be 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.

1.4.11. Employee benefits

A) PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

In some countries, the Group is required to pay length-of-service awards to employees on retirement or pension benefits under formal pension plans. The Group also pays contributions to government-sponsored pension plans in its various host countries. The accounting treatment of these pension and other post-employment benefit plans depends on the type of plan, as follows:

Defined contribution plans

Contributions to these plans are recognized as an expense for the period to which they relate.

Defined benefit plans

In accordance with IAS 19, as amended – Employee Benefits, obligations are calculated annually by independent actuaries using the projected Unit credit method based on final salaries. This method sees each period of service as giving rise to an additional Unit of benefit entitlement and measures each Unit separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to calculate the obligation include staff turnover rates, mortality rates, the discount rate and the retirement age.

The assumptions vary according to local laws and regulations in the host countries concerned.

A provision is recorded in the balance sheet for any unfunded obligations, corresponding to defined benefit obligations not covered by plan assets.

Current service cost, corresponding to the increase in the present value of the defined benefit obligation resulting from employee service in the current period, and the effect of plan amendments and reductions, are recognized in the Operating Result from Activity.

Actuarial gains and losses, resulting from changes in actuarial assumptions and experience adjustments (i.e. the effects of the differences between the previous actuarial assumptions and what has actually occurred) are recognized in “Other comprehensive income”.

Interest income or interest expense calculated on the defined benefit obligation net of the value of plan assets by applying the discount rate used to determine the defined benefit obligation is recognized in “Other financial income and expenses”.

The difference between the actual return on plan assets and the interest income calculated by applying the discount rate is recorded in other comprehensive income.

For plans that have a surplus – corresponding to the excess of plan assets over the defined benefit obligation – the Group applies the limit provided for in IAS 19, as amended in determining any asset recognized in the balance sheet.

B) OTHER LONG-TERM BENEFITS

Certain subsidiaries pay jubilees to employees who have completed a certain number of years’ service or offer employees “time savings accounts”. The cost of these long-term benefits is calculated on an actuarial basis and recognized in profit over the service lives of the employees concerned. Actuarial gains and losses are recognized immediately in profit during the period in which they are generated, as their deferral is not allowed under IFRS.

Pension and other post-employment benefit costs are classified as operating expenses, except for the interest cost, which is included in other financial income and expenses in accordance with the alternative treatment allowed under IAS 19R.

Contributions to external funds and payments to employees are reported in the cash flow statement under "Cash flows from operating activities".

In accordance with IAS 19R, which was early-adopted on 1 January 2012, unrecognized actuarial gains and losses on defined benefit obligations at 31 December 2009 and past service costs were recognized in equity in the opening balance sheet starting 1 January 2010.

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognized in accordance with IFRS 2 – Share-Based Payment. Stock options represent a benefit for the grantee and, accordingly, are treated as part of the Group's compensation costs. Option grants are not cash-settled, and the benefit is therefore recognized as an expense over the vesting period by adjusting equity for an amount corresponding to the fair value of the underlying equity instruments. As the stock options granted to employees of Group subsidiaries are only exercisable for SEB S.A. shares, they are deemed to be equity-settled share-based payments.

The fair value of stock options at the grant date is determined using the Black & Scholes option pricing model. This model takes into account the option exercise price and period, market data at the grant date (risk-free interest rate, share price, volatility, expected dividends) and grantee behavior assumptions (average holding period of the options). The fair value of performance shares corresponds to the share price on the grant date less a discount covering the lock-up feature and the value of future dividends that will not be received during the vesting period.

The compensation cost recorded for each plan is determined by multiplying the fair value per option or performance share by the estimated future number of shares to be delivered. The estimated number of shares is adjusted at each balance sheet date, as necessary, based on a revised estimate of the probability of non-market-based performance criteria being met, leading to an adjustment of the compensation cost.

The compensation cost is recognized in employee benefits expense on a straight-line basis over the option or performance share vesting period by adjusting equity. When a grantee leaves the Group before the end of the vesting period, resulting in the rights to the options or performance shares being forfeited, the cumulative compensation cost is canceled by recording an equivalent amount in income. Conversely, if a grantee leaves the Group earlier than originally expected, 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."

1.4.12. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation:

A) PROVISIONS FOR WARRANTY COSTS

The Group provides a warranty on its products. The estimated costs of the warranty are accrued at the time of sale, based on historical data.

This item also includes provisions for product recalls, which are set up when the recall is decided 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.

1.4.13. Off-balance sheet commitments

For several years now, the Group's reporting system has included detailed reporting of off-balance sheet commitments. The process provides for the reporting by consolidated subsidiaries, in their consolidation packages, of information about the following commitments that they have given:

- guarantees, endorsements and bonds;
- security interests (mortgages and pledges);
- commitments under operating leases, firm orders for fixed assets;
- other commitments.

1.4.14. Transactions between owners

Acquisitions or disposals of non-controlling interests that do not affect the Group's control of a subsidiary are treated as transactions between owners and accounted for in equity. The carrying amounts of the subsidiary's assets (including goodwill recognized upon obtaining control) and liabilities remain unchanged.

In the event of a partial disposal leading to the loss of control of a subsidiary, the Group (a) recognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; (b) recognizes the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost; (c) recognizes the fair value of the consideration received; (d) recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost; (e) reclassifies to profit or loss any gain or loss recognized in other comprehensive income and (f) recognizes any resulting difference as a gain or loss in profit or loss attributable to owners of the parent. The remeasurement at fair value of the retained investment therefore affects profit or loss.

NOTE 1.5. INCOME STATEMENT PRESENTATION

1.5.1. Revenue

Revenue corresponds to the value, excluding tax, of goods and services sold by consolidated companies in the course of their ordinary activities, after eliminating intra-group sales.

Revenue is recognized when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer receives a product.

Revenue 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.

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 compromise 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 at fair value 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 2017 AND FOLLOW-UP ON THE MAIN TRANSACTIONS IN 2016

2.1.1. Follow-up on significant transactions in 2016

WMF

On 20 May 2016, Groupe SEB signed an agreement with KKR to acquire the German group WMF, the world leader in professional coffee machines and the leader in cookware in Germany. This deal was subject to clearance by the relevant competition authorities, in particular at European level. This clearance was obtained on 22 November 2016 and the acquisition of WMF finalized on 30 November 2016. Given that the date of acquisition was very close to the year-end, the Group decided to use the balance sheet as of 31 December 2016 as the opening balance sheet due to the operational difficulties in preparing reliable financial statements within a short period of time and the fact that one month of income statement is not material at Group level.

Founded in 1853, WMF operates three major business lines: professional coffee machines, small household appliances (cookware and small domestic appliances) and catering equipment. Over the years, it has built up strong positions:

- in the professional coffee segment, in which it is the global leader with 28% market share, way ahead of the no. 2;
- in the cookware segment, where WMF is the uncontested leader in Germany with 20% of the market.

Through this structuring acquisition, Groupe SEB:

- acquires a strong global leadership position in the highly attractive professional coffee machine market, which is fast growing, highly profitable and a significant source of recurring income from the service activities;
- considerably strengthens its position in the cookware segment by becoming the no. 1 in Germany with in particular a high-end stainless steel product offering;
- speeds up its development in the strategic cookware articles and accessories segment, following on from the acquisition of EMSA, generating revenue of in excess of €350 million;
- expands its trademark portfolio with the addition of new established trademarks including the iconic WMF, but also Schaerer, Silit, Kaiser and HEPP;
- gains access to a network of 200 direct outlets in Germany, a strong source of brand awareness and of sales.

In addition, this acquisition will generate significant synergies. In terms of revenue, this will enable the international roll-out of the WMF trademark and products through the Groupe SEB network as well as add Group products to the WMF trademark. Furthermore, the integration of WMF provides an opportunity to ramp up productivity, generating full-year synergies estimated at around €40 million by 2020.

WMF has eight production plants worldwide: Four in Germany, one in Switzerland, one in the Czech Republic, one in China and one in India. It uses multi-channel distribution, including an extensive network of its own stores. It has 6,000 employees in 16 countries, including around 4,600 in Germany.

After finalizing the purchase price allocation entries, the net fair value of the identifiable assets and liabilities at 31 December 2016 breaks down as follows:

	31 December 2017	
(in € millions)	(b)	(a)
Non-current assets	876.5	365.8
Inventories	219.7	229.0
Trade receivables	192.1	199.3
Net debt	(564.7)	(563.0)
Trade and other payables	(111.9)	(108.1)
Other net liabilities	(482.2)	(324.3)
TOTAL NET ASSETS	**129.4**	**(201.3)**
PERCENT INTEREST	**100%**	**100%**
NET ASSETS ACQUIRED	**129.4**	**(201.3)**
Non-controlling interests		
CASH OUTFLOW FOR THE WMF GROUP ACQUISITION	**1080.2**	**1081.5**
Final goodwill	950.8	1282.8

(a) Provisional estimate at 31 December 2016.
(b) After final allocation of the purchase price.

The following intangible assets were identified as a result of the work carried out by an independent expert to allocate the purchase price:

- brands whose fair value is respectively €487 million for WMF, €94 million for Schaerer, €23 million for Silit, €11 million for Kaiser, and €9 million for Hepp;
- customer relationships with an estimated fair value of €54 million;
- technologies worth €25 million and order books amounting to €3 million.

This work also resulted in the revaluation of some property, plant and equipment for approximately €30 million. Provisions for contingencies and liabilities were also recorded for approximately €48 million relating to ongoing disputes or tax and environmental risks.

The pro forma income statement for 2016 presented in Note 2.2 was prepared in line with the provisions of AMF recommendation 2013-08. Its purpose was to present the results for 2016 as if the acquisition of WMF had been completed as at 1 January 2016.

EMSA

On 28 June 2016, Groupe SEB completed the acquisition of EMSA.

Founded in 1949, the German-based EMSA specializes in the design, manufacture and sale of kitchenware articles and accessories. Its core business is built around three product categories: vacuum jugs and flasks, kitchenware articles and accessories (kitchen aids) and storage jars. The EMSA product offering is built around innovation and quality, combining functional features and design. Production is carried out at three industrial sites in Germany, China and Vietnam.

A well-known trademark in German-speaking countries, EMSA primarily covers the core-range segment and boasts strong positions in Germany in thermoware and food storage containers, where it is the market leader. EMSA is also present in the rest of Europe and the Middle East. EMSA generated revenue of €85 million in 2016.

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 30 June 2016 breaks down as follows:

(in € millions)	30 June 2016
Non-current assets*	34.3
Inventories	20.7
Trade receivables	10.3
Net debt	(36.2)
Trade and other payables	(11.0)
Other net liabilities	(20.1)
TOTAL NET ASSETS	**(2.0)**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**(2.0)**
Non-controlling interests	
CASH OUTFLOW FOR THE EMSA ACQUISITION	**21.9**
Goodwill	23.9

* *Comprising the EMSA brand estimated at €10.7 million by an independent assessor*

In view of the immaterial amounts, comparative figures at 31 December 2016 have not been restated.

2.1.2. 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. Swizzz Prozzz products have so far been marketed under license through various kitchen utensil brands with great commercial success; the activity corresponds to annual pro forma revenue of around €8 to €10 million. With this acquisition, Groupe SEB is continuing to expand into kitchen utensils with products that are simple, easy to use, affordable and very complementary to its existing ranges.

Because of the immaterial nature of this acquisition and the ongoing legal restructuring, the investment in this company was provisionally presented as of 31 December 2017 under “Other investments” in the consolidated balance sheet.

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. These operations have no impact on the Group’s consolidated financial statements.

NOTE 2.2. 2016 PROFORMA FINANCIAL STATEMENTS

The pro forma income statement presented below was prepared in accordance with AMF recommendation 2013-08. It was included in the notes to the consolidated financial statements for the year ended 31 December 2016 and was intended to present the 2016 profit or loss as if WMF had been acquired on 1 January 2016.

Certain income statement items were directly related to the first year of consolidation and were therefore considered as non-recurring items. In addition, given that the fair value measurement of the identifiable assets and liabilities of WMF was provisional at the time of preparation of these proforma financial statements, the effects of the final measurement of the fair value of these assets and liabilities would have had an impact on these financial statements.

2.2.1. Proforma 2016 income statement

(in € millions)	SEB reported	WMF 2016	Group financing	Inter-company elimination	Proforma recurring	Stock step-up	Proforma
Revenue	4,999.7	1,099.7		(4.3)	6,095.1		6,095.1
Operating expenses	(4,494.5)	(1,006.2)		4.3	(5,496.4)	(13.9)	(5,510.3)
OPERATING RESULT FROM ACTIVITY	**505.2**	**93.5**	**0.0**	**0.0**	**598.7**	**(13.9)**	**584.8**
Statutory and discretionary employee profit-sharing	(36.7)	0.0			(36.7)		(36.7)
RECURRING OPERATING PROFIT	**468.5**	**93.5**	**0.0**	**0.0**	**562.0**	**(13.9)**	**548.1**
Other operating income and expenses	(42.2)	(15.6)			(57.8)		(57.8)
OPERATING PROFIT	**426.4**	**77.9**	**0.0**	**0.0**	**504.3**	**(13.9)**	**490.4**
Finance costs	(29.8)	(8.0)	(5.5)	8.0	(35.3)		(35.3)
Other financial income and expenses	(28.2)	0.1			(28.1)		(28.1)
Share of profits of associates		0.5			0.5		0.5
PROFIT BEFORE TAX	**368.4**	**70.5**	**(5.5)**	**8.0**	**441.4**	**(13.9)**	**427.5**
Income tax	(77.7)	(25.5)	1.4	(2.4)	(104.2)	4.2	(100.1)
PROFIT FOR THE PERIOD	**290.8**	**45.0**	**(4.1)**	**5.6**	**337.3**	**(9.7)**	**327.6**
Non-controlling interests	(32.2)	(0.4)			(32.6)		(32.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**258.6**	**44.6**	**(4.1)**	**5.6**	**304.7**	**(9.7)**	**295.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*							
Basic earnings per share	5.20				6.12		5.93
Diluted earnings per share	5.15				6.06		5.87

The "WMF 2016" income statement represented the consolidated income statement prepared by WMF plus a series of reclassifications made to bring it into line with the Groupe SEB accounting policies as detailed in Note 1 "Summary of significant accounting policies" herein. In addition, these financial statements were adjusted to offset the impact of intangible assets in the process of being measured and to eliminate the entries that should have impacted the opening balance sheet and not the 2016 profit (loss). Finally, the WMF cost of debt in 2016 was replaced by a standard borrowing cost determined on the basis of the financing arranged by Groupe SEB.

2.2.2. Notes to the Proforma 2016 income statement

2.2.2.1. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

SALES *(in € millions)*	2016			
	Reported	WMF 2016	Eliminations	Proforma
EMEA	2,494.9	848.0	(4.3)	3,338.6
Americas	918.7	186.0		1,104.7
Asia	1,586.1	65.7		1,651.8
TOTAL	**4,999.7**	**1,099.7**	**(4.3)**	**6,095.1**

SALES *(in € millions)*	2016			
	Reported	WMF 2016	Eliminations	Proforma
Cookware	1,626.1	603.5		2,229.6
Small domestic appliances	3,373.6	75.5	(4.3)	3,444.8
Professional coffee machines		420.7		420.7
TOTAL	**4,999.7**	**1,099.7**	**(4.3)**	**6,095.1**

2.2.2.2. OPERATING EXPENSES

	2016			
(in € millions)	Reported	WMF 2016	Consolidation entries	Proforma
Purchased raw materials and goods	(2,427.0)	(432.7)	(9.6)	(2,869.3)
Labor costs	(205.2)	(145.7)		(350.9)
Freight costs	(121.7)			(121.7)
Other production costs	(267.3)			(267.3)
COST OF SALES	**(3,021.2)**	**(578.4)**	**(9.6)**	**(3,609.2)**
Research and development costs	(92.2)	(20.7)		(112.9)
Advertising	(130.9)	(32.2)		(163.1)
Distribution and administrative expenses	(1,250.2)	(383.9)		(1,634.1)
OPERATING EXPENSES	**(4,494.5)**	**(1,015.2)**	**(9.6)**	**(5,519.3)**

2.2.2.3. OTHER OPERATING INCOME AND EXPENSES

	2016		
(in € millions)	Reported	WMF 2016	Proforma
Restructuring costs	(19.0)	(8.5)	(27.5)
Impairment losses	(0.8)		(0.8)
Gains and losses on asset disposals and other	(22.4)	(7.1)	(29.5)
OTHER OPERATING INCOME AND EXPENSES	**(42.2)**	**(15.6)**	**(57.8)**

The main components of other operating income and expenses of WMF related to the restructuring of logistics activities and extraordinary costs related to the transaction.

NOTE 2.3. OTHER TRANSACTIONS IN 2016 AND 2015

Legal restructuring in Germany and the United States

The legal restructuring measures initiated in Germany and the United States in 2015 were completed in the first half of 2016. This restructuring had no impact on the Consolidated Financial Statements.

Supor

In late December 2015, Groupe SEB signed an agreement with the Su family holding company, Supor Group, to buy 50 million shares, or 7.91% of the share capital of Supor, at a unit price of CNY 29 per share. This transaction was finalized on 23 June 2016. Groupe SEB then owned 81.17% of the company.

Furthermore, as part of a legal restructuring, 25% of the shares in Zehjiang Supor EA and Wuhan Cookware, which were previously held by an intermediate holding company based in Hong Kong, were transferred to the Supor Group parent company, thereby giving it outright ownership of these subsidiaries. At the Group level, this transaction had the following impact:

- a slight change in the ownership interest in these companies from 85.88% to 81.17% for Zehjiang Supor EA and from 85.49% to 81.17% for Wuhan Cookware;
- the transfer of €150 million from China to France.

This transaction was completed in early July 2016.

OBH Nordica Group

On 31 August 2015, Groupe SEB acquired 100% of the shares of OBH Nordica Group, a major operator in the small electrical appliance market in Scandinavia. These shares were previously owned by Triton-managed funds.

Founded in 2002 and based in Sundbyberg, north of Stockholm, OBH Nordica markets a wide range of small kitchen equipment (electrical applicances and cookware), representing 80% of its revenue, as well as personal and home care appliances. As a result of strong in-house innovation, the company enjoys leading positions in the Nordic region, implementing a single brand strategy with high brand awareness in Sweden, Denmark, Finland and Norway. OBH Nordica has also developed a solid foothold in all distribution channels, with access to some 4,200 points of sale.

OBH Nordica generated sales of SEK 628 million in 2015 (approximately €67 million) and has around 7% value market share in the Nordic small electrical appliances market. The portion of sales attributable to Groupe SEB in 2015 was €28.6 million.

The net fair value of the identifiable assets and liabilities when Groupe SEB obtained control of the company on 31 August 2015 was as follows:

(in € millions)	31 August 2015
Non-current assets*	17.5
Inventories	18.3
Trade receivables	8.8
Net debt	(3.0)
Trade and other payables	(5.4)
Other net liabilities	(8.2)
TOTAL NET ASSETS	**27.2**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**27.2**
Non-controlling interests	
CASH OUTFLOW FOR THE OBH NORDICA GROUP ACQUISITION	**17.7**
Badwill	(9.5)

* *Mainly comprising the OBH Nordica brand estimated at €13.3 million by an independent assessor.*

Atakoy

On 30 June 2015, the Group took over part of the retail business of one of its former distributors in Turkey. This deal resulted in estimated goodwill of around €3 million.

Supor

In late December 2014, Groupe SEB acquired 10 million Supor shares (1.58% of the capital) owned by the Su founding family at a price of CNY 17.50 per share. This transaction was completed once approval had been obtained from the Chinese authorities, increasing the Groupe SEB holding to 73.13% at 31 December 2015.

Note 3. Segment information

In accordance with IFRS 8 – Operating segments, financial information is presented by geographical segment, which is the basis of the internal information reviewed and used by the chief operating decision makers, i.e. the members of the Executive Committee.

NOTE 3.1. GEOGRAPHICAL SEGMENT INFORMATION (BY LOCATION OF ASSETS)

(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
Finance costs and other financial income and expenses						71.8
Profit (loss) attributable to associates						
Income tax						(99.2)
PROFIT FOR THE PERIOD						**408.6**
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 are presented separately. As from 1 January 2018, these will be distributed within each segments to which they belong.

Inter-segment revenue corresponds to sales to external customers located within the geographical segment.

External revenue corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

Intra-group transactions are carried out on an arm's length basis, under terms and conditions that are similar to those that would be offered to third parties.

The geographical segment information for 2015 is based on the Group's structure prior to its reorganization at the end of 2015.

(in € millions)	EMEA	Americas	Asia	WMF	Intra-Group transactions	Total
31/12/2016						
Revenue						
Inter-segment revenue	2,487.3	899.9	1,574.9			4,962.1
External revenue	212.7	0.6	1,032.3		(1,208.0)	37.6
TOTAL REVENUE	**2,700.0**	**900.5**	**2,607.2**		**(1,208.0)**	**4,999.7**
Profit (loss)						
Operating Result from Activity	168.6	58.3	304.7		(26.4)	505.2
Operating profit	105.9	42.5	304.4		(26.4)	426.4
Finance costs and other financial income and expenses						(57.9)
Profit (loss) attributable to associates						
Income tax						(77.7)
PROFIT FOR THE PERIOD						**290.8**
Balance sheet						
Segment assets	1650.5	922.3	1270.2	2056.1	(274.1)	5,625.0
Financial assets						712.4
Tax assets						130.9
TOTAL ASSETS						**6,468.3**
Segment liabilities	(294.2)	(258.4)	(484.2)	(996.4)	214.4	(1,818.8)
Borrowings						(2,659.9)
Tax liabilities						(153.5)
Equity						(1,836.1)
TOTAL EQUITY AND LIABILITIES						**(6,468.3)**
Other information						
Capital expenditure and purchases of intangible assets	87.6	60.5	33.4			181.5
Depreciation and amortization expense	(70.7)	(16.4)	(35.0)			(122.1)
Impairment losses	(0.7)					(0.7)

Data for 2016 have been modified to be consistent with the WMF 2017 presentation. As from 1 January 2018, entities of the WMF subgroup will be presented within each area to which they belong.

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia	Central Europe, Russia and other countries	Intra-Group transactions	Total
31/12/2015								
Revenue								
Inter-segment revenue	736.5	930.9	576.8	370.1	1,427.7	570.3		4,612.3
External revenue	729.1	81.0	0.4	7.4	1,065.7	25.5	(1,751.7)	157.4
TOTAL REVENUE	**1,465.6**	**1,011.9**	**577.2**	**377.5**	**2,493.4**	**595.8**	**(1,751.7)**	**4,769.7**
Profit (loss)								
Operating Result from Activity	81.1	37.7	9.9	(1.6)	251.1	46.1	3.7	428.0
Operating profit	42.1	43.2	9.0	(23.3)	251.0	45.6	3.7	371.3
Finance costs and other financial income and expenses								(47.8)
Profit (loss) attributable to associates								
Income tax								(82.4)
PROFIT FOR THE PERIOD								**241.1**
Balance sheet								
Segment assets	762.3	536.7	465.4	364.6	1,299.7	316.9	(298.5)	3,447.1
Financial assets [b]								1,093.3
Tax assets								94.8
TOTAL ASSETS								**4,635.2**
Segment liabilities	486.3	310.1	86.3	89.5	431.7	120.3	(248.8)	1,275.4
Borrowings								1,350.6
Tax liabilities								101.6
Equity								1,907.7
TOTAL EQUITY AND LIABILITIES								**4,635.2**
Other information								
Capital expenditure and purchases of intangible assets	84.6	6.0	4.9	22.9	30.2	4.7		153.3
Depreciation and amortization expense	69.5	5.2	8.0	7.9	40.5	2.2		133.3
Impairment losses	3.7			9.4				13.1

(a) "Other Western European countries" correspond to the 15 countries comprising the pre-enlargement European Union included in the "Central Europe, Russia and other countries" segment.
(b) Including other short-term investments.

NOTE 3.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

(in € millions)	2017	2016	2015
Western European countries	1,962.0	1,834.0	1,736.0
Other countries	728.0	661.0	608.0
EMEA	**2,690.0**	**2,495.0**	**2,344.0**
North America	573.0	563.0	599.0
South America	366.0	355.0	374.0
AMERICAS	**939.0**	**919.0**	**973.0**
China	1,240.0	1,122.0	1,020.0
Other countries	469.0	464.0	433.0
ASIA	**1,709.0**	**1,586.0**	**1,453.0**
SUB-TOTAL	**5,337.0**	**5,000.0**	**4,770.0**
WMF	**1,148.0**		
TOTAL	**6,485.0**	**5,000.0**	**4,770.0**

(in € millions)	2017	2016	2015
Cookware	2,228.0	1,626.4	1,563.0
Small domestic appliances	3,694.0	3,373.6	3,206.7
Professional coffee machines and hotels	563.0		
TOTAL	**6,485.0**	**5,000.0**	**4,769.7**

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Note 4. Operating expenses

(in € millions)	2017	2016	2015
Purchased raw materials and goods	(3,069.1)	(2,427.0)	(2,388.8)
Labor costs	(347.5)	(205.2)	(196.1)
Freight costs	(150.3)	(121.7)	(136.6)
Other production costs	(325.7)	(267.3)	(240.7)
COST OF SALES SUB-TOTAL	**(3,892.6)**	**(3,021.2)**	**(2,962.2)**
Research and development costs	(128.9)	(92.2)	(88.5)
Advertising	(134.4)	(130.9)	(121.6)
Distribution and administrative expenses	(1,937.0)	(1,250.2)	(1,169.4)
OPERATING EXPENSES	**(5,824.0)**	**(4,494.5)**	**(4,341.7)**

Note 5. Employee benefits expenses

(in € millions)	2017	2016	2015
Wages and salaries (excluding temporary staff costs)	(921.1)	(601.7)	(576.5)
Payroll taxes	(185.8)	(125.9)	(122.4)
Pension and other post-employment benefit plan costs	(56.9)	(55.5)	(54.0)
Service cost under defined benefit plans	(15.7)	(1.9)	(4.9)
Discretionary and non-discretionary profit sharing	(37.6)	(36.7)	(31.4)
TOTAL EMPLOYEE BENEFITS EXPENSES	**(1,217.1)**	**(821.7)**	**(789.2)**

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)*	14364	2892	14252	31508

Breakdown by geographical segment 2016	EMEA *	Americas *	Asia *	Total
Employee benefits expense (excluding temporary staff costs)	(524.9)	(102.2)	(194.6)	(821.7)
Average number of employees *(in units)*	8,801	2,833	14,275	25,909

* *Excluding WMF.*

Breakdown by geographical segment 2015	France	Other Western European countries [a]	North America	South America	Asia	Central Europe + other countries [b]	Total
Employee benefits expense (excluding temporary staff costs)(b)	(383.2)	(82.5)	(54.6)	(46.4)	(188.6)	(33.9)	(789.2)
Average number of employees *(in units)*	5,784	1,425	680	2,246	14,541	1,273	25,949

(a) "Other Western European countries" correspond to the 15 countries comprising the pre-enlargement European Union included in the "Central Europe, Russia and other countries" segment.
(b) Of which Groupe SEB India.

Employees by category (in %)	2017	2016	2015
Labor costs	48.0	48.0	48.0
Employees	40.0	40.0	40.4
Managers	12.0	12.0	11.6
TOTAL	**100.0**	**100.0**	**100.0**

Note 6. Other operating income and expenses

(in € millions)	2017	2016	2015
Restructuring costs	(30.6)	(19.0)	(18.8)
Impairment losses	(6.1)	(0.8)	(9.9)
Gains and losses on asset disposals and other	(6.9)	(22.4)	3.4
OTHER OPERATING INCOME AND EXPENSES	**(43.6)**	**(42.2)**	**(25.3)**

NOTE 6.1. RESTRUCTURING COSTS

2017

Restructuring costs in 2017 amounted to €30.6 million and mainly concerned:

- the ongoing industrial and commercial restructuring of the Brazilian subsidiary for €15 million, including the gradual transfer of small electrical appliances and cookware production lines to a new plant in Itatiaia, Rio de Janeiro;
- expenses related to the transfer of Strategic Marketing and Research activities from Selongey to Ecully for approximately €4.7 million;
- expenses related to the mergers of WMF's consumer activities with those of Groupe SEB's historical entities for approximately €8 million;
- expenses which, on an individual basis, were not material.

2016

Restructuring costs in 2016 amounted to €19.0 million, and mainly concerned:

- the continued industrial and commercial restructuring of the Brazilian subsidiary for €15.7 million with, in particular, the announcement of the closure of the São Paulo plant and the gradual transfer of the small electrical appliances production lines to a new plant located in Itatiaia in the State of Rio de Janeiro;
- non-material expenses, when looked at individually, mainly relating to the ongoing implementation of the restructuring plans launched in 2015.

2015

Restructuring costs in 2015 amounted to €18.8 million, primarily including:

- the continuation of the industrial and commercial restructuring of the Brazilian subsidiary for €8.7 million;
- restructuring costs to return the Lourdes site to competitiveness for €5.9 million;
- restructuring costs in Scandinavia following the acquisition of OBH Nordica for €3.2 million.

NOTE 6.2. IMPAIRMENT LOSSES

2017

In application of the principle described in Note 1.4.3, certain manufacturing CGUs were tested for impairment by comparing the carrying amount of the assets of each CGU with their value in use. The main tests and CGUs are discussed in Note 10 "Intangible assets."

Since the end of 2016, our activities in India have been challenged by a major reform of the "GST" VAT tax and a demonetization law that had a major impact on consumption during the year. The Group reflected this slowdown in 2017 in the business plan used as a basis for the impairment test, which led it to recognize a partial goodwill impairment of €5.4 million. The main assumptions used for the test and sensitivity analyses are presented in Note 10.

2016

In 2016, no material impairment losses were recognized.

2015

The impairment of assets recognized in 2015 primarily related to real estate owned by our Venezuelan subsidiary written down to market value as a result of the political and monetary climate (€6.8 million) and the partial impairment of certain cookware brands in Brazil (€2.0 million).

NOTE 6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

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.

2016

In 2016, acquisition costs of €15 million were incurred for the acquisitions of WMF and EMSA. Furthermore, a €6 million expense was recognized for a customs dispute in Turkey detailed in Note 29.1.2 "Litigation".

2015

In 2015, the €9.5 million negative goodwill arising from the initial recognition of the OBH Nordica Group was partially offset by the recognition of a €4 million charge for a provision for pollution clean-up costs in Brazil.

Note 7. Finance costs and other financial income and expenses

(in € millions)	2017	2016	2015
FINANCE COSTS	**(34.9)**	**(29.8)**	**(27.5)**
Interest cost on long-term employee benefit obligations	(3.5)	(3.9)	(3.0)
Exchange gains and losses and financial instruments	(13.7)	(8.9)	(9.3)
Other	(19.5)	(15.4)	(8.0)
OTHER FINANCIAL INCOME AND EXPENSES	**(36.7)**	**(28.2)**	**(20.3)**

The interest costs on long-term employee benefits represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses".

Income and expenses from financial instruments correspond to amortization of the time value of hedging instruments, and derivative instruments for which the hedging relationship has not been documented.

In 2017, the "other" item includes the change in fair value of the conversion option of the ORNAE bond, net of the effects of its partial hedge, for €9.3 million. In 2016, the item included notably the impairment loss on Key Ingredient's shares and current account for €7.5 million.

Note 8. Income tax

NOTE 8.1. INCOME TAX EXPENSE

(in € millions)	2017	2016	2015
Current tax assets and liabilities	120.4	82.9	86.3
Deferred tax assets and liabilities	(21.1)	(5.2)	(3.9)
INCOME TAXES	**99.3**	**77.7**	**82.4**

Current income tax expense corresponds to taxes paid or payable in the short term on profit for the year, based on local tax rates and tax laws in the Group's host countries.

Group companies in France, Italy and the United States have elected for group relief. The agreements guarantee neutrality for each of the companies included in the scope (Note 32) and generate no significant tax savings apart from the immediate offset of the deficits on profits.

NOTE 8.2. ANALYSIS OF INCOME TAX EXPENSE

The difference between the effective tax rate of 19.5% (21.1% in 2016 and 25.5% in 2015) and the statutory French tax rate of 34.43% in 2017 (including additional contribution) breaks down as follows:

(in %)	2017	2016	2015
STATUTORY FRENCH TAX RATE	**34.4**	**34.4**	**38.0**
Effect of difference in tax rates [a]	(18.4)	(14.2)	(19.1)
Unrecognized and relieved tax loss carry forwards	5.3	3.8	6.2
Prior period tax loss carry forwards recognized and utilized during the period [b]	(3.2)	(7.3)	(0.6)
Other [c]	1.4	4.4	1.0
EFFECTIVE TAX RATE	19.5	21.1	25.5

(a) The "Effect of differences in tax rates" item is affected by the large share of profits made in China and by the tax reform in the United States, which led to a significant reduction in deferred tax liabilities in that country (3.3%).

(b) The change in this item is mainly due to the strong performance in the USA, where the Group is using its tax loss carry forwards and the partial recognition of our losses carried forward in Germany.

(c) The «Other» item includes the refund on the dividend tax for years 2011 to 2017 (1.9%), withholding tax (1.3%), tax risks that are not individually material (0.6%), the non-deductibility of the impairment loss on Maharaja's goodwill (0.4%) and the non-deductibility of the change in fair value of the option portion of the ORNAE convertible bond (0.8%). In 2016, included the dividend tax (0.7%), withholding tax (1.2%), unrecognized temporary differences (1.4%), tax risks that are not individually material (0.4%) and the non-deductibility of the impairment loss on the shares and current account of Key Ingredient (0.7%). In 2015, this item included the dividend tax (0.7%), the non-taxation of OBH negative goodwill (1.1%) and the non-deductibility of the impairment loss on assets in Venezuela (0.8%).

Profit (loss) before tax amounted to €507.9 million versus €368.5 million in 2016 and €323.5 million in 2015.

NOTE 8.3. DEFERRED TAX ASSETS AND LIABILITIES ON THE BALANCE SHEET

(in € millions)	2017	2016	2015
Intangible assets (brands)	(302.6)	(168.8)	(115.9)
Capitalized development costs	(6.6)	(6.0)	(3.8)
Property, plant and equipment	(38.8)	(39.4)	(31.1)
Net tax loss carry forwards	28.6	24.0	12.0
Provisions for pensions and other employee-related liabilities	64.1	77.2	51.5
Elimination of intra-Group gains	32.5	28.3	21.9
Other temporary differences	69.0	44.4	45.6
TOTAL DEFERRED TAX ASSETS (LIABILITIES)	**(153.8)**	**(40.3)**	**(19.8)**
Of which:			
Deferred tax assets	62.9	71.1	50.3
Deferred tax liabilities	(216.7)	(111.4)	(70.1)

The increase in deferred tax liabilities for the period is directly related to the allocation of the WMF acquisition price. This increase was partially offset by the impact of the tax reform in the United States that reduced our net deferred tax liabilities.

Deferred tax liabilities on other temporary differences are principally comprised of deferred taxes on the non-deductible portion of provisions.

The change in net deferred tax liabilities on the balance sheet is explained as follows:

(in € millions)	
NET DEFERRED TAXES AT 31 DECEMBER 2015	**(19.8)**
Deferred taxes for the period recognized in profit or loss	5.2
Effect of deferred taxes recognized in equity	5.4
Effect of changes in foreign exchange rates	(0.6)
Effect of changes in the scope of consolidation	(30.3)
Other	(0.2)
NET DEFERRED TAXES AT 31 DECEMBER 2016	**(40.3)**
Deferred taxes for the period recognized in profit or loss	21.1
Effect of deferred taxes recognized in equity	7.6
Effect of changes in foreign exchange rates	3.2
Effect of changes in the scope of consolidation	(145.7)
Other	0.3
NET DEFERRED TAXES AT 31 DECEMBER 2017	**(153.8)**

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 2017, 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 December 2017(in € millions)	Deductible temporary differences	Tax losses	Total
2018	0.0	0.0	0.0
2019	0.0	1.4	1.4
2020	0.0	0.1	0.1
2021	0.0	0.2	0.2
2022 and beyond	2.3	2.4	4.7
Unlimited	4.2	88.2	92.4
TOTAL	**6.5**	**92.3**	**98.8**

Unrecognized tax loss carryforwards rose from €92.2 million in 2016 to €92.3 million in 2017.

The item mainly concerns Germany (€20.4 million in 2017, €28.2 million in 2016 and €27.8 million in 2015), Brazil (€45.7 million in 2017, €33.9 million in 2016 and €18.2 million in 2015), Spain (€3.3 million in 2017, €3.6 million in 2016 and €4.2 million in 2015) and India (€3.9 million in 2017, €2.6 million in 2016 and €2.5 million in 2015).

In 2016, given that the Group's US subsidiaries had returned to profit, almost all of the tax losses carried forward in the Unites States had been capitalized.

Note 9. Earnings per share

(in € millions)	2017	2016	2015
Numerator			
Profit attributable to owners of the parent	375.0	258.6	205.9
After tax effect of dilutive potential shares			
Profit used to calculate diluted earnings per share	375.0	258.6	205.9
Denominator			
Weighted average number of ordinary shares used to calculate basic earnings per share	49,596,964	49,749,160	49,037,044
Effect of dilutive potential shares	407,581	496,356	670,030
Weighted average number of ordinary shares used to calculate diluted earnings per share	50,004,546	50,245,516	49,707,074
Basic earnings per share *(in €)*	7.56	5.20	4.20
Diluted earnings per share *(in €)*	7.50	5.15	4.14

The dilutive impact may relate to the various existing stock option and performance share plans (see Note 19.2).

Note 10. Intangible assets

In accordance with IAS 38, intangible assets with an indefinite useful life – corresponding to trademarks and goodwill – are no longer amortized but are tested for impairment at each year-end. The impairment testing method is described in Note 1.4.

Intangible assets with a finite useful life are amortized by the straight-line method over their estimated useful life. Amortization expense is included in “Operating Result from Activity”.

The Group also holds certain trademarks – such as the Tefal international trademark and the SEB and Calor regional trademarks – which are not recognized in the balance sheet.

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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)
Additions	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 WMF purchase price allocation entries (Note 2.1).

2016 *(in € millions)*	Patents and licenses	Trademarks	*Goodwill*	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	38.3	403.5	601.8	80.6	26.6	60.6	1,211.4
Acquisitions/additions		6.6		3.9	4.7	3.8	19.0
Disposals				(8.3)	(7.5)	(1.7)	(17.5)
Other movements *	8.0	145.9	1,312.0	57.5	17.4	124.6	1,665.4
Foreign currency translation adjustments	1.8	9.0	(8.2)	2.6	0.4	(0.6)	5.0
AT 31 DECEMBER	**48.1**	**565.0**	**1,905.6**	**136.3**	**41.6**	**186.7**	**2,883.3**
Depreciation and impairment losses							
At 1 January	22.2	11.0	56.8	54.3	18.1	19.1	181.5
Foreign currency translation adjustments	0.6	0.7	1.8	2.2	0.2	0.3	5.8
Additions	2.9			9.2	3.5	1.8	17.4
Impairment losses							
Depreciation and impairment written off on disposals				(8.4)	(7.1)	(0.8)	(16.3)
Other movements *	2.1	33.1		42.0	11.4	39.3	127.9
AT 31 DECEMBER	**27.8**	**44.8**	**58.6**	**99.3**	**26.1**	**59.7**	**316.3**
Carrying amount at 1 January	16.1	392.5	545.0	26.3	8.5	41.5	1,029.9
CARRYING AMOUNT AT 31 DECEMBER	**20.3**	**520.2**	**1,847.0**	**37.0**	**15.5**	**127.0**	**2,567.0**

* *Including changes in scope of consolidation.*

2015 *(in € millions)*	Patents and licenses	Trademarks	*Goodwill*	Software	Development costs	Intangible assets in progress and other	Total
Cost							
At 1 January	39.2	377.5	563.2	84.3	34.0	59.0	1,157.2
Acquisitions/additions	0.5			12.6	4.2	3.1	20.4
Disposals				(17.8)	(11.8)	(0.5)	(30.1)
Other movements *	0.1	13.9	3.1	4.1	0.7	(4.0)	17.9
Foreign currency translation adjustments	(1.5)	12.1	35.5	(2.6)	(0.5)	3.0	46.0
AT 31 DECEMBER	**38.3**	**403.5**	**601.8**	**80.6**	**26.6**	**60.6**	**1,211.4**
Depreciation and impairment losses							
At 1 January	19.5	7.8	51.2	63.3	22.9	16.3	181.0
Foreign currency translation adjustments	(0.2)	0.6	5.6	(2.2)	(0.2)	1.0	4.6
Additions	2.9			11.0	6.2	1.7	21.8
Impairment losses		2.0				0.7	2.7
Depreciation and impairment written off on disposals				(17.8)	(11.0)		(28.8)
Other movements *		0.6			0.2	(0.6)	0.2
AT 31 DECEMBER	**22.2**	**11.0**	**56.8**	**54.3**	**18.1**	**19.1**	**181.5**
Carrying amount at 1 January	19.7	369.7	512.0	21.0	11.1	42.7	976.2
CARRYING AMOUNT AT 31 DECEMBER	**16.1**	**392.5**	**545.0**	**26.3**	**8.5**	**41.5**	**1,029.9**

* *Including changes in scope of consolidation.*

Trademarks and goodwill were tested for impairment according to the method described in Note 1.4.3. by comparing their carrying amount to their value in use, with the exception of the trademarks mentioned below, which were valued using the relief from royalty method.

The discount rates used were based on a weighted average cost of capital that factors in market borrowing rates, gearing ratio, beta and country risk using Damodaran methodology. The mature country risk premium used for 2017 was 5.69%. Specific equity risk premiums ranging from 0.7% to 6.4% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

The impairment tests in 2017 were broadly based on a 2018 budget that largely assumed a continuation of the trends seen in 2017 for these CGUs.

The "Professional" CGU as defined in Note 1.4.3.

The test of this CGU, which included trademarks for €316.8 million and goodwill for €712 million (exclusively arising from the allocation of the WMF acquisition 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 8.26%;
- and a long-term growth rate of 2% in line with forecasts for the high-end household goods sector.

This test, carried out for the first time, 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 would not affect the valuation of this CGU.

The "Consumer EMEA" CGU as defined in Note 1.4.3.

The test of this CGU, which included trademarks for €367.3 million and goodwill for €376.5 million (of which €307 million in trademarks and €239 million in goodwill from the allocation of the WMF acquisition 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 7.66%;
- and a long-term growth rate of 2% in line with forecasts for the household goods sector.

This test, carried out for the first time, 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 would not affect the valuation of this CGU.

Other CGUs tested separately

ALL-CLAD

The All-Clad CGU (including the trademark for €120.7 million and goodwill for €46.6 million at 31 December 2017) 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 6.82% (versus 7.42% in 2016 and 7.54% in 2015);
- 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 All-Clad was acquired.

This test gave rise to no additional impairment of goodwill in 2017. All-Clad's economic performance in 2017 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 2017 is as follows:

- the use of a 13.42% discount rate (i.e. a 6.6-point increase) would have reduced the impairment test margin to zero;
- a one-point decrease in the growth rate to perpetuity would not result in any additional impairment loss being recognized;
- a 14-point reduction in the Operating Result from Activity for the final year of the business plan used to calculate the terminal value would reduce the test margin to zero;
- as regards the sales trends for 2018-2022, Group management currently considers the most probable scenario to be average annual growth of 3.1%. A revision of sales forecasts to flat over the entire period would result in no additional goodwill impairment loss.

IMUSA

The Imusa CGU (including the trademark for €14.9 million and goodwill for €23.4 million at 31 December 2017) 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 12.75% (versus 12.93% in 2016 and 12.96% in 2015); and
- a long-term growth rate of 3% in line with forecasts for the sector.

The test did not lead to any impairment loss being recognized.

The sensitivity of test results to changes in the individual assumptions used in 2017 to determine the value in use of the Imusa CGU assets is as follows:

- the use of a 15.0% discount rate (i.e. a 2.25-point increase) would have reduced the impairment test margin to zero;

- 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 percentage for Operating Result from Activity over the course of the business plan and a 2.2-reduction compared with the current year would reduce the test margin to zero;
- as regards the sales trends for 2018-2022, the Groupe SEB management currently considers the most probable scenario to be average annual growth of 3.6%. A 10% downward revision in sales forecasts over the entire period would not result in any goodwill impairment loss being recognized.

MAHARAJA

In 2017, an impairment loss of €5.4 million was recognized on Maharaja's goodwill (Note 6).

The Maharaja CGU (including the trademark for €10.5 million and goodwill for €22.3 million at 31 December 2017) was tested for impairment by comparing the carrying amount to its value in use. The value in use is defined as the sum of discounted cash flows based on a 10-year business plan 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 14.65%; and
- a long-term growth rate of 5% in keeping with those used in this geographic area.

Since the end of 2016, our activities in India have been challenged by a major reform of the "GST" VAT tax and the demonetization law that had a major impact on consumption during the year. The Group reflected this slowdown in 2017 in the business plan used as a basis for the impairment test, which led it to recognize a partial goodwill impairment of €5.4 million.

The sensitivity of test results to changes in the individual assumptions used in 2017 to determine the value in use of the Maharaja CGU assets is as follows:

- a one-point increase in the discount rate (15.65%) would have resulted in the recognition of an additional impairment loss of approximately €8.4 million;
- a one-point decrease in the growth rate to perpetuity would have resulted in the recognition of an additional impairment loss of approximately €3.7 million;
- a 3.3-point decrease in the Operating Result from Activity rate for the final year of the business plan, used to calculate the terminal value, would have resulted in the impairment of all goodwill;
- taking into account only the first nine years of the business plan would have resulted in the recognition of an additional impairment loss of €14 million.

SUPOR

At 31 December 2017, the Supor CGU (including the trademark for €109.1 million and goodwill for €368.0 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 2017, Supor shares were trading at CNY 40.38. The carrying amount at the same date was CNY 14.55 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 €12.8 million;
- EMSA for €10.7 million.

The Arno brand (€25.2 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 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 €50.4 million.

The main assumptions used in the 2017 tests were as follows:

- royalty rate: 2.0% to 5.5% (unchanged from 2016 and 2015);
- discount rate after tax: from 5.53% (Rowenta) to 18.65% (Arno) (range between 6.13% and 18.93% in 2016);
- long-term growth rate: 1% to 3% (unchanged from 2016 and 2015).

The Group ran sensitivity analyses on the values in use of all these assets under different cash flow scenarios for 2018-2022. 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

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)
Additions	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 WMF purchase price allocation entries (Note 2.1)

At 31 December 2017, no single asset impairment was material in its own right.

2016 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	40.3	436.6	1,001.1	145.4	82.0	1,705.4
Acquisitions/additions	6.8	45.9	41.7	16.2	51.8	162.4
Disposals	(1.5)	(2.3)	(59.8)	(9.3)	(0.9)	(73.8)
Other movements*	5.8	162.7	182.0	236.1	(64.0)	522.6
Foreign currency translation adjustments	2.3	5.2	9.8	1.6	1.5	20.4
AT 31 DECEMBER	**53.7**	**648.1**	**1,174.8**	**390.0**	**70.4**	**2,337.0**
Depreciation and impairment losses						
At 1 January	7.2	214.6	782.8	104.3		1,108.9
Foreign currency translation adjustments		2.1	6.8	1.3		10.2
Additions	0.2	21.1	69.2	15.7		106.2
Impairment losses						
Depreciation and impairment written off on disposals		(1.9)	(58.0)	(8.2)		(68.1)
Other movements*		79.7	120.1	172.3		372.1
AT 31 DECEMBER	**7.4**	**315.6**	**920.9**	**285.4**		**1,529.3**
Carrying amount at 1 January	33.1	222.0	218.3	41.1	82.0	596.5
CARRYING AMOUNT AT 31 DECEMBER	**46.3**	**332.5**	**253.9**	**104.6**	**70.4**	**807.7**

* *Including changes in scope of consolidation.*

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2015 *(in € millions)*	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
Cost						
At 1 January	42.5	416.0	962.7	139.5	55.2	1,615.9
Acquisitions/additions	0.3	7.3	48.3	10.4	66.6	132.9
Disposals		(3.2)	(30.6)	(10.5)	(1.2)	(45.5)
Other movements*	0.1	11.5	22.2	6.3	(37.3)	2.8
Foreign currency translation adjustments	(2.6)	5.0	(1.5)	(0.3)	(1.3)	(0.7)
AT 31 DECEMBER	**40.3**	**436.6**	**1,001.1**	**145.4**	**82.0**	**1,705.4**
Depreciation and impairment losses						
At 1 January	7.0	192.0	732.3	97.5		1,028.8
Foreign currency translation adjustments		(0.5)	(1.8)	(0.3)		(2.6)
Additions	0.2	17.3	79.7	15.2		112.4
Impairment losses		7.4	2.8	0.3		10.5
Depreciation and impairment written off on disposals		(2.0)	(29.4)	(9.5)		(40.9)
Other movements*		0.4	(0.8)	1.1		0.7
AT 31 DECEMBER	**7.2**	**214.6**	**782.8**	**104.3**		**1,108.9**
Carrying amount at 1 January	35.5	224.0	230.4	42.0	55.2	587.1
CARRYING AMOUNT AT 31 DECEMBER	**33.1**	**222.0**	**218.3**	**41.1**	**82.0**	**596.5**

* *Including changes in scope of consolidation.*

Most of the Group's operations are on 39 major industrial sites. They are distributed as follows:

Region	Country	Plant	Main products
France	France	Rumilly	Cookware, 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
Western European countries	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
South America	Brazil	Recife	Fans, washing machines, blenders
		Itatiaia (Rio Janeiro)	*Blenders*, washing machines, fans and cookware
	Colombia	Cajica	Blenders, fans
		Rio Negro	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, bread machines, coffee machines, soy milk makers
		TaiCang	Kitchenware
		Heshan	Cutlery
	India	Baddi	Food processors, blenders, fans
	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

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.

As previously reported, on 13 January 2014, Groupe SEB bought the Parc Mail office complex in Écully, already used by some of its activities and corporate teams. In March 2016, all head-office functions were thus moved to this site in the Lyon region, bringing them under one roof with a view to improving the functioning and efficiency of the Group's organization. All leases are with unrelated lessors and reflect normal market terms.

Note 12. Leases

Finance leases can be analyzed as follows:

Carrying amounts *(in € millions)*	2017	2016	2015
Land			
Buildings	0.2		
Machinery and equipment	4.9	5.1	2.9
Other	0.7	1.0	1.0
CARRYING AMOUNT	**5.8**	**6.1**	**3.9**

These amounts are included in Note 11 "Property, plant and equipment."

Groupe SEB does not have any finance leases related to intangible assets or investment property.

Commitments under leases are as follows:

2017 *(in € millions)*	Finance leases	Operating leases
LEASE COMMITMENTS:		
Due within one year	1.8	83.9
Due in one to five years	3.2	186.7
Due beyond five years	0.4	82.7
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**5.4**	**353.3**
Future interest costs	0.2	
DISCOUNTED PRESENT VALUE OF LEASE COMMITMENTS	**5.2**	**353.3**

Lease payments recorded in expenses for the year totaled:

(in € millions)	2017	2016	2015
Lease payments	120.6	63.3	57.8

Note 13. Investments in other financial assets

NOTE 13.1. INVESTMENTS

13.1.1. Investments in associates

At 31 December 2016, equity accounted investments worth €11 million had been consolidated following the WMF acquisition. In the first half of 2017, 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.

13.1.2. Other investments

At 31 December 2017, "Other investments" amounted to €33.8 million. This largely consists of non-controlling interests in several entities and investments in non-consolidated entities due to their non-material size in the Group. This item also includes the shares of the Swizzz Prozzz entities acquired in 2017.

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)	2017	2016	2015
RESEARCH AND DEVELOPMENT GROSS EXPENDITURE	**(138.5)**	**(104.0)**	**(99.8)**
Research tax credit	6.1	7.4	7.1
RESEARCH AND DEVELOPMENT NET EXPENDITURE	**(132.4)**	**(96.6)**	**(92.6)**
as a % of revenue	2.0%	1.9%	1.9%
CAPITALIZED DEVELOPMENT COSTS	**3.5**	**4.3**	**4.2**
as a % of R&D expenditure	2.7%	4.5%	4.5%
RESEARCH AND DEVELOPMENT COSTS RECOGNIZED DIRECTLY IN THE INCOME STATEMENT (NOTE 4)	**(128.9)**	**(92.2)**	**(88.5)**
AMORTIZATION FOR THE PERIOD RECOGNIZED IN COST OF SALES	**(5.0)**	**(3.4)**	**(6.1)**
TOTAL COST RECOGNIZED IN THE INCOME STATEMENT	**(133.9)**	**(95.7)**	**(94.5)**
as a % of revenue	2.1%	1.9%	2.0%

In 2017, research and development expenditure totaled €132.4 million (compared with €96.6 million in 2016 and €92.6 million in 2015).

Capitalized development costs amounted to €3.5 million (versus €4.3 million in 2016 and €4.2 million in 2015).

Overall, research and development costs recognized in the income statement came to €133.9 million (€95.7 million in 2016 and €94.5 million in 2015).

Note 15. Inventories

	2017			2016 *			2015		
(in € millions)	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	257.7	(18.3)	239.4	253.6	(9.9)	243.7	190.7	(9.6)	181.1
Work in progress	22.7	(2.4)	20.3	22.4	(0.2)	22.2	6.8	(0.3)	6.5
Finished products and goods purchased for resale	886.7	(34.4)	852.3	837.7	(36.6)	801.1	658.2	(24.9)	633.3
TOTAL	**1167.1**	**(55.1)**	**1112.0**	**1,113.7**	**(46.7)**	**1067.0**	**855.7**	**(34.8)**	**820.9**

* *After finalization of the WMF purchase price allocation.*

Note 16. Trade receivables

(in € millions)	2017	2016 *	2015
Trade receivables (including discounted bills)	1032.4	1072.9	898.0
Provision for doubtful debt	(16.6)	(20.0)	(12.0)
TOTAL	**1015.8**	**1052.9**	**886.0**

* *After finalization of the WMF purchase price allocation.*

The fair value of trade receivables is equivalent to their carrying amount, in view of their short maturities.

At 31 December 2016, the Group had sold €50 million worth of trade receivables to Société Générale. As the sale of receivables was without recourse, the receivables were deconsolidated.

A receivables aging analysis is presented in Note 26.4.

Note 17. Other receivables and non-current assets

(in € millions)	2017	2016	2015
OTHER NON-CURRENT ASSETS	**10.6**	**13.3**	**23.6**
Prepaid expenses	8.7	8.8	5.7
Prepaid and recoverable taxes and other receivables *	91.3	91.8	84.5
OTHER CURRENT RECEIVABLES	**100.0**	**100.6**	**90.2**

* *Including VAT claims amounting to €78.8 million at 31 December 2017 (€82.6 million at 31 December 2016, and €85.3 million at 31 December 2015).*

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At the period-end, other receivables broke down as follows:

(in € millions)	Short term	Long term	Total
Prepaid expenses	8.7	1.3	10.0
Prepaid and recoverable taxes and other receivables	91.3	9.3	100.5
TOTAL	**100.0**	**10.6**	**110.6**

Note 18. Cash and cash equivalents

(in € millions)	2017	2016	2015
Cash at bank	439.8	378.8	713.7
Marketable securities	98.9	35.7	57.1
TOTAL	**538.7**	**414.5**	**770.8**

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 2017, 2016 and 2015, the share capital was made up of 50,169,049 shares with a par value of €1 each.

One class of shares carries double voting rights and the right to a supplementary dividend. Shares acquire double voting rights when they are fully paid-up and have been registered in the name of the same owner for five years.

After deducting treasury shares, the weighted average number of shares outstanding in 2017 was 49,596,964 (49,749,160 in 2016 and 49,037,044 in 2015).

At 31 December 2017, the Founder Group held 40.79% of the share capital (of which FÉDÉRACTIVE: 21.18% and VENELLE INVESTISSEMENT: 19.61%). These shares represent 53.31% of the voting rights.

NOTE 19.2. SHARE-BASED PAYMENTS

19.2.1. Stock options

Information about stock option plans at 31 December 2017 is provided below:

EXERCISE OF STOCK OPTIONS

At 31/12/2017	Date			Number of options				
Type	of grant *	of exercise	of expiry	granted	exercised	canceled	Outstanding	Exercise price *(in €)*
Purchase plan	12/06/2009	12/06/2013	12/06/2017	371,300	353,484	17,816	0	28.05
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	355,388	18,513	38,691	53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	291,505	17,621	99,799	54.12
TOTAL				**1,192,817**	**1,000,377**	**53,950**	**138,490**	
Of which movements in 2017				0	149,866	2,550		

* *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.

No expense was recognized for stock options in 2017, versus €0.5 million in 2016 and €1.1 million in 2015.

19.2.2. Performance shares

In 2014, 2015, 2016 and 2017, the Board of Directors granted performance shares to certain employees and corporate officers.

Performance shares granted under the plans are subject to vesting periods of three years (2014, 2015, 2016 and 2017 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 remain locked up for a further two-year period, with the exception of the 2017 plan, which does not require a lock-up period.

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Further information on the performance share plans is provided in the table below:

At 31/12/2017	Date			Number of shares				
Type	of grant (a)	of vesting	of end of lock-up	granted	vested	canceled	Outstanding	Share price at the grant date (b)
Performance shares	22/07/2014	22/07/2017	22/07/2019	169,175	165,075	4,100	0	64.00
Performance shares	12/05/2015	12/05/2018	12/05/2020	169,450	0	3,425	166,025	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	0	3,600	165,005	96.63
Performance shares	11/05/2017	11/05/2020	11/05/2020	193,450	0	0	193,450	151.6
TOTAL				**700,680**	**165,075**	**11,125**	**524,480**	

(a) The grant date corresponds to the date of the Board Meeting when the option grants were decided.
(b) Share price on the date of the Board Meeting.

For the 2014, 2015 and 2016 plans, the fair value of performance shares includes a discount to reflect the impact of the restriction on the sale of the shares represented by the lock-up. The measurement method used to determine this discount is based on a strategy that consists of selling the shares at the end of the lock-up period and immediately purchasing an equivalent number of shares free of any restrictions, with the purchase financed by debt repayable at the end of the lock-up using the proceeds from the forward sale and dividends received during the lock-up period.

As the shares granted for the 2017 plan 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	2017 plan	2016 plan	2015 plan	2014 plan
Share price on the grant date *(in €)*	151.60	96.63	81.41	64.00
Risk-free interest rate (5-year rate in 2016, 2015 and 2014)	1.63%	(0.16%)	0.19%	0.47%
Average interest rate on a 5-year general purpose loan		6.13%	6.19%	5.97%
Expected dividend yield	1.92%	1.96%	2.11%	2.34%
Discount for the lock-up (as a % of the priceon the vesting date)		15.30%	14.77%	12.00%
INITIAL VALUE *(in € millions)*	**28.6**	**14.0**	**11.9**	**13.1**
AMOUNT RECOGNIZED IN EMPLOYEE BENEFITS EXPENSES IN 2017 *(in € millions)*	**6.6**	**4.8**	**3.6**	**1.5**

NOTE 19.3. RESERVES AND RETAINED EARNINGS (BEFORE APPROPRIATION OF PROFIT)

Retained earnings include the reserves shown in the balance sheet of SEB S.A. (of which €1,151 million was available for distribution at 31 December 2017, compared with €971 million at 31 December 2016 and €1,004 million at 31 December 2015), and SEB SA's share of the post-acquisition retained earnings of consolidated subsidiaries.

SEB S.A.'s share of the retained earnings of foreign subsidiaries is considered to be permanently invested. Any withholding taxes or additional taxes on distributed income are only recognized when distribution of these amounts is planned or considered probable.

NOTE 19.4. TREASURY SHARES

The Group buys back shares for the following purposes:

- for cancellation in order to reduce the company's share capital;
- for allocation to employees, managers or corporate 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 2017, the Group bought back 542,354 shares at a weighted average price of €149.36 and sold 629,758 shares at an average price per share of €85.39. The €12.9 million after tax loss on the sales was recognised directly in equity without affecting profit (loss) for the period.

At 31 December 2017, the Group held 534,706 treasury shares at an average price of €125.84 per share.

Movements in treasury shares were as follows:

(in number of shares)	2017	2016	2015
Shares held in treasury at 1 January	622,110	1,074,453	1,291,242
Purchases			
Buyback plan	228,914	218,633	350,000
Liquidity contract	313,440	326,956	664,174
Sales			
Shares sold on the market	(314,817)	(328,034)	(673,909)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(314,941)	(669,898)	(557,054)
Shares canceled during the period			
SHARES HELD IN TREASURY AT 31 DECEMBER	**534,706**	**622,110**	**1,074,453**

Note 20. Non-controlling interests

Changes in non-controlling interests are as follows:

(in € millions)	2017	2016	2015
AT 1 JANUARY	**165.2**	**200.1**	**173.5**
Non-controlling interests in profit	33.6	32.2	35.2
Dividends paid	(12.4)	(13.2)	(11.8)
Exercise of stock options			
Non-controlling interests in shares issued by subsidiaries			
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	(2.0)	(43.7)	(8.1)
Foreign currency translation adjustments	(9.4)	(10.2)	11.3
TOTAL AT 31 DECEMBER	**175.0**	**165.2**	**200.1**

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 net income and translation adjustments), purchases, sales or any other voluntary adjustments to SEB's stake in ZJ Supor.

In late December 2014, Groupe SEB acquired 10 million Supor shares (1.58% of the capital) owned by the Su founding family at a price of CNY 17.50 per share. This transaction increased Groupe SEB's interest to 73.13% at 31 December 2015.

In late December 2015, Groupe SEB signed an agreement with the Su family holding company, Supor Group, to buy 50 million shares, 7.91% of the share capital of Supor, at a unit price of CNY 29 per share. This deal was completed on 23 June 2016 and brought SEB's interest in the company to 81.17%

At 31 December 2017, Groupe SEB held 81.18% of the company'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 2016 dividends paid to non-controlling interests in 2017 were €12.4 million. The 2017 net income of this sub-group taken by itself was €173.0 million for revenue of €1,760.6 million. The impact of the sub-group on the consolidated statement of comprehensive income consists solely of foreign currency translation adjustments.

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Summary 2017 balance sheet of the Supor sub-group *(in € millions)*

ASSETS		EQUITY AND LIABILITIES	
Non-current assets	648	Shareholders' equity	1,113
Inventories	268		
Trade receivables	69	Long-term provisions	10
Other receivables	42	Trade payables	192
Net cash and cash equivalents	376	Other current liabilities	88
TOTAL	**1,403**	**TOTAL**	**1,403**

Summary 2017 cash flow statement of the Supor sub-group *(in € millions)*

Net cash from operating activities	149
Net cash used by investing activities	(29)
Net cash used by financing activities	(60)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**60**

Financing activities during the period mainly concerned the payment of dividends to the Group and non-controlling interests, as well as the implementation of a new plan to grant performance shares to the Group's senior managers and executives. This four-year plan was initially valued at €24 million.

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.

	2017		2016 *		2015	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations (Note 22)	279.6	14.3	305.8	20.2	143.5	9.6
Product warranties (21.1)	8.3	33.2	7.5	35.9	4.8	22.9
Claims and litigation and other contingencies (21.2)	60.7	31.0	67.0	37.5	32.5	16.1
Restructuring provisions (21.3)	5.4	11.5	3.8	18.9	5.0	12.4
TOTAL	**354.0**	**90.0**	**384.1**	**112.5**	**185.8**	**61.0**

* *After finalization of the WMF purchase price allocation entries (Note 2.1).*

Provision movements (other than provisions for pensions and other post-employment benefits) over the year are as follows:

(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)**	**149.9**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2016	Increases	Reversals	Utilizations	Other movements (a)	31/12/2016 (b)
Product warranties (21.1)	27.7	16.8	0.4	13.7	13.0	43.4
Claims and litigation and other contingencies (21.2)	48.6	12.8	6.1	11.3	60.5	104.5
Restructuring provisions (21.3)	17.4	14.4	1.0	9.6	1.5	22.7
TOTAL	**93.7**	**44.0**	**7.5**	**34.6**	**75.1**	**170.6**

(a) "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.
(b) After finalization of the WMF purchase price allocation entries (Note 2.1).

(in € millions)	01/01/2015	Increases	Reversals	Utilizations	Other movements *	31/12/2015
Product warranties (21.1)	24.7	17.7	0.8	15.9	2.0	27.7
Claims and litigation and other contingencies (21.2)	52.5	16.4	5.6	15.8	1.1	48.6
Restructuring provisions (21.3)	12.2	12.0	0.6	5.0	(1.2)	17.4
TOTAL	**89.4**	**46.1**	**7.0**	**36.7**	**1.9**	**93.7**

* *"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)	2017	2016 *	2015
Supplier claims and litigation	2.4	2.3	3.5
Local government claims, litigation and contingencies	20.0	16.8	6.2
Commercial claims, litigation and contingencies	1.1	2.3	1.8
Employee claims, litigation and contingencies	12.1	13.3	14.9
Sales returns			
Other claims, litigation and contingencies	56.1	69.8	22.2
TOTAL	**91.7**	**104.5**	**48.6**

* *After finalization of the WMF purchase price allocation entries (Note 2.1).*

Except for the litigation described in Note 29.1.2., and contingent liabilities included in Note 29.2, "Other claims, litigations and contingences" the provisions constituted are individually immaterial.

NOTE 21.3. RESTRUCTURING PROVISION

Restructuring provisions break down as follows:

(in € millions)	2017	2016	2015
Severance costs	15.9	20.7	15.6
Site closure costs	1.0	2.0	1.8
TOTAL	**16.9**	**22.7**	**17.4**

The short-term portion of restructuring provisions amounted to €11.5 million. The remaining €5.4 million concerns costs expected to be incurred over the next one to five years, mainly for early retirement schemes and for rent on sites no longer being used.

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 2017	Germany 2017	WMF 2017
Economic assumptions			
Rate of salary increases	between 2.50% and 4.00%	between 1.75% and 2.50%	2.50%
Discount rate (based on Iboxx AA)	0.90% and 1.50%	2%	1.50%
Average remaining service life of participating employees	14.7	21.3	16
Demographic assumptions			
Retirement age	60 to 65 years*	65 years	65 years
Staff turnover	0% to 13.3%		7.50%
Mortality tables	INSEE TD/TV 2012-2014 and TGH/TGF 2005	HEUBECK RT 2005 G	HEUBECK RT 2005 G

* *Depending on employee age and category (management or other).*

Assumptions	France 2016	Germany 2016	WMF 2016
Economic assumptions			
Rate of salary increases	between 2.50% and 3.50%	between 1.75% and 2.50%	1.75%
Discount rate (based on Iboxx AA)	1.00% and 0.65%	1.00%	1.50%
Average remaining service life of participating employees	variable	21 years	15 years
Demographic assumptions			
Retirement age	60 to 65 years *	65 years	65 years
Staff turnover	0% to 12%		7.50%
Mortality tables	INSEE TD/TV 2012-2014 and TGH/TGF 2005	HEUBECK RT 2005 G	HEUBECK RT 2005 G

* *Depending on employee age and category (management or other).*

Assumptions	France 2015	Germany 2015
Economic assumptions		
Rate of salary increases	between 2.50% and 3.50%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	2.00% and 1.50%	2.00%
Average remaining service life of participating employees	variable depending on entity	11 to 16 years
Demographic assumptions		
Retirement age	60 to 65 years *	65 to 67 years
Staff turnover	0% to 8.3%	
Mortality tables	INSEE TD/TV 2011-2013	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:

	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**

	2016				
(in € millions)	France	Germany	WMF	Other countries	Total
Projected benefit obligation based on final salaries	144.1	89.5	140.7	16.8	391.1
Present value of plan assets	(55.5)	(4.6)		(5.0)	(65.1)
DEFICIT	**88.6**	**84.9**	**140.7**	**11.8**	**326.0**
Recognized liability	88.6	84.9	140.7	11.8	326.0
Recognized asset					
NET	**88.6**	**84.9**	**140.7**	**11.8**	**326.0**

	2015			
(in € millions)	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	130.3	70.9	15.6	216.8
Present value of plan assets	(55.1)	(4.2)	(4.4)	(63.7)
DEFICIT	**75.2**	**66.7**	**11.2**	**153.1**
Recognized liability	75.2	66.7	11.2	153.1
Recognized asset				
NET	**75.2**	**66.7**	**11.2**	**153.1**

Obligations for the payment of jubilees were €8.3 million at 31 December 2017 (€8.6 million at 31 December 2016 and €7.9 million at 31 December 2015).

NOTE 22.3. RECOGNIZED COSTS

The cost recognized in the income statement for pension and other post-employment benefit plans breaks down as follows:

	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**

(in € millions)	2016 France	Germany	Other countries	Total
Service cost	6.8	0.6	1.7	9.1
Interest cost	2.2	1.5	0.6	4.3
Expected return on plan assets	(0.9)	(0.1)	(0.1)	(1.1)
Other	(5.5)	(1.0)	(0.3)	(6.8)
COST FOR THE PERIOD	**2.6**	**1.0**	**1.9**	**5.5**

(in € millions)	2015 France	Germany	Other countries	Total
Service cost	7.6	0.6	1.6	9.8
Interest cost	2.2	1.5	0.4	4.1
Expected return on plan assets	(0.9)	(0.1)	(0.1)	(1.1)
Other	(2.4)		(2.4)	(4.8)
COST FOR THE PERIOD	**6.5**	**2.0**	**(0.5)**	**8.0**

NOTE 22.4. CHANGE IN GAINS AND LOSSES RECORDED IN OTHER COMPREHENSIVE INCOME

(in € millions)	2017 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
AT 31 DECEMBER	**(48.1)**	**(27.5)**	**2.8**	**(4.6)**	**(77.4)**

Actuarial gains and losses for the period were mainly due to changes in the discount rate.

(in € millions)	2016 France	Germany	Other countries	Total
At 1 January	(46.0)	(22.8)	(3.7)	(72.5)
Actuarial gains and losses	(16.5)	(9.6)	(0.7)	(26.8)
Return on plan assets greater/(less than) expected return	1.0			1.0
Other				
AT 31 DECEMBER	**(61.5)**	**(32.4)**	**(4.4)**	**(98.3)**

(in € millions)	2015 France	Germany	Other countries	Total
At 1 January	(43.3)	(25.0)	(6.0)	(74.3)
Actuarial gains and losses	(4.2)	2.2	(0.4)	(2.4)
Return on plan assets greater/(less than) expected return	1.5			1.5
Other			2.7	2.7
AT 31 DECEMBER	**(46.0)**	**(22.8)**	**(3.7)**	**(72.5)**

NOTE 22.5. MOVEMENTS IN PROVISIONS

Movements in provisions break down as follows:

(in € millions)	2017	2016	2015
Net at 1 January	326.0	153.1	159.1
Cost for the period	21.9	5.5	8.0
Contributions paid	(34.8)	(11.5)	(14.7)
Actuarial gains and losses and other changes	(19.2)	178.9	0.7
NET AMOUNT AT 31 DECEMBER	**293.9**	**326.0**	**153.1**

NOTE 22.6. MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

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**

MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS 2016

	2016				
(in € millions)	France	Germany	WMF	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2016	**130.3**	**70.9**		**15.6**	**216.8**
Service cost	6.8	0.6		1.7	9.1
Interest cost	2.2	1.5		0.6	4.3
Benefits paid	(6.2)	(4.2)		(1.7)	(12.1)
Plan amendments					
Actuarial gains and losses	17.0	9.6		0.7	27.3
Curtailments/Settlements *	(1.0)			(0.3)	(1.3)
Other *	(5.0)	11.1	140.7	0.2	147.0
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2016	**144.1**	**89.5**	**140.7**	**16.8**	**391.1**

* *Of which nearby consolidated companies: €140.7 million WMF and €12.2 million EMSA.*

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MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS 2015

(in € millions)	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2015	**123.5**	**74.9**	**36.7**	**235.1**
Service cost	7.6	0.6	1.6	9.8
Interest cost	2.2	1.5	0.4	4.1
Benefits paid	(4.8)	(3.9)	(3.5)	(12.2)
Plan amendments				
Actuarial gains and losses	4.3	(2.2)	0.4	2.5
Curtailments/Settlements *	(0.4)		(19.9)	(20.3)
Other	(2.1)		(0.1)	(2.2)
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2015	**130.3**	**70.9**	**15.6**	**216.8**

* *Of which (€19.4 million) associated with the change of plan in the Netherlands which now has a defined-contribution plan.*

NOTE 22.7. ANALYSIS OF PLAN ASSETS

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**

CHANGE IN PLAN ASSETS IN 2016

(in € millions)	France	Germany	WMF	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2016	**55.1**	**4.2**		**4.4**	**63.7**
Expected return on plan assets	0.9	0.1		0.1	1.1
Contributions paid		0.4		0.8	1.2
Benefits paid	(1.5)	(0.1)		(0.3)	(1.9)
Actuarial gains and losses and other	1.0				1.0
PLAN ASSETS AT 31 DECEMBER 2016	**55.5**	**4.6**		**5.0**	**65.1**

CHANGE IN PLAN ASSETS IN 2015

(in € millions)	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2015	**50.6**	**3.8**	**21.6**	**76.0**
Expected return on plan assets	0.9	0.1	0.1	1.1
Contributions paid	2.0	0.4	1.0	3.4
Benefits paid		(0.1)	(0.8)	(0.9)
Actuarial gains and losses and other *	1.6		(17.5)	(15.9)
PLAN ASSETS AT 31 DECEMBER 2015	**55.1**	**4.2**	**4.4**	**63.7**

* *Of which (€17.5 million) associated with the change of plan in the Netherlands which now has a defined-contribution plan.*

Plan assets in France are managed by two insurance companies and are invested as follows:

- approximately 50% in the insurance company's general portfolio, primarily composed of government bonds, corporate bonds mostly rated AAA or AA, shares in blue-chip international companies (managed directly) and high-yield office property;
- approximately 10% in bond funds;
- the balance in equity funds.

The return on these funds was 5.23% in 2017.

The actual return on plan assets for 2017 should be in line with the expected rate and actuarial gains and losses generated in 2018 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

Cash outflows expected in future periods (in € millions)	France	Germany	WMF	Total
In less than 1 year	3.9	4.5	6.5	14.9
1 to 5 years	14.5	18.4	28.1	61.0
TOTAL 5 YEARS	**18.4**	**22.9**	**34.6**	**75.9**

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 €11.0 million and a 0.25% increase in the discount rate would reduce the obligation by approximately €10.2 million. The impact on 2017 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)	2017	2016 *	2015
TRADE PAYABLES	**905.8**	**915.4**	**695.2**
Accrued taxes and employee benefits expenses	346.4	350.0	299.0
Due to trade payables of non-current assets	15.9	15.7	16.5
Other payables	36.7	60.0	17.8
OTHER LIABILITIES	**399.0**	**425.7**	**333.3**

* *After finalization of the WMF purchase price allocation.*

At the end of the period, trade payables and other liabilities broke down as follows by maturity:

	Current	Non-current	Total
TRADE PAYABLES	**905.8**	**0.0**	**905.8**
Accrued taxes and employee benefits expenses	301.3	45.0	346.4
Due to trade payables of non-current assets	15.9	0.0	15.9
Other payables	34.5	2.3	36.7
OTHER LIABILITIES	**351.7**	**47.3**	**399.0**

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)	2017	2016	2015
Bonds	1,146.2	642.1	497.4
Bank borrowings			1.5
Finance lease liabilities	3.7	3.9	2.2
Other debts (including private placements)	900.2	887.5	181.8
Non-discretionary profit-sharing	17.1	20.1	24.1
LONG-TERM BORROWINGS	**2,067.3**	**1,553.6**	**707.0**
Bonds			299.8
Bank borrowings	84.6	8.0	34.2
Commercial paper	447.0	849.0	110.0
Current portion of long-term borrowings	46.6	215.7	179.5
SHORT-TERM BORROWINGS	**578.2**	**1,072.7**	**623.5**
TOTAL BORROWINGS	**2,645.5**	**2,626.3**	**1,330.5**

At 31 December 2017, Group debt was composed of short-term and long-term borrowings. The Group has diversified its financing sources and borrowings now comprise:

- €862 million in private placement notes (Schuldschein instruments);
- a €500 million bond debt due in 2022;
- a €500 million bond debt due in 2024;
- a €150.0 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in 2021;
- €447 million in French commercial papers drawn from a €1 billion program with an A2 short-term rating from Standard & Poor's.

At 31 December 2017, the weighted average interest rate on long-term bank borrowings (falling due in over a year) was 1.66%.

Characteristics of borrowings (nominal amounts)

At 31 December 2017 *(in € millions)*	Issuing currency	Term	Outstanding balance	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years	Original interest rate
Schuldschein 2	EUR	2019	5.0		5.0		Euribor variable
Schuldschein 2	EUR	2019	57.0		57.0		Fixed
Schuldschein 3	EUR	2019	49.0		49.0		Fixed
Schuldschein 3	EUR	2019	126.0		126.0		Euribor variable
Schuldschein 3	EUR	2021	130.0		130.0		Euribor variable [(b)]
Schuldschein 3	EUR	2021	146.5		146.5		Fixed
Schuldschein 3	EUR	2023	102.5			102.5	Euribor variable [(b)]
Schuldschein 3	EUR	2023	180.0			180.0	Fixed
Schuldschein 3	EUR	2024	18.0			18.0	Euribor variable [(b)]
Schuldschein 3	EUR	2026	48.0			48.0	Fixed
ORNAE [(c)]	EUR	2021	150.0		150.0		Fixed
Bonds	EUR	2022	500.0		500.0		Fixed
Bonds	EUR	2024	500.0			500.0	Fixed
Commercial paper [(a)]	EUR	2017	447.0	447.0			Fixed
Other bank borrowings (including overdrafts)			158.0	123.5	33.7	0.8	Variable
Finance lease liabilities			5.2	1.5	3.6	0.1	
Non-discretionary profit-sharing	EUR		23.3	6.2	17.1		
TOTAL			**2,645.5**	**578.2**	**1,217.9**	**849.4**	

(a) All commercial paper is due in less than a year.
(b) Partly hedged by variable rate for fixed rate swaps.
(c) Excluding the ORNAE option portion.

Loan maturities (undiscounted nominal amounts, including accrued interest)

At 31 December 2017 *(in € millions)*	Issuing currency	Term	Expected cash outflows	Due: In less than 1 year	Due: 1 to 5 years	Due: In more than 5 years
Schuldschein 2	EUR	2019	5.2	0.1	5.1	
Schuldschein 2	EUR	2019	61.4	2.2	59.2	
Schuldschein 3	EUR	2019	49.8	0.4	49.4	
Schuldschein 3	EUR	2019	128.0	1.0	127.0	
Schuldschein 3	EUR	2021	136.5	1.3	135.2	
Schuldschein 3	EUR	2021	153.0	1.6	151.4	
Schuldschein 3	EUR	2023	113.3	1.3	7.1	104.9
Schuldschein 3	EUR	2023	197.4	2.9	11.6	182.9
Schuldschein 3	EUR	2024	19.9	0.2	1.2	18.5
Schuldschein 3	EUR	2026	57.8	1.1	4.3	52.4
ORNAE	EUR	2021	150.0		150.0	
Bond 1	EUR	2022	559.4	11.9	547.5	0.0
Bond 2	EUR	2024	552.5	7.5	30.0	515.0
TOTAL			**2,184.2**	**31.5**	**1,279.0**	**873.7**

Confirmed credit facilities

The Group also has unused, confirmed credit facilities that break down as follows by maturity:

At 31 December *(in € millions)*	Confirmed credit facilities 2017 *
2018	1,010
2019	1,010
2020	1,010
2021	1,010
2022	50

* *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 million, maturing in 2022.*

None of these credit lines include any acceleration clauses.

NOTE 24.2. NET DEBT

(in € millions)	2017	2016	2015
Long-term borrowings	2,067.3	1,553.6	707.0
Short-term borrowings	578.2	1,072.7	623.5
TOTAL BORROWINGS	**2,645.5**	**2,626.3**	**1,330.5**
Net cash and cash equivalents *	(538.7)	(414.5)	(770.8)
Other current financial investments *	(213.1)	(203.5)	(243.6)
Derivative instruments (net)	10.8	11.2	(0.5)
NET DEBT	**1,904.6**	**2,019.5**	**315.6**

* *Of which €393 million in China (Note 20 – Non-controlling interests).*

Net financial debt corresponds to total long and short-term borrowings less cash and cash equivalents, other current financial assets and derivative instruments used for Group financing purposes. It also includes short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

At 31 December 2017, none of these borrowings were subject to early repayment clauses based on covenants.

Changes in liabilities included in Group financing activities

(in € millions)	2017
Gross debt at 1 January	**2,626.3**
Net derivative instruments at 1 January	**11.2**
New borrowings during the period	500.0
Repayments during the period	(470.9)
Change in fair value	(0.4)
Changes resulting from the acquisition or loss of control of subsidiaries	(4.5)
Currency translation adjustment	(5.3)
Gross debt at 31 December	**2,645.5**
Net derivative instruments at 31 December	**10.8**

Note 25. Fair value of financial instruments

NOTE 25.1. FINANCIAL INSTRUMENTS

	2017		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	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**	**0.0**	**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	**3,664.1**	**3,730.9**	**0.0**	**0.0**	**0.0**	**3,670.7**	**60.2**

	2016		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	28.4	28.4		28.4			
Other non-current financial assets	13.3	13.3			13.3		
Other non-current assets	2.8	2.8			2.8		
Trade receivables	1,060.1	1,060.1			1,060.1		
Other current receivables, excl. prepaidexpenses	13.3	13.3			13.3		
Derivative instruments	51.1	51.1					51.1
Other financial assets	203.5	203.5	203.5				
Cash and cash equivalents	414.5	414.5	414.5				
TOTAL FINANCIAL ASSETS	**1,787.0**	**1,787.0**	**618.0**	**28.4**	**1,089.5**		**51.1**
LIABILITIES							
Long-term borrowings	1,553.6	1,607.8				1,607.8	
Other non-current liabilities	3.1	3.1				3.1	
Trade payables	911.7	911.7				911.7	
Other current liabilities	72.6	72.6				72.6	
Derivative instruments	33.6	33.6					33.6
Short-term borrowings	1,072.7	1,073.0				1,073.0	
TOTAL FINANCIAL LIABILITIES	**3,647.3**	**3,701.8**				**3,668.2**	**33.6**

(in € millions)	2015 Carrying amount	Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
ASSETS							
Investments in non-consolidated companies	11.1	11.1		11.1			
Other non-current financial assets	10.4	10.4			10.4		
Other non-current assets	1.9	1.9			1.9		
Trade receivables	886.0	886.0			886.0		
Other current receivables, excl. prepaid expenses	17.9	17.9			17.9		
Derivative instruments	50.9	50.9					50.9
Other financial assets	243.6	243.6	243.6				
Cash and cash equivalents	770.8	770.8	770.8				
TOTAL FINANCIAL ASSETS	**1,992.5**	**1,992.5**	**1,014.4**	**11.1**	**916.2**		**50.9**
LIABILITIES							
Long-term borrowings	707.0	719.3				719.3	
Other non-current liabilities	1.7	1.7				1.7	
Trade payables	695.2	695.2				695.2	
Other current liabilities	32.6	32.6				32.6	
Derivative instruments	20.1	20.1					20.1
Short-term borrowings	623.5	630.4				630.4	
TOTAL FINANCIAL LIABILITIES	**2,080.1**	**2,099.2**				**2,079.1**	**20.1**

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), debt securities and other cash equivalents classified as current assets.

The fair value of trade and other receivables (classified as held-to-maturity investments) is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in non-consolidated companies, certain receivables related to those investments and operating receivables due beyond one year.

Financial assets that are not quoted in an active market are recognized in the balance sheet at cost, which is representative of their fair value.

Financial liabilities include borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period-end for similar facilities and the average spread obtained by the Group for its own issues.

NOTE 25.2. DERIVATIVE INSTRUMENTS

The fair value of derivative instruments is as follows:

	2017				2016			
	Assets		Liabilities		Assets		Liabilities	
(in € millions)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FAIR VALUE HEDGES								
Forward sales of foreign currencies*	94.8	3.1	47.9	(0.4)	38.2	1.4	41.2	(1.5)
Forward purchases of foreign currencies*	147.2	5.7	122.2	(3.8)	52.1	2.7	110.4	(4.3)
Call option purchases	6.9		6.9		6.9	0.7		
Put option purchases	8.5	0.4	1.7		1.2			
TOTAL		**9.2**		**(4.3)**		**4.7**		**(5.8)**
SUPERHEDGES AND TRADING *TRANSACTIONS*								
Currency swaps								
GBP	1.4		7.1		9.3			
AUD	16.9				17.0	0.1		
ARS	8.4	0.7					4.0	(0.1)
BRL	117.2	1.6	1.7					
CAD			18.1		18.0			
CHF	23.5	0.1					5.9	
CLP	5.7		6.6	(0.3)				
CZK	0.1						4.5	
DKK			21.3		3.1		11.6	
HKD			5.5				6.2	(0.1)
HUF	5.2						5.5	
MXN	6.9				7.6			
NOK			3.5					
SEK	3.7				3.1		0.9	
USD	188.2	5.6	237.8	(1.7)	27.5	0.4	8.5	
JPY	7.2				43.6	0.2		
THB	21.1	0.4	1.2		18.9	0.1		
SGD	8.8						0.3	
ZAR							3.8	
Other hedges of debt		2.9		(5.8)		4.3		(4.2)
TOTAL		**11.4**		**(8.0)**		**5.1**		**(4.5)**
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies	389.3	14.5	478.5	(22.1)	561.2	32.8	289.5	(10.1)
Zero-premium collars (currencies)	375.4	7.8	375.4	(6.7)	125.4	6.1	94.7	(2.5)
Floating/fixed rate swaps	60.0		125.5				245.5	(1.6)
Aluminum derivatives	45.3	3.7			24.3	1.9	4.5	(0.1)
Nickel derivatives	3.8	0.4	0.1		0.2		1.3	
TOTAL		**26.5**		**(28.8)**		**40.9**		**(14.4)**
HEDGES OF THE NET INVESTMENT IN FOREIGN OPERATIONS								
Currency swaps	33.6	0.1			39.4	0.4		
TOTAL		**0.1**				**0.4**		
ORNAE								
Redemption option				(19.1)				(8.9)
Call on ORNAE		1.8						
TOTAL		**1.8**		**(19.1)**				**(8.9)**
TOTAL DERIVATIVE INSTRUMENTS		**49.1**		**(60.2)**		**51.1**		**(33.6)**
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNIZED IN PROFIT)				**(11.1)**				**17.5**

The derivatives expiring beyond one year are cash flow hedges. They also include the value of the option embedded in the convertible bond (ORNAE - optional reimbursement in cash and/or existing shares). At 31 December 2017, the fair value of these instruments breaks down as follows:

At 31 December 2017 *(in € millions)*	In less than 1 year	1 to 5 years	In more than 5 years	Total
Forward purchases and sales of foreign currencies	(7.5)			(7.5)
Zero-premium collars (currencies)	1.2	(0.1)		1.1
Floating/fixed rate swaps				
Aluminum derivatives	3.4	0.3		3.7
Nickel derivatives	0.4			0.4
ORNAE		(17.3)		(17.3)
TOTAL	**(2.5)**	**(17.1)**		**(19.6)**

The fair value of derivative instruments is determined by the discounted future cash flows method using forward exchange rates (exchange), market interest rates (interest rate hedges) and aluminum and nickel prices (metal) at 31 December 2017.

NOTE 25.3. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AT FAIR VALUE

In accordance with the amended IFRS 7, fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy breaks down into three levels as follows:

- level 1: instrument quoted in active markets;
- level 2: valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

	31 December 2017			
(in € millions)	Total	Level 1	Level 2	Level 3
ASSETS				
Derivative instruments	49.1		49.1	
Other financial assets	213.1	213.1		
Cash and cash equivalents	538.7	538.7		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**800.9**	**751.8**	**49.1**	
LIABILITIES				
Derivative instruments	60.2		60.2	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**60.2**		**60.2**	

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 commodity swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

Note 26. Financial risk management

NOTE 26.1. RISK MANAGEMENT

Risks are managed centrally by Group Corporate Finance, Treasury and Tax department.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Hedging transactions are managed centrally. They are carried out in specific cases by Group subsidiaries when required by local regulations but these transactions remain under the control of the Group Finance, Treasury and Tax department.

NOTE 26.2. FINANCIAL MARKET RISKS

26.2.1. Currency risks

The majority of 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 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 with different functional currencies, as follows:
  - exports by manufacturing subsidiaries in the euro zone billed in the local currency of the marketing subsidiaries,
  - imports of goods from SEB Asia by marketing subsidiaries whose functional currency is not the US dollar;
- purchases of industrial components from external suppliers by the manufacturing subsidiaries, that are billed in a currency other than their functional currency (for example, components purchased by 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. In the main currencies, resulting balance sheet currency positions are partially hedged by means of simple financial instruments (forward hedges and options strategies). With respect to the US dollar and the Chinese yuan, currencies in which the Group has a net buying position, the Group hedges a portion of SEB Asia billings with Group subsidiaries.

The Group's overall currency risk management policy sets very strict rules for the hedging of currency risks associated with highly probable future transactions.

ANALYSIS OF CURRENCY RISKS ON INTER-COMPANY COMMERCIAL TRANSACTIONS

The Group's net exposure to notional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies).

In 2017 *(in € millions)*	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Total assets			28	14	14	9	9	8	78
Total liabilities	(131)	(132)							
Future transactions									
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**

In 2016 *(in € millions)*	USD	CNY	PLN	RUB	GBP	JPY	Other
Total assets			13	7	8	10	49
Total liabilities	(81)	(109)					
Future transactions							
NET POSITION BEFORE HEDGING	**(81)**	**(109)**	**13**	**7**	**8**	**10**	**49**
Forward purchases of foreign currencies *	52	110					1
Forward sales of foreign currencies *			(11)	(7)	(5)	(8)	(35)
Call option purchases	7						
Put option purchases					(1)		
NET POSITION AFTER HEDGING	**(23)**	**2**	**2**	**1**	**1**	**1**	**15**

* *The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 30 December.*

In 2015 *(in € millions)*	USD	CNY	RUB	PLN	GBP	JPY	Other
Total assets			5	9	8	10	49
Total liabilities	(64)	(86)					
Future transactions							
NET POSITION BEFORE HEDGING	**(64)**	**(86)**	**5**	**9**	**8**	**10**	**49**
Forward purchases of foreign currencies *	65	103					
Forward sales of foreign currencies *		(5)	(4)	(8)	(6)	(11)	(35)
NET POSITION AFTER HEDGING	**1**	**12**	**1**	**1**	**2**	**(1)**	**14**

* *The notional amounts of forward purchases and sales of foreign currencies shown in the above table do not include positions taken on 31 December.*

At 31 December 2017, the euro was trading at USD 1.19930, RUB 69.392, CNY 7.83815 and JPY 135.01.

At 31 December 2017, 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	**(1.6)**	**0.5**	**0.6**	**0.5**	**0.2**	**0.3**	**(0.7)**	**(0.3)**	**0.8**

CURRENCY RISKS ON FINANCING

SEB S.A. is the main provider of financing for its subsidiaries. Current account advances are made in the subsidiaries' functional currency. As SEB S.A. raises long-term financing in euros, it is exposed to currency risks on these advances. This exposure is hedged by borrowing or lending in the subsidiary's functional currency using currency swaps, so as to offset the current account positions. Currency risks on financing are therefore systematically hedged from the moment there are competitive derivative instruments available on the market.

The Group does not, however, apply hedge accounting to these transactions.

In 2017 *(in € millions)*	USD	Other
Total assets	210	269
Total liabilities	(273)	(69)
NET POSITION BEFORE HEDGING	**(63)**	**200**
Hedging positions	50	(207)
NET POSITION AFTER HEDGING	**(13)**	**(7)**

In 2016 *(in € millions)*	USD	Other
Total assets	339	205
Total liabilities	(316)	(37)
NET POSITION BEFORE HEDGING	**23**	**168**
Hedging positions	(19)	(112)
NET POSITION AFTER HEDGING	**4**	**55**

In 2015 *(in € millions)*	USD	Other
Total assets	423	138
Total liabilities	(267)	(26)
NET POSITION BEFORE HEDGING	**156**	**112**
Hedging positions	(153)	(124)
NET POSITION AFTER HEDGING	**3**	**(12)**

The appreciation or depreciation of these currencies, assuming all other variables remained the same, would have an impact on profit.

At 31 December 2017, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	USD	Other
Hypothetical currency appreciation	10%	10%
IMPACT ON PROFIT	**(1.5)**	**(0.7)**

CURRENCY RISKS ON NET INVESTMENTS IN FOREIGN OPERATIONS

Groupe SEB is also exposed to currency risks on its net investment in foreign operations, corresponding to the impact of changes in exchange rates for the subsidiaries' functional currencies on SEB S.A.'s share in their net assets. Group policy does not require these risks to be hedged.

However, the Group decided in 2012 to hedge the exposure on a long-term intra-group loan to its Colombian subsidiary denominated in dollars, which is treated as part of its net investment in this subsidiary.

In 2016, this loan was replaced by a loan denominated in Colombian pesos.

The balance of this loan at 31 December 2017 was COP 121 million. It is hedged by currency swaps, whose fair value at 31 December 2017 was €0.1 million, recorded in equity.

26.2.2. Interest rate risk

Group policy consists of hedging interest rate risks based on trends in market interest rates and changes in the Group's overall debt structure.

The following table analyses financial assets and liabilities at 31 December 2017, based on interest rate reset dates:

	Overnight to 1 year		1 to 5 years		More than 5 years	
In 2017 *(in € millions)*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Total assets	751.8					
Total liabilities	(123.5)	(454.7)	(294.7)	(923.2)	(121.3)	(728.1)
NET POSITION BEFORE HEDGING	**628.3**	**(454.7)**	**(294.7)**	**(923.2)**	**(121.3)**	**(728.1)**

A floating/fixed interest rate swap was arranged to hedge interest payable by December 2026.

AT 31 DECEMBER 2017

(in € millions)	Due within one year	1 to 5 years	More than 5 years
Floating/fixed rate swaps		65	120.5

Assuming total borrowings remain constant at 31 December 2017 levels throughout the year and with the same currency breakdown, an immediate 1% rise in interest rates would add an estimated €3.6 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 2017 was as follows:

(in € millions)	31/12/2017
FAIR VALUE AT 1 JANUARY	**(1.6)**
Change in fair value	1.6
Amount recognized in income statement	
Fair value at 31 December	(0.0)

26.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminum, copper and nickel used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for China) and hedges them on a conservative basis, covering about 80% of its estimated purchases for the next six months.

At 31 December 2017, 25,680 tons of aluminum and 426 tons of nickel purchases were hedged.

The Group uses swaps to set the prices of these commodities. These hedges of raw material purchases are qualified as cash flow hedges under IAS 39 when the criteria listed in Note 1.4.4 are met.

At 31 December 2017, the commodity derivative instruments showed an unrealized gain of €4.1 million. In 2016, there was an unrealized gain of €1.8 million. And in 2015, there was an unrealized loss of €1.5 million.

Derivative instruments expiring in 2017 led to a loss of €4.1 million, compared with losses of €0.1 million in 2016 and €1.5 million in 2015.

SENSITIVITY ANALYSIS

A 10% increase in metal prices at 31 December 2017 would have had a €5.3 million positive impact on equity, while 10% decrease would have had an equivalent negative impact, assuming all other variables remained constant.

A 10% increase or decrease in metal prices versus their average prices in 2017 would have had a €16.6 million positive or negative impact on the Operating Result from Activity.

26.2.4. Equity risk and treasury stock

It is not Group policy to hold significant portfolios of equities or equity funds.

The Group does, however, hold a portfolio of treasury stock. It thus established:

- a liquidity contract set up in order to ensure that there is a sufficiently liquid market for SEB shares and to stabilize the share price; and
- the share buyback program, mainly for allocation on exercise of employee stocks options and of performance shares awarded to employees.

Treasury stock is deducted directly from equity. Gains and losses from sales of treasury shares are also recognized in consolidated equity.

Based on the closing SEB share price on 31 December 2017 (€154.45), the market value of shares held in treasury at that date stood at €82.6 million. A 10% increase or decrease in the share price would therefore have led to an €8.3 million change in the market value of treasury stock.

ZJ Supor, which is now 81.17%-owned by Groupe SEB, is listed on the Shenzhen Stock Exchange. At 31 December 2017, the share price was CNY 40.38, valuing Groupe SEB's investment at €3,434.6 million. Changes in the Supor share price have no impact on Groupe SEB's Consolidated Financial Statements, as ZJ Supor is fully consolidated. Similarly, changes in the share price have no impact on the company accounts of SEB Internationale because its interest in ZJ Supor is classified as a long-term investment and is not marked to market.

NOTE 26.3. LIQUIDITY RISK

To manage the liquidity risk that may arise due to financial liabilities reaching maturity or needing to be settled early, the Group implements a financing strategy based on:

- maintaining cash, cash equivalents and other financial investments at a certain level at all times (€751.8 million at 31 December 2017);

  and additional liquid resources including:
- a €1.0 billion commercial paper program. At 31 December 2017, €447 million had been drawn down;
- other debt facilities including:
  - a €960.0 million syndicated credit facilities expiring in 2021,
  - a €50.0 million bilateral credit facility expiring in 2022,
  - several Schuldschein loan credit lines totaling €862 million maturing in 2019, 2021, 2023, 2024 and 2026,
  - a €497.3 million bond debt due in 2022,
  - a €497.7 million bond debt due in 2024,
  - a €150.0 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	772.7	223.0	15.3	5.0	1016.0

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 2017, no single customer accounted for more than 5% of total sales.

For more than five years, the customer credit risk has been covered by credit insurance taken out with COFACE. At 31 December 2017, 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 €11 million in 2017, compared with €8.6 million in 2016 and €9.1 million in 2015.

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.

	2017			2016			2015		
(in € millions)	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total
Ambient air quality	0.5	0.4	0.9	0.5	0.6	1.1	0.6	1.0	1.6
Waste water management and water saving systems	2.2	0.6	2.8	1.8	0.4	2.2	2.2	0.4	2.6
Waste management	2.3		2.3	1.7	0.1	1.8	2.4		2.4
Soil protection and decontamination	2.9	0.3	3.2	2.4	0.1	2.5	1.0	0.2	1.2
Other environmental protection measures	1.3	0.5	1.8	0.9	0.1	1.0	1.0	0.3	1.3
TOTAL	**9.2**	**1.8**	**11.0**	**7.3**	**1.3**	**8.6**	**7.2**	**1.9**	**9.1**

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.

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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)	2017	2016	2015
Firm orders for property, plant and equipment	34.2	35.6	44.9
Guarantees and bonds given *	0.1		0.3
Commitments under non-cancelable operating leases	353.3	308.9	132.4
Miscellaneous financial commitments	18.7	6.0	6.8
TOTAL COMMITMENTS GIVEN	**406.3**	**350.5**	**184.4**
Guarantees received for trade receivables under credit insurance policies	805.7	714.9	662.9
Miscellaneous financial commitments			
TOTAL COMMITMENTS RECEIVED	**805.7**	**714.9**	**662.9**

* *Financial guarantees given by the Group to banks within the context of external financing of subsidiaries were reclassified as Related party transactions (Note 30.1).*

At year-end 2016, commitments given were primarily caused by the acquisition of WMF and the rise in commitment under non-cancelable operating leases of €141.3 million.

In 2015, the Supor Group signed a contract worth €7.1 million, enabling it, from 2016, to extend the right to use the Supor brand to other small domestic appliance segments.

Note 29. Significant events, litigation and contingent liabilities

NOTE 29.1. SIGNIFICANT EVENTS AND LITIGATION

29.1.1. Significant events

NEW BOND ISSUE

A new €500 million, 7-year bond issue bearing a 1.5% coupon was subscribed on 31 May 2017.

This new issue allows Groupe SEB to further consolidate its debt structure through:

- the continued securing of refinancing for part of its debt;
- the extension of the average maturity of its debt;
- attractive financing terms.

The bonds were admitted to trading on Euronext Paris on 31 May 2017.

29.1.2. Litigation

A) SUPPLIER DISPUTES

A provision for contingencies was set aside in 2009 following a dispute with a Chinese supplier concerning a shipment. The current estimated maximum expense of around €1.5 million is fully covered (see Note 21.2) although, at the time of writing, the Group is disputing the entire amount and the ongoing lawsuit is expected to be lengthy.

B) FRENCH COMPETITION AUTHORITY INQUIRY

The French Competition Authority conducted an inquiry into the pricing and listing practices of several domestic appliance manufacturers, including Groupe SEB France and Groupe SEB Retailing, with regard to certain online retailers.

Given the uncertain outcome of the proceedings, no provision was funded in the financial statements at 31 December 2017.

C) CUSTOMS DISPUTE IN TURKEY

On 1 February 2016, Groupe SEB Istanbul, the Group's Turkish subsidiary, received notification from the Customs Authorities stating that, according to their interpretation, our imports are liable for an additional tax which has, to date, not been settled. The notification received covered the period from 1 January 2013 to 28 September 2015 and involved a tax adjustment of €4.5 million and penalties of €13.5 million. The Group has challenged the full amount of this tax adjustment, while at the same time signing up to an amnesty offered by the Turkish government that limits the exposure to around €6 million. This amount was fully provisioned in the 2016 financial statements and was partially paid over the course of 2017. The remaining balance stood at €2.3 million at 31 December 2017.

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 (see Note 2.1).

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)	2017	2016	2015
Revenue			
Other income			
Purchases and expenses	2.0	1.2	0.6
Other non-current financial assets			0.7
Customers			
Suppliers	1.1		

In 2017, Groupe SEB paid €0.2 million to Robart for studies and research (€0.2 million in 2016) and €1.7 million to 1000 Mercis for services (€0.7 million in 2016).

In addition, in 2015, Groupe SEB paid Ethera €0.2 million in royalties for the use of its technology and to purchase filters used in the manufacture of air purifiers. These royalties amounted to €0.2 million in 2016. Ethera was consolidated into the Group's financial statements as of 2017.

The Key Ingredient Company (non-consolidated due to its immaterial size within the Group) invoices research and development services, of which €0.1 million in 2016 and €0.4 million in 2015. In 2015, Groupe SEB acquired the Key Ingredient "CMS" application for €6.2 million. This is a search engine which provides the basis for digital applications in connected products.

Financial guarantees given by the Group to banks in connection with the external financing of subsidiaries stood at €25.3 million at 31 December 2017 (versus €15.2 million at 31 December 2016 and €60.7 million at 31 December 2015).

NOTE 30.2. DIRECTORS' AND OFFICERS' COMPENSATION AND BENEFITS

Details of the members of the Board of Directors and the Executive Committee, including current members and those who retired in 2017, are provided in the Corporate Governance chapter of this document. 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)	2017	2016	2015
SHORT-TERM BENEFITS			
Fixed remuneration	4.1	4.0	3.9
Variable remuneration	3.9	4.0	3.9
Directors' fees	0.5	0.4	0.4
OTHER BENEFITS			
Post-employment benefits	3.1	2.9	2.9
Share-based payments (stock options)	7.3	4.7	3.6
TOTAL	**18.9**	**16.0**	**14.7**

Pension commitments

The two corporate officers are members of the collective supplementary pension scheme which includes Groupe SEB's French senior managers (members of the Executive and Management Committees).

The scheme complements the statutory schemes and is composed as follows:

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference compensation calculated on the average of the target compensation 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 is available to senior executives, 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.

To be eligible for the defined benefit plans, Groupe SEB executives must have been a member of the Group Executive Committee or Management Committee for at least eight years.

The scheme is capped at 41% of the reference remuneration (including the income from compulsory plans), this reference remuneration being itself capped at 36 times the annual social security ceiling in force at the time of retirement.

As a result, the supplementary pension scheme for French top management (including the Chairman and CEO and the Chief Operating Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum eight years on the Executive Committee or Management Committee;
- rate of progression: entitlements based on seniority up to a maximum of 3.0% annually and capped at 20 years' seniority;
- reference period used: average of the target remuneration for the past three years;
- maximum of 41% including benefits from statutory schemes.

Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.

The various conditions of the retirement plan imply that, at legal retirement age, Thierry de La Tour d'Artaise will be entitled to receive a gross replacement ratio (including statutory plans) of 32.58% of his reference remuneration and that, at legal retirement age, Bertrand Neuschwander will be entitled to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference remuneration.

The supplementary and top-up plan expense relating to Thierry de La Tour d'Artaise and Bertrand Neuschwander, recognized in the Consolidated Financial Statements at 31 December 2017, amounts to €47,074.

Severance allowance and non-compete payments

FOR MR THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of termination of his corporate mandate.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term as corporate officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at two years' remuneration (calculated on the average remuneration earned 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 actual performance is below 50% of the targets, no termination benefit will be paid;
- if the average actual performance represents 50% to 100% of the targets, the termination benefit will be comprised between 75% and 100%, based on a straight-line calculation;
- if the average actual performance exceeds the targets, the termination benefit will be paid in full.

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

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

Entitlement to stock options in the event of termination:

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

FOR MR BERTRAND NEUSCHWANDER

In the event of dismissal, he will be entitled to severance payment equal to two years' remuneration, minus the amounts paid under the non-competition clause and any termination benefits connected to the termination of the employment contract.

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

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

- if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to target over the last four full years of service, as follows:
  - as corporate officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to target, in this capacity, over the last four years of service;
- for both scenarios,
  - if the average actual performance is below 50% of the targets: 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% of the benefit is paid.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any contractual compensation for dismissal.

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

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

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

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

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 changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, on 22 April 2014, the Board of Directors decided that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

Details of the compensation policy and the components of the remuneration of these two people appear in Note 2.5 Remuneration Policy and are not reiterated in this note.

Note 31. Subsequent events

Egypt

At the end of 2017, Groupe SEB signed an agreement with its long-standing partner in Egypt, the Zahran family, to combine the small domestic appliances and cookware activities 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 Zahran 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 set up a joint venture with Zahran, "Groupe SEB Egypt", in which it has a 75% controlling interest, to manufacture and market small domestic appliances (e.g., vacuum cleaners, small food processors) mainly under the Moulinex and Tefal brands. The plant is located in Borg El-Arab, near Alexandria.

To further strengthen the existing partnership, Groupe SEB and the Zahran family decided to set up a new entity, Groupe SEB Egypt Zahran, which is 55%-owned by Groupe SEB and 45% by Zahran. This company combines the two activities, Small Domestic Equipment and cookware, and has the following objectives:

- to accelerate sales growth in Egypt and maximize the strong potential of this market;

- to capitalize on the trusting relationship established over many years with the Zahran family;

- to strengthen the Group's industrial base in the region and facilitate access to certain markets in Africa and the Middle East.

The transaction, subject to approval by the Egyptian regulatory authorities, is expected to close in the second quarter of 2018.

In 2017, Groupe SEB achieved around €20 million of revenue in Egypt.

France – Linen care

As part of its strategy to strengthen the competitiveness of the linen care segment, in early 2018 Groupe SEB announced an investment of nearly €15 million in France.

By 2020, this project will involve the transfer of the activity and all employees from the Saint-Jean-de-Bournay site to the nearby Pont-Evêque site, while maintaining jobs.

These two sites, located at a distance of 18 kilometers from each other, are interdependent and are the only ones which produce the Group's irons and steam stations in France. Saint-Jean-de-Bournay (162 permanent employees) is a plastics plant specialized in making injected components for the neighboring Pont-Evêque site (619 permanent employees), which manufactures and assembles the products. The new product ranges use increasingly innovative plastic injection processes and require new high-tonnage injection molding machines that the Saint-Jean-de-Bournay site is not able to accommodate.

Groupe SEB is therefore planning to extend the current Pont-Evêque site by building a 7300m^2 injection molding machine shop and two storage buildings. These new facilities, designed with worker comfort and safety in mind, will improve working conditions for employees and optimize logistics flows.

To the best of the Group's knowledge, no other events have occurred since 31 December 2017 that could have a material impact on the Group's consolidated financial statements.

Note 32. List of consolidated companies at 31 December 2017 (% 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 [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
Ethera S.A. [a]	***	France	520,944,182	95.4	95.4
Rowenta Werke GmbH	*	Germany		100	100
Groupe SEB Deutschland GmbH	**	Germany		100	100
EMSA GmbH	*	Germany		100	100
Homeware Trading GmbH	**	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		100	99.8
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
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		100	93.8

Company	Core business [b]	Headquarters	Registration no.	% voting rights	% interest
Groupe SEB Egypt for Household Appliances	**	Egypt		75	75
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
AMERICAS					
NORTH AMERICA					
Groupe SEB Canada Inc.	**	Canada		100	100
Coranco Corporation Ltd	**	Canada		100	100
Groupe SEB USA	**	United States		100	100
All-Clad Metal-Crafters LLC	*	United States		100	100
Groupe SEB Holdings Inc.	Holding company	United States		100	100
Imusa USA Corp.	**	United States		100	100
Groupe SEB Mexico S.A. de CV	**	Mexico		100	100
Groupe SEB Servicios S.A. de CV	***	Mexico		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
Groupe SEB Chile Ltda.	**	Chile		100	100
Groupe SEB Colombia S.A.	*	Colombia		100	99.5
Groupe SEB Venezuela S.A.	**	Venezuela		100	100
Corporación GSV 2015, C.A.	***	Venezuela		100	100
ASIA					
CHINA					
ZJ Supor	Holding company	China		81.2	81.2
SX Supor	*	China		100	81.2
WH CKW	*	China		100	81.2
WH Pressure	Holding company	China		100	81.2
WH Supor	***	China		100	81.2
WH Waste	***	China		100	81.2
YH Waste	***	China		100	81.2
ZJ Rubber	*	China		100	81.2
ZJ Supor EA	*	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	100
EMSA Taicang Co. Ltd	**	China		100	100

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Company	Core business (b)	Headquarters	Registration no.	% voting rights	% interest
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
Grain Harvest Development Ltd	Holding company	Hong Kong		100	100
Groupe SEB Japan Co. Ltd	**	Japan		100	100
Groupe SEB Malaysia SDN. BHD	**	Malaysia		100	100
Groupe SEB Singapore PTE Ltd	**	Singapore		100	100
South East Asia Domestic Appliances PTE, Ltd	***	Singapore		90.4	100
Groupe SEB Thailand Ltd	**	Thailand		100	100
Vina Electric Fan	*	Vietnam		100	100
Vietnam Supor	*	Vietnam		100	81.2
EMSA Vietnam Co. Ltd	*	Vietnam		100	100
AFS Vietnam Management Co. Ltd	***	Vietnam		90.4	100

(a) Companies within the tax consolidation group in France.
(b) Core business:
* *manufacturing, sales and marketing;*
** *sales and marketing;*
*** *services.*

WMF companies	Core business (a)	Headquarters	Registration no.	% voting rights	% interest
EMEA					
EUROPE					
WMF France SARL	**	France	421,742,586	100	100
WMF France Consumer Goods SARL	**	France	309,434,017	100	100
Schaerer France SARL	**	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 Profil GmbH	**	Germany		100	100
W. F. Kaiser u. Co. GmbH	*	Germany		100	100
ProLOG - Brand Logistics GmbH & Co.KG	***	Germany		100	100
ProLOG - Logistics Services GmbH & 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 Gastronomie Service GmbH	***	Germany		100	100
WMF Versicherungsdienst GmbH	***	Germany		100	100
WMF Immobilienverwaltungs GmbH	***	Germany		100	100
WMF in Österreich Ges.m.b.H.	**	Austria		100	100
Guy Van Bogaert BVBA	**	Belgium		100	100
WMF Española S.A.	**	Spain		100	100
WMF United Kingdom Ltd	**	United Kingdom		100	100
WMF Italia S.p.A.	**	Italy		100	100
WMF Nederland B.V.	**	Netherlands		100	100
Guy Van Bogaert Nederland BV	**	Netherlands		100	100
WMF Schweiz AG	**	Switzerland		100	100
Schaerer AG	*	Switzerland		100	100
EURASIA					
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					
Schaerer USA Corporation	**	United States		100	100
WMF Americas, Inc.	**	United States		100	100
ASIA					
CHINA					
WMF (Shanghai) Co. Ltd	***	China		100	100
WMF Consumer Goods (Shanghai) Co., Ltd	**	China		100	100
WMF (He Shan) Manufacturing Co. Ltd	*	China		100	100
WMF Group Operations Far East Co. Ltd	***	China		100	100
ASIA-PACIFIC					
WMF (Hong Kong) Manufacturing Co. Ltd	Holding company	Hong Kong		100	100
WMF Group Hong Kong Ltd	***	Hong Kong		100	100
WMF Japan Corporation K.K.	**	Japan		100	100
WMF Far East K.K.	**	Japan		100	100
WMF Singapore Pte. Ltd	**	Singapore		100	100

(a) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

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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
Key Ingredient Corporation (not material in relation to the Group as a whole)	**	United States		100
Wuhan ANZAI Kitchenware 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
SwizzzCut AG	***	Switzerland		100
SwizzzProzzz AG	***	Switzerland		100
SwizzzProzzz Vertrieb AG	***	Switzerland		100

(a) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing;*
**** services.*

Note 33. Fees paid to statutory auditors

Statutory auditors' fees will be presented in Chapter 9 "Additional information" in the 2017 Financial Report and Registration Document.

5.3. Statutory auditors' report on the consolidated financial statements

(For the year ended 31 December 2017)

To the shareholders,

SEB S.A.
112, chemin du Moulin-Carron
69130 Écully

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of statutory auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SEB S.A. for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 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 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 these standards are further described in the "Responsibilities of the statutory auditors relating to 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 1 January 2017 to the date of our report, and in particular we did not provide any non-audit services prohibited by Article 5(1) of regulation (EU) no. 537/2014 or the French Code of Ethics (*Code de déontologie*) for statutory auditors.

In addition, the non-audit services that we provided to your Group and its controlled undertakings during the reporting period are as follows:

- for both firms: comfort letters for bond issues;
- for PricewaterhouseCoopers Audit: acquisition due diligences and certification of the accounting information of an entity;
- for Mazars: acquisition due diligence; report social; environmental and social information; consultancy work with respect to the internal control procedures on the preparation and processing of accounting and financial information; certification of the accounting information of entities.

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, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. 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, 1.4.3 and 10 to the consolidated financial statements)

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 as part of a business combination, on the acquisition date. Group assets also comprise several trademarks.

As at 31 December 2017, trademarks with indefinite useful lives and goodwill amounted to €1008.4 million and €1,467.5 million (representing 37% 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 1.4.3 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 the 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;
- comparing the consistency of the data used to perform the impairment tests with data from the medium-term plans prepared by management and presented to the Board of Directors;
- 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.

IDENTIFICATION AND MEASUREMENT OF THE FAIR VALUE OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED WITH RESPECT TO THE ACQUISITION OF WMF

(Note 2 to the consolidated financial statements)

Description of risk

SEB completed the acquisition of the WMF Group on 30 November 2016 for a total amount of €1,080.2 million. As the acquisition date was extremely close to the period-end, SEB's management decided to use 31 December 2016 as the opening balance sheet date, at which point it allocated purchase price on a preliminary basis, in accordance with IFRS 3 (revised).

During the 2017 reporting period, SEB's management finalized the identification and valuation of the assets acquired and liabilities assumed from the WMF Group. The final purchase price allocation recorded during the period resulted in the recognition of €950.8 million in goodwill, intangible assets of €54 million in relation to the customer portfolio, €624 million in trademarks and €48 million in provisions for risks and contingent liabilities.

Purchase price allocation requires a significant degree of judgment from management in terms of determining the fair value of the intangible assets, which depends in particular on assumptions of how the business will develop, the profitability of the assets acquired, and the valuation of contingent liabilities relating to the measurement of current or potential obligations.

Due to the materiality of this acquisition, and the degree of judgment required from SEB's management to allocate the purchase price, we deemed the identification and valuation of the fair value of the assets acquired and the liabilities assumed as part of the acquisition of the WMF Group to be a key audit matter.

How our audit addressed this risk

We familiarized ourselves with the key legal documents pertaining to the acquisition of the WMF Group to obtain an overview of the transaction and to identify the specific clauses liable to have an impact on the determination and allocation of the purchase price.

We assessed the WMF Group's opening balance sheet as at 31 December 2016 and conducted a critical assessment of the harmonization of the WMF Group's accounting policies with those of the Groupe SEB.

Our work also involved:

- assessing compliance with current accounting standards of the methodology used by management to identify the assets acquired and the liabilities assumed from the WMF Group;
- conducting a critical assessment of the work performed by an independent expert on the valuation of the WMF Group's intangible assets;
- assessing the reasonableness of the assumptions and methodology used by management to measure the assets acquired and liabilities assumed, particularly the measurement of intangible assets and provisions for risks and contingent liabilities.

Lastly, we assessed the appropriateness of the disclosures pertaining to the acquisition in Note 2 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 Groupe SEB 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;
- analysing of 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 amount of provisions for deferred rebates estimated at period-end based on the contract terms (amount of revenue, rebate percentage).

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of SEB S.A. by the Annual General Meetings held on 15 June 1985 for PricewaterhouseCoopers Audit and 12 May 2015 for Mazars.

As at 31 December 2017, PricewaterhouseCoopers Audit and Mazars were in the thirty-third year and the third year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO 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, our audit does not include assurance on the viability or quality of management of the company.

A more detailed description of our responsibilities as statutory auditors for the audit of the consolidated financial statements is set out in the appendix to this report and is an integral part hereof.

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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

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 consolidated financial statements and which constitute the key audit matters. We have detailed these matters in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Lyon and Courbevoie, 26 March 2018

The statutory auditors

PricewaterhouseCoopers Audit
Nicolas Brunetaud

MAZARS
Thierry Colin

DETAILED DESCRIPTION OF THE STATUTORY AUDITORS' RESPONSIBILITIES

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditors exercise professional judgment throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- Obtain 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- Assess 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 auditors conclude that a material uncertainty exists, they are required 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 or a disclaimer of opinion;
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain 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 auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

5.4. History of significant consolidated items and ratios

5.4.1. HISTORY OF SIGNIFICANT CONSOLIDATED ITEMS

(in € millions)	2017	2016 (f)	2015	2014	2013	2012	2011 (f)	2010 (f)	2009	2008
RESULTS										
Sales in France	804	779	739	700	666	689	705	712	685	668
Sales outside France	5,681	4,221	4,031	3,553	3,495	3,371	3,258	2,940	2,491	2,562
Total sales	6,485	5,000	4,770	4,253	4,161	4,060	3,963	3,652	3,176	3,230
Operating Result from Activity	661	505	428	368	410	415	455	438	355	342
Operating profit	580	426	371	314	364	368	402	349	248	279
Profit attributable to owners of the parent	375	259	206	170	200	194	236	220	146	152
Depreciation, amortization and impairment losses	178	123	146	123	112	109	115	117	124	110
Employee benefits expense (b)	1,250	831	802	753	737	698	665	627	549	563
Discretionary and non-discretionary profit sharing and matching contributions to employee savings plans	38	37	31	33	37	48	44	50	33	38
EBITDA (c)	765	550	508	434	475	475	516	468	372	388
Adjusted EBITDA (e)	808	591	533	455	485	474	511	488	416	394
BALANCE SHEET (AT 31 DECEMBER)										
Shareholders' equity after appropriation	1,861	1,746	1,829	1,650	1,460	1,395	1,279	1,487	1,169	992
Net debt	1,905	2,019	316	453	416	556	673	131	243	649
Non-current assets	3,508	3,583	1,654	1,593	1,413	1,434	1,453	1,249	1,163	1,184
Capital expenditure	192	181	153	201	127	128	131	140	109	116
Inventories and work-in-progress	1,112	1,067	821	823	731	681	702	635	466	615
Trade receivables	1,016	1,053	886	768	740	836	828	733	627	646
Net cash from operating activities	457	576	376	271	298	313	242	256	558	165
Number of employees at 31 December *(in units)*	32,319	32,871	26,024	25,759	24,682	24,758	24,927	23,058	20,663	18,879
SHARES *(in €)* (a)										
Total number of shares outstanding *(in thousands)*	50,169	50,169	50,169	50,169	50,169	50,169	49,952	49,952	49,952	50,912
Weighted average number of shares after treasury stock *(in thousands)*	49,597	49,749	49,037	48,694	48,344	47,718	47,886	47,414	46,477	47,326
Adjusted diluted earnings per share	7.5	5.15	4.14	3.45	4.08	4.01	4.81	4.54	3.13	3.18
Dividend per share	2.00	1.72	1.54	1.44	1.39	1.32	1.25	1.17	1.04	0.94
Dividend yield per share *(in %)* (d)	1.29	1.34	1.63	2.34	2.12	2.37	2.15	1.51	2.62	4.38
Price range:										
+ high	169.90	136	97.45	68.99	69.50	67.85	82.15	82.78	40.53	44.00
+ low	115.70	79.9	58.01	56.85	51.50	46.70	52.00	39.15	16.44	19.71
Price at 31 December	154.45	128.75	94.60	61.57	65.70	55.71	58.12	77.73	39.70	21.46
Stock market capitalization *(in € millions)*	7,748.6	6,459.3	4,746.0	3,088.9	3,296.1	2,794.9	2,903.2	3,882.8	1,983	1,093
Average daily trading volume (number of shares)	53,452	60,252	79,811	56,210	75,245	90,232	143,151	107,282	88,830	117,527

(a) Figures were restated following the three-for-one share split on 16 June 2008.
(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.

5.4.2. HISTORY OF CONSOLIDATED RATIOS

(in %)	2017	2016	2015	2014	2013	2012	2011 (b)	2010 (b)	2009	2008
PROFITABILITY RATIOS										
Return on equity before appropriation of previous year's profit	20.43	13.55	11.94	11.09	13.66	14.47	15.27	18.04	15.69	18.85
Net profit/Sales	5.78	5.17	4.32	4.00	4.80	4.78	5.96	6.03	4.59	4.69
FINANCIAL RATIOS										
Net debt/shareholders' equity before appropriation (c)	96.96	109.98	16.57	26.27	27.14	38.04	50.14	8.48	22.52	71.64
Financial costs, net/Revenue	1.11	1.16	1.00	1.15	1.32	1.54	0.68	0.44	0.86	1.50
Net debt/Adjusted EBITDA *(in value)* (c)	2.36	3.42	0.59	1.00	0.86	1.17	1.32	0.27	0.59	1.65
INVESTMENT RATIOS (a)										
Investments/Sales	2.97	3.63	3.23	4.73	3.05	3.14	3.55	3.86	3.44	3.60

(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.

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Company financial statements

6.1. Financial statements

INCOME STATEMENT AT 31 DECEMBER

(in € millions)	Notes	2017	2016
Reversals of depreciation, amortization and provisions, expense transfers		0.1	6.8
Other income		0.4	0.5
Operating income		**0.5**	**7.3**
Other purchases and external charges		9.1	14.1
Taxes other than on income		1.0	1.5
Wages and salaries		3.6	3.1
Payroll taxes		1.5	1.0
Depreciation and amortization expense		1.8	6.2
Other expenses		0.7	0.9
Operating expenses		**17.6**	**26.8**
OPERATING PROFIT	**2**	**(17.1)**	**(19.5)**
Financial income		**544.8**	**314.7**
Financial expenses		**275.9**	**266.1**
Finance costs and other financial income and expense	**3**	**268.9**	**48.6**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES		**251.8**	**29.1**
Non-recurring income		**50.3**	**50.9**
Non-recurring expenses		**59.9**	**56.2**
EXTRAORDINARY NET INCOME	**4**	**(9.5)**	**(5.3)**
Income tax (income)	5	(26.5)	(21.8)
PROFIT (LOSS)		**268.8**	**45.6**

BALANCE SHEET OF SEB S.A. AT 31 DECEMBER

Assets *(in € millions)*	Notes	2017 Gross	2017 Depreciation/ Amortization	2017 Net	2016 Net
Patents, licenses and other rights		0.2	0.1	0.1	0.1
Investments		1,771.9	197.7	1,574.2	1,619.9
Loans to subsidiaries and affiliates		2,766.1	-	2,766.1	2,690.5
Other non-current assets		1.1	-	1.1	1.1
TOTAL NON-CURRENT ASSETS	**6**	**4,539.3**	**197.8**	**4,341.5**	**4,311.5**
Trade accounts receivable		2.3	-	2.3	12.6
Other receivables	7	94.0	-	94.0	61.1
Marketable securities	8	96.4	-	96.4	55.8
Cash		155.0	-	155.0	135.3
Prepaid expenses		0.1	-	0.1	0.1
TOTAL CURRENT ASSETS		**347.7**	**-**	**347.7**	**264.9**
Deferred financing costs	7.12	7.9	-	7.9	8.0
Conversion losses	12	2.3	-	2.3	113.5
TOTAL ASSETS		**4,897.3**	**197.8**	**4,699.5**	**4,697.9**

Equity and liabilities (before appropriation of profit) *(in € millions)*	Notes	2017	2016
Share capital		50.2	50.2
Additional paid-in capital		99.3	99.3
Revaluation reserve		16.9	16.9
Legal reserve		5.2	5.2
Regulatory reserves		0.8	0.8
Revenue reserves		7.9	7.9
Retained earnings		775.0	818.0
Profit (loss) for the period		268.8	45.6
TOTAL	**9**	**1,224.0**	**1,043.9**
Provisions for contingencies		43.1	149.4
Provisions for charges		185.7	189.4
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**10**	**228.8**	**338.8**
Bank borrowings	11	2,101.2	1,628.4
Other borrowings	11	1,106.4	1,549.5
Trade payables		2.2	1.5
Accrued taxes and employee benefits expenses		4.1	3.0
Other payables		28.5	32.4
TOTAL		**3,242.4**	**3,214.8**
Conversion gains	12	4.3	100.4
TOTAL EQUITY AND LIABILITIES		**4,699.5**	**4,697.9**

6.2. Notes to the SEB S.A. financial statements

SIGNIFICANT EVENTS OF THE YEAR

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 11 May 2017, the Annual General Meeting of SEB S.A. shareholders approved the reorganization of the Board of Directors, to include:

- a reduction in the size and the recomposition of the Board of Directors: to include a director representing employee shareholders and a director representing employees, while meeting the objectives to increase female representation (43%) and the proportion of independent Board members (33%). The Board of Directors was thus composed of 13 members following the Annual General Meeting of 11 May 2017, and has had 14 members since the appointment by the Works Council of the director representing employees within six months of the Annual General Meeting;
- the reappointment for a four-year term of office of Yseulys Costes and of FFP Invest, represented by Bertrand Finet;
- the ratification of the appointment by co-optation of Delphine Bertrand to replace Tristan Boiteux, who resigned, for a period of one year;
- the appointment of Brigitte Forestier as the director representing employee shareholders for a four-year term of office;
- the resignations of Bruno Bich, Tristan Boiteux, Pascal Girardot and Christian Peugeot.

FINANCING

Successful placement of a new €500 million bond issue

In May 2017, SEB S.A. successfully placed a seven-year, €500 million bond issue maturing on 31 May 2024 and bearing interest at a rate of 1.50%.

This issue was four times oversubscribed by a diverse investor base. It allows Groupe SEB to further strengthen its debt structure by securing medium-term financing, extending the average maturity of its debt, and ensuring attractive financing terms.

Acquisition of call options

On 28 July 2017, under its share buyback program approved by the Annual General Meeting (11th resolution) of 11 May 2017, SEB S.A. purchased 30,000 US stock options on 30,000 of its own shares.

Following on from that first transaction, SEB S.A. purchased a further 30,000 US stock options on 30,000 of its own shares on 7 December 2017.

The acquisition of these call options allows the company to partially cover its obligations to deliver existing treasury shares or to pay for the possible exercising of the exchange right on the ORNAE bonds redeemable for cash and/or existing shares, maturing on 17 November 2021.

ACQUISITIONS DURING THE PERIOD

Acquisition of Swizzz Prozzz by its subsidiary SEB Internationale

In June, Groupe SEB finalized the acquisition of Swizzz Prozzz, a Swiss company specializing in small manual food choppers equipped with high-performance multi-blade systems. Swizzz Prozzz products have so far been marketed under license through various kitchen utensils brands with great commercial success; the activity represents annual proforma revenue of around €10 million.

With this acquisition, Groupe SEB is continuing to expand into kitchen utensils with products that are simple, easy to use, affordable and very complementary to its ranges.

OTHER INFORMATION

Reimbursement of the 3% dividend tax

On 6 October 2017, the French Constitutional Court ruled that tax on dividend distributions is unconstitutional. This announcement entails a full refund of the tax paid, regardless of the origin of the dividends (i.e., whether the distributing subsidiary is located in France, in the EU, or outside the EU).

After having filed legal claims in respect of 2013 to 2017, the company recognized a tax receivable in its financial statements corresponding to all taxes paid over those years and interest on arrears.

Note 1. Accounting policies

NOTE 1.1. PRINCIPLES

General accounting conventions were applied, in line with the principle of prudence and in compliance with the general rules on the preparation and presentation of annual financial statements set out in French law and France's 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.

As of 1 January 2017, the company has applied the new ANC regulation no. 2015-05 relating to forward financial instruments and hedging transactions for industrial and commercial companies. The effects of the application of the new regulation are described in detail in Note 1.4.

NOTE 1.2. SHARES IN SUBSIDIARIES AND AFFILIATES

Equity interests are booked at their purchase price (after the legal revaluation if necessary) including additional charges. 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.

NOTE 1.3. TREASURY SHARES

Treasury shares are classified as follows:

- all shares bought back for allocation under existing or future stock option or performance share plans are classified as "Marketable securities";
- all other movements – mainly treasury shares held under a liquidity contract – are classified as "Other non-current assets".

At year-end, an impairment loss is recognized whenever the shares' average portfolio purchase price is lower than the average share price for the last month of the year.

NOTE 1.4. 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 1-month 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, the Colombian and Brazilian subsidiaries, Thailand, GS Holdings, EMSA Taicang, and Immobilière Groupe SEB, the rate applied is 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. The foreign exchange exposure on the financing of non-euro subsidiaries is hedged in this way. A provision may be set aside to cover the unhedged portion of the risk;
- to cover the ORNAE bond redemption premium, the company has purchased call options 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 the new 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 amortized in profit or loss over the term of the hedge;
- the competitiveness and transactional hedges taken out with banking counterparties are supported 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 losses incurred by SEB S.A. will be written back to the subsidiaries that initiated the hedging requests;
- currency translation adjustments on hedges and hedged items are classified in the income statement as financial income or 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 commodity derivatives for the Group by entering into commodity derivative contracts on behalf of its 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

In addition to the principles described in Note 1.5 above, a provision for unrealized losses on stock options is recorded to cover the outflow of funds arising in connection with the exercise of the options granted under current plans.

The company also records provisions on the balance sheet for the tax savings resulting from the implementation of group relief, relating to the utilization of losses incurred by certain subsidiaries, which may have to be transferred back to them if and when they return to profit.

NOTE 1.7. INCOME TAX

Since 2015, SEB S.A. has signed a group relief agreement with all its subsidiaries benefiting from the group relief system, setting the rules for the tax group. The contract specifies that the tax group will take effect retroactively from 1 January 2013 and, pursuant to the provisions of Article 223 A et seq. of the French General Tax Code, will be tacitly renewed for additional 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 tax on Group companies, irrespective of the actual amount of said tax, a sum equal to the tax that it would have paid on income and/or net long-term capital gains for the financial year if it had been taxed separately, minus all the tax deductions to which the subsidiary would have been entitled in the absence of consolidation, including its tax loss carry forwards."

The agreement also states that at the "end of a loss-making financial year, the subsidiary shall not be entitled to make any claim on the parent company on this basis, even if the parent company establishes a claim against the French Treasury by opting to carry back the total loss".

Concerning tax credits, the subsidiaries' liability to the parent company shall be reduced:

- for tax credits that cannot be carried forward and cannot be refunded. If the subsidiary is loss-making, these claims shall be offset by the parent company against the income tax owed by the Group;
- for all tax credits that cannot be carried forward but can be refunded. The fraction of the claim in excess of the income tax on Group companies owing by the subsidiary shall be repaid to the subsidiary by the parent company.

Lastly, if the subsidiary leaves the tax consolidation group, the agreement provides that compensation shall be paid insofar as it can be determined, by mutual agreement, that the subsidiary has paid too much tax as a result of its membership of the Group.

Note 2. Income and expenses concerning related parties

(in € millions)	2017	2016
OPERATING EXPENSES		
Trademark registration fees	0.2	0.2
Management fees	4.7	3.0
OPERATING INCOME		
Royalties	0.2	0.3
FINANCIAL EXPENSES		
Interest and financial expenses	2.5	0.7
FINANCIAL INCOME		
Investment income	223.4	100.3
Interest income on receivables	41.0	30.8
NON-RECURRING INCOME		
Expense transfers	10.5	7.7

Note 3. Finance costs and other financial income and expenses

(in € millions)	2017	2016
Dividends	223.4	100.3
Interest expense	(34.8)	(25.7)
Interest income	42.3	31.5
Net charge/reversal of impairment on financial items	(44.9)	(7.9)
Other financial income and expenses	82.9	(49.6)
TOTAL FINANCIAL INCOME AND EXPENSE	**268.9**	**48.6**

Dividends for the year amounted to €223.4 million and came mainly from SEB Internationale for €150.0 million, Tefal for €27.5 million and Groupe SEB France for €29.5 million.

Other financial income and expenses include foreign exchange gains and losses incurred and provisioned during the year for net income of €87.1 million, including a reversal of a net provision of €111.1 million on foreign exchange risks.

Changes in the provision for foreign exchange risks are discussed in Note 10.

Note 4. Extraordinary net income

(in € millions)	2017	2016
Net reversal of charges for group relief to be transferred to subsidiaries	3.7	6.5
Gains (losses) on sales of treasury shares	(16.7)	(17.1)
Other income (expense)	(7.0)	(2.4)
Non-recurring expense transfer	10.5	7.7
TOTAL	**(9.5)**	**(5.3)**

The reversal of the net provision for group relief totaled €3.7 million, against €6.5 million in the previous year, and is discussed in Note 5.

During the period, the sale of a total of 629,758 treasury shares, including 314,817 under the liquidity contract and 314,941 shares to be granted under stock option exercises, generated a total net capital loss of €16.7 million. In addition, the discounting of the provision for unrealized losses represents a net charge of €4.6 million for the year.

Transfers of non-recurring expenses include the rebilling to subsidiaries of capital losses realized during the year on the exercising of stock options for €8.3 million and the discounting of accrued income for unrealized capital losses for €2.2 million.

Note 5. Income taxes

NOTE 5.1 INCOME TAX ANALYSIS

Income tax for the year ended 31 December 2017 breaks down as follows:

(in € millions)	Before tax	Tax	Profit (loss)
Profit (loss) from ordinary activities	251.8	(6.4)	245.4
Extraordinary net income	(9.5)	(3.7)	(13.2)
Tax loss carryforwards generated/(used)		10.0	10.0
Income tax payable and miscellaneous expenses		7.6	7.6
Group relief		19.1	19.1
TOTAL	**242.3**	**26.7**	**268.8**

Pursuant to the decision of the French Constitutional Court, the company has recognized a tax receivable in its financial statements corresponding to the entire 3% surtax on dividend distributions, paid for the 2013 to 2017 financial years. The expected reimbursement amounts to €12.6 million, of which €11.3 million in principal and €1.3 million in interest on arrears. This tax benefit is partially offset in the financial statements by the payment of €2.7 million of this tax over the period, and by a net charge of €2.6 million on the dividend surtax created to fund part of the refund of the 3% surtax.

NOTE 5.2. GROUP RELIEF

The consolidated tax group recorded a profit for the 2017 financial year. The tax savings were recognized in the company's financial statements and comprised tax income of €19.1 million, corresponding mainly to:

- €19.8 million in tax losses by consolidated subsidiaries used during the period;
- €1.1 million in definitively acquired tax savings for the year;
- a tax saving resulting from the application of the specific rules of group relief for determining the individual result: €4.3 million;
- a charge of €3.7 million for the use of previous losses for the beneficiary subsidiaries;
- a charge a charge of €2.4 million for the Group's exceptional contribution.

In addition, under the tax agreement signed with member companies, the tax savings made by the Group as a result of consolidating loss-making companies are retained by the parent company. From now on, a provision will no longer be recorded under "non-recurring expenses" to cover the tax loss carryforwards generated by members of the tax group other than SEB S.A. Only reversals of provisions are recognized when tax loss carryforwards are used. On this basis, a €3.7 million reversal was recognized over the period.

NOTE 5.3. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2017, the company had a liability of €1.3 million (€34.6 million at 31 December 2016), corresponding to unrealized exchange gains deductible in the year following their recognition.

Note 6. Non-current financial assets

NOTE 6.1. CHANGE BY TYPE

(in € millions)	2016	Increase	Decrease	2017
Investments	1,770.4	1.5		1,771.9
Loans to subsidiaries and affiliates	2,692.8	546.6	473.3	2,766.1
Treasury shares	0.9	46.2	46.2	0.9
Other non-current assets	0.2	0.0	0.0	0.2
TOTAL GROSS VALUE	**4,464.3**	**594.3**	**519.5**	**4,539.1**
Impairment of equity investments	(150.5)	(59.1)	(11.9)	(197.7)
Impairment of other non-current assets	0.0	0.0	0.0	0.0
Impairment of receivables	(2.3)	0.0	(2.3)	0.0
TOTAL PROVISIONS	**(152.8)**	**(59.1)**	**(14.2)**	**(197.7)**
TOTAL NET VALUE	**4,311.5**	**535.2**	**505.3**	**4,341.4**

(in € millions)	2015	Increase	Decrease	2016
Investments	1,009.0	761.4		1,770.4
Loans to subsidiaries and affiliates	1,679.5	1,781.2	767.9	2,692.8
Treasury shares	0.8	34.2	34.1	0.9
Other non-current assets	0.2	0.0	0.0	0.2
TOTAL GROSS VALUE	**2,689.5**	**2,576.8**	**802.0**	**4,464.3**
Impairment of equity investments	(144.9)	(7.1)	(1.5)	(150.5)
Impairment of other non-current assets	0.0	0.0	0.0	0.0
Impairment of receivables	0.0	(2.3)	0.0	(2.3)
TOTAL PROVISIONS	**(144.9)**	**(9.4)**	**(1.5)**	**(152.8)**
TOTAL NET VALUE	**2,544.6**	**2,567.4**	**803.5**	**4,311.5**

The increase of investments relates to a 56.9% stake in Ethera for an amount of €1.5 million.

Loans to subsidiaries and affiliates include advances by SEB S.A. to its subsidiaries in connection with the Group's financial policy (see Note 1.5). The increases in new long-term loans (€401.2 million) relate respectively to SEB Do Brazil Productos (€61.9 million), GS Holdings (€183.6 million) and WMF GmbH (€72 million). In addition, the subsidiary SEB Commercial Do Brazil repaid its long-term loan for €65.9 million before taking out a new loan of €52.0 million. Other flows relate to fluctuations in subsidiaries' current accounts, i.e., a decrease of €240.4 million, including the repayment of €275.5 million from GS USA.

The valuation of the securities portfolio led the company to write down shares of its subsidiaries for an additional €59.1 million, of which €31.0 million for SEB S.A.S., €23.0 million for GS Moulinex, €0.6 million for Rowenta, €1.0 million for SEB Alliance, €0.2 million for GS Retail, and €3.3 million for Immobilière Groupe SEB. The company also recorded a write-back of €10.4 million related to Seb Développement and €1.5 million for Calor.

The treasury shares recognized in non-current financial assets are held under the liquidity contract. Over the period, 313,440 shares were bought back at an average price of €147.55 and 314,817 shares were sold at an average price of €147.23 per share. At 31 December 2017, SEB S.A. held a total of 534,706 treasury shares at an average price of €125.84, notably to cover SEB stock option plans.

NOTE 6.2. MATURITIES OF RECEIVABLES

All receivables are due within one year, with the exception of intercompany medium-term loans, including new loans with the Brazilian subsidiaries for €1,134.0 million, with Groupe SEB Holdings for €183.6 million, with SEB Internationale for €1,168.9 million, with WMF GmbH whose line of credit was increased to €671 million and with Immobilière Groupe SEB for €80.0 million.

Note 7. Other receivables and accrual accounts

Other receivables totaling €94.0 million largely consisted of the following items:

- €45.0 million in income tax receivables, including the refund claim on the 3% dividend surtax granted by the French State for €12.6 million, the balance of tax credits receivable for €25.7 million, prepayments made to the French government for €0.4 million, and the net tax income from Group relief on the year for €6.1 million. Tax receivables also include €3.7 million of current income tax receivables due from subsidiaries;
- €21.6 million in deferred income from grantee companies for rebilling unrealized losses on options still to be exercised;
- €23.2 million in foreign exchange hedges recognized in the financial statements, of which option premiums paid during the year amounted to €1.5 million.

All receivables are due within one year, apart from:

- deferred income from unrealized losses on option exercises for €21.6 million, mentioned above;
- 7.9 million in deferred arrangement fees, including €1.6 million for the new €500 million bond issue, €1.6 million for the Schuldschein instrument, €0.9 million for the ORNAE bond issue, €1.5 million for the €500 million bond issue, and €1.2 million in commitment fees for the €960 million Syndicated Credit Facility.

Note 8. Investments securities

(in € millions)	2017	2016
Treasury shares	66.4	55.8
Investments securities	30.0	-
TOTAL	**96.4**	**55.8**

Note 9. Equity

Share capital

At 31 December 2017, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 74,312,802 total “theoretical” voting rights and 73,778,096 effective voting rights (excluding treasury shares).

Changes in shareholders’ equity

SHAREHOLDERS’ EQUITY AT 31 DECEMBER 2016 BEFORE APPROPRIATION OF PROFIT	**1,044.0**
2016 dividend paid in 2017	(88.8)
Profit (loss) for the period	268.8
Premiums on shares issued to employees	
SHAREHOLDERS’ EQUITY AT 31 DECEMBER 2017	**1,224.0**

SHAREHOLDERS’ EQUITY AT 31 DECEMBER 2015 BEFORE APPROPRIATION OF PROFIT	**1,077.2**
2015 dividend paid in 2016	(78.8)
Profit (loss) for the period	45.6
Premiums on shares issued to employees	
SHAREHOLDERS’ EQUITY AT 31 DECEMBER 2016	**1,044.0**

Potential ordinary shares at 31 December 2017

There are no convertible bonds or equity notes outstanding or securities not representing capital.

Note 10. Provisions for contingencies and charges

Changes in provisions for contingencies and charges for the year are as follows:

(in € millions)	2016	Increases	Releases of surplus provisions	Utilizations	2017
Provisions for claims and litigation					
Provisions for currency risks	113.4	2.3	113.4		2.3
Provisions for other contingencies	36.0	40.5	27.5	8.2	40.8
TOTAL PROVISIONS FOR CONTINGENCIES	**149.4**	**42.8**	**140.9**	**8.2**	**43.1**
Provisions for group relief	189.4	-	3.7		185.7
TOTAL PROVISIONS FOR CHARGES	**189.4**	**-**	**3.7**	**-**	**185.7**
TOTAL	**338.8**	**42.8**	**144.6**	**8.2**	**228.8**

(in € millions)	2015	Increases	Releases of surplus provisions	Utilizations	2016
Provisions for claims and litigation					
Provisions for currency risks	102.8	113.4	102.8	0.0	113.4
Provisions for other contingencies	36.7	35.7	35.8	0.6	36.0
TOTAL PROVISIONS FOR CONTINGENCIES	**139.5**	**149.1**	**138.6**	**0.6**	**149.4**
Provisions for group relief	195.2	0.0	5.8	0.0	189.4
TOTAL PROVISIONS FOR CHARGES	**195.2**	**0.0**	**5.8**	**0.0**	**189.4**
TOTAL	**334.7**	**149.1**	**144.4**	**0.6**	**338.8**

The company recognized a provision for currency risks pursuant to the rules of the new ANC regulation no. 2015-05, on the basis of an overall net foreign exchange position by currency. On this basis, the provision for currency risks would have been €1.8 million at 31 December 2016.

In addition, provisions for other contingencies consist entirely of the provision for unrealized losses on the exercise of stock options and performance shares in relation to all Group grantees for €40.5 million. Deferred income from option-holder companies is also recognized as a €21.6 million asset.

During the year, the company underwent an Tax control by the French Directorate of National and International Audits (*Direction des Vérifications nationales et internationales*, “DVNI”). The control was completed as of 31 December 2017 and the financial consequences were subject to a provision for other contingencies of €0.5 million.

The reversal of the €3.7 million provision for tax losses related to the use of losses for which provisions had been funded in subsidiaries that returned to profit this year.

Note 11. Maturities of payables

(in € millions)	2016	2017	Due by 31/12/2017 Due within 1 year	Due in 1 to 5 years	Due beyond five years
Bonds	501.2	1,005.6	5.6		1,000.0
Bank borrowings	10.1	80.2	80.2		
Other debts (including private placements)	1,114.7	1,013.5	1.5	964.0	48.0
Commercial paper	849.0	447.0	447.0		
Group borrowings	672.5	635.8	635.8		
Other borrowings	0.3	0.8	0.5		0.3
Non-discretionary profit-sharing	27.8	23.3	6.2	17.1	
Bond redemption premium	2.4	1.4	0.2	0.6	0.6
TOTAL	**3,177.9**	**3,207.6**	**1,177.0**	**981.7**	**1,048.9**

All payables are due within one year, with the exception of:

- €1,000 million of bond issues, repayable in fine in November 2022 and May 2024;
- the new Schuldschein instrument, €175 million of which is repayable in December 2019, €276.5 million in December 2021, €282.5 million in December 2023, and €48 million in December 2026;
- the €62 million Schuldschein instrument, due in August 2019;
- the new €150 million ORNAE bond issue due in November 2021;
- non-discretionary employee profit-sharing accounts due in more than one year are as follows: €4.9 million due in 2019, €4.3 million due in 2020, €4.3 million due in 2021, and €3.9 million due in 2022;
- the €2.5 million bond redemption premium for the ORNAE bond issue and the -€0.6 million and -€0.5 million bond redemption premiums for the two €500 million bond issues.

A source of financing for the Group is its €1,000 million commercial paper program, which has had a short-term rating of A2 from Standard & Poor's for several years. As of 31 December 2017, €447 million had been issued. All commercial paper is due in less than a year.

Note 12. Accruals accounts

NOTE 12.1. DEFERRED CHARGES

(in € millions)	2017	2016
Financial expenses	7.9	7.9
TOTAL	**7.9**	**7.9**

Deferred charges mainly included the €1.3 million in charges to be amortized for the ORNAE bond, €2.9 million for the bond issues, and €2.3 million for the Schuldschein instrument.

NOTE 12.2. CONVERSION GAINS AND LOSSES

(in € millions)	2017	2016
Receivables and payables denominated in foreign currency	0.0	105.1
Financial instruments	2.3	8.4
TOTAL ASSETS	**2.3**	**113.5**

(in € millions)	2017	2016
Receivables and payables denominated in foreign currency	0.0	91.7
Financial instruments	4.3	8.7
TOTAL EQUITY AND LIABILITIES	**4.3**	**100.3**

NOTE 12.3. DEFERRED INCOME

(in € millions)	2017	2016
Loans to subsidiaries and affiliates	12.0	8.0
TOTAL	**12.0**	**8.0**

NOTE 12.4. ACCRUED LIABILITIES

(in € millions)	2017	2016
Bank borrowings	7.1	4.2
Other borrowings	0.1	0.2
Trade payables	0.4	0.6
Accrued taxes and employee benefits expenses	2.7	2.2
Other payables	0.3	0.5
TOTAL	**10.7**	**7.7**

OTHER INFORMATION

Note 13. Employees

The average number of employees is two people (the same number as in 2016).

Note 14. Related party transactions

Certain balance sheet items contain amounts concerning related party transactions, as follows:

	2017		2016	
(in € millions)	Related parties	Direct shareholding	Related parties	Direct shareholding
Non-current financial assets	1,425.10	1,340.90	1,373.2	1,319.6
Receivables	21.6	1.3	31.2	1.2
Payables	(80.2)	(684.7)	(137.0)	(558.9)
TOTAL	**1,366.50**	**657.5**	**1,267.4**	**761.9**

The advances granted to related parties mainly concerned new long-term loans to Brazilian subsidiaries for €113.9 million, to Groupe SEB Holdings for €183.6 million and to WMF for €72.2 million.

Note 15. Stock option plans and performance shares

Information about stock option and performance share plans at 31 December 2017 is provided below:

At 31/12/2017	Date			Number of options				Exercise price
Type	of grant [a]	of exercise	of expiry	granted	exercised	canceled	outstanding	*(in €)*
Purchase plan	12/06/2009	12/06/2013	12/06/2017	371,300	353,484	17,816	-	28.05
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	355,388	18,513	38,691	53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	291,505	17,621	99,799	54.12
TOTAL *				**1,192,817**	**1,003,577**	**50,750**	**138,490**	
* *Of which movements in 2016:*					*149,866*	*2550*		

At 31/12/2017	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	22/07/2014	22/07/2017	22/07/2019	169,175	165,075	4,100	0	64.00
Performance shares	12/05/2015	12/05/2018	12/05/2020	169,450	0	3,425	166,025	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	0	3,600	165,005	96.63
Performance shares	11/05/2017	11/05/2020	11/05/2022	193,450	0	0	193,450	151.60
TOTAL				**700,680**	**165,075**	**11,125**	**524,480**	

(a) The grant date corresponds to the date of the Board Meeting when the option grants were decided.
(b) Share price on the date of the Board Meeting.

Note 16. Financial commitments

	31/12/2017		31/12/2016	
(in € millions)	Notional amount	Market value	Notional amount	Market value
VIS-À-VIS MARKET				
COMMITMENTS ON THE BALANCE SHEET				
FX hedges for competitiveness and transactional risk				
Forward sales of foreign currencies	46.9	2.7	(3.0)	(0.1)
Forward purchases of foreign currencies	25.0	1.9	41.1	(1.6)
Call option purchases (incl. premiums)	0.0	0.0	6.9	0.7
Put option purchases (incl. premiums)	6.8	0.4	1.2	0.0
Financial FX hedges				
Currency swaps (foreign currency borrower)	184.0	6.2	170.8	0.9
Forward financial sales/purchases	3.1	0.1	30.7	3.6
OFF-BALANCE SHEET COMMITMENTS				
FX hedges for competitiveness				
Forward sales of foreign currencies	(649.0)	(11.1)	(143.0)	2.5
Forward purchases of foreign currencies	218.0	3.5	675.4	13.6
Call option purchases (incl. premiums)	179.1	3.5	133.4	6.8
Put option purchases (incl. premiums)	196.3	(2.4)	101.6	(2.5)
Other hedges				
Fixed rate payer swaps	(185.5)	0.0	245.5	(1.6)
Redemption options		(19.1)		(8.9)
Call on ORNAE redemption options		1.4		0.0
Aluminum derivatives	45.3	3.5	28.8	1.8
Nickel derivatives	3.9	0.4	1.5	0.0

WITH SUBSIDIARIES				
Commitments on the balance sheet				
Forward purchases of foreign currencies	263.2	(1.4)	188.8	0.8
Forward sales of foreign currencies	160.2	(1.5)	87.0	0.8
FORWARD FINANCIAL SALES/PURCHASES	(32.7)	0.0	0	0
Off-balance sheet commitments				
Aluminum derivatives	(45.3)	3.5	0	0
Nickel derivatives	(3.8)	0.4	1.5	0.0

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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 2017. It is estimated based on the exchange rate and interest rate on 31 December 2017, or obtained from the counterparty banks with which the commitments have been entered into.

Commitment for the ORNAE bond issue

With respect to the new ORNAE bond issue, it should be noted that, in the event of the exercise of the right to the allocation of shares, representing the delivery of existing shares, the company will not issue any new shares.

The Bonds will grant entitlement to, in the manner detailed below, the allocation of existing SEB shares, at a rate of one share for every Bond (subject to any subsequent adjustments) at any time from 17 November 2016 to the twenty-eighth trading day (exclusive) preceding the date of maturity of the Bonds or, where applicable, the date of early redemption.

In the event of the exercise of the right to the allocation of shares, the 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 for one Bond, this ratio may be adjusted in certain common scenarios for such financial securities. The exchange ratio may in particular be adjusted up or down in the event of dividend payouts by the company between the issue date and the redemption date.

Financial commitment received

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

The two corporate officers are members of the Group supplementary pension plan which includes Groupe SEB's French senior managers (members of the Executive and Management Committees).

The plan complements the statutory programs and is composed as follows:

- a defined-benefit deferred remuneration plan, under which beneficiaries are subject to seniority and continuous presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory programs represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the previous three years;
- a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority, i.e. a maximum of 16% of the reference remuneration. A collective defined-benefit plan is available for top management, with a contribution equal to 8% of salary. Pensions earned under this plan are deducted from the supplementary pension originating from the defined-benefit supplementary pension plan.

To be eligible for the defined benefit plans, Groupe SEB executives must have been a member of the Group Executive Committee or Management Board for at least eight years.

The scheme is capped at 41% of the reference remuneration (including the income from compulsory plans), this reference remuneration being itself capped at 36 times the annual social security ceiling in force at the time of retirement.

As a result, the supplementary pension scheme for French top management (including the Chairman and CEO and the Chief Operating Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum eight years on the Executive Committee or Management Committee;
- rate of progression: entitlements based on seniority up to a maximum of 3.0% annually and capped at 20 years' seniority;
- reference period used: average of the target remuneration for the past three years;
- maximum of 41% including benefits from the statutory program.

Groupe SEB intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.

The various conditions of the retirement plan imply that, at legal retirement age, Thierry de La Tour d'Artaise will be able to receive a gross replacement ratio (including statutory plans) of 32.58% of his reference remuneration, and that Bertrand Neuschwander will be able to receive a gross replacement ratio (including statutory plans) of 36.2% of his reference remuneration.

Severance allowance and non-compete payments

FOR THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise will not be entitled to any compensation in the event of his dismissal from corporate office.

His employment contract, signed when he joined Groupe SEB in 1994 and last amended when he was appointed CEO of the company, was suspended on 1 March 2005 for the duration of his term of office as a corporate officer.

In the same way, as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or on his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised benefit is set at two years' remuneration (calculated on the average remuneration earned during the last two complete financial years), and will be adjusted based on actual performance in relation to targets over the last four years of service, as follows:

- if the average percentage achieved is below 50%, no termination benefits will be paid;
- if average actual performance represents 50% to 100% of the targets, the termination benefit will be comprised between 75% and 100%, based on a straight-line calculation;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

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

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

Entitlement to stock options in the event of termination:

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

FOR BERTRAND NEUSCHWANDER

In the event of dismissal, he will be entitled to severance payment equal to two years' remuneration, minus the amounts paid under the non-competition clause and any termination benefits connected to the termination of the employment contract.

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

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

- if he is dismissed within four years of his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets over the last four full years of service, as follows:
  - as corporate officer, for the period following his appointment, and
  - as a salaried employee, for the preceding period;
- if he is dismissed after four years from his appointment as corporate officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, over the last four full years of service;
- for both scenarios:
  - if the average percentage achieved is below 50%: no termination benefits is paid,
  - if average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
  - if the average percentage achieved is above 100%: 100% of the benefit is paid.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any contractual indemnities for dismissal.

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

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

The Board of Directors may release Mr. Neuschwander from this obligation by waiving the non-compete clause.

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

CONTINUATION OF THE EMPLOYMENT CONTRACT

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, on 22 April 2014, the Board of Directors decided that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

Details of the remuneration policy and the components of the remuneration of these two people appear in Note 2.5 Remuneration Policy and are not reiterated in this note.

Note 18. Post-balance sheet events

On 8 January 2018, the company, through its subsidiary SEB Internationale, announced the reinforcement of Groupe SEB in Egypt with its long-standing partner there, the Zahran family, through an agreement to combine the small electrical applicances and cookware activities in order to consolidate its industrial base in Egypt and serve the local and export markets.

To further strengthen the existing partnership, Groupe SEB and the Zahran family decided to set up a new entity, Groupe SEB Egypt Zahran, which is 55%-owned by Groupe SEB and 45% by Zahran. Bringing together the small electrical appliances and cookware businesses, the company aims to:

- accelerate the development of sales in Egypt and make the most of this market's strong potential;
- 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.

The transaction has been submitted to the approval of the Egyptian regulatory authorities and should be finalized in second-quarter 2018.

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 before appropriation *	Percentage share of capital held	Aggregate carrying amount of shares in other subsidiaries and affiliates	Loans and advances granted	Guarantees and bonds given	Dividends received over the period
Calor S.A.S.	14.2	100%	83.9	12.8	-	-
S.A.S. SEB	6.1	100%	87.3	36.8	-	-
Tefal S.A.S.	36.8	100%	6.6	7.5	-	27.4
Rowenta France S.A.S.	6.2	100%	17.1	0	-	-
SEB Développement S.A.S.	(5.0)	100%	14.8	10.6	-	-
Rowenta Invest BV	157.6	100%	211.8	0.3	-	-
SEB Internationale S.A.S.	1,361.1	100%	963.4	1,247.20	-	150
Groupe SEB France	132.5	98%	73.9	0	-	29.5
Groupe SEB Export	30.8	100%	38.0	15.2	-	16.5
Groupe SEB Moulinex	4.3	100%	50.2	6.7	-	-
Groupe SEB Retailing	1.0	100%	0.1	0.4	-	0
SEB Alliance	13.3	100%	18.6	3.1	-	-
Immobilière Groupe SEB	6.0	100%	6.7	93	-	-
Ethera	(1.1)	56.90%	1.6	0	-	-

* *The equity of subsidiaries does not include net profit (loss) for the year, as the parent 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	Guarantees and bonds given	Dividends received over the period
SIS	2.3	46.81%	0.5	7.4	-	0

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 sales generated by direct and indirect subsidiaries and affiliates totaled €6,484.6 million, and profit (loss) attributable to owners of the parent came to €375.0 million.

NOTE 19.2. GENERAL INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES

Carrying amount of securities: €0.2 million

6.3. Five-year financial summary

(in € thousands)	2017	2016	2015	2014	2013
SHARE CAPITAL AT YEAR-END					
a) share capital	50169	50,169	50,169	50,169	50,169
b) number of shares outstanding	50,169,049	50,169,049	50,169,049	50,169,049	50,169,049
c) number of convertible bonds outstanding	-	-	-	-	-
OPERATIONS AND PROFIT (LOSS) FOR THE PERIOD					
a) net revenue, excluding tax	-	-	-	-	-
b) profit before tax, depreciation, amortization and provisions	178,787	42,155	249,746	104,853	170,977
c) income taxes	(26,464)	(21,847)	(22,768)	(20,520)	(24,590)
d) profit after tax, depreciation, amortization and provisions	268,762	45,555	203,562	82,712	153,091
e) dividend payout *	103,288	88,589	79,161	73,700	67,351
EARNINGS PER SHARE *(IN UNITS)*					
a) profit after tax but before depreciation, amortization and provisions	4.09	1.27	4.52	2.47	3.90
b) profit after tax, depreciation, amortization and provisions	5.4	0.91	4.06	1.65	3.05
c) dividend per share	2.00	1.72	1.54	1.44	1.39
EMPLOYEES					
a) number of employees	2.00	2.00	2.00	1.60	1.00
b) total payroll	3,600.7	3,127	3,344	2,419	1,795
c) benefits paid (payroll taxes)	1,458.4	993	1,895	1,163	817

* *Estimated in 2017.*

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.

FOR THE YEAR ENDED DECEMBER, 31ST 2017

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, 31st 2017.

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, 31st 2017 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, 1st 2017 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 both firms : letters of comfort as part of bond issue.
- for PricewaterhouseCoopers Audit : acquisition due diligences, as well as the issue of a certificate concerning accounting information of an entity.
- For Mazars: an acquisition due diligence, the emission of the independent third organization report on the social, environmental and societal information, consultations concerning internal control related to the production and treatment of accounting and financial information, as well as certificates concerning accounting information of entities.

EMPHASIS OF MATTER

We draw attention to the matter described in Note 1.1 "Principles" to the financial statements relating to the change in the accounting methods following the ANC 2015-05 related to the accounting of the financial instruments and hedging activities. 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 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, 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 31st 2017, the equity interests and related receivables are booked for a net value of 4 340,3 millions euros which stands at 93% 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.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

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 compensation and benefits received by the directors and any other commitment 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 controlling and controlled companies. 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 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 12th 2015 for Mazars and on June 15th 1985 for PricewaterhouseCoopers Audit.

As at December, 31st 2017, Mazars and PricewaterhouseCoopers Audit were in the 3rd year and 33rd 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, March 26th, 2018

French original signed by

PricewaterhouseCoopers Audit	**Mazars**
Nicolas BRUNETAUD	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 holders of shares of the company;
- the number of shares held by each of them;
- where applicable, any restrictions to which these shares may be subject.

SEB S.A. makes such a request every year on 31 December.

SHARE CAPITAL AT 31 DECEMBER 2017

At 31 December 2017, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 74,312,802 total "theoretical" voting rights and 73,778,096 "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 2017”.

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See following page: “Shareholder agreements – concerted voting blocks”.

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The Annual General Meeting of 11 May 2017 authorized the Board of Directors to implement a share buyback program in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. Information on share capital

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2017

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2017	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
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	**10,573,274**	**21.08%**	**10,628,274**	**21.18%**	**19,639,362**	**26.62%**	**26.43%**	**19,749,362**	**26.77%**	**26.58%**
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	**9,105,988**	**18.15%**	**9,837,988**	**19.61%**	**18,120,246**	**24.56%**	**24.38%**	**19,584,246**	**26.54%**	**26.35%**
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%						
TOTAL	**50,169,049**		**50,169,049**			**73,778,096**	**74,312,802**		**73,778,096**	**74,312,802**

As a reminder, voting rights attached to stripped shares belong to the bare holder for decisions covered by the Extraordinary General Meeting ("EGM") and to the usufruct holder for those covered by the Ordinary General Meeting ("OGM").

Registered nominal shares held by the same person for at least five years give entitlement to double voting rights.

The total number of "effective" voting rights or voting rights that are "exercisable at the Annual General Meeting" total 73,778,096, not including non-voting shares, i.e. those held by SEB S.A. at 31 December 2017.

The total number of "theoretical" voting rights is 74,312,802. This number includes, under the terms of Article 223-11 of the AMF's General regulations, all shares with voting rights attached, as well as non-voting shares.

The term "Founder Group", used in the table above, refers to a group of natural persons who are either direct descendants of the Lescure family or related to the family through marriage, and any legal entities that they control.

Some individuals who are partners of FÉDÉRACTIVE have temporarily granted the usufruct of their shares to 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 "French investors" at the OGM and under "FÉDÉRACTIVE Partners" or "VENELLE INVESTISSEMENT Partners" at the EGM.

SHAREHOLDER AGREEMENTS – CONCERTED VOTING BLOCKS

The FÉDÉRACTIVE and VENELLE INVESTISSEMENT family holding companies, representing, together with their associates, 53.31% of the voting rights exercisable at the EGM, confirmed their intention to implement a sustainable management policy for Groupe SEB in writing to the AMF (French Financial Markets Authority) in letters dated 11 May and 12 May 2009, with a view to ensuring the longevity of their control and thus maintaining the concerted voting block formed by the members of the Founder Group in May 1989.

The non-renewal of the shareholder agreement of 5 November 2005, which expired on 5 November 2009, did not, therefore, bring an end to the concerted voting block formed by the parties to the agreement within the meaning of Article L. 233-10 of the French Commercial Code (AMF D&I no. 209C0644 of 12 May 2009).

Representatives of the two family holding companies also informed the Board of Directors of the wish of the voting block's members and their representatives to exchange views prior to any significant decision and to maintain their previous agreement on the composition of the Board of Directors as determined in the 2005 agreement. As such, FÉDÉRACTIVE may propose the appointment of five directors and VENELLE INVESTISSEMENT may propose the appointment of four directors, with equal representation on Board Committees.

At the time of the changes to the composition of the Board of Directors that occurred in 2017 and that are presented in Chapter 2 of this Registration Document, the holding companies worked together to reduce the number of their members on the Board of Directors, namely four positions for FÉDÉRACTIVE and its members and three for VENELLE INVESTISSEMENT and its members.

FÉDÉRACTIVE agreement

On 9 July 2008, FÉDÉRACTIVE, its associates and member shareholders concluded a shareholder agreement reinforcing their commitment to the Group.

The provisions of this agreement set down preferential conditions between its signatories for the sale or acquisition of SEB shares held, as well as a joint exit clause. They also provide for the participation of other investors willing to support the long-term development of Groupe SEB and to take part in shareholder policies alongside the FÉDÉRACTIVE founding members (AMF D&I no. 208C1659 dated 11 September 2008).

VENELLE INVESTISSEMENT agreement

On 12 May 2009, VENELLE INVESTISSEMENT, its associates and member shareholders entered into a shareholder agreement to ensure that VENELLE INVESTISSEMENT, its associates and its member shareholders mutually agreed as a matter of priority to a right of first refusal applicable to any transfer or sale of shares subject to first refusal (AMF D&I no. 209C0743 dated 27 May 2009).

In order to maintain the commitment to SEB's share capital and take account of the interests of family shareholders including those that are neither partners nor members of VENELLE INVESTISSEMENT or of FÉDÉRACTIVE, a new agreement was entered into on 19 November 2016. It brings together VENELLE INVESTISSEMENT, VENELLE PLUS, the partners and members of VENELLE INVESTISSEMENT and is intended to be open to all other family shareholders.

This new agreement is designed to strengthen the agreement of 12 May 2009, without replacing it, the latter continuing to bind the parties thereto. It fleshes out and facilitates the exercise of pre-emption rights, introduces practical steps to ensure prior notification of all planned transfers of SEB securities, including those under the pre-emption thresholds. Finally, it includes provisions organizing tag-along rights and a subsidiary pre-emption right for SEB S.A. (AMF D&I no. 216C2696 dated 1 December 2016).

COLLECTIVE COMMITMENTS TO HOLD SHARES

Agreements in force during 2017	2013	2014			2016			
Regime	Dutreil Art 885 I bis of the French General Tax Code	Dutreil Art 885 I bis of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Dutreil Art 885 I bis of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code	Jacob Art 787 B of the French General Tax Code
Date of signing	12/12/2013	03/12/2014	03/12/2014	03/12/2014	01/12/2016	01/12/2016	01/12/2016	01/12/2016
Term of collective commitment	6 years	5 years	2.5 years	5 years	6 years	2 years	4 years	6 years
Expiry date of commitment	12/12/2019	03/12/2019	03/06/2017	03/12/2019	01/12/2022	01/12/2018	01/12/2020	01/12/2022
Renewal terms	1 year by tacit renewal	1 year by tacit renewal	None	None	1 year by tacit renewal	None	None	None
Shares pledged upon signing the agreement, as a percentage of the share capital	22.78	27.34	27.34	27.34	26.48	26.48	26.48	26.48
Shares pledged upon signing the agreement, as a percentage of the voting rights	29.06	36.15	36.15	36.15	36.43	36.43	36.43	36.43
Names of signatory executive officers	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise	Thierry de La Tour d'Artaise
Names of signatories holding at least 5% of the share capital and/or voting rights	FSP	FSP	FSP	FSP	-	-	-	-

CHANGES IN THE SHARE CAPITAL BREAKDOWN AND VOTING RIGHTS OVER THE LAST THREE YEARS

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2017	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
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	**10,573,274**	**21.08%**	**10,628,274**	**21.18%**	**19,639,362**	**26.62%**	**26.43%**	**19,749,362**	**26.77%**	**26.58%**
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	**9,105,988**	**18.15%**	**9,837,988**	**19.61%**	**18,120,246**	**24.56%**	**24.38%**	**19,584,246**	**26.54%**	**26.35%**
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%						
TOTAL	**50,169,049**		**50,169,049**			**73,778,096**	**74,312,802**		**73,778,096**	**74,312,802**

	Share capital				Voting rights					
	OGM		EGM		OGM			EGM		
31/12/2016	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
FÉDÉRACTIVE	4,360,202	8.69%	3	0.00%	8,620,655	11.67%	11.57%	6	0.00%	0.00%
Associates	6,265,675	12.49%	10,680,874	21.29%	11,098,968	15.03%	14.90%	19,829,617	26.85%	26.62%
SUB-TOTAL	**10,625,877**	**21.18%**	**10,680,877**	**21.29%**	**19,719,623**	**26.70%**	**26.48%**	**19,829,623**	**26.85%**	**26.62%**
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,110,214	18.16%	9,842,214	19.62%	18,086,605	24.49%	24.28%	19,550,605	26.47%	26.25%
SUB-TOTAL	**9,128,116**	**18.19%**	**9,860,116**	**19.65%**	**18,122,409**	**24.54%**	**24.33%**	**19,586,409**	**26.52%**	**26.30%**
FOUNDER GROUP	**19,753,993**	**39.37%**	**20,540,993**	**40.94%**	**37,842,032**	**51.24%**	**50.81%**	**39,416,032**	**53.37%**	**52.92%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.57%	3.54%	2,633,876	3.57%	3.54%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.83%	6.77%	5,043,044	6.83%	6.77%
Employees	1,851,530	3.69%	1,851,530	3.69%	2,877,877	3.90%	3.86%	2,877,877	3.90%	3.86%
French investors	5,420,681	10.80%	4,633,681	9.24%	7,007,456	9.49%	9.41%	5,433,456	7.36%	7.30%
Foreign shareholders	15,086,206	30.07%	15,087,136	30.07%	15,290,252	20.70%	20.53%	15,292,111	20.70%	20.53%
Individual shareholders	2,279,131	4.54%	2,278,202	4.54%	3,165,129	4.29%	4.25%	3,163,270	4.28%	4.25%
Treasury shares	622,110	1.24%	622,110	1.24%						
TOTAL	**50,169,049**		**50,169,049**			**73,859,666**	**74,481,776**		**73,859,666**	**74,481,776**

31/12/2015	Share capital – OGM Shares	Share capital – OGM %	Share capital – EGM Shares	Share capital – EGM %	Voting rights – OGM Votes	Voting rights – OGM % Effective	Voting rights – OGM % Theoretical	Voting rights – EGM Votes	Voting rights – EGM % Effective	Voting rights – EGM % Theoretical
FÉDÉRACTIVE	5,929,938	11.82%	3	0.00%	11,754,363	16.47%	16.22%	6	0.00%	0.00%
Associates	4,751,921	9.47%	10,736,856	21.40%	8,350,058	11.70%	11.53%	20,214,415	28.32%	27.90%
SUB-TOTAL	**10,681,859**	**21.29%**	**10,736,859**	**21.40%**	**20,104,421**	**28.17%**	**27.75%**	**20,214,421**	**28.32%**	**27.90%**
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,215,372	18.37%	9,947,372	19.83%	18,255,787	25.58%	25.20%	19,719,787	27.63%	27.22%
SUB-TOTAL	**9,233,274**	**18.40%**	**9,965,274**	**19.86%**	**18,291,591**	**25.63%**	**25.25%**	**19,755,591**	**27.68%**	**27.27%**
FOUNDER GROUP	**19,915,133**	**39.70%**	**20,702,133**	**41.26%**	**38,396,012**	**53.80%**	**53.00%**	**39,970,012**	**56.00%**	**55.17%**
FSP	2,633,876	5.25%	2,633,876	5.25%	2,633,876	3.69%	3.64%	2,633,876	3.69%	3.64%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	2,521,522	3.53%	3.48%	2,521,522	3.53%	3.48%
Employees	1,652,695	3.29%	1,652,695	3.29%	2,730,128	3.83%	3.77%	2,730,128	3.83%	3.77%
French investors	6,135,174	12.23%	5,348,174	10.66%	7,832,506	10.97%	10.81%	6,258,506	8.77%	8.64%
Foreign shareholders	13,914,926	27.74%	13,915,855	27.74%	14,055,425	19.69%	19.40%	14,057,284	19.70%	19.40%
Individual shareholders	2,321,270	4.63%	2,320,341	4.63%	3,203,300	4.49%	4.42%	3,201,441	4.49%	4.42%
Treasury shares	1,074,453	2.14%	1,074,453	2.14%						
TOTAL	**50,169,049**		**50,169,049**			**71,372,769**	**72,447,222**		**71,372,769**	**72,447,222**

At 31 December 2017, nearly 6,600 shareholders owned registered SEB shares and 15,500 shareholders held SEB bearer shares (request for information about the identity of bearer shareholders dated 31 December 2017).

Not including the shareholders mentioned in the tables 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 2017. OppenheimerFunds, Inc., acting on behalf of the funds that it manages, declared on 20 October 2017 that it had fallen below a threshold, stating that it held 2,422,612 shares, or 4.83% of the share capital and 3.26% of the theoretical voting rights at 31 December 2017.

PURE REGISTERED SEB S.A. SHARES USED AS COLLATERAL AT 31 DECEMBER 2017

During the year, 14 individual shareholders used pure registered SEB shares as collateral for loans for the benefit of their financial intermediaries. This concerned a total of 164,262 shares, or 0.33% of the share capital.

CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Year	Nature of the capital increase	Changes in number of shares	Par value *(in €)*	Issue premium *(in €)*	Subsequent capital amounts *(in €)*
2013	No change to share capital				50,169,049
2014	No change to share capital				50,169,049
2015	No change to share capital				50,169,049
2016	No change to share capital				50,169,049
2017	No change to share capital				50,169,049

POTENTIAL SHARE CAPITAL AT 31 DECEMBER 2017

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 2015:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates. These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates;
- in September, a reclassification of 340,250 shares with double voting rights impacted the voting rights held by FÉDÉRACTIVE associates.

In 2016:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates; These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates;
- two reclassifications of shares with double voting rights impacted the voting rights held by FÉDÉRACTIVE associates for an amount of 180,199 shares in November and 30,000 shares in December;
- the voting rights attached to the shares held by FFP Invest, amounting to 5.03% of the share capital, were doubled after being held in registered form for five years, which had a slight dilutive effect on the other shareholders' voting rights.

In 2017:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed; FÉDÉRACTIVE also acquired and transferred the usufruct of the shares of some of its associates. These transactions did not alter the overall stake of FÉDÉRACTIVE and its associates.

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 31/12/2017
Treasury share purchases in 2017 for no more than €130 per share	11	19/05/2016	10/05/2017	5,016,904 shares €652,197,637	241,633 shares
Treasury share purchases in 2017 for no more than €190 per share	11	11/05/2017	11/07/2018	5,016,904 shares €953,211,931	205,914 shares
Cancellation of treasury shares	12	11/05/2017	11/07/2018	5,016,904 shares	
Issuing of all shares or share equivalents with pre-emptive subscription rights [(a)]	13	11/05/2017	11/07/2018	Shares: 5 million aggregate par value Debt securities: €500 million	
Issuing of all shares or share equivalents without pre-emptive subscription rights [(a)]	14	11/05/2017	11/07/2018	Shares: 5 million aggregate par value Debt securities: €500 million	
(a) Blanket ceiling of 2 authorizations to issue shares or share equivalents	16	11/05/2017	11/07/2018	€10 million aggregate par value	
Capital increase by capitalization of reserves, profit or premiums or additional paid-in capital	17	11/05/2017	11/07/2018	€10 million aggregate par value	
Authorization to award performance shares to Group executive officers and employees	18	11/05/2017	11/07/2018	0.3907% of the share capital 196,000 shares	193,450 shares

AUTHORIZATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

Further to the authorizations conferred upon it by the General Meetings of 2016 and 2017 and pursuant to Article 225-209 of the French Commercial Code, 228,914 shares were acquired in 2017 at an average price of €151.84.

In accordance with Article 6.3 (b) of European Commission regulation no. 2273/2003 of 22 December 2003, these 228,914 shares were acquired through Natixis Corporate Broking, which is responsible for the buyback program.

149,866 shares have been sold following the exercising of purchase options at an average price of €49.55, and 165,075 performance shares under the 2014 plan were permanently vested.

In addition, the company concluded a liquidity contract with Natixis Corporate Broking, with effect from 1 September 2013. The contract complies with the Code of Ethics issued by the French association of financial markets (*Association française des marchés financiers*), which was approved by the AMF on 8 March 2011.

In 2017, a total of 313,440 shares were purchased at an average price of €147.55, and 314,817 shares were sold at an average price of €147.23, under the liquidity contract. Transaction costs amounted to €36,000 incl. tax (this includes the annual fee for the liquidity contract, commissions and the Tax on Financial Transactions).

At 31 December 2017, the company held 534,706 of its own shares with a par value of €1, and a gross value of €82,585,341.70. These treasury shares represent 1.07% of the company's share capital, of which 528,784 under the buyback agreement and 5,922 under the liquidity contract.

The company will renew its request to the Annual General Meeting of 16 May 2018 for authorization to trade in its own shares.

7.4. Employee shareholding

STAFF MUTUAL INVESTMENT FUND AND DIRECT EMPLOYEE SHAREHOLDING

At 31 December 2017, employees of Groupe SEB companies held 1,216,288 shares, 755,670 of which were owned via an employee mutual investment fund and 460,618 were directly owned, representing 2.42% of the share capital and 2.85% of the voting rights. With the addition of SEB shares held by employees outside the savings scheme, employees held a total of 3.76% of the share capital and 4.05% 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 two and four times the legal amount of profit-sharing;
- a Group bonus plan agreement, based on a statutory plan, but which is discretionary. This Group-level agreement allows a fair distribution of the sums from the bonus plan between the employees of the various French companies, regardless of their business sector and performance.

In 2017, charges recognized for profit-sharing and bonus plans amounted to €37.6 million.

Over the past five years, the sums assigned were as follows:

(in € millions)	2013	2014	2015	2016	2017
Sum allocated	37.2	33.3	31.4	36.7	37.6
Of which employer's social tax contribution	6.2	5.3	5.2	6.1	6.3

STOCK OPTION AND PERFORMANCE SHARE ALLOCATION POLICY

7

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 (two years for plans before 2013), subject to performance and continued employment requirements. Beneficiaries of the shares awarded must retain them for an additional two years, except for the 2017 plan, for which there is no additional lock-up period.

The performance-based criteria are related to the achievement of targets for Sales and Operating Result from Activity over the vesting period.

CHARACTERISTICS OF STOCK OPTIONS AWARDED

The Group awarded stock options until 2012.

The exercise price is equal to the average of the last 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 Sales and Operating Result from Activity. Some of these criteria are yearly, while others pertain to a four-year period.

HISTORY OF STOCK OPTION AWARDS FOR SHARE PURCHASE

At 31 December 2017	Purchase plan	Purchase plan	Purchase plan
Meeting date	13/05/2009	12/05/2010	10/05/2012
Number of options authorized by the General Meeting	598,945	649,373	415,000
Duration of the authorization	14 months	14 months	14 months
Date of Board of Directors' Meeting	12/06/2009	18/06/2010	15/06/2012
Number of options granted	371,300	412,592	408,925
of which to the Management Committee	254,250	259,442	175,500
of which to executive officers	71,250	59,942	54,000
of which to employee recipients of the largest number of options	72,900	57,600	49,400
Number of initial recipients	111	144	186
Stock option exercise start date	12/06/2013	18/06/2014	15/06/2016
Expiration date	12/06/2017	18/06/2018	15/06/2020
PURCHASE PRICE *(IN €)*	**28.05**	**53.86**	**54.12**
Average of last 20 prices prior to Board Meeting *(in €)*	28.05	53.85	54.11
Number of options exercised	353,484	355,388	291,505
Number of options canceled	17,816	18,513	17,621
BALANCE OF STOCK OPTIONS NOT YET EXERCISED	**-**	**38,691**	**99,799**

PERFORMANCE SHARES AWARDED TO STAFF

At 31 December 2017

General Meeting date	15/05/2014	12/05/2015	19/05/2016	11/05/2017
Number of shares authorized by the General Meeting	171,325	171,075	171,075	196,000
Duration of the authorization	14 months	14 months	14 months	14 months
Date of Board of Directors' Meeting	22/07/2014	12/05/2015	19/05/2016	11/05/2017
Number of shares granted:	169,175	169,450	168,605	193,450
of which to executive officers	27,000	27,000	27,000	27,000
of which to the Management Committee/Executive Committee (excluding executive officers)[a]	54,825	54,000	47,250	47,250
of which 10 largest amounts awarded to employees (excluding executive officers/Executive Committee/ Management Committee)	20,640	19,500	16,200	22,650
Number of initial recipients:	183	189	199	245
of which to executive officers	2	2	2	2
of which to the Management Committee/Executive Committee (excluding executive officers)[a]	16	15	7	7
of which 10 largest amounts awarded to employees (excluding executive officers/Executive Committee/ Management Committee)	23	22	10	11
Award date	22/07/2014	12/05/2015	19/05/2016	11/05/2017
Vesting date	22/07/2017	12/05/2018	19/05/2019	11/05/2020
Expiry of lock-up period	22/07/2019	12/05/2020	19/05/2021	11/05/2020
Number of shares canceled	4,100	3,425	3,600	0
Number of shares awarded	165,075	0	0	0
BALANCE OF SHARES YET TO BE ALLOCATED	**0**	**166,025**	**165,005**	**193,450**

(a) *The Management Committee was discontinued on 1 September 2015, to simplify operations and ensure faster decision-making. The Group's Management is now concentrated in one structure, the Executive Committee, which has gained three new members, bringing the total to nine.*

Stock options granted in 2017

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	NA	NA

Stock options exercised in 2017

OPTIONS EXERCISED BY THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER EXERCISED IS THE HIGHEST

Date of the plan	12/06/2009	18/06/2010	15/06/2012
Type of stock options	Purchase	Purchase	Purchase
Price of option	€28.05	€53.86	€54.12
Quantity of options exercised	22,838	12,055	49,313

Performance shares granted in 2017

PERFORMANCE SHARES GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of shares granted	55,900

Performance shares vested in 2017

PERFORMANCE SHARES VESTED IN THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER VESTED IS THE HIGHEST

Date of the plan	22/07/2014
Quantity	49,000

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

	2017	2016	2015
Stock market capitalization at 31 December *(in € millions)*	7,749	6,459	4,746
Highest price mid-session	€169.900	€136.000	€97.450
Lowest price mid-session	€115.700	€79.900	€58.010
Closing price on the last trading day	€154.450	€128.750	€94.600
Average of the last 30 prices for the year	€154.185	€128.135	€93.653
Average of the closing prices for the year	€145.896	€109.626	€80.180
Average daily trading volume (number of shares)	53,452	60,252	79,811

TRANSACTIONS IN 2017 ON NYSE EURONEXT

	Highest price mid-session *(in €)*	Lowest price mid-session *(in €)*	Number of shares traded	Capital traded *(in € thousands)*
			Daily averages	
2017	**146.93**	**144.77**	**53,452**	**7,644**
January	130.35	**115.70**	86,623	10,433
February	131.40	116.00	77,655	9,539
March	130.90	122.85	52,384	6,589
April	150.00	128.30	54,342	7,418
May	158.05	146.35	52,059	7,938
June	164.45	155.05	48,741	7,750
July	161.25	149.00	50,850	7,912
August	155.75	147.30	35,228	5,365
September	158.05	149.20	37,788	5,815
October	**169.90**	155.05	45,777	7,421
November	161.35	151.20	54,090	8,469
December	155.40	148.15	47,483	7,230

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 2018 to long-term shareholders in respect of shares registered in the same shareholder's name since at least 31 December 2015 and still held on the ex-dividend date of 21 May 2018. No single shareholder will be entitled to the dividend supplement on any shares in excess of 0.5% of the company's share capital.

The term of dividend limitation is five years, as from the payment date. After this time, unclaimed dividends are paid over to the State.

Years	Number of remunerated shares	Ordinary dividend per share *(in €)*
2013		
Dividend	48,234,105	1.32
Dividend supplement	18,759,948	0.132
2014		
Dividend	48,621,121	1.39
Dividend supplement	17,434,675	0.139
2015		
Dividend	49,237,120	1.44
Dividend supplement	18,902,996	0.144
2016		
Dividend	49,283,700	1.54
Dividend supplement	19,067,423	0.154
2017		
Dividend	49,619,442	1.72
Dividend supplement	18,816,050	0.172

Based on the 2017 results, a net dividend of €2 per share will be proposed at the Annual General Meeting of 16 May 2018.

The ex-dividend date will be 21 May and the dividend will be paid on 23 May 2018.

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Annual General Meeting

8.1. Agenda for the Combined General Meeting of 16 May 2018

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

1. Approval of the separate financial statements for the year ended 31 December 2017.
2. Approval of the consolidated financial statements for the year ended 31 December 2017.
3. Allocation of the result for the year ended 31 December 2017 and setting of the dividend.
4. Reappointment of Delphine Bertrand as director.
5. Reappointment of FÉDÉRACTIVE, represented by Sarah Chauleur, as director.
6. Reappointment of Jean-Noël Labroue as director.
7. Approval of the principles and criteria for determining, distributing and awarding the components of the remuneration and benefits in kind awarded to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and to Bertrand Neuschwander, Chief Operating Officer (Sapin 2 law).
8. Approval of the fixed and variable components of the total remuneration and benefits in kind due or granted for the 2017 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer.
9. Approval of the fixed and variable components of the total remuneration and benefits in kind due or granted for the 2017 financial year to Bertrand Neuschwander, Chief Operating Officer.
10. 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 GENERAL MEETING

11. Authorization to be granted to the Board of Directors enabling the company to cancel its own shares.
12. 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.
13. 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.
14. Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights as part of an offering governed by Article L. 411-2 II of the French Monetary and Financial Code (private placement).
15. Blanket ceiling on financial authorizations.
16. 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.
17. Authorization to be granted to the Board of Directors to grant performance shares.
18. 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 with waiving of pre-emption rights.
19. Powers to carry out formalities.

8.2. Draft resolutions and Board of Directors' report to the Combined General Meeting of 16 May 2018

This Chapter presents the Board of Directors' report on the draft resolutions as well as the full text of the resolutions that will be submitted to the Combined General Meeting of SEB S.A. to be held in Paris on 16 May 2018.

ORDINARY RESOLUTIONS

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED), ALLOCATION OF THE RESULT FOR 2017 AND SETTING OF THE DIVIDEND

Board of Directors' report

By voting on resolutions **1** and **2**, the Board of Directors invites shareholders to approve:

- the separate financial statements for the year ended 31 December 2017 which show a net profit of €268,762,000, compared with €45,554,698.03 for 2016;
- the consolidated financial statements for the year ended 31 December 2017 which show a net profit attributable to owners of the parent of €375,048,000, compared with €258,574,000 for 2016.

Details of these financial statements appear in the 2017 Annual Financial Report, the main elements of which are contained in the meeting notice relating to the Annual General Meeting of 16 May 2018.

The aim of resolution **3** is to invite shareholders to allocate the net profit for 2017 and to set the dividend amount as follows:

- a net dividend having a nominal value of €1 per ordinary share, up 16.3% compared with the 2016 dividend;
- a supplementary dividend of 10%, amounting to €0.2 per share.

The supplementary dividend will be paid on shares registered prior to 31 December 2015 and continuing to be registered in the name of the same holder until the ex-dividend date of 21 May 2018. These shares represent 57.30% 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 21 May 2018. The dividend will be paid as from 23 May 2018.

The dividend and the supplementary dividend qualify for the exemption referred to in Article 158-3 of the French General Tax Code.

RESOLUTION 1: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the reports of the Board of Directors, the Chairman and the statutory auditors on the company's operations and results for the year ended 31 December 2017, approves the financial statements as presented, which show net profit of €268,762,000.

RESOLUTION 2: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the reports of the Board of Directors and the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2017, which show net profit attributable to owners of the parent of €375,048,000.

RESOLUTION 3: ALLOCATION OF THE RESULT FOR THE YEAR ENDED 31 DECEMBER 2017 AND SETTING OF THE DIVIDEND

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, on the proposal of the Board of Directors, resolves to appropriate the net profit for 2017 of €268,762,000 as follows:

Net profit	268,762,000
Retained earnings brought forward from prior year	775,019,816
Dividends on treasury shares credited to retained earnings	792,432
Profit available for distribution	1,044,574,248
Dividend	99,545,666
Dividend supplement	3,741,907
Retained earnings	941,286,675

The amount distributed to share dividend per shareholders represents a dividend €2 per share having a nominal value of €1.

The ex-dividend date will be 21 May 2018 and the dividend will be paid as from 23 May 2018.

Furthermore, as provided for in Article 46 of the company's bylaws, a supplementary dividend of 10% of the dividend, amounting to €0.2 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 2015 and the ex-dividend date, 21 May 2018.

However, no single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the company's capital.

The dividend distributed qualifies for the 40% exemption for natural persons who are tax residents of France, 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% abatement		Dividend not qualifying for 40% abatement
			Dividend	Premium	
2014	1.44	0.144	1.44	0.144	-
2015	1.54	0.154	1.54	0.154	-
2016	1.72	0.172	1.72	0.172	-

RESOLUTIONS 4, 5 AND 6: REAPPOINTMENT OF THREE MEMBERS OF THE BOARD OF DIRECTORS

Board of Directors' report

We hereby inform shareholders that the Board of Directors took note of the expiry of the terms of office of Delphine Bertrand, FÉDÉRACTIVE, represented by Sarah Chauleur, and Jean-Noël Labroue at the end of the Annual General Meeting.

On the recommendation of the Nominations and Remuneration Committee, the purpose of resolutions **4**, **5** and **6** is to submit for your approval the reappointment as directors, for four years, of Delphine Bertrand, of FÉDÉRACTIVE, represented by Sarah Chauleur as permanent representative, and Jean-Noël Labroue.

Delphine Bertrand, aged 53, has been Communications Officer for FÉDÉRACTIVE since 2013. She co-founded Fondation Première Pierre (FPP) and completed the "objectif administratrice" training course at the EM Lyon Business School.

Sarah Chauleur, aged 46, holds a postgraduate degree in Information Science and Communication and is head of communication at FÉDÉRACTIVE, as the permanent representative of FÉDÉRACTIVE. She co-founded the Fondation Première Pierre (FPP).

Jean-Noël Labroue, aged 70, graduated from an engineering school and holds a Master of Science degree from Northwestern University Chicago. He has spent almost all of his career at the Darty Group.

At its meetings on 27 February 2018, the Board of Directors deemed Delphine Bertrand, of FÉDÉRACTIVE, represented by Sarah Chauleur, and Jean-Noël Labroue, capable of assuming the duties of director and of making an effective contribution to the work of the Board of Directors.

Please also note that information on directors whose appointment or reappointment is proposed can be found in Chapter 2 "Corporate Governance" of the Registration Document 2017.

RESOLUTION 4: REAPPOINTMENT OF DELPHINE BERTRAND AS DIRECTOR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, reappoints Delphine Bertrand as director for a period of four years expiring at the close of the Ordinary General Meeting to be held to approve the financial statements for the year ending 31 December 2021.

RESOLUTION 5: REAPPOINTMENT OF FÉDÉRACTIVE, REPRESENTED BY SARAH CHAULEUR, AS DIRECTOR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, reappoints FÉDÉRACTIVE, represented by Sarah Chauleur, as director for a period of four years expiring at the close of the Ordinary General Meeting to be held to approve the financial statements for the year ending 31 December 2021.

RESOLUTION 6: REAPPOINTMENT OF JEAN-NOËL LABROUE AS DIRECTOR

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, reappoints Jean-Noël Labroue as director for a period of four years expiring at the close of the Ordinary General Meeting to be held to approve the financial statements for the year ending 31 December 2021.

RESOLUTION 7: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING THE COMPONENTS OF THE REMUNERATION AND BENEFITS OF ANY KIND

Board of Directors' report

Pursuant to Article L. 225-37-2 of the French Commercial Code, resolution **7** invites shareholders to approve the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded to the Chairman and Chief Executive Officer and the Chief Operating Officer in consideration for the performance of their duties in 2018 constituting the remuneration policy applying to them.

These principles and criteria are determined annually by the Board of Directors on the recommendation of the Nominations and Remuneration Committee. Full details of these components can be found in the report in Chapter 2.5 of the Registration Document 2017.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the application of these principles and criteria will be submitted for shareholder approval at the Annual General Meeting to be held to approve the 2018 financial statements.

RESOLUTION 7: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING THE COMPONENTS OF THE REMUNERATION AND BENEFITS IN KIND AWARDED TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AND TO BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits in kind awarded, as consideration for their duties, to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, as well as to Bertrand Neuschwander, Chief Operating Officer, as set out in detail in the report accompanying the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code, presented in the Registration Document 2017.

RESOLUTIONS 8 AND 9: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AND BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER, FOR FINANCIAL YEAR 2017

Board of Directors' report

Pursuant to Article L. 225-100 of the French Commercial Code, as amended by the law on transparency, the fight against corruption and the modernization of the economy (Sapin 2 Law), the fixed and variable components of the total remuneration and benefits in kind due or granted for the 2017 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and Bertrand Neuschwander, Chief Operating Officer, must be approved by the Annual General Meeting.

Details of the various remuneration components are provided in the 2017 Registration Document, Chapter 2 "Corporate governance", section 5 "Say on Pay: Remuneration due or awarded to executive officers in respect of the year ended 31 December 2017".

RESOLUTION 8: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED FOR THE FINANCIAL YEAR 2017 TO MR. THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Articles L.225-37-2 and 225-100 of the French Commercial Code, the Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the financial year 2017 to Mr. Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, as set out in the « Say on pay - Remuneration due or awarded for 2017 » section of Chapter 2 « Corporate governance » of the 2017 Registration Document.

RESOLUTION 9: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED FOR THE FINANCIAL YEAR 2017 TO MR. BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER

Pursuant to Articles L.225-37-2 and 225-100 of the French Commercial Code, the Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the financial year 2017 to Mr. Bertrand Neuschwander, Chief Operating Officer, as set out in the « Say on pay - Remuneration due or awarded for 2017 » section of Chapter 2 « Corporate governance » of the 2017 Registration Document.

RESOLUTION 10: 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 11 May 2017 authorized the Board of Directors to trade in the company's shares. In 2017, under its share buyback program, the company bought back 228,914 shares at an average price of €151.84 and sold 149,866 shares upon exercise of stock options at an average price of €49.55. In addition, a total of 313,440 shares were purchased at an average price of €147.55 and 314,817 shares sold at an average price of €147.23 under the liquidity contract.

At 31 December 2017, the company held 534,706 treasury shares with a par value of €1 and a gross value of €82,585,341.7. These treasury shares represent 1.07% of the company's share capital, including 528,784 under the buyback agreement and 5,922 under the liquidity contract.

These transactions are also described in Chapter 7 of the Registration Document, "Information on the company and its share capital".

Since the existing authorization is due to expire in July 2018, resolution **10** invites shareholders to again authorize the Board of Directors, for a period of 14 months, to trade in company shares at a maximum price of €210 per share, excluding trading fees.

The authorization would represent a maximum of 10% of the share capital. the company may buy back its own shares with a view to:

- maintaining a liquid market for the company's shares through an investment service provider acting on a fully independent basis;
- allocating shares to eligible employees and officers of the company;
- 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 securities.

In accordance with the law, these shares have been stripped of their voting rights.

RESOLUTION 10: 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 General Meetings, having considered the report of the Board of Directors, resolves:

- to terminate the share buyback program authorized by the Combined General Meeting of 11 May 2017;
- 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 Article 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 Autorité des Marchés Financiers,

ii) for allocation to eligible employees and officers of the company or the Group in the form of performance shares governed by Article L. 225-197-1 et seq. of the French Commercial Code, or in payment of statutory employee profit-shares, or in connection with an employee stock ownership or stock saving plan,

iii) for cancellation, in order to increase return on equity and earnings per share and/or to offset the dilutive impact of any capital increases on existing shareholders' interests, provided that such cancellation is authorized by the Extraordinary 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 securities 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 shares' 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 €1,053,550,029,
  - that the shares may be bought back by any appropriate method and accordingly that all or part of the program may be implemented on the market or through block purchases – and, if appropriate, through over-the-counter sales – or by means of public buyback or exchange offers, or through the use of options and derivative instruments, other than written puts. The buybacks may be carried out at any time at the Board's discretion, subject to compliance with the applicable securities regulations. The shares purchased under this 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 Ordinary General Meeting to be called to approve the financial statements for the year ending 31 December 2018 or 14 months, whichever is shorter.

EXTRAORDINARY RESOLUTIONS

RESOLUTION 11: 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 11 May 2017 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 2018, resolution **11** invites 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 11: 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 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 12, 13, 14 AND 15: DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO ISSUE SHARE EQUIVALENTS WITH OR WAIVING PRE-EMPTION RIGHTS IN THE COURSE OF PUBLIC OFFERINGS OR PRIVATE PLACEMENTS; AGGREGATE LIMIT OF TRANSACTIONS UNDER THESE DELEGATIONS SET AT A PAR VALUE OF €10 MILLION, REPRESENTING AROUND 20% OF THE SHARE CAPITAL AT 31 DECEMBER 2017

Board of Directors' report

We would ask that shareholders give the Board of Directors the necessary powers to issue share equivalents that give immediate or future access to equity in the company or any company in which it directly or indirectly owns more than half of the share capital, in order to give the freedom to raise the funds the Group needs to grow, as it sees fit and as market opportunities allow.

Shareholders will be asked, by voting on resolution **12**, 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 2017.

In order to readily take any opportunities that may arise, we would ask shareholders to pass resolutions **13** and **14** 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 offerings or private placements. Pre-emption rights shall be waived for these issues, although the Board of Directors may grant shareholders a preferential right to subscribe for such issues, for the period and in the manner of its choosing.

By law, the issue price must be at least equal to the weighted average price over the three trading sessions prior to being set, with a maximum possible discount of 5%.

Given the significance of using these delegations, we would point out that the Board of Directors may only use them if the decision is approved by a qualified majority of 12/14 of the directors. Previously set at 12/15, this majority was adjusted to reflect the new composition of the Board of Directors.

The maximum par value of the share capital increases that may be made under these delegations would be set at €5 million, or approximately 10% of the share capital. In addition, the nominal value of debt securities that may be issued may not exceed €500 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 11 May 2017 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.

In addition, in resolution **15**, 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 solely to the delegations granted in resolutions 12, 13 and 14.

RESOLUTION 12: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH PRE-EMPTION RIGHTS

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-132, L. 225-133, L. 225-134 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue, on one or more occasions, company shares and securities giving immediate or future access, by any means, to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that issues of preference shares or securities convertible by any means, immediately or in the future, into preference shares are expressly excluded from this delegation of authority;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;

- resolves that the amount of share capital increases that shall be carried out, immediately and/or in the future, under this delegation 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 €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall, in the manner provided for by law, have pre-emption rights to subscribe pro-rata to their existing interest in the company's capital. In addition, the Board of Directors may grant shareholders a pre-emption right to subscribe any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emption right shall also be exercisable pro-rata to the existing interest in the company's capital of the shareholders concerned.

  If the issue is not taken up in full by shareholders exercising their pre-emption rights as described above, the Board of Directors may take one or other of the following courses of action, in the order of its choice:

  - limit the amount of the issue to the subscriptions received, provided at least three-quarters of the issue is taken up,
  - freely allocate some or all of the unsubscribed securities,
  - offer some or all of the unsubscribed securities to the public;
- resolves that 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 power to further delegate in the manner provided for by law and regulation, to in particular increase the share capital and determine the securities to be issued, determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back on the open market, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, 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 regulation, to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the company;
- grants this 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 13: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH WAIVING OF PRE-EMPTION RIGHTS IN THE COURSE OF A PUBLIC OFFERING

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue by way of a public offering, on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the amount of share capital increases that shall be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;

- resolves that the nominal value of debt securities issued pursuant to this delegation may not exceed €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities issued under this resolution, but that the Board of Directors may grant shareholders a preferential right to subscribe for some or all of the issue, for a period and on terms to be decided in accordance with applicable laws and regulations. Said priority right shall not be transferable but the Board of Directors may allow shareholders to subscribe the issue and any securities not taken up by other shareholders pro-rata to their existing shareholdings;
- resolves that if any issue of the aforementioned securities is not taken up in full by existing shareholders and the public, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up, or freely allocate some or all of the unsubscribed securities;
- establishes that this 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 14 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the power to further delegate in the manner provided for by law and regulation, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, 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 power to further delegate in the manner provided for by law and regulation, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this 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 14: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SHARE EQUIVALENTS AND/OR DEBT SECURITIES, WITH WAIVING OF PRE-EMPTION RIGHTS AS PART OF AN OFFERING GOVERNED BY ARTICLE L. 411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 12 of the 14 members present or represented, with the power to further delegate in the manner provided for by law and regulation, to issue by way of an offering falling within the scope of Article 411-2 II of the French Monetary and Financial Code (private placement), on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that the amount of share capital increases that shall be carried out, immediately or in the future, under this delegation may not exceed a par value of €5 million, not including the par value of any additional shares to be issued to protect the rights of holders of share equivalents in accordance with applicable laws, regulations and, as the case may be, contractual provisions;

- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the nominal value of debt securities issued pursuant to this delegation may not exceed €500 million or the equivalent of this amount in the case of issues denominated in foreign currencies;
- resolves that shareholders shall not have a pre-emption right to subscribe for securities to be issued pursuant to this resolution;
- resolves that if any issue of the aforementioned securities is not taken up in full, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided at least three-quarters of the issue is taken up, or freely allocate some or all of the unsubscribed securities;
- establishes that this 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 II 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 14 of this Annual General Meeting;
- formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
  - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
  - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
- resolves that the Board of Directors shall be fully empowered to use this delegation, with the power to further delegate in the manner provided for by laws and regulations, 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 power to further delegate in the manner provided for by law and regulation, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this 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 15: BLANKET CEILING ON FINANCIAL AUTHORIZATIONS

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Meetings, having considered the report of the Board of Directors, resolves to set at €10 million the maximum par value of immediate and/or future share capital increases that may be carried out pursuant to the authorizations in resolutions 12, 13 and 14, 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 16: 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 **16**, 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 16: 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 General Meeting but voting in accordance with the quorum and majority voting requirements for Ordinary General Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to carry out one or more share capital increases by successively or simultaneously 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 15.

The Annual General Meeting resolves that the Board of Directors shall have the power to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to the rights holders no later than thirty (30) days following the date on which the whole number of shares allocated to them is recorded in their account.

The Annual General Meeting fully empowers the Board of Directors, with the power to further delegate in the manner provided for by law and regulation, to determine the timing and terms of the issues, set the amounts thereof, take the necessary action to protect the rights of holders of share equivalents that give immediate or future access to equity, deduct any sums necessary to top up the legal reserve and more broadly take all appropriate measures to enable the successful completion 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 17: 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 **17**, to authorize the Board to grant bonus shares representing up to 0.3907% of the company's share capital or 196,000 shares, comprising existing shares bought back for this purpose by the company. The grants would be made to some or all employees of the company and its subsidiaries, or to certain categories of those employees and/or to the senior executives referred to in Article L. 225-197-1 II of the French Commercial Code.

All performance shares will vest only if certain performance targets for sales and Operating Result from Activity are met, as set by the Board of Directors each year, based on budgetary objectives assigned to the Group.

The number of shares awarded to the corporate officers is unchanged and will be limited to 18,000 shares (0.0359% of the share capital) for Thierry de La Tour d'Artaise and to 9,000 shares (0.0179% of the share capital) for Bertrand Neuschwander. We would ask shareholders to set the operational performance measurement period at three years, following which the shares shall vest for beneficiaries.

The Board of Directors feels that assessing performance criteria over a sufficiently long period, namely three years, is in accordance with the Group's long-term outlook while remaining a source of motivation for beneficiaries.

The performance shares granted will not be subject to any additional lock-up period for either French or foreign residents. This is in line with legislation and market practice since 2017.

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 17: 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 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 top management referred to in Article L. 225-197-1 II of the French Commercial Code, and to employees and top management of companies or economic interest groupings affiliated to the company within the meaning of Article L. 225-197-2 of the French Commercial Code;
- resolves that the total number of shares that may be granted may not exceed 196,000 or 0.3907% of the company's share capital on the date of this Annual General Meeting, with a maximum of 18,000 shares or 0.0359% of the share capital on the date of this Annual General Meeting for Thierry de La Tour d'Artaise and 9,000 shares or 0.0179% of the share capital for Bertrand Neuschwander.

The Annual General Meeting 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 sales and Operating Result from Activity, assessed over the three-year vesting period, have been met, in accordance with Article L. 225-197-3 of the French Commercial Code.

The Annual General Meeting fully empowers the Board of Directors, within the limits set out above, to:

- draw up the list of beneficiaries or decide the category/categories of beneficiaries, bearing in mind that no shares may be awarded to employees or corporate officers who individually hold over 3% of the share capital and that the bonus shares may not have the effect of raising the interest held by any such person to above the 3% ceiling;
- determine, on one or more occasions, the amounts and timing of the share awards;
- set the criteria and any other conditions of eligibility for share awards, including but not limited to years of service and continued employment by the company throughout the vesting period;
- set the vesting period, within the limits specified above by the Annual General Meeting;
- if any of the financial transactions governed by Article L. 228-99 I of the French Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust

the rights of grantees, in accordance with the provisions of said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, the Board of Directors shall prepare a special report for each Ordinary General Meeting on the transactions carried out under this 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 18: 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 18, to empower the Board of Directors, with the power 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 €501,690 (1% of the share capital).

It should be noted that this delegation is not included in the share capital increase ceiling set in Resolution 15.

The issue price of these new shares or share equivalents may not be more than 20% below the average 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 30% for members of a savings scheme, the rules of which specify a lock-up period of at least ten 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 19 of the Annual General Meeting of 11 May 2017.

RESOLUTION 18: 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 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 Article L.3332-1 et seq. of the French Labor Code:

- authorizes the Board of Directors, with the power to further delegate in the manner provided for by law and regulation, 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 corporate officers, employees and former employees of the companies and of French and foreign companies affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- resolves to set at €501,690 the maximum par value of the share capital increases that may be carried out through the issue of shares, it being noted that the ceiling is independent of the ceiling provided for in Resolution 15;
- 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 20% 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 30% for members of a savings scheme, the rules of which specify a lock-up period of at least ten 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 regulation;
- 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 regulation, to determine all the terms and conditions for the various operations and in particular:

- exclude companies eligible for the company or Group savings scheme from the scope of the offering,
- set the terms and conditions of the issues to be carried out under this delegation of authority, in particular 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 effect the capital increase(s) carried out under this authorization, and in particular amend the bylaws accordingly and, more generally, do whatever is necessary.

RESOLUTION 19: POWERS TO CARRY OUT FORMALITIES

Board of Directors' report

Resolution **19** 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 19: 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' special report on regulated agreements and commitments

SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

This is a free translation into English of the statutory auditors' report on regulated agreements and commitments issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of Statutory auditors *(Compagnie nationale des commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING.

Agreements and commitments authorized during the last year

We have been informed of no agreements and commitments authorized during the last year and requiring the approval of the Shareholders' Meeting by virtue of Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING.

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years and which remained current during the last year.

WITH THE COMPANY ZHEJIANG SUPOR CO. LTD

Nature and purpose: "Master Joint Research and Development Agreement" aimed at conducting joint research and development projects on products and technologies of interest to both SEB S.A. and Zhejiang Supor Co. Ltd, so as to pool the experience and know-how of both parties with respect to cookware and electrical cooking appliances.

Terms and conditions: The "Master Joint Research and Development Agreement" covers reciprocal exclusivities in relation with projects jointly developed. Industrial property rights that may be registered will be jointly managed and registered by Zhejiang Supor Co. Ltd and SEB S.A. in their respective territories. For its manufacturing needs, SEB S.A. will nevertheless be granted a free and permanent license for rights registered in Zhejiang Supor Co. Ltd territories.

This agreement was authorised by the Board of Directors on 13 April 2012 and concerns Mr Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of your company and member of the Board of Directors of Zhejiang Supor Co. Ltd.

In 2017, the cooperation agreement resulted only in the sharing of employees and resources, as in 2016, for two projects concerning developments on rice cookers and six projects concerning innovation on cookware articles.

WITH MR BERTRAND NEUSCHWANDER

1. Nature: Termination benefits in the event of the revocation of the mandate.

   Terms and conditions: In the event the mandate is withdrawn, Mr Bertrand Neuschwander shall receive a severance payment equivalent to two years' compensation (fixed and variable) less any amounts due in respect of a non-competition clause and any termination benefits relating to his employment contract (it being said that this contract does not provide for any departure or non-compete compensation). Payment of this indemnity is subject to the performance criteria described in the agreement below.

2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Deputy CEO in the event of the revocation of his mandate.

   Terms and conditions: The termination benefit, equivalent to two years' earned compensation is adjusted for the percentage of objectives achieved over the four previous year-ends:

   - if the average percentage is below 50%, no termination benefits shall be paid;
   - if the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
   - if the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for the calculation.

   If the revocation arises during the first four years of the appointment as Deputy CEO, the objectives to be taken into consideration are, for the duration of his appointment to date, those determined for this mandate and, for the remaining time, those determined in connection with the salaried activities performed prior to the appointment.

3. Nature: Non-compete compensation in the event of revocation or dismissal.

   Terms and conditions: In the event of the interruption of his mandate, by revocation or dismissal, Mr Bertrand Neuschwander, Deputy CEO, agrees to refrain from any form of professional activity for a Groupe SEB competitor engaged in the development, manufacture or commercialization of products which have, are or shall be developed, manufactured or commercialized by Groupe SEB in the future. In return for the fulfillment of this obligation, and for the period for which it is applicable (one year renewable once), Mr Neuschwander will receive a monthly amount of non-compete compensation from the company equivalent to 50% of the average monthly salary (fix and variable) paid to him over the last twelve months of his presence within the Group.

   The Board of Directors can release Mr Neuschwander from this obligation by waivering the non-competition clause.

4. Nature: Individual life insurance plan for Mr Bertrand Neuschwander, Deputy CEO of Groupe SEB.

   Terms and conditions: In addition to the Group death, disability and related benefit insurance plan, Mr Bertrand Neuschwander is the beneficiary of an individual death-in-service policy with a capital totalling € 942,581. The expense recorded for the year ended 31 December 2017 totals € 3,318.

5. Nature: Supplementary and top-up retirement plan.

   Terms and conditions: As a corporate officer Mr Bertrand Neuschwander will continue to be entitled to the Group supplementary pension scheme on the basis of the seniority acquired prior to his nomination as Deputy CEO and in accordance with the same rules as those applicable for senior management and the provisions of the Group death, disability and related benefit insurance plan.

   This plan guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of the calculation. Payment is subject to the following conditions:

   - the executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans;
   - the executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity;
   - the executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

WITH MR THIERRY DE LA TOUR D'ARTAISE

1. Nature: Termination benefits and maintenance of stock options stipulated in the employment contract of Mr Thierry de La Tour d'Artaise, Chairman of SEB S.A..

   Terms and conditions:

   - in the event the employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or due to forced departure as a result of a change in the control of Groupe SEB, his overall termination benefits shall be equivalent to two years' compensation, payable subject to the performance criteria described in the agreement below;
   - in the event Mr Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same exercise terms and conditions that would have applied had he remained in office. This provision shall also apply in the event Mr Thierry de La Tour d'Artaise's employment contract is terminated pursuant to a decision from the Group, were such decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

2. Nature: Determination of the performance criteria governing the payment of termination benefits to the Chairman, as stipulated in his employment contract.

   Terms and conditions: The Chairman's termination benefits, equivalent to two years' earned compensation plus bonuses, are adjusted for the percentage of objectives achieved over the four previous year-ends:

   - if the average percentage achieved is below 50%, no termination benefits shall be paid;
   - if the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
   - if the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for calculation.

   The Board of Directors retains the right to reduce such termination benefits, by half at most, if the previous year-end presents a net loss, without such benefits falling below the fixed compensation plus bonuses of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

3. Nature and purpose: Individual life insurance plan for Mr Thierry de La Tour d'Artaise, Chairman of SEB S.A.

   Terms and conditions: In addition to senior management's Group death, disability and related benefit insurance plan, Mr Thierry de La Tour d'Artaise is the beneficiary of an individual life insurance policy with a capital totalling €3,652,134. The expense recorded for the year ended 31 December 2017 totals €69,588.

4. Nature and purpose: Supplementary and top-up retirement plan.

   Terms and conditions: As with all other members of the Executive and Management Committees, Mr Thierry de La Tour d'Artaise is entitled to a supplementary and top-up retirement plan guaranteeing annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation. Payment is subject to the following conditions:

   - the executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans;
   - the executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity;
   - the executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

Lyon and Courbevoie, March 26th, 2018

The statutory auditors

PricewaterhouseCoopers Audit	Mazars
Nicolas BRUNETAUD	Thierry COLIN

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9

Additional information

9.1. Glossary

On a like-for-like basis (LFL) – Organic

The amounts and growth rates at constant exchange rates and consolidation scope in each year compared with the previous year are calculated:

- using the average exchange rates of the previous year for the period in consideration (year, half-year, quarter);
- based on the scope of consolidation of the previous year.

This calculation is made primarily for sales and Operating Result from Activity.

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.

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.

Net debt – 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 having a maturity of under one year and easily disposed of. Net debt may also include short-term investments with no risk of a substantial change in value but with maturities of over three months.

Operating cash flow

Operating cash flow corresponds to the "net cash from operating activities/net cash used by operating activities" item in the consolidated cash flow table, restated 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).

9.2. Declaration by the person responsible for the Registration Document containing the annual report

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I hereby declare that, to my knowledge, the financial statements have been prepared in accordance with relevant accounting standards and provide a true and fair view of the assets, financial situation and performance of the company and of all companies included under the Consolidated Financial Statements. I furthermore declare that the management report referenced in the cross-reference table in section 9.4 provides a true and fair picture of changes in the business, performance and financial situation of the company and all companies included under the Consolidated Financial Statements, as well as a description of the main risks and uncertainties they face.

I obtained a statement from the Statutory auditors at the end of their engagement affirming that they have read the entire Registration Document and verified the information regarding the financial situation and the financial statements contained therein.

29 March 2018

Chairman and CEO

Thierry de La Tour d'Artaise

9.3. Statutory auditors and audit fees

STATUTORY AUDITORS

- **PricewaterhouseCoopers Audit, represented by:**
  Nicolas Brunetaud
  63, rue de Villiers — 92200 Neuilly-sur-Seine, France,
  appointed by the Ordinary General Meeting of 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)	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT								
Statutory auditor, certification, review of individual and consolidated financial statements								
SEB S.A., issuer coordination and consolidation	270	180			178	196		
Fully integrated subsidiaries	1,306	1,501			1,444	1,338		
SUB-TOTAL	**1,576**	**1,681**	**87%**	**95%**	**1,622**	**1,534**	**80%**	**68%**
Other services performed by the networks for fully integrated subsidiaries								
SEB S.A., issuer coordination and consolidation	77	67			361	709		
Fully integrated subsidiaries	159	29			54	7		
SUB-TOTAL	**236**	**97**	**13%**	**5%**	**415**	**716**	**20%**	**32%**
TOTAL	1,812	**1,778**	**100%**	**100%**	**2,037**	**2,249**	**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	147-162	X	X
Key non-financial performance indicators relevant to the company's specific business activity	91-143		X
Significant stakes acquired during the financial year in companies headquartered in France	159	X	X
Significant events that occurred between the financial year-end and the date on which the report was drawn up	-	-	-
Foreseeable developments regarding the position of the company and the Group	161	X	X
Dividends distributed over the three preceding financial years and amount of income distributed for these years	279		X
Presentation of the Group			
Description of the main risks and uncertainties faced by the company	28-36	X	X
The company's use of financial instruments: objectives and policy in relation to financial risk management	212-222	X	X
Company's exposure to price, credit, liquidity or cash flow risks	218-222	X	X
Social and environmental consequences of business (including "Seveso" facilities)	91-143		X
Research and development activities	13-15	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	41, 60-66		X
Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares	274	X	X
Purchases and sales of treasury stock during the financial year	274	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	269-273	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	267-270	X	X
Direct or indirect shareholdings in the company of which the company is aware	269-273	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	275-277		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	269-270	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	69, 74, 77, 85, 227, 256, 257		X

	Page numbers	Annual Financial Report	Management report
Injunctions or fines as a result of anti-competitive practices	-		-
Financial statements			
Changes in the presentation of the financial statements or in the valuation methods used	169	X	
Profit over the last five financial years	259	X	
Consolidated financial statements	163-232	X	
Company financial statements	241-258	X	
Statutory auditors' reports on the company and Consolidated Financial Statements	233-236 260-264	X	
Fees paid to the Statutory auditors	305	X	
Corporate governance report			X
Information on the composition, operation and powers of the Board of Directors:			
• *Reference to a Corporate Governance Code*	40		
• *Composition of the Board of Directors and conditions governing the preparation and organization of meetings*	41-66		
• *Principle of gender balance*	41		
• *List of the offices and positions of each director*	43-56		
• *Agreements signed between a director or a shareholder holding more than 10% of the voting rights and a subsidiary*	58		
• *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*			
• *Conditions governing the exercise of executive powers*	40		
• *Conditions governing shareholder participation in Annual General Meetings*	65		
Information on the remuneration of executive officers:	69-90		
• *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	268		
Statutory auditors' report on the Corporate governance report	262	X	X
Report by one of the statutory auditors on the consolidated human resources, environmental and social information included in the management report	144-146	X	X
Statutory auditors' report on regulated agreements and commitments	297-299	X	
Declaration by the person responsible for the Annual Financial Report	303	X	

9.5. Cross-reference table for the Registration Document

The following information is incorporated by reference in this Registration Document:

- The Registration Document for the 2016 financial year was filed with the French Financial Markets Authority on 20 April 2017, under number D. 17-0400. The Consolidated Financial Statements appear on pages 153 to 222 and the corresponding audit report appears on pages 223 and 224 of this document.
- The Registration Document for the 2015 financial year was filed with the French Financial Markets Authority on 31 March 2016, under number D. 16-0236. The Consolidated Financial Statements appear on pages 135 to 199 and the corresponding audit report appears on pages 200 and 201 of this document.

9.6. Cross-reference table, Grenelle II, GRI and global compact

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website sustainable development section
SOCIAL PERFORMANCE INDICATORS					
Employment					
Total employees	1.a-1	LA1		page 108	Key figures
Breakdown of employees by gender	1.a-1	LA1/LA13		page 113	
Breakdown of employees by age group	1.a-1	LA13		page 112	
Breakdown of employees by geographical region	1.a-1	LA1		page 108	
Breakdown of employees by type of work		LA1		page 113	
Breakdown of employees by employment contract type		LA1		page 111	
Hires	1.a-2	LA2		page 109	
Redundancies	1.a-2	LA2		page 109	
Remuneration	1.a-3	LA3/LA14		page 119	Social, diversity and fairness
Change in remuneration over time	1.a-3	LA3		page 119	
Organization of work					
Organization of working hours	1.b-1			pages 111 and 123	
Absenteeism	1.b-2	LA7		page 122	
Labor relations					
Organization of employee-management dialog	1.c-1	LA4/LA5	3	page 114	Social, Dialog
Collective bargaining agreements	1.c-2	LA4/LA5		page 114	Social, Dialog
Health and safety					
Workplace health and safety conditions	1.d-1	LA6/LA8	4-5	pages 115-118	Social, Health/ Safety
Agreements signed with trade unions in relation to workplace health and safety	1.d-2	LA9		page 114	
Frequency and severity of workplace accidents	1.d-3	LA7		page 117	
Work-related illness	1.d-3	LA7		pages 116-118	Social, Health/ Safety
Training					
Policies in place with regard to training	1.e-1	LA11		pages 119-121	Social, Expertise
Total number of training hours	1.e-2	LA10		page 120	
Number of employees receiving regular performance and career development reviews		LA11		page 107-119	Social, Expertise
Equal opportunity					
Measures taken to promote gender equality	1.f-1	LA14		page 113	Social, Diversity and fairness
Measures taken to promote employment opportunities for and integration of disabled people	1.f-2	LA13		page 114	
Anti-discrimination policy	1.f-3	LA13		pages 112-114	Social, Diversity and fairness

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website sustainable development section
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 114	Social, Dialog
Elimination of discrimination in employment and occupation	1.g-2	HR4/LA13/LA14	6	pages 112-114 and 120	Social, diversity and fairness
Elimination of forced or compulsory labor	1.g-3	HR6/HR7		pages 103-106	Commitments and management
Effective abolition of child labor	1.g-4	HR6	4-5	pages 103-106	Commitments and management
Other actions taken to promote Human Rights	3.e				
Investment and procurement practices					
Percentage of major suppliers and contractors verified as compliant with Human Rights; measures taken		HR2		pages 104-106	Ethics, responsible purchasing
Total number of training hours for employees on policies and procedures regarding Human Rights relevant to their job; percentage of employees trained		HR3		pages 103-106	
Evaluation					
Percentage or number of activities for which the organization has conducted Human Rights reviews or impact assessments		HR10	1 and 2	pages 103-106	Social, respect
Corrective action					
Number of Human Rights grievances filed, handled and resolved according to a Human Rights grievance management procedure		HR11	1 and 2	page 103	
ENVIRONMENTAL PERFORMANCE INDICATORS					
General policy toward the environment					
Company organization to address environmental issues. Environmental evaluation or certification procedures, where applicable	2.a-1			pages 134-143	Environment
Employee training and education initiatives taken with regard to safeguarding the environment	2.a-2			page 93	
Resources allocated to prevent environmental risks and pollution	2.a-3	EN30		pages 134-143	Eco-production
Provisions and guarantees for environmental risks (unless this information could be detrimental to the company)	2.a-4	EN28/EC2	7 to 9	page 223	
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 134-143	Eco-production
Measures to prevent noise pollution and any other form of pollution stemming from operations	2.b-3	EN25		page 140	Eco-production
Total discharge into water		EN21	7 to 9	page 140	
Circular Economy					

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website sustainable development section
Prevention and waste management					
Measures to prevent recycle, reuse, other ways of waste recovery and dispose of waste	2.b-2	EN27		pages 137-140	Eco-production; End of product life
Total waste produced		EN22/EN24		page 140	
Measures against food waste				page 131	Consumers
Sustainable use of resources					
Water consumption and supply according to local constraints	2.c-1	EN8/EN9/EN21		page 139	Eco-production
Consumption of raw materials	2.c-2	EN1		page 139	Eco-production
Consumption of recycled materials		EN2		page 137	Eco-design
Measures taken to improve the efficient use of raw materials	2.c-2	EN10		pages 136-137	Eco-design; Eco-production
Energy consumption	2.c-4	EN1/EN3/EN4		page 139	Eco-design; Eco-production
Measures taken to improve energy efficiency and use of renewable energy	2.c-4	EN5/EN6/EN7		pages 136-139	Eco-design
Land use	2.c-3		7 to 9	page 140	
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 134-135	Eco-production; Eco-logistics
Adaptation to the consequences of climate change	2.d-2	EN18/EC2	7 to 9	pages 134-143	
Biodiversity protection					
Measures taken to preserve or promote biodiversity	2.e-1	EN11 to EN15/ EN25	7 to 9	page 141	Eco-production
Products and services					
Initiatives to reduce the environmental impact of products and services; scope of these initiatives		EN26	7 to 9	pages 130-131 and 136-137	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 141-143	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 124-126	Communities
On neighboring or local populations	3.a-2	EC1/EC6/SO1/ SO9/SO10		page 124-126	Communities
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 95	Communities
Corporate partnership or philanthropy actions	3.b-2	EC1		pages 124-126	Communities; Fonds Groupe SEB

Indicators	Grenelle 2 – Article 225	GRI 3.1	Global Compact	References: Registration Document	References: Website sustainable development section
Contractors and suppliers					
Inclusion of social and environmental criteria in the procurement policy	3.c-1	EC6/HR2/ HR 5 to 7		pages 104-106	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 104-106	Ethics, Responsible purchasing
Fair business practices					
Actions taken to prevent corruption	3.d-1	SO2 to SO4/SO7/ SO8	10	page 106	Commitments and management
Measures taken to promote consumer health and safety	3.d-2	PR1/PR2		pages 127-128	Consumers
Anti-competitive practices					
Total number of legal proceedings for anti-competitive practices, violation of anti-trust laws and monopolistic practices and outcomes of these proceedings		SO7		-	

Financial agenda

26 APRIL 2018, AFTER MARKET CLOSING

2017 First-quarter Sales and Financial Data

16 MAY 2018, AT 2:30 PM

Annual General Meeting

25 JULY 2018, BEFORE TRADING

2017 First-half Results

25 OCTOBER 2018, AFTER MARKET CLOSING

Nine-month 2017 Sales and Financial Data.

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